Ideas from CPMR with regard to post 2020 Cohesion Policy

Investments are the key to prosperity and growth in Europe. This is especially true after the Global Economic crisis. Cohesion policy has been the main European investment policy for decades, delivering results all over Europe, in all regions, whether poor or wealthy.

The CPMR member regions believe that Cohesion Policy is the foundation of a European Investment Policy ensuring the convergence of living standards across all European regions. It is essential that regions remain at the core of designing, programming and implementing this European investment policy. With national and regional co-financing, Cohesion Policy generates a sizeable multiplier effect.

Cohesion policy and financial instruments:

Financial instruments play an ever more important role in Cohesion Policy. For the post-2020 period, financial instruments should:

- Address market needs and market demand. It would therefore not be useful to predefine ratios of loans vs. grants in operational programs. The European Commission should examine why the off-the shelf instruments for financial instruments so far are not being used in most Member States
- Be used where appropriate and there should be no targets imposed by the European Commission regarding their use. Since grants will always be more attractive to beneficiaries than loans, regulations could set guidelines when to use financial instruments (e.g. when financed projects generate sufficient revenues).
- Be as simple to use as a banking product. This could maximize the leverage-effect of the ESIF programs. The set-up, reporting requirements and audit rules should become easy and user-friendly. CPMR member regions feel that it is counterproductive to burden financial instruments with additional requirements, such as combatting tax avoidance or fighting the financing of terrorism. Also, the implementation of FI should not be slowed down or even hindered by ex-ante evaluations that seek to quantify a subsidy element given to recipients
- Be frontloaded to ensure the rapid disbursements of funds when they are demanded by the market
- Capacity building should be increased at regional level
- Allow flexible possibilities to adapt to negative interest rates
- Be used in cross border cooperation and macro-regional strategies

Cohesion policy and the EFSI:

The European Fund for Strategic Investment promotes investments like the ESIF. Yet Cohesion Policy is a much broader long-term development strategy for all European member states and regions, while the EFSI does not need any programmatic input.

In contrast to ESIF, the distribution of EFSI is geographically and sectorally highly imbalanced, with some member states that have not yet seen any EFSI projects, in part due to low interest rates of commercial banks.

The centralized governance of the EFSI contrasts with the programming approach of Cohesion Policy funds, which is based on a wider partnership. EFSI financing (even when handled by national or regional promotional banks) is not subject to state aid, whereas regionally managed ESI-funds are. This creates an uneven playing field for Cohesion policy.
EFSI focusses on financial instruments while ESIF also know grants.

CPMR member regions believe that:

- there should be clear boundaries between the EFSI and Cohesion Policy. The EFSI finances large scale projects, Cohesion Policy supports long term development strategies at European and regional levels
- there should be clear rules on when ESIF and EFSI can be combined and also when a combination is not useful
- the collection, evaluation and communication of results from the EFSI and Cohesion Policy should be harmonised
- the EFSI financed projects should indeed be additional investments that generate a European value added
- EFSI funding is unevenly distributed across regions and Member States
- the effects of EFSI on job creation and economic growth should be monitored