



Cities for Cooperation Platform

European Union budget for the future

Comment to the European Commission's proposal for the multiannual financial framework and its impact on European territorial cooperation

Contribution of European cities to a Europe of citizens

July 2018



1. Previous note

RIET – Iberian network of cross-border cooperation entities, cross-border Association of Territorial Cooperation, consisting of 2009 by proximity organizations, the border of Spain and Portugal, within the framework of the Treaty of Valencia,

Atlantic Axis – Atlantic Axis of Peninsular Northwest, Cross-border Territorial Development Association through Cooperation, established in 1992 and integrated by municipalities and entities of the local administration that configure the urban system of the euro-region Galicia-North of Portugal

MEDCITIES-Mediterranean Cities Network of 56 cities and metropolitan areas of 15 Mediterranean countries, created in Barcelona in November 1991 whose activity is oriented towards sustainable urban development, and

Atlantic Cities, territorial cooperation network, based on the particular identity of the Atlantic Cities, established in 2000, constituted as Atlantic Urban Forum,

FAIC-Forum of the cities Ionian and Ionian, Association created in 1999, in Ancona, for 60 cities of the 8 Adriatic and Ionian countries, constituting itself as a forum for the social, environmental and cultural development of the Adriatic and Ionian cities,

non-governmental entities with a legal nature and permanent activity and holding a wide experience in the promotion of cooperation initiatives and the monitoring of programmes integrated in the various plans of European territorial cooperation, they consider that they should continue the reflection and internal debate that they have promoted on the **Future of regional and cohesion policy post-2020 in general and on the future of European territorial cooperation in particular**.

Organized on the platform **C4C-Cities for cooperation** they systematized at first a set of **10 proposals** on the future of European territorial cooperation and cross-border cooperation with non-EU countries, a document presented to the European Commission in November 2017. Stimulated by the good reception that its strategic approach merited by the Commissioner for Regional Policy, Ms. Corina Cretu, they understood the invitation to Present the **Regulatory and normative measures** aimed at realizing their 10 initial proposals, deepening their contribution to the future of the Policy Regional and of the cohesion and for European territorial cooperation for the post-2020 period through the document delivered to the European Commission in March 2018.

It was with expectation but also with frustration and a feeling of lost opportunity that the **C4C-Cities for cooperation Platform** analyzed the multiannual budget proposals for 2021-2027 and the Commission's proposals on the future of cohesion policy, because they did not reflect the relevance of regional and cohesion policy in response to great challenges like posts emerging phenomena of anti-democratic ultranationalists and populist movements, the migratory pressure, globalization, climate change and the demographics.

Nevertheless, the consecration in the projects of new regulations on the European Territorial Cooperation of some of the measures that have been presented to the European Commission, even if it has been a partial and timid welcome, has motivated these entities to continue the work of monitoring, analysis and internal debate on the multiannual financial framework for 2021-2027 and on the projects of new regulations.

Assuming the expectation of the organizations specifically created for the cooperation involved in the territories of the periphery of the European Union and which are holding a vast and unique experience, have promoted in a first analysis of the proposal for a multiannual financial framework for 2021-2027.

In a second moment, they propose to present to the European Institutions and Member States the conclusions of the analysis and the debate are already promoting on the draft regulations concerning the objective of European territorial cooperation (INTERREG) and the mechanism to remove legal and administrative obstacles in a cross-border context and on the Instrument of Neighborhood Development e Cooperation International (NDICI).

Thus, the ***C4C-Cities for cooperation Platform***, continuing and deepening dialogue with the European Institutions, which they want to be regular and constructive, now presents a set of observations and recommendations on the multiannual financial framework for 2021-2027.

This is the contribution of European cities to a Europe of citizens.

A C4C – Cities for Cooperation Platform:

- 1 | Considers that the multiannual budget proposal highlights a *lack of ambition* on the part of the European Commission, with values that do not correspond to the objectives set out by the challenges facing Europe.**
- 2 | Complains that it is not the policies that most value the principle of subsidiarity and the role of Member States to support the costs of Brexit.**
- 3 | Disapproves the reduction in 13.9% of financial resources for the Cohesion Policy and. alert for the negative consequences of reducing the co-financing rate to 70% and the lack of increased pre-financing for projects.**
- 4 | Regrets the reduction in 17,6% of the budget for the CTE and requests an increase of at least the double of what is proposed by the European Commission**
- 5 | Understands the thematic concentration proposal and reinforces the need for a flexible application at the regional and local level to ensure that it represents a real response to the needs of the citizens.**
- 6 | Complains a greater coherence between objectives and funding the CTE as the lack of correspondence frustrates the expectations of the citizens. Having in mind the European Commission's initial proposal, either it reduces the objectives either it increases the budget.**
- 7 | Requests that the CTE can be funded through more than one fund, ERDF and ESF more, to increase its coverage and effectiveness.**
- 8 | Recognizes the Need to Linking regional policy with economic governance of the EU but alerts for that this necessary articulation cannot mean the subjugation of a structural policy to financial and budgetary management.**
- 9 | Complains that the appropriations of European Structural funds and investment in European territorial cooperation should be attributed to the programme and not to the Member States in order to ensure their true supranationality.**
- 10 | Disapprove the disappearance of the programmes URBACT, INTERREG Europe and the Sea basin and the maritime crossing of the current programmes Eni CBC and Requires more transparency and precision in funding in Component 5 according its financial allocations.**

2 | Contributed by C4C

The observations and recommendations of the *C4C-Cities for cooperation Platform* on the proposal for a multiannual financial framework 2021-2027 are systematized in 8 points:

- 1 | For a multi-annual budget which is the affirmation of the values registered in the Treaty of European Union, particularly those of economic, social and territorial cohesion;**
- 2 | For a multi-annual financial framework that values subsidiarity and the role of MS;**
- 3 | For a regional and cohesion policy that corresponds to the expectations of European citizens;**
- 4 | For European territorial cooperation with financial resources that correspond to its contribution to cohesion, pre-accession and neighborhood;**
- 5 | For a post-2020 strategy that embraces the diversity of the regions and integrates the specific needs of the most depressed regions of the EU;**
- 6 | For effective European territorial cooperation in combating regional disparities;**
- 7 | For European territorial cooperation multifund that best responds to the need to invest in people**
- 8 | For a regional and cohesion policy adequately articulated with the economic governance of EU;**
- 9 | For a European territorial cooperation with own financial resources not allocated to the MS;**
- 10 | For a European territorial cooperation promoting interregional and urban cooperation and maritime basin strategies with neighborhood countries.**

1. For a multi-annual budget which is the affirmation of the values registered in the Treaty of the European Union, particularly those of economic, social and territorial cohesion

The European Commission has submitted its proposals for a multi-annual budget and of Rules for applying the funds for the period 2021 to 2027 on the dates envisaged.

In the current European context, the submission of a 7-year budget and the fulfilment of the planned dates should be marked and welcomed as a positive initiative and interpreted as a defeat to the political tendencies that advocate the infeasibility of a medium-term budget for the European Union and would like to see a cohesion policy supplementary and marginal, with the inherent reduction in their contribution to the common budget.

It is also important to point out the pragmatism taken in the Commission's proposals, and the effort being made to welcome the previous good experiences, stressing the courage to introduce measures of genuine simplification in the implementation of European funds Structural and investment.

The multiannual budget proposal shows, however, a significant lack of ambition, with figures far short of expectations, the needs and the size of the challenges facing the EU, and a proposal **of multi-annual budget that evolves from 1.04% to only 1.11% of the gross national income of EU.**

The scale of the challenges posed by emerging phenomena of anti-democratic ultra-nationalisms and populist movements, the migratory pressure, globalization, climate change and the demographics challenges, but also for the need to promote a more cohesive Europe, which invests in people and creativity, justifies and demands a multiannual financial framework with a greater financial dimension.

The growth of the multiannual financial framework should at least amount to the expected growth for the set of own resources and to be the budgetary expression of the continuity and affirmation of the common European project.

2. For a multi-annual financial framework that values subsidiarity and the role of MS

The Treaty of Lisbon identified the promotion of economic, social and territorial cohesion and solidarity between Member States as the value and central mission of the Union. This has given cohesion policy a clear objective of promoting harmonious development of the whole of the Union and, in particular contributing to reducing the disparity between the levels of development of the various regions and the delay of the most Disadvantaged.

Cohesion policy is not a welfare policy, but a transversal policy that reconciles solidarity and equity in resource allocation, with competitiveness and efficiency in allocating it. The European solidarity is expressed through structural support for the promotion of the development of the Territories, that is, seeking to exploit the growth potential of all the territories of the Union.

This multiannual budget entails a new dimension and a major challenge to accommodate the financial impact of the UK exit (*Brexit*). However, proponents of the European project cannot understand or accept that this financial impact is absorbed by the combined effect of reducing the budget for Cohesion Policy and the Common Agricultural Policy and, to a lesser extent, by the new direct revenues of the European Commission.

We are confronting at a more centralized and more dirigiste budget, due to the significant growth of policies managed directly by the European Commission and by the reduction of the policies that most value the principle of subsidiarity and which confer greater leeway for Member States (Cohesion Policy and CAP).

The multiannual financial framework should contain the principle of subsidiarity as a structuring element and to enhance the role of the Member States, rejecting the Cohesion Policy, and the CAP, to support the financial impact of the *Brexit*.

3. For a regional and cohesion policy that corresponds to the expectations of European citizens

The Cohesion Policy of the European Union is the main response to the need to deepen the more and more necessary construction of a European citizenship effective and inclusive. Despite all its limitations and shortcomings, in the present situation of Europe is indispensable to affirm and to defend cohesion policy and to fight for its coherent and meaningful application throughout the EU space.

Cohesion Policy sees the budget reduced by 13.9%, with a global budget weight of less than 35%. Except for the Common Agricultural Policy, which is also reduced by 9.8%, **the other EU policies grow significantly, more than doubling their budget.**

This approach cannot but be interpreted as an attempt to approximate the political tendencies that would like to see a residual and supplementary Cohesion Policy with an inherent reduction of its contribution to the common budget, which we consider to be a strategic error of great consequences, even more so since **the values proposed by the COM allow Cohesion Policy to approximate current values, while other policies continue to grow significantly.**

Compared to the European Union's multi-annual budget				
		2014-2020	2021-2027	Differential
Multiannual financial framework-Total	M€	1 129 745	1 279 000	13,2%
QFP weight	% NBR	1,04%	1,11%	6,7%
Cohesion policy	M€	513 563	442 412	-13,9%
Weight on QFP	%	45,5%	34,6%	-23,9%
Other EU policies/CAP	M€	196 148	457 668	133,3%
Weight on QFP	%	17,4%	35,8%	106,1%

at current prices

4. For European territorial cooperation with financial resources that correspond to its contribution to cohesion, pre-accession and neighborhood

European territorial cooperation is now the main instrument to support the full implementation of the single market, taking into account that the internal cross-border regions and maritime territories are now the regions where the need for full implementation of the single market is felt, and it is also the main response to the need to create an effective European citizenship and felt by European citizens in their daily life.

On the other hand, the new challenges facing the European Union as a whole, albeit with a special focus on neighbouring regions, as regards the need to find answers to the growing migratory pressures, offering opportunities for youth by highlighting opportunities for greater trade, scientific and cultural exchanges with neighbouring and pre-accession countries, open up a new front for European territorial cooperation, since it is best to find structured and effective responses, rather than merely police ones.

In this sense, we welcome the proposal for a new regulation on a '*Mechanism for solving legal and administrative obstacles in a cross-border context*'. Nevertheless, is necessary to clarify what are considered, in an indicative way, the main legal, administrative, political, etc. border areas and the development of projects within the border areas of the EU and with external border areas.

We also welcome in a favorable way the text, in the common regulation proposal, of the content of the programmes (Art. 17), point 3 (a), concerning macro regions ' strategies and maritime basin strategies, Nevertheless It is necessary to clarify what concerns the financing of the actions necessary to enable these strategies to be implemented.

Surprisingly, the proposal for a multiannual financial framework points to a reduction in the allocation by 17.6%, reducing the weight of European territorial cooperation for a residual and irrelevant 2.15%.

Compared to the European Union's multi-annual budget				
		QFP 2014-2020	QFP 2021-2027	Differential
European Territorial cooperation	M€	10 229	8 430	-17,6%
Weight of the ETC in cohesion policy	%	2,25%	2,15%	-4,4%
ETC weight on QFP	%	1,02%	0,74%	-27,4%

at constant prices

Consequently, **European territorial cooperation must be provided with more and more significant common financial resources and more effectively distributed to better achieve the objectives of the cohesion policy, In the context of completing the internal market, doubling the current financial resources.**

Also, **European territorial cooperation should not be the subject of the expected reduction of the cofinancing rate to 70%.** This reduction, added to the non-increase in the level of pre-financing, introduces the risk of being significantly reduced the participation of many relevant organizations playing an important role in their Cooperation territories but with less financial capacity.

5. For a post-2020 strategy that embraces the diversity of the regions and integrates the specific needs of the most depressed regions of the EU

The European Commission proposes a new cohesion policy better adapted, dedicating a concentration of the financial resources in 5 goals: *A more intelligent Europe, a greener Europe with no carbon emissions, a more interconnected Europe, a more social Europe and a Europe closer to the citizens.*

It is right to be a fundamentally nominal thematic concentration, since one of the proposed objectives integrates multiple priorities to address with the scarce financial allocation envisaged.

In addition, in each fund for a more intelligent Europe and for a greener Europe should represent a value between 65% and 85% of the total cohesion Funds.

However, the new cohesion policy should take into account the diversity and specificities of territories, marked by relevant territorial asymmetries, either in terms of resources necessary for the development process, or at the level of the global indicators of this development and sufficient flexibility to better meet the regional and local needs.

We consider necessary that the thematic concentration proposed for the cohesion policy should be reviewed and articulated with the necessary flexibility to find structural response to regional and local problems, so that it can actually be understood as an approximation of Europe to the citizens.

6. Towards effective European territorial cooperation in the fight against regional disparities

European territorial cooperation is proposed to focus on combating regional disparities and the challenges facing Europe's regions and reinforces of the thematic concentration on intelligent growth through intelligent specialization strategies and sustainable development and hipocarbonic.

In this perspective, new and ambitious strategic objectives are envisaged for European territorial cooperation:

“Promote local development on the basis of integrated territorial and local strategies and encourage sustainable urban development, improve the efficiency of labour markets and access to quality employment, improve access to, and quality of education, training and learning to ensure equal access to quality health care services in a timely manner, to improve the accessibility, effectiveness and resilience of health care and long-term care systems, and to promote social inclusion and poverty.”

In addition, at least 60% of the ERDF allocation should be affected to a maximum of three of these strategic objectives and, in addition, at least 15% of the ERDF allocation should be allocated to the objective "better governance of the Interreg programs".

The adoption of these strategic objectives presupposes and requires a prior and thorough debate. In fact, the ambition of the proposed strategic objectives is not in line with the significant reduction in the financial resources envisaged for European territorial cooperation.

In the current programming period, with significantly financial resources than those proposed for the future, European territorial cooperation programmes no longer have a financial dimension to accommodate interventions of a Physical nature and infrastructure.

At the risk of frustrating the expectation created on the populations of the territories covered by the European territorial cooperation programmes and of adversely affecting the prestige achieved by Interreg, therefore or the appropriations are increased to enable the Proposed strategic objectives to succeed, or are these that should be accommodated to the irrelevance of the proposal appropriation.

7. For European territorial cooperation multifund that best responds to the need to invest in people

The European Commission understands that to make Europe cohesive, sturdy and competitive in the future it is necessary to invest now in people: in their education and training, their skills and employability, as well as their potential to create companies and innovate, without neglecting their state of health and their Living conditions.

In this approach, in which we see ourselves, the European Social Fund more is presented as the EU's main financial instrument to strengthen the social dimension of Europe.

In coherence, several of the strategic objectives proposed for European territorial cooperation programmes are clearly set out as thematically inserted under the ESF:

Promote improving the effectiveness of labour markets and access to quality employment, improving access and quality of education, training and lifelong learning, and promoting social inclusion and combating poverty

In the light of the new strategic objectives proposed for European territorial cooperation, provision should be made for these programmes to be funded by more than one fund (ERDF and ESF).

The Articulation, in the territories of real integrated and cross-border development strategies, which include all the areas of development, which constitute the main focus of the ITI, reinforces the need for cross-border cooperation to be based on a plurifounds programming.

8. For a regional and cohesion policy adequately articulated with the economic governance of EU

The introduction of a new macroeconomic conditionality should merit our special attention, as the prevalence of the European semester on structural policy is consecrated.

In fact, the programming is subordinated to the recommendations of the European semester and the recommendations for the MS conditionate the programming, including even the projects to be carried out. At the same time, the failure to fulfil the objectives of economic governance, excessive deficit and non-implementation of financial stability programmes, permits the suspension of programmes.

The prudential need for adequate articulation between economic governance and cohesion policy is recognized.

However, this necessary articulation cannot mean the subjugation of a structural policy to financial and budgetary management.

Moreover, the recent crisis in public debts has highlighted the decisive importance of cohesion policy, not to resolve the financial situation, but to be able to come out of the crisis well.

9. For European territorial cooperation with own financial resources not allocated to those MS

The appropriations of European structural and investment funds for European territorial cooperation should be allocated to the programme and not to the member states,

By allocating funds appropriations for the European territorial cooperation to each member state, even if it is said that is by way of indicative, regulations end up by subordinating these resources to national financial and budgetary disciplines, and they devote a significant constraint to its proper application according to the strict objectives of the programme.

What is the point and what are the objectives of the allocation of funds for European Territorial Cooperation for member state and not the programme when the supranational nature of interventions is stimulated? Even if an indicative nature is invoked, the allocation of an appropriation for European territorial cooperation to each of the States implies submission to national rules.

Welcoming the model already applied successfully in ENI CBC will therefore promote a better articulation of the principle of trans-nationality of European territorial cooperation with the principle of the financial responsibility of the Member States for the resources allocated to them.

The 'population' criterion that has been used by the European Union For the allocation of financial resources allocated under European territorial cooperation it is strongly penalized for the Territories with weaker indicators of cohesion, because they are simultaneously the smallest population. The use of the "population" criterion it tends to perpetuate the socio-economic disadvantages of these territories compared with the other European regions, presenting a perverse result and contrary to the objectives of the cohesion policy.

The criterion for the distribution of financial resources should be Additionally into account Depopulation, unemployment and low levels of income, thereby contributing to the convergence of the less developed regions.

10. For a European territorial cooperation promoting interregional and urban cooperation and maritime basin strategies with neighborhood countries

Interreg Europe and URBACT have played a relevant role in enabling cooperation between all European regions and urban and metropolitan areas.

Despite the lack of clarity of the draft regulation, the eventual disappearance of these two programs, with a significant success story, is manifestly incomprehensible.

We will see ourselves in the conclusions of the evaluations *Ex post* and the mid-term review, highlighted in the justification of the proposal for a regulation and which justify the need to strengthen the financial allocation of the current areas of cooperation. The programmes dealing with the Black Sea, the Mediterranean Sea and Italy-Tunisia are a success story in politically sensitive areas, contributing to a

normality of relations between neighborhood countries and which cannot be replaced by a participation significantly lower and limited to transnational or maritime programmes.

It is of the utmost strategic importance to keep the cooperation programmes regional and urban level, as well as in the highly sensitive maritime basin of the Black Sea and the Mediterranean Sea. The long years of progressively increased success are put at risk if the current proposed regulation is not modified.

3 | Presentation of the entities that integrate the C4C



Citiesfor Cooperation Platform

C4C - Cities for Cooperation is a platform of non-governmental entities with a legal nature and a permanent activity and with extensive experience in promoting cooperation initiatives and in the monitoring of programs integrated in the various plans of European territorial cooperation, constituted with the objective of promoting reflection on the future of post 2020 Cohesion Policy in general and on the future of European territorial cooperation in particular.

It considers that the peripheral regions of the European Union have a common vision on the importance of European territorial cooperation in their territories and on the adjustments that need to be made to strengthen their role in European integration.

Constituted by **RIET - Iberian Network of Cross border Cooperation Entities**, by **Eixo Atlantico – Atlantic Axis of Peninsular Northwest**, by **MEDCITIES - Mediterranean Cities Network** and by the **CCAA - Conference of Atlantic Arc Cities**, it is proposed to promote a broad debate and the identification of common problems and solutions adjusted to reality of the peripheral regions of the European Union, regions in which the main problems and challenges facing the European Union and the future of Cohesion Policy have been particularly impacted.



RIET - Iberian Network of Cross border Cooperation Entities, is a cross-border association of territorial cooperation, established in 2009 by organizations of proximity, in the border of Spain and Portugal, under the Treaty of Valencia.

Established as a cooperation network, which strengthens the intervention, promotes local, regional, national and European cooperation, thus contributing to the ultimate goal of improving the citizens' quality of life.

It promotes a space for reflection on the role of cross - border organizations in the development of Iberian cooperation and its visibility on a European scale and the development of strategic reflection and work on cross - border issues of European interest in general and the Spain - Portugal border in particular.

It is composed of 23 associated entities, associations of municipalities, entities created for cross-border cooperation, business associations and universities.



The Atlantic Axis of Peninsular Northwest is a cross-border territorial development association through the cooperation. Created in 1992, it integrates 36 municipalities and local authorities and configures the urban system of the euro-region Galicia-North of Portugal.

The main purpose is the economic, social, cultural, technological and scientific development of the cities and regions that constitute it. In this way, the Atlantic Axis constitutes a cross-border association integrated by the main cities and entities of Galicia and the Northern region of Portugal, whose aim is to promote economic, social and cultural cohesion, in particular by structuring a common territory.



MEDCITIES - The Mediterranean Cities Network, created in Barcelona in November 1991 as an initiative of the Mediterranean Environmental Technical Assistance Program, aims to strengthen decentralized interventions involving technical assistance as a way of promoting the importance of urban environmental problems, and aiming to reinforce municipal power in developing countries.

Being a network of Mediterranean communities and cities belonging to different countries, it aims at sustainable urban development as a way of improving living conditions in the regions.

The network comprises more than 50 cities in 14 Mediterranean countries, such as: Agadir, Alejandria, Ancona, Antalya, Barcelona, Mancomunidad de Batroun, Benghazi, Bizerte, Chefchaouen, Mancomunidad de Dannieh, Djerba, Dubrovnik, Comunidad Urbana de El Fayhaa, El Mina, Gabes, Gaza, Izmir, Jbeil (Byblos), Mancomunidad de Jezzine, Kairouan, Mancomunidad de Koura, Larnaka, Lemesos, Mahdia, Málaga, Marseille, Monastir, M'Saken, Nabeul, Roma, Saida, Sfax, Sidi Bou Said, Sousse, Tanger, Tétouan, Tirana, Tripoli, Tunis, Oran, Zarqa, Zgharta-Ehden and Área Metropolitana de Barcelona.



CCAA - Conference of Atlantic Arc Cities is a network of territorial cooperation, based on the particular identity of the Atlantic Cities. Since 2000, the Atlantic Arc Cities Conference has stated its position as the Atlantic Urban Forum, facilitating cooperation between its members and other stakeholders, such as raising the awareness of the European institutions on issues of Atlantic cities' concern.

It assumes itself as a club of the Atlantic cities: The Urban Forum of the European Atlantic facade and as a Community that includes both cities and other actors, and, above all, citizens. It promotes campaigning, cooperation through European projects and presents itself as a resource center for Atlantic cities, ensuring that their activities contribute to the information, training and enhancement of members' European activities.

It consists of 18 members representing 200 local entities that make up the Atlantic Arc.



The **FAIC Forum of Adriatic and Ionian Cities**, is an association created in 1999 in Ancona (Region Marche), at the initiative of this city and the National Association of Italian Municipalities, it is part of 60 cities of 8 Countries Adriatic and Ionian, Albania, Bosnia-Herzegovina Croatia Greece, Italy, Serbia, Montenegro and Slovenia, constituting itself as a forum for the economic, social, environmental and cultural development of the Adriatic and Ionian cities.

FAIC is a pioneering association in intensifying international cooperation in the area of Adriatic and the Ionian Through the Universities Forum (UNIADRION) and Chambers of Commerce Forum AIC), the Ionian Initiative (ALI) and the EUSAIR. Contributes to European integration and extending its policies and strategies, through the promotion of innovative forms of decentralized cooperation and partnerships between local authorities of member countries.

As a civil society organization, it collaborates with the executive of EUSAIR (with 2014 357, p. 52). with UNIADRION and the CBI forum was recently constituted as a joint secretariat to intensify and coordinate its performance.