

## BACKGROUND NOTE

### EUROPEAN COHESION POLICY: THE WAY TO IMPLEMENT THE SDGS

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In the wake of the debate generated by the White Paper on the Future of the European Union, it has been openly recognised that the European Union, which is a success story, must regain legitimacy regarding the citizenship of the Member States. CEMR took its share on the debate by conducting an extensive work with its members that leads to the release, here in Soria, of the book “Europe 2030: Local Leaders speak out!”. We believe that confidence will only be regained with a greater agility in the delivering of its services and advantages. The European Union has actually been firmly committed to fulfilling the Agenda, both within Europe and towards third countries.

By 2020, the European Union will complete the current programming period and its Multiannual Financial Framework, thus entering into a new phase of policy implementation, which will take place from 2021 to 2027. In this way, the next financial framework will cover most of the time scope set for the Sustainable Development Agenda.

The Cohesion Policy of the European Union represents an important effort of solidarity and promotion of development and territorial cohesion. It is, jointly with the Common Agricultural Policy (CAP), the European policy that receives the most funding and the most visible for citizens across Europe. It is therefore a powerful instrument to promote the integration of the 2030 Agenda throughout the continent. Actually, there is a clear alignment of interests and spirit between the SDGs and the 11 thematic objectives established for the period 2014-2020, as well as the objectives of the Europe 2020 strategy. Where the European Union advocates for a smart, sustainable and inclusive growth, the 2030 Agenda bets for the development of people, the protection of the planet, a shared prosperity and a lasting peace. It is worth noting that the European Commission has launched a multi-stakeholders’ platform dedicated on the implementation of the SDGs to align all its policies with the Objectives, the first meeting took place on January 10<sup>th</sup> and CEMR, together with Eurocities and the Committee of the Regions represent local and regional governments.

Despite this alignment, or precisely because of it, the next period of cohesion policies should integrate the 2030 Agenda as an inspiring element in its approach, becoming a lever for transformation that would allow regions to move forward in their effective enforcement. For this, it is necessary to link and fully integrated the SDGs into the process of preparing the next programming period.

Some challenges still exist in relation to the synergies that could be generated, which must be taken into account realistically. Among the main issues we must mention the following:

- In Europe, although the differences in well-being have been reduced, disparities between regions have increased between Member States. Within these regions, specific local areas, such as areas with demographic, industrial or material deprivation and social and environmental inclusion challenges, have also increased their disparities. This is not only detrimental to the territorial cohesion of the European Union, but also constitutes a risk for social cohesion and coexistence.
- A cohesion policy articulated around the Sustainable Development Agenda will need a proper and sufficient funding, this has to be achieved in a context of expected budgetary restrictions of the Member States and less legitimacy of the EU Institutions. We must also take into account the exit of the United Kingdom as a net contributor, with the impacts that this reality may have on the next budgetary framework. The European Union must show how its funds amplify the effects of national budgets through an adequate calculation of its added value. That directly leads to the need for an examination on where and how the European Union can generate added value regarding each of the SDGs. The need to show a significant added value effect would imply to reinforce the concentration on specific investment priorities, as it was already the case in the period 2014-2020. This thematic concentration of European Union financing would involve a reviewing of territorial strategies, since the Sustainable Development Agenda implies a comprehensive and interdependent vision among the 17 objectives. For this, it is necessary that these SDG strategies and the programming of post-2020 funds be made in accordance with a genuine application of the principle of partnership.
- To ensure the effectiveness of the Cohesion Policy post-2020, it is necessary to correctly identify the problems in its structural dimension, and to provide the means accordingly. For this, both the Cohesion Policy indicators and the new SDG indicators have to capture the problems at the scale where they occur, particularly at the sub-regional level.
- Cohesion policy should include a methodology to integrate the 2030 Agenda in its definition, implementation, follow-up and evaluation. One way could be the direct identification of the thematic objectives of programming with the SDGs. Another method could be the establishment of any formula to include the SDGs into some aspects of the ex-ante conditionality, such as the existence of the Smart Specialization Strategy (RIS3), or the extension of the scope of the ex-ante evaluation process, in order to incorporate the impact of the Regional Operational Programs in terms of SDGs. Ex-post monitoring and evaluation mechanisms could

also be a moment for alignment, especially if the new programming maintains the performance frameworks. Additionally to the integration method, it will be necessary to review the set of performance indicators to ensure that the collection of information is compatible with the accountability requirements of the SDGs. This incorporation must be done in a territorialized way in order to be able to reflect in the different phases of measurement, execution and evaluation, the territorial diversity of the European Union regarding compliance with the SDGs.

- The new reality through the Sustainable Development Agenda gives priority to the territorial approach rather than specific-sector ones. This vision should strengthen the territorial component of the new cohesion policy, in the urban areas, and through the Integrated Territorial Strategy, participatory local development processes or Local Action Groups in rural areas. Territorialisation and integration of different instruments in the same geographical area as referred to in the current programming period should be intensified in the new stage, through better harmonized rules of implementation, regardless the funding instrument. In that sense, the principle of subsidiarity must be extended in order to effectively place the funds in the area where they can offer the biggest social and environmental impacts.
- The process of funding management has increased its complexity over the time. That requires a reflection on its real usefulness. In that sense, the Council's acknowledgement on the conclusions of the High-Level Group on simplification of European structural and investment funds is a starting point with the aim of improving the delivery of financing. At least, all the rules of the different funds that are contradictory with the rest of the funds should be eliminated. There is a need for greater decentralization of controls and the management of funds. Although it is important to encourage the participation of civil society, the company and the academic world as stakeholders, the definition, management and evaluation of the funds must come directly from a joint exchange process between the different levels (EU, national, regional and local) depending on the respective competences.
- The Cohesion Policy must be consistent with the rest of the policies of the European Union, particularly the instruments to replace the Horizon 2020 and EaSI programmes, but also, and especially, with the European Fund for Strategic Investments. The EFSI implementation must be carried out in a way that preserves the inspiring principles of the Cohesion Policy. There should be a Common Strategic Framework between the Structural Funds and those of other European funds and policies such as transport, environment or innovation so that the different actions of the EU in the same territory are coherent and mutually reinforcing and inconsistencies are avoided, for example, in terms of different degree of

requirements for state aid or different levels of control for the same activity depending on the European fund or policy that is being used.

- It is necessary to think about whether the current territorial distribution of funding is the ideal one in order to facilitate territorial cohesion and compliance with the SDGs. Between the maintenance of the current system and the specific concentration of funds in those territories at greater disadvantage, there are a series of options that must be considered in order to maximize the European added value according to the needs of the territories. In this sense, on the one hand, the level of identification of territorial challenges must be considered, for example depopulation, inequality and social exclusion, socio-economic and technological changes, among others. On the other hand, the appropriate territorial level for the management of the Cohesion Policy must be identified. In this sense, intervention at the subregional level, whether at the NUTS III or local provincial level, is necessary for problems with specific territorial enchantment. However, in relation to the delegation of responsibilities at the sub-regional level (for example, via the ITI or CLLD) for the management of funds, it must be ensured that there is sufficient administrative capacity to manage said resources. In this regard, it is necessary that the mechanisms and funds for technical assistance and administrative training that are available to central governments and authorities are also granted to local and regional authorities.