



## Four Motors for Europe's contribution to the future of the cohesion policy

Since 1988, the Four Motors for Europe (4ME) have been gathering into an inter-regional association Baden-Württemberg, Catalonia, Lombardy and Auvergne-Rhône-Alpes, which are in charge of the management and/or the implementation of European structural and investment funds (ESIF – ERDF, ESF and EARDF). They have contributed, both, to strengthen the role of the Regions in the European Union and to the internationalization of their territories by fostering partnerships between citizens and economic, scientific, academic and cultural stakeholders from the four regions. Together, the Four Motors for Europe represent more than 36 million citizens (7% of the European population) and 9% of the European GDP.

The European Union is currently going through an unprecedented crisis. In addition to the usual challenges (e.g. employment, competitiveness, energy, climate, demography, digital change, new disruptive technologies), it also faces a growing democratic and social crisis as well as an increase in perils and external challenges (migration, refugees, and security issues). In this context, the future of the European Union is more than ever questioned, **and the Four Motors for Europe wish to reaffirm their commitment to a genuine and concrete contribution to the EU multilevel governance.**

Acting close to citizens, the Regions do directly perceive the challenges to democracy enshrined in the European project and believe the redefinition of the governance of the Union is essential. In this perspective, the Four Motors for Europe are ready to support the identification and selection of strategic priorities, while avoiding dispersion or red tape.

As the discussions about post-2020 orientations have just begun, it is necessary to place the concept of subsidiarity at the heart of the process, to achieve more efficient European action. Facing these various challenges, **the Four Motors for Europe consider the regional policy as an essential tool to foster European territorial cohesion, as well as a crucial investment policy to maintain the global competitiveness of the continent.** Therefore this policy should continue to benefit all European territories and sufficient resources should be allocated to it, so as to guarantee its impact.

**Furthermore, the Four Motors for Europe believe that significant improvements can still be achieved regarding the performance and the efficiency of this policy.**

**In particular, the four Regions share the following positions:**

### **1. Strategic Priorities**

The Four Motors for Europe agree on the necessity to focus funds on few strategic priorities which are defined at regional level, and underline the supportive role of smart specialization strategies in the current programming period. The role of Regions as crucial partners and players of European policies in key sectors for competitiveness and growth (for instance industrial and economic development, education and training, research and innovation, transports, energy), must be fully recognized. As such, Regions must be involved in the preparation of the policies of the European Union and, more specifically, in the future cohesion policy. The Regions of the Four Motors for Europe are generally supportive to thematic concentration, but they also ask for larger latitude to choose their own priorities based on regional context in the implementation of ESIF and contribute to European goals in accordance with the principle of subsidiarity.

More than 70% of the European population live in cities and suburbs, main poles of economic growth. However, it is essential to take into account sub-regional disparities and not to forget the specific potential and needs of rural and mountainous regions when designing next ESIF programming rules. EARDF should not be the exclusive tool to intervene in those areas which should continue to benefit from ESF and ERDF. Cohesion policy must remain an instrument for economic and territorial cohesion.

### **2. Grants and financial engineering**

The Four Motors for Europe consider that the future cohesion policy should maintain the choice between grants and financial engineering, keeping the use of financial instruments to sectors and stakeholders for which they have turned out to be relevant and efficient. Financial instruments cannot generally replace grants. Not all projects of public interest are bankable.

The Regions of the Four Motors for Europe stand for the simplification of financial instruments<sup>1</sup> and request the simplification of the creation process for inter-regional investment platforms.

### **3. Simplification**

The Four Motors for Europe welcome the results-orientation approach and ask for a real simplification in terms of funds management and control, based on subsidiarity, differentiation between the Regions and proportionality of controls, in order to reduce the administrative burden and the management costs of this policy.

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<sup>1</sup> According to the study led by the European Parliament in May 2016, these instruments “cannot be demanding and difficult to manage for the regional authorities”. In addition, the instruments are perceived as “less useful in small projects” and would meet difficulties to mobilise private investments.

Finally, this renewed governance would have to be based on a new confidence contract between Europe and Regions. This contract would have to guarantee greater empowerment of the managing authority with more autonomy. This would especially be the case for well-developed Regions which have, at regional and national level, all the legal and administrative guarantees to justify the good use of funds (including fraud prevention measures) **and** in which the rate of EU's intervention is lower than anywhere else.

Planning controls and rules would have to be proportional to the level of intervention of the cohesion policy in territories in accordance with the principles of subsidiarity and differentiation. In the Member States concerned, the managing authorities would be free to use their own usual administrative processes concerning the spending of the funds according to national/regional law. European controls should focus primarily on the results, according to the indicators chosen and the sound implementation of funds. If the results are not reached, ex-post controls are not excluded in partnership with managing authorities, but without risking paralysing the system. Regarding financial irregularities, the error rate calculation should take into account the different causes, programme characteristics and types of errors so as to differentiate fraud from simple errors.

In this respect the Four Motors for Europe also demand a further simplification of the implementation of the Regulations on State Aid for ESIF. Unequal treatment between directly managed sectorial programmes such as Horizon 2020, COSME or LIFE and funds under national or regional management such as ESIF is not justified. It leads to increased bureaucracy and hampers the synergies between funds. Simplification of State aid rules and a better articulation with the cohesion policy are also pressing.

#### **4. European Territorial Cooperation (ETC)**

The Four Motors for Europe underline the added and visible value of ETC funded projects, which concretely contribute to the objectives of territorial cohesion and European integration. With a view to the manifold relations with their European partners, the Four Motors for Europe strongly advocate the enforcement of an efficient and targeted funding of cross-border, transnational and interregional cooperation within the scope of European Territorial Cooperation.

Therefore, the Four Motors for Europe support the European Parliaments findings on this topic, stressing that innovative and intensified cooperation along borders is crucial to the European process of integration and call for the strengthening of means allocated to ETC. They support the existing mechanisms and tools designed to foster cross border (INTERREG A), transnational (INTERREG B) and interregional cooperation (INTERREG EUROPE) and encourage a better embedding of macro-regional strategies in ETC as political and strategic frameworks<sup>2</sup>.

Given the complexity of multilateral programmes, ETC needs to be given - in addition to a financial upgrade and after 25 years of success – a more adequate legislative framework, offering simplification for beneficiaries and programme authorities and

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<sup>2</sup> As an example, the future Alpine Space Programme's priorities and perimeter should be defined in line with EU strategy for the alpine region.

eliminating contradicting provisions between the “cascading” ERDF and ETC Regulations.

In the context of a more adequate legislative framework, the Four Motors for Europe wish to preserve and reinforce interregional cooperation possibilities in the mainstream programmes, such as cooperation projects financed by one (or more) regional operational Programme (articles 70.2 and 96.3 of the current CPR should be revised in order to extend and facilitate the funding of projects whose location or impact goes beyond regional administrative frontiers), or cooperation in the frame of multi-regional Operational Programmes<sup>3</sup>.

## 5. Stability of rules

The Four Motors for Europe underline the necessity to conciliate the need for rules stability and resources predictability with the increasing need for flexibility in order to adapt to new challenges. They call on the European Commission to prepare the post-2020 regulatory framework as of now, in order to be ready to launch the new programs on the 1<sup>st</sup> January 2021.

Moreover, the negotiations on the operational programmes should not be based on informal position papers drafted by the European Commission but should take into account the amendments to the proposals adopted by the European legislators.

## 6. Macroeconomic conditionality

The Four Motors for Europe reject the principle of macroeconomic conditionality in order to avoid a double penalty for regions when they respect the rules of the Stability and Growth Pact. Regions cannot be held responsible for the national deficit as they usually are already subject to strong budgetary restrictions compared to the national State. Moreover, the Regions of the Four Motor for Europe believe that, as stated in the article 174 TFEU, the economic, social and territorial cohesion of the EU should be preserved.

Winfried Kretschmann  
Minister-President of Baden-Württemberg



Roberto Maroni  
President of Lombardy Region



Carles Puigdemont Casamajo  
President, Government of Catalonia



Laurent Wauquiez  
President of Auvergne-Rhône-Alpes Region



<sup>3</sup> Such as the French multi-regional programs adopted for mountains or river basin management