



**COUNCIL OF
THE EUROPEAN UNION**



Council conclusions on the Fifth Report on economic, social and territorial cohesion

*3068th GENERAL AFFAIRS Council meeting
Brussels, 21 February 2011*

The Council adopted the following conclusions:

"The Council of the European Union,

1. RECALLING that the promotion of economic, social and territorial cohesion, and solidarity among Member States are fundamental objectives of the European Union,
2. RECALLING the provisions of Article 175 of the Treaty on the Functioning of the European Union according to which the European Commission (hereinafter referred to as 'the Commission') has to submit to the Council every three years a report examining the progress made towards achieving economic, social and territorial cohesion, if necessary accompanied by appropriate proposals,
3. RECALLING its conclusions of 14 June 2010 on the Strategic Report 2010 by the Commission on the implementation of cohesion policy programmes,
4. WELCOMES the Fifth Report on economic, social and territorial cohesion (hereinafter referred to as 'Report') issued by the Commission and ACKNOWLEDGES that cohesion policy is the European Union's main instrument for promoting overall harmonious development across the Union, in particular by reducing disparities between the levels of development of the various regions and already helped to improve the conditions of smart, sustainable and inclusive growth within the European Union and TAKES NOTE of the conclusions and proposals thereof, that provide a good basis for further discussions on the future design and implementation principles of cohesion policy,

P R E S S

Achievements of cohesion policy

5. NOTES the Report's findings that cohesion policy has proven its European added value as it has made a marked contribution to the reduction of disparities among the regions, has contributed to raising the level of GDP in the European Union as a whole and assisted the enhancing of employment prospects,
6. UNDERLINES in this respect the contribution cohesion policy has made to the achievement of the goals of the competitiveness and growth agenda of the European Union through innovation and modernising the economy providing help to exploit the underutilised potential of all regions and individual citizens, with a long term socio-economic development perspective,
7. NOTES that at present cohesion policy intervenes in all regions covering the whole territory of the European Union, concentrates the majority of its resources to the least developed Member States and regions, and applies certain transitional regimes, ACKNOWLEDGES that this has positive impact that benefits the whole of the European Union,
8. STRESSES the need for cohesion policy and all its funds to continue pursuing the objectives of reducing the disparities between the levels of development of the various regions and the backwardness of the least developed regions, as well as promoting overall harmonious development and economic, social and territorial cohesion of the European Union and NOTES that this can only be achieved in a sustainable way, taking into account the challenges, needs and potentials i.e. starting points of each of the addressed regions and Member States, and the available means of the European Union,

Cohesion policy and the Europe 2020 Strategy

9. UNDERLINES that the objectives of the Europe 2020 Strategy can only be achieved in a sustainable manner if disparities between the levels of development in the European Union continue to be reduced,
10. STRESSES that while pursuing the above objectives cohesion policy shall take due account of the main drivers of growth as set out in the Europe 2020 Strategy, its headline targets and its flagship initiatives in order to ensure that policy actions generate sustainable and meaningful results over the long term, and RECALLS that cohesion policy through its unique multi-level governance structure is in a position to provide positive incentives and assistance to ensure the ownership of Europe 2020 objectives at local and regional levels,
11. EMPHASIZES that all common policies including cohesion policy have to contribute to the achievement of the Europe 2020 Strategy in a complementary and mutually supportive manner which will ensure synergies between the policy's own aims as laid down in the Treaty and those of the overarching Europe 2020 Strategy and UNDERLINES to this regard the importance of co-ordination between cohesion policy and other relevant European Union policies,

Strategic and integrated approach

12. WELCOMES therefore the reinforcement of strategic programming proposed by the Commission with a view to strengthening synergies among European Union, national, regional and local policies and NOTES that this shall take place within a reinforced partnership and close dialogue between the Commission, Member States, regions and local authorities, as appropriate,
13. BELIEVES that a common strategic framework has the potential to ensure greater complementarity, coordination, coherence and synergies among the different Funds of cohesion, rural development and fisheries policies,
14. INSISTS that, while taking into consideration the different nature of their measures, the European Social Fund, the European Regional Development Fund and the Cohesion Fund have to work together in a more integrated and flexible manner in order to increase their effectiveness in pursuing the goals of economic, social and territorial cohesion,
15. CALLS UPON the Commission to consider all options in that respect, including making available the possibility of multi-fund programmes for Member States and regions that wish to use them, when proposing the most effective arrangements for the next programming period,

Concentration

16. STRESSES that there is a need to concentrate our efforts on a limited number of priorities in order to achieve a critical mass and maximise the impact and the visibility of cohesion policy investments as well as help to reinforce European added value,
17. NOTES however that this thematic concentration should be sufficiently flexible to take due account of specific national, regional and local needs and potentials in order to allow for the greatest effectiveness and ownership, thus have to be a result of negotiations between Member States at the appropriate level and the Commission in compliance with the principles of subsidiarity and proportionality, so that Member States and regions are given enough flexibility to select priorities and draw up appropriate policy mixes, including, as underlined in the conclusions of the European Council of 25-26 March 2010, the possibility to finance infrastructure and capacity building, where relevant,
18. STRESSES therefore that the distribution of cohesion policy resources among priorities and thus the appropriate funding volume of the different Funds has to be decided by the appropriate authorities in Member States in partnership with the Commission,

Effectiveness

19. ACKNOWLEDGES that in order to further enhance the effectiveness of the policy,
- a. a common understanding of performance, including a methodology of its assessment established in advance is necessary,
 - b. this requires strong and dedicated focus on the actual outcomes and results of the policy underpinned by the improvement of current evaluation, monitoring and indicator systems, concentrating on a limited number of well-defined, easily measurable targets and a limited set of core indicators, without increasing the overall burden of reporting,
 - c. programme-design and efficient institutional frameworks are very important in this respect, while making sure that administrative burden remains as limited as possible,

Delivery

20. UNDERLINES that further improvement of the implementation mechanisms, including future legislative provisions, of the policy needs to be made on the basis of experiences already accumulated and on an appropriate balance among the following principles:
- a. resources of cohesion policy must continue to be utilised in the most efficient and cost-effective manner; at the same time the impact of policy actions and investments need to be enhanced,
 - b. the results and impacts of cohesion policy need to be better displayed and thus be more visible for European citizens,
 - c. legal certainty of implementation needs to be increased and maintained throughout the implementation period,
 - d. clear, unambiguous and stable regulatory provisions, including in audit and control, are prerequisites for the proper application thereof and thus contribute to the trend of reducing the error rate in implementation,
 - e. the rules of implementation including audit and control arrangements need to be simplified, with harmonisation among different funds and take account of proportionality as appropriate, thus reducing administrative burden and costs to beneficiaries and to the public administration, without putting at risk sound financial management,
 - f. a high degree of continuity in management and control system and capacity is necessary in order to build upon acquired management experience and knowledge,
21. NOTES the Commission's proposal to promote the use of financial engineering instruments, and, without prejudice to any ongoing debates concerning such instruments in particular to the recast of the Financial Regulation STRESSES that the use of such instruments should not be made obligatory and it should be up to Member States at the appropriate level to decide whether to use grants, loans or a combination of both, as well as the thematic scope of application of such instruments, UNDERLINES furthermore that regulatory simplification, legal certainty, especially concerning financial accountability and control, is necessary in this field,

22. WELCOMES the Commission's initiative to take more account of the objective of territorial cohesion in future programmes and address issues, including but not limited to, functional geographies, areas facing specific challenges as also recognised by articles 174 and 349 of the Treaty on the Functioning of the European Union, NOTES however that territorial cohesion should be taken into account in programming and implementation, as a comprehensive and integrated concept, leaving it to the Member States at the appropriate level, to define the most suitable level of intervention, that takes due account of differences among territories with a view to promoting the harmonious and balanced development of the European Union,
23. RECALLS that the European Territorial Cooperation objective has a significant European added value and therefore supports its continuation, and INSISTS that regulatory provisions governing the implementation thereof need to be strategically embedded, and need to take account of the specificities of such programmes and at the same time significantly simplified,
24. RECOGNIZES the potential of the innovative and integrated macro-regional approach for functional territories as a tool for helping to address territorial cohesion and NOTES that macro-regional strategies based on clear functional areas can address common challenges and assist in fully utilizing existing financial resources, while looking forward to the evaluation of those currently under implementation,
25. NOTES that functional urban areas have an important role as engines of growth, hubs of creativity and innovation and centres of social and cultural wellbeing, at the same time can have major challenges, and CONSIDERS therefore that, where relevant, due attention should continue to be given to the development of functional urban areas, inter alia capital cities, towns and urban-rural linkages through the process of national and regional programming,

Further steps to be taken

26. While RECOGNIZING that certain proposals put forth by the Commission are intended to bring benefits and added value, ACKNOWLEDGES that further discussions are necessary on certain proposals put forth by the Commission, notably about:
 - a. the Development and Investment Partnership Contract,
 - b. the list of priorities forming a basis for thematic concentration,
 - c. conditionalities as well as appropriate incentive mechanisms directly linked to cohesion policy,
27. ACKNOWLEDGING the current architecture of cohesion policy, further discussion IS NEEDED concerning the provisions of transitional mechanisms, in particular reflections on a new intermediate category,
28. INVITES the Commission to provide the Council with further details and clarifications on its proposals concerning the future of cohesion policy in due time before the legislative package is presented, and NOTES that the possibility of a high-level political debate on certain strategic issues may be beneficial to accelerate the negotiation process and adoption of new regulations,

29. CALLS on the Commission to present its legislative proposals governing cohesion policy and its funds for the post 2013 implementation period at the latest before the end of June 2011 to ensure that negotiations can start as soon as possible allowing for the effective launch of the new programmes as from 1 January 2014 and STATES that the present conclusions are without prejudice to the negotiations and decisions on the future multiannual financial framework."
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