



## Swedish position paper on the future MFF

A modern Europe requires a modern budget. We are facing substantial challenges and a fundamentally reformed EU budget would help us tackle them.

1. When the UK's contribution is phased out and ends, expenditures will have to be reduced by the corresponding amount. We want to set an overall expenditure ceiling for the next multiannual financial framework that does not exceed 1 per cent of the EU's GNI, in line with the current and previous frameworks.
2. In the shaping of a more modern expenditure structure we will have to make reprioritisations that benefit common measures, generating true European added value. Within a restrictive expenditure ceiling, it will be crucial that common funding delivers cross-border public goods and synergies, that economies of scale are exploited and that money is spent on effective and efficient policies. Measures that correspond to these requirements can be found in the areas of migration and security, competitiveness, research and climate change. As a consequence, expenditures for agricultural support and structural funds need to be reduced significantly.
3. Contributions from the member states to the EU budget should be stabilised at present levels. The financing system should always follow the fundamental principle of fair burden sharing.
4. Not taking responsibility for common decisions and not respecting common values should come with a price. Conditionality should be given increased importance in the next MFF and member states that do not take responsibility for common decisions on for example migration

and that do not respect the Rule of Law should not be able to receive EU funds in the same way as is the case today. This could be done through various mechanisms and measures, whereas the Commission is the competent actor to put forward a proposal that is transparent, predictable and that ensures non-discrimination.

5. With a smaller budget, we must spend the money better. This will require us to review EU expenditure and address current shortcomings with an aim to remove, reform or replace measures which no longer are relevant or effective, and provide a catalogue for reforms to be considered at political level. The exercise should be an open-ended discussion respecting new financial constraints.

Please find attached position papers on Cohesion policy, Common agriculture policy and the next Framework programme for R&I.

## A more effective and simplified Cohesion Policy in the next Multiannual financial framework

Cohesion Policy should continue to be a long-term policy aimed at supporting sustainable growth, competitiveness and employment. A more effective and simplified policy is crucial to meet the challenges following the exit of the United Kingdom from the EU, and the subsequent need of necessary and significant reductions of budgetary resources in the next financial framework.

### **Future direction**

Some of the challenges where Cohesion Policy even in the future can contribute are in the areas of climate, energy, research and innovation, SME:s, digitalisation and competence provision. Cohesion Policy should continue supporting integration of migrants and improved transition to work for persons far from labour market. It is vital to seek innovative solutions in all themes and that all implemented activities have a clear EU added value. Equality between men and women, integration and environment should continue to have high priority as horizontal principles.

### **Distribution of funds**

With less funding, the Cohesion policy must concentrate its resources on reducing disparities between regions and consequently more focus should be on regions with the greatest needs.

In addition, the support for the more developed parts of the Union should significantly be reduced. Furthermore, to achieve a transparent and modern budget, regions should get funding reflecting their actual level of development, and consequently, all transitional arrangement and different safety nets should be avoided.

### **Implementation**

The 7<sup>th</sup> Cohesion report points to the fact that, in a number of areas, the situation is now back to pre-crisis levels. This means that some fundamental parts of the implementation-system should be reverted to previous levels. The N+2 rule should be applied in all programmes and will together with a simplified system contribute to a more timely implementation.

In addition, further measures should be taken with the intention to simplify the rules and procedures at both EU- and national level. The levels of national

co-financing for cohesion policy should be reverted to at least pre-crisis levels which will also improve the national ownership of the policy.

Clear requirements for structural reform and ex-ante conditionality can be important tools in contributing to a strengthening of the public administration, thereby creating better pre-requisites for achieving results from structural- and investment funds. The instrument of ex-ante conditionality needs to be further developed.

The implementation-system has become too complex and a number of changes are needed to remedy this. One approach could be to differentiate in the requirements for the management of EU-structural funds. The criteria for such a differentiation should reflect the actual risk for the EU-budget and be objective, measurable and clearly defined.

The rules for the implementation of EU structural- and investment funds need to be agreed in legally binding regulations. Guidelines by the Commission should only contain best-practices and not interpretations of the application of rules.

### **Strategic approach**

The experiences from the current period show that the strategic framework and the Europe 2020-strategy have been important in establishing a link between concrete actions in programs and the overall priorities at EU-level. The future Cohesion policy also needs to be implemented as an integrated part of the Unions investments. This should be accomplished through a clear link between Cohesion policy and the most important overall challenges for the EU post-2020. The Swedish government is of the view that it is important that Cohesion policy contributes to a green, sustainable and innovative Europe. Crucially, the strategic framework also needs a simple and clear system for the follow-up of results.

The strategic framework should be complemented by a strategic document at national level. The purpose of a strategic document at national level would be to connect and link the actions in EU funded programs to overall challenges.

### **Territorial cooperation**

Most societal challenges require cooperation and common solutions. The Swedish government is of the view that territorial cooperation can contribute to EU-added value by enabling common development-projects across

national borders. The programs are important tools to strengthen growth in border-regions. Smart specialization is a good example which can contribute to more focused actions both in cross-border and national programs.

Within a substantially decreased overall-budget for Cohesion policy, there is still a need for the three strands of territorial cooperation, i.e. cross-border, transnational and interregional cooperation. The Swedish government supports stability in eligibility rules, including the 150 km-rule for maritime borders.

### **Territorial dimension**

All types of regions are facing challenges and shortcomings. Therefore, Cohesion Policy should cover the whole European Union even as its funding is substantially reduced. The challenges are different in various types of regions and therefore Cohesion policy should take different territorial conditions into consideration. That goes especially for the extremely sparsely populated regions in northern Europe. The special allocation for sparsely populated regions should remain, and the criteria for population density should remain in the allocation method.

## A more effective and simplified Common Agricultural Policy in the next Multiannual financial framework

The Common Agricultural Policy (CAP) is important for the fulfilment of several environmental objectives, for rural development and for the livelihood of farmers. A more effective and simplified CAP is crucial to meet the challenges following the exit of the United Kingdom from the EU, and the subsequent need of necessary and significant reductions of budgetary resources in the next financial framework.

It is important that agricultural expenditures are reduced significantly in a way that ensures a more effective CAP contributing to a competitive and sustainable sector.

- A general decrease of direct payments, and a relative shift in focus towards the rural development program, would constitute the necessary budgetary reductions, contributing to enhanced competitiveness and sustainable productivity of the agricultural sector. Such a shift would also reduce the sector's dependency on income support. In the long term, the direct payments should be phased out.
- The convergence of direct payment levels between member states should continue to an overall lower level than today's average.
- Capping of direct payments would hamper necessary structural changes towards a more competitive and sustainable sector. If introduced, capping should be made voluntary and on a member state level.
- Mandatory co-financing of direct payments is an option that should be further explored. Used correctly, it would ensure increased national ownership as well as ensuring financing of the CAP in an overall reduced financial framework.
- Simplification must be at the core of the forthcoming reform, aiming at a more efficient and effective use of a smaller budget. Important simplifications include a revised system for audit and control, with a more risk-based approach, and to further develop the single audit scheme.

- Abandoning inefficient horizontal instruments like greening, and focusing on targeted measures, would contribute to both an effective policy and simplification of implementation.
- In order to achieve an effective CAP, it is important that the distribution of funds is based on transparent and adequate criteria to ensure competitiveness and sustainable productivity. Within the second pillar, rural development is central and criteria should take into account the extent of sparsely populated areas within a country.
- Developing the CAP, to make it more effective and efficient, is also necessary to meet the UN's global sustainability goals and facilitate the transition to a bio-based sustainable economy.

## The EU Framework Programme for Research and Innovation in the next Multiannual financial framework

Joint funding for research at EU level is most relevant, and creates impact through transnational research and innovation projects and through EU-wide competition for funding. Joint funding may also be relevant when individual Member States do not have the resources to finance and carry out large research and innovation initiatives by themselves. An important prerequisite for EU funding is that the selection of R&D projects is based on the excellence criterion, without regard to any arguments of geography, solidarity or justice.

The EU Framework Programme for Research and Innovation is a prioritised part of a modern EU budget. For the next programme period of 2021-2027 the programme (working title “FP9”) should, in general terms, be an evolution of the current Horizon 2020 programme rather than a revolution. FP9 should take the next step in addressing societal challenges, bring forward solutions and create impact in society, as well as 2 (8) added value for citizens. Proportionally, the FP9 budget’s share of the total EU budget should increase, even in a scenario whereby the next multiannual financial framework decreases.

*FP9 should build on the following basic principles:*

- 1) As in Horizon 2020, projects in FP9 should be selected on the basis of excellence, with the highest ranked applications being funded.
- 2) Both research and innovation should continue to be integrated into the next framework programme.
- 3) Projects in FP9 should mainly be cross-border cooperation, in which universities, research institutes, small and large companies, the public sector and other actors can participate.
- 4) Projects in FP9 should mainly be funded through grants.
- 5) The structure of Horizon 2020 with three pillars should be retained.
- 6) Excellent basic research, research relevant to businesses, and research that meets social needs should be included.

7) Projects under FP9 should be characterised by the vision of Open Science, Open Innovation and Open to the World.

8) The autonomy of the European Research Council must be maintained.

*Measures for further development in FP9 based on previous framework programmes:*

- Introduce missions that can promote systemic change in society, and contribute to meeting the UN's sustainability goals.
- Create stronger synergies between cohesion policy and research and innovation policy, not least by simplifying and adapting funding rules.
- Integrate the European Innovation Council (EIC) into the Framework Programme, with a clear focus towards disruptive, market-creating and scalable innovations.
- Develop support measures for test and demonstration facilities to increase Europe's competitiveness in the development of new products and services.
- Make it easier for countries outside European research collaboration to participate in FP9.
- Integrate gender equality and gender perspectives in all parts of the Framework Programme.