



1. Context

The CPMR General Secretariat organised a brainstorming session on the future of Cohesion policy on 15 December 2016 to test some of its ideas. This is the second brainstorming session organised in 2016. The output of these sessions will be used to feed into a CPMR post-2020 Cohesion policy proposals.

There were two main topic of discussion:

- Financial instruments within post-2020 Cohesion policy
- EFSI

The CPMR General Secretariat fed the discussions with concrete questions and proposals as a basis for discussion.

We will invite new participants to each future session to discuss different topics related to the future of Cohesion policy.

The output of the discussions is summarised below in accordance with Chatham House rules.

2. Summary

Financial Instruments: more flexibility for Managing authorities OR a more prescriptive approach from the Commission?

There was a general consensus on:

1. The need for more flexibility at regional level for managing authorities to set up financial instruments in accordance with their capacity and experience
2. The lack of suitability of setting targets with regards to the use of financial instruments
3. The lack of capacity and knowledge of managing authorities at regional level to set up financial instruments
4. The lack of coordination of financial instruments at EU level

Participants also expressed the following ideas:

1. There is a need for finding the right role for the right instruments in the right environment
2. There is a need to think about the place for financial instruments in Interreg programmes (cross border and transnational)
3. It would be useful to identify FIs areas in which FIs make sense, avoiding targets which would favour misallocation of funds

EFSI and Cohesion: blending the two or setting clear boundaries?

There was a general consensus on:

1. Setting clear boundaries between EFSI and Cohesion policy
2. The need to improve radically the ways Cohesion policy is communicated by DG REGIO and the Regions.
3. The fact that EFSI is not a policy and Cohesion is the only policy that can target structural problems in EU territories

Participants also expressed the following ideas:

1. There is a striking lack of coordination between different EU's financial instruments
2. Need to measure results the same way for EFSI, Cohesion policy and other instruments
3. EFSI having a geographical coverage would be detrimental for Cohesion policy

3. Financial Instruments within post-2020 Cohesion policy

a. Context

The Juncker Commission has been pushing for an intensification of the use of financial instruments (FIs) across EU policies and instruments, including Cohesion policy, to increase the multiplier effect of the EU Budget. Its exponential growth within Cohesion started only in the last programming period (2007-2013) to become a political priority for the Commission today (2014-2020 period). This trend continues for post2020 Cohesion policy.

Proposals put to participants:

- There should be more flexibility for managing authorities with regards to resorting to Cohesion Policy financial instruments
- Managing authorities of ESI funds should be free to choose between grants and financial instruments
- The Commission could set targets with regards to the use financial instruments

b. Output of discussions

There was a general consensus on the need for more flexibility at regional level for managing authorities to set up financial instruments in accordance with their capacity and experience. A more prescriptive approach, setting specific targets with regards to the use of financial instruments, may not be suitable due to the way the market functions and might result in misallocation of resources

There was also an agreement on the general lack of capacity, know-how and experience of managing authorities at regional level to set up and use financial instruments

There was also general consensus on the lack of coordination of financial instruments at EU level and the multiplicity of different rules regarding EU financial instruments. Additionally, there was a general agreement on the stark competition between different instruments: the EIB provides loans which are much more attractive than those within EFSI or ESI funds financial instruments, or national financial instruments, for instance

There were also some ideas on:

- The need to find the right instruments in the right areas and environments: are for example financial instruments suited for rural areas?
- The need to make ESI funds financial instruments more attractive for managing authorities
- The need to reflect on the place of financial instruments within Interreg programmes
- The adequacy of identifying areas in which Financial Instruments make sense

4. EFSI and Cohesion policy post-2020

a. Context

The European Fund for Strategic Investments (EFSI) was set up as part of a new Investment Plan for Europe with the objective to mobilise private financing for strategic investment projects. The European Commission presented last 14 September a proposal to extend EFSI both in duration and financial capacity until 2020; it also voiced its desire to extend EFSI's actions beyond 2020. The Commission is very content with the 'results of the plan' so far despite criticism from the Court of Auditors, the EIB and the independent evaluator (Ernst & Young) on additionality or geographical concentration of financing.

The EFSI was not designed to operate effectively with ESI funds and is being developed independently from Cohesion policy despite Regions playing very different roles in terms of investment (intermediaries, investors, etc.).

Proposals put to participants

- There should be more efforts to blend the European Fund for Strategic Investments and Cohesion Policy so that they share a number of principles (evaluation, monitoring, governance...)
- There is no rationale for combining the EFSI and ESI funds and clear boundaries should be set between the two instruments and policies

b. Output of discussions

There was a general consensus on the need to set up clear boundaries between the European Fund for Strategic Investments and Cohesion policy and the difficulty to blend Cohesion with any instrument for that matter.

There was also an agreement on the need to improve radically the ways Cohesion policy is communicated by DG REGIO and the Regions.

In relation to the ways Cohesion policy communications has to be improved, participants also shared the following ideas:

- Cohesion policy communications should be simplified and delivered by external communications professionals
- It should focus on economic impact and macro-economic data with basic figures and overall sums to show results in the same way EFSI is being communicated

Participants also made suggestions to show the impact of ESI funds and improve its visibility:

- The European Commission could make an assessment of what would happen if ESI funds in innovation disappear
- Results could be measured in a similar manner/method for Cohesion, EFSI, Cohesion and other instruments
- A study on what Cohesion has done since 1998, for instance, including a projection on where we would be in the future without Cohesion policy

There was also a general consensus regarding EFSI not being a policy but as an instrument. Cohesion policy is the only policy that can target structural problems in EU territories. The European Commission is making an effort to remove obstacles for EFSI's implementation, which makes the instrument easier and faster to use than other instruments and policies. However, EFSI has no strategy and for this reason it is not possible to compare EFSI and Cohesion.

Other thoughts were shared regarding:

- the need to reflect on the trade-off as regards a perhaps reduced EU budget, more and new EU priorities and maintaining consolidated policies such as Cohesion. It would perhaps be useful to analyse in which Financial instruments are better suited, the areas in which EFSI is better suited and the areas in which Cohesion (grants) are better used
- the potential use of ESI funds in building administrative capacity at regional level to facilitate the use of other EU instruments, such as Horizon2020, and promote synergies at regional level