

BACKGROUND information for MEDIA

Riga, 5 June, 2015

Informal Meeting of Ministers responsible for Cohesion policy, territorial cohesion and urban matters

The Informal Meeting of Ministers responsible for Cohesion Policy will be chaired by Mr Jānis Reirs, the Latvian Minister for Finance on 9 June and by Mr Kaspars Gerhards, the Latvian Minister for Environmental Protection and Regional Development on 10 June.

On 9 June the Ministers responsible for Cohesion Policy will have an opportunity to express their thoughts on the following issues:

- Progress review on the implementation of the Cohesion Policy reform for the 2014-2020 period
- Administrative capacity and simplification
- Enhanced use of financial instruments.

On 10 June, the Ministers will discuss the development of an urban agenda at European level.

A press conference will be held after the meeting at 13:45 with the Latvian Minister for Finance and the Commissioner for Regional Policy, Ms Corina Crețu.

A press conference will be held after the meeting at 16:00 with the Latvian Minister for Environmental Protection and Regional Development and the Commissioner for Regional Policy, Ms Corina Crețu.

Working sessions, handshakes, doorsteps, tour-de-table and press conference will be broadcast live on www.eu2015.lv.

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BACKGROUND INFORMATION

Progress review on the implementation of the Cohesion Policy reform for the 2014-2020 period

Cohesion Policy is the EU's main investment policy that targets all regions and cities in the European Union in order to support job creation, business competitiveness, economic growth, sustainable development, and improve citizens' quality of life. Almost a third of the total EU budget – EUR 351.8 billion – has been set aside for the Cohesion Policy in 2014–2020.

The total amount of EU Structural Funds and the EU Cohesion Fund available to Latvia in the 2014-2020 period is EUR 4.4 billion under the “Growth and Employment” programme. Moreover, the EU funds constitute approximately 70% of the total public funding in Latvia.

Cohesion Policy has undergone a far-reaching reform for the 2014-2020 period. Based on the legislative proposals presented by the Commission in October 2011, the Regulations that entered into force in December 2013 contain a number of wide ranging changes to:

- (i) improve effectiveness by targeting resources on key Europe 2020 objectives (employment, research and development/innovation, climate change/energy, education and poverty reduction), establishing a performance framework and introducing ex-ante conditionalities to ensure better investment;
- (ii) create closer links between Cohesion Policy and sound economic governance and European Semester processes;
- (iii) strengthen the intervention logic, simplify and harmonise implementation through a common set of rules applicable to all European Structural and Investment (ESI) Funds, better coordination of Union instruments, and measures for the reduction of administrative burden for beneficiaries;
- (iv) reinforce the territorial dimension of the policy through greater involvement of cities, new territorial delivery mechanisms and reinforced territorial cooperation; and
- (v) provide increased opportunities for the use of financial instruments.

All of the above imply a fundamental redirection of how the policy is delivered in Member States and regions. For the reform to be successful and the policy to deliver the best contribution to EU priorities, it is essential that the new orientations are clearly reflected in the programming documents (partnership agreements and programmes) and effectively applied in the implementation of programmes on the ground.

As of now, all Partnership Agreements and more than three fourths of Cohesion Policy programmes under the Investment for Growth and Jobs Goal have been adopted. This means that for 20 Member States the programming exercise for Cohesion Policy is completed and the framework for investments is in place for EUR 254 billion of Cohesion Policy resources under the Investment for Growth and Jobs Goal. It is therefore a good moment to take stock of how the key elements of reform have been taken up in the programming process.

Administrative capacity and simplification

There is a growing understanding that high and sustainable growth rates and regional economic convergence cannot be achieved without good governance. In this context, the strengthening of administrative capacity has become an issue of major importance for Cohesion Policy. The performance of Member States and regions on the implementation of Cohesion Policy programmes is to a large extent influenced by the quality of their public administration. As a consequence, an increased focus on administrative capacity has been introduced in the 2014-2020 programming period. In the new programming period, the ERDF, the Cohesion Fund and the ESF may contribute to institutional capacity building through a dedicated thematic objective, which highlights the importance Cohesion Policy attaches to this area. Support under this thematic objective includes actions to reform structures and processes, human resource management and service delivery.

In line with the special focus on administrative capacity, Member States are required to include in their Partnership Agreements an assessment of the need to reinforce the administrative capacity of the authorities and where appropriate of beneficiaries, involved in the management and control of the programmes and a summary of the actions to be taken forward. The operational programmes themselves need to include a summary of the planned use of technical assistance including, where necessary, the actions foreseen to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries.

The ex-ante evaluations of the European Structural and Investment Funds (ESIF) programmes carried out by Member States also need to appraise the adequacy of human resources and administrative capacity for managing the programme.

In addition, administrative capacity is addressed through a number of general and thematic ex-ante conditionalities that are aimed at strengthening administrative capacity necessary for the management, implementation and control of programmes as well as improving the wider policy, regulatory and institutional environment.

Enhanced use of financial instruments

Financial instruments represent a resource-efficient way of deploying Cohesion Policy resources. They provide support for investments by way of loans, guarantees, equity and other risk-bearing mechanisms, possibly combined with technical support, interest rate subsidies or guarantee fee subsidies within the same operation.

Financial instruments (FIs) are becoming an increasingly important delivery mechanism of Cohesion Policy objectives. It is broadly acknowledged that leverage-based instruments should be seen as a key part of the growth and investment strategies of EU regions, especially in the current economic environment recognising the benefits of their revolving nature, leverage effect, expertise brought in by the fund managers and the incentives for better performance.

In the 2014-2020 programming period Member States are encouraged to use FIs even more. The new legislative framework increases the extent to which EU funding can be used to support FIs:

- All ESI Funds can be delivered through FIs. Thus, as of 2014 also Cohesion Fund project can be supported through FIs and some Member States are already planning to do so.
- All thematic objectives can be supported through FIs. There are no limitations to specific type of objectives or sectors.
- Financial instruments can be provided for all types of ESIF programmes (national, regional, transnational and cross-border).

They have been used for delivering Cohesion Policy investments during the previous programming periods and their importance has increased during the 2007-2013 programming period. FIs have also been used in other policy areas, such as EU rural development policy under the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP), however, to a more limited extent. By the end of 2012, Cohesion Policy's support for FIs amounted to EUR 12.6 billion in 25 Member States as against only EUR 1.2 billion in 2000–2006.

Although the final calculations for the new 2014-2020 programming period are not available, the total amount planned to be used via financial instruments has already reached the order of EUR 23 billion, out of which EUR 22.1 EUR billion come from ERDF or the Cohesion Fund.

Whilst almost all Member States already used financial instruments under the ERDF in the 2007-2013 period, financial instruments were far less known and used by Member States under the ESF. For the 2014-2020 period, a picture of the state of play based on the first estimates shows that to date 12 Member States have so far planned to use financial instruments whereby EUR 950 million is directly financed by the ESF. Compared to the previous programming period, this represents a tripling of the ESF contribution to financial instruments and a stark increase of the number of the Member States that are planning to use financial instruments co-financed by the ESF.

There is a broad political agreement and recognition of the benefits of financial instruments and of the need to further enhance their usage to increase the impact of Cohesion policy programmes.

EU Urban agenda

The discussion on the necessity to develop an urban agenda at European level in order to provide more effective and coordinated actions towards sustainable and integrated urban development at different governance levels has already been ongoing for a number of years. There is a strong demand for having an EU urban agenda.

In order to move forward in the process of developing the agenda, it is important to have a political debate and an agreement at intergovernmental level on the basic elements and principles of the EU urban agenda that could guide future presidencies, the Commission and other stakeholders in this process.

The Latvian Presidency proposes to discuss the overall framework of the future agenda. The specific contribution of the Latvian Presidency to the debates regarding the development of the agenda is the assessment of the challenges and development potential of small and medium-sized urban areas.

In that regard, a political declaration has been prepared by the Latvian Presidency, identifying the main elements and principles for the development of the EU urban agenda while also acknowledging the important role of small and medium-sized urban areas within a common territorial development.

The purpose of the meeting is to agree on a political declaration, while providing an opportunity to exchange ideas regarding the main priorities of the EU urban agenda, considering also the global perspective, and the main milestones for its development.

In order to stimulate the debate during the meeting, several key speakers will present their position from different perspectives.

The Commissioner for Regional Policy, Ms Corina Crețu, will share the perspective of the European Commission, presenting the main elements of the Commission Staff Working Document on the results of the public consultation on the EU urban agenda, reflecting on further actions, possible milestones and collaboration mechanisms.

The Chair of the European Parliament Committee on Regional Development, Ms Iskra Mihaylova, will reflect on the importance of the EU urban agenda, referring to the preparation of the report on the urban dimension of EU policies.

The President of the European Committee of the Regions, Mr Marku Markkula, will come up with considerations on the issue from the point of view of local and regional level, touching upon the importance of a well-coordinated, integrated and place-based approach and the recognition of the partnership principle.

The Minister for the Interior and Kingdom Relations of Netherlands, Mr Ronald Plasterk, will present the key milestones for the development of the EU urban agenda until the Netherlands Presidency from an intergovernmental perspective.

The Under-Secretary General of the United Nations, the Executive Director of the United Nations Human Settlements Programme (UN-Habitat) and the Secretary-General of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), Dr. Joan Clos, will present the relevance of the United Nations New Urban Agenda, which will be adopted during the HABITAT III conference in 2016, while also explaining how it can accommodate the issues of importance to the EU Member States.