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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council
Subject: Conclusions on the future of cohesion policy
– *Approval*

1. Draft Presidency conclusions on the future of cohesion policy were examined at the meetings of the Working Party on Structural Measures and Outermost Regions of 12, 23 October and 8 and 16 November 2023. Delegations agreed to the draft Council conclusions as set out in the Annex to this note.
3. The Permanent Representatives Committee is asked to advise the Council to approve these Council conclusions as set out in Annex to this note.

DRAFT

Council Conclusions on the future of cohesion policy

THE COUNCIL OF THE EUROPEAN UNION

- (1) RECALLS its conclusions of June 2022 on the Communication on the 8th Cohesion report “Cohesion in Europe towards 2050” as well as its conclusions of November 2022 on cohesion policy;
- (2) WELCOMES that cohesion policy has been, since its conception, a fundamental pillar of the EU integration process, enabling convergence between and within Member States, improving the well-being and quality of life of its citizens, as well as contributing to a level playing field in the single market;
- (3) STRESSES that cohesion policy must remain a key pillar of the EU and, to this end, must maintain as its sole objective of promoting the Union’s overall harmonious development and the strengthening of its economic, social and territorial cohesion, while reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions;

Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions;

- (4) EMPHASISES that cohesion policy is a policy for all EU regions, but more targeted, adaptable support should be ensured for the less-developed ones in particular, which continue to face structural challenges exacerbated by the multiple asymmetric shocks of the recent crises, while still lacking of basic infrastructure and access to services;

- (5) IS AWARE of the specific characteristics of the outermost regions, that is notably, their structural economic and social situation, aggravated by their remoteness, insularity, small size, difficult topography and climate, natural hazards and economic dependence, which intensifies the new risks and inequalities that will potentially affect the territorial cohesion of the EU as a whole. INVITES the Commission to make full use of the possibilities offered by article 349 of the Treaty, and to systematically integrate the effects of its future legislative proposals on the outermost regions as a specific and dedicated criterion, as part of the respective impact assessments;
- (6) IS AWARE OF the regions suffering from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions, and these regions' need for specific measures to offset those handicaps;
- (7) RECOGNISES that, in spite of cohesion policy support, there are a number of regions, that are in what is described as development traps, or at risk of falling into one, as highlighted in the 8th EU Cohesion Report. These regions are characterised by long periods of slow or negative growth, with low productivity growth and low levels of job creation. Furthermore, some regions face the risk of talent development traps, that is, a combined challenge of shrinking workforce and lower levels of tertiary education. CONSIDERS that cohesion policy should support regional strategies to avoid these traps;
- (8) INVITES the Commission and the Member States to study how to measure and evaluate the specific needs of the different territories, so that the cohesion policy post 2027 will better respond to the need for harmonious development;
- (9) RECOGNISES that cohesion policy is a long-term policy, not a crisis instrument. EMPHASISES the crucial and decisive action by cohesion policy in addressing recent crises in countering their negative socio-economic impacts and avoiding the aggravation of existing asymmetries. IS OF THE OPINION that the cohesion policy regulatory framework should be able to adapt to new developments and unexpected events, while recalling the long-term transformational nature and structural objectives of cohesion policy;

- (10) RECALLS that there are a number of new challenges affecting economic, social and territorial cohesion and convergence. These include demographic trends, migration, climate change and its negative consequences, connectivity, the green and digital transition, energy isolation, geopolitical instability at the external borders of the EU, in particular the eastern ones, or the concentration of activity and population in large urban areas, which need to be addressed in an inclusive and fair way, ensuring that no one is left behind. ASKS the Commission to develop options as part of the upcoming cohesion policy 2027 debate, for cohesion policy to provide better and more targeted support for regions to successfully manage those challenges, especially in view of the green and digital transition and the different level of socio-economic development;
- (11) RECOGNISES that linking growth-enhancing reforms to strategic investments acts as a driving force for development and resilience, not only for each Member State, but also for all of its regions and with lessons to be drawn upon for the future of cohesion policy in terms of how to support reforms. ASKS the Commission to develop options as part of the upcoming cohesion policy post 2027 debate for a more agile, effective and focused cohesion policy with clear priorities, and on further strengthening the orientation of the investments towards results, as well as improving the link between cohesion policy and the European Semester;
- (12) RECALLS that shared management and the partnership principle have been an integrated part of cohesion policy, guaranteeing a system of multilevel governance that preserves the balance in decision-making between the Commission, Member States, regions, and local authorities, while closely involving partners, thus creating a sense of ownership of programmes and development trends, as well as fostering belonging to the European project;
- (13) RECALLS the importance of ensuring a place-based approach in the design and programming of cohesion policy;

- (14) CALLS FOR general awareness of doing no harm to cohesion in all Union policies and initiatives. INVITES the Commission to make wide use of Territorial Impact Assessments while preparing legislative proposals in order to capture the territorial impacts for territories and regions concerned;
- (15) STRESSES the need to assure that the programming and implementation of cohesion policy focuses on the cohesion priorities of the European Union while being flexible to the reality of the regions, taking into account their territorial specificities and vulnerabilities;
- (16) EMPHASISES that there are a number of administrative burdens in the management of cohesion policy that are limiting its efficiency and ENCOURAGES exploring all possible avenues for simplification, including the possibility of developing the so-called single audit principle;
- (17) UNDERLINES the importance, at all levels, of good governance and capacity building in the convergence process and effectiveness of cohesion policy;
- (18) REAFFIRMS that efforts for simplification also need to guarantee high standards for the prevention of and the fight against fraud and corruption, and STRESSES the importance of the protection of the financial interest of the Union, considering the Regulation on a general regime of conditionality for the protection of the Union budget;
- (19) EMPHASISES the complementarities and synergies that need to be strengthened between cohesion policy and other relevant European policies and initiatives from their design phase, in order to increase their coherence and effectiveness, and to reduce the administrative burden on Member States, regions and beneficiaries; and ASKS the Commission to consider more strategic approach to ensure such consistency;
- (20) TAKES NOTE that the Recovery and Resilience Facility has been introduced as a temporary instrument to limit the impacts of the COVID-19 pandemic. RECOGNISES the importance of taking into account the results of audit and evaluation of the Facility to draw timely lessons from its performance;

- (21) UNDERLINES the importance and opportunities of cross-border, transnational, interregional and outermost regions' cooperation for the Member States and their regions, and HIGHLIGHTS that mutual cooperation contributes to the regions' development and the EU's integration; INVITES the Commission to facilitate the operational coordination of Interreg and the Neighbourhood, Development and International Cooperation Instrument;
- (22) INVITES the Commission to continue the close cooperation and exchange of views with the Member States on the key elements of the cohesion policy post 2027 debate.
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