

# Reinforcing the Liberal Principles in the European Cohesion Policy

The Alliance of Liberals and Democrats for Europe (ALDE) Party convening in Warsaw, Poland, on 1-3 December 2016:

## **Notes that:**

- European Structural and Investment Funds constitute the EU's biggest growth-orientated investment policy. They benefit all regions in the EU, not only the least developed areas. Structural and Cohesion Funds make major contributions to support economic, social and territorial cohesion by supporting urban redevelopment, the regional economy, the transition to a low carbon economy, employability of individuals, to innovation and R&D, to innovative SMEs, cross-border transport connections and also to policies supporting the integration of refugees and migrants, to innovative SMEs, cross-border transport connections and also to policies supporting the integration of refugees and migrants;
- as Liberals we believe that individuals should be able to realise their full potential, and we strive to break down barriers that prevent that. This strong Liberal principle lies at the heart of EU Cohesion Policy which helps to release the full potential of the cities and regions of Europe for the benefit of the Union. The less inequality there is throughout the Union, the stronger and more competitive the EU will be;
- however, there is a growing climate of distrust in cohesion policy, partly because it is often perceived as being too complex;
- nobody is obliged to apply for EU funds, but if their complexity discourages applications, then achieving a more free and competitive Europe, i.e. a more Liberal Europe, will become more difficult. The reduction of administrative burden is therefore essential to building a more Liberal Union;
- a High Level Group, chaired by former Liberal Vice-President of the European Commission Siim Kallas, is currently developing proposals on the simplification of European cohesion policy;
- cohesion policy instruments could also play a very important role in the implementation of the relevant Country Specific Recommendations, thus supporting structural reforms and contributing to the fulfilment of the EU's strategic goals;
- the debate on cohesion policy post-2020 starts now and the ALDE party needs to take a strong position.

## **Stresses that:**

- effective use of cohesion policy brings about tangible results and changes lives, while unused funds, or ineffective use deprives individuals of opportunities to thrive;
- public funds must be spent efficiently. There is no margin for wasteful spending, and every effort should be made to minimise errors;

- excessive bureaucracy and difficult allocation procedures undermine the EU's reputation;
- Liberals believe in involving citizens and the local community in decision-making and in placing trust in people. This ensures local ownership of all projects for long-term effects and success;
- in border regions, market failures do occur. European Cohesion policy can help to overcome these market failures and support the development of cross-border transport links, which are essential in the European Union;
- the management of the funding must be simplified to encourage a higher uptake of the funds, with appropriate levels of accountability and sound financial management, but without stifling local initiatives;
- receivers of any type of European fund need to be fully responsible and accountable for the use of these funds;
- financial instruments such as loans, and the use of revolving funds, can multiply the impact of funds and should be encouraged;
- therefore, blending grants with financial instruments is a valid contribution to the efficient use of European Structural and Investment Funds (ESIF).

**Calls for:**

- European Cohesion policy to be based on a long-term strategic vision that takes into account all public and private actors and combines all possible funding sources for projects;
- European Structural and Cohesion Funds should be regressive in accordance with the rate of success of the policy and projects need to be regularly reviewed;
- European Structural and Cohesion Funds to even further concentrate on supporting competitiveness and placing the EU at the vanguard of the transition to a low carbon economy, in particular via the promotion of entrepreneurship, supporting innovation, research and development, and technology transfer for SME;
- the use of financial instruments should be encouraged further to help improve the necessary administrative capacity for financial instrument management;
- the simplification of procedures by cutting the national level of government out of the procedures and thereby reducing so-called "gold-plating". Local and regional managing authorities should apply directly to the European Commission for project funding. The recommendations by the High Level Group must be implemented without delay. E-governance solutions should be used as widely as possible;
- the reduction of unnecessary red tape by auditing projects based on performance, results and risk selection, rather than on compliance with administrative formalities;
- stronger links between the EU's Europe 2020 strategy (and its successor) and the priorities of European Structural and Investment Funds;
- strengthening the links between the objectives of the European Semester process and the programming of the ESI Funds; considers therefore that cohesion policy

instruments could play a very important role in the implementation of the relevant Country Specific Recommendations in supporting structural reforms;

- the European Commission and Member States to ensure complementarity and synergies between the European Fund for Strategic Investments, the Structural and Investment Funds, and all other EU financed programmes and initiatives, national public investments and financial instruments in order to obtain the maximum added value;
- Member States to increase communication and have a public debate about European structural and investment funds, improve their legitimacy and accountability of beneficiaries. The audit system must ensure that funds are properly spent and Member States should declare annually that all European funds that fall under shared management are correctly spent.