

Position of the local authorities of Bavaria, Baden-Wurttemberg and Saxony on the future of EU Cohesion Policy

The local authorities of Bavaria, Baden-Wurttemberg and Saxonyⁱ believe the future cohesion policy should focus on the following points:

- **Maintaining current funding principles**, for instance by keeping the current ESIF percentage of the general budget.
- **Focusing on existing local challenges**, for instance by concentrating the funding on respective demands, by continuing the previous list of objectives and by maintaining small projects and highly innovative flagship projects.
- **Ensuring greater uniformity within ESIF** by means of common rules.
- **Reducing the administrative burden** by avoiding duplication, mutual recognition of audits and standards, lump sums and a strict application of the principle of proportionality.
- **Increasing legal certainty through** timely provision of regulations and excluding retroactive measures for on-going projects.
- **Flexibility** regarding objectives and implementation.

Maintaining funding principles

The local authorities of Bavaria, Baden-Wurttemberg and Saxony emphasise the added value of Cohesion Policy in all more or less developed regions. The benefits should be better communicated to citizens. It makes sense that the current ESIF percentage of the general budget should at least remain as it is. Financial instruments such as the “Juncker-Funds” must not be extended at the expense of ESIF project grants.

Focusing on actual local challenges

The list of possible thematic objectives in the regulations should correspond to the whole extent of local necessities and take account of possible future changes. In terms of the partnership principle, it is important to involve local authorities when amending the list. In order to obtain a substantial local impact, EU funding should not only concentrate on highly innovative flagship projects, but also be used for sustainable, easily replicable “everyday use solutions”. Therefore, it is important that applicants with less personal and financial resources can also meet the requirements. Both smaller and larger projects must remain eligible. The level of impact of current challenges (e.g. socially disadvantaged areas, demographic change) must be the focus of funding priorities. Both rural and urban areas have to be considered. Areas which are not included in any integrated approach must be avoided. It would be helpful not to draw too strict geographic borderlines for defining the (cooperation) area for funding. The expenditure of project partners from adjacent and other areas must be eligible. Bottom-up approaches (e.g. LEADER) and

decentralized fund-management should definitely be maintained in order to ensure use of funds is adjusted to local needs. The European Territorial Cooperation (Interreg) has to be enhanced.

Ensuring greater uniformity within the ESIF

The standardisation of ESIF procedural rules for project applications, implementation and controls should be further continued in order to simplify handling, coordination and combination in the multi-fund approach. The application process should be two-staged if this helps promote simplification and reduces extensive examination periods, as well as the efforts of project proposals which do not have a reasonable chance of being successful. Furthermore, there is a need for better coherence between the ESIF and other funding programmes (e. g. AMIF, Horizon 2020, Life).

Reducing the administrative burden

We ask for the elimination of doublings and conflicts between national law and EU-law (in terms of implementation and controls), as well as the mutual recognition of audits (possibly objective differentiation as to the capacity of audit authority) to achieve a good balance between necessary regulation and review on the one hand and practicability on the other hand. Furthermore, we aim at a rigorous removal of gold-plating and clear rules on lump sums without complicated calculation methods or maximum values.

Control and reporting obligations could be orientated even more on the principle of proportionality: if the co-funding rate (own contributions) is high or the amount of funding low, then controls should be reduced respectively. A possible solution would be the introduction of thresholds.

The local authorities of Bavaria, Baden-Wurttemberg and Saxony appreciate the simplification efforts undertaken in the proposal for a Regulation on the financial rules applicable to the general budget of the Union [COM (2016) 605 final]. In particular, we welcome the definition of new lump sums for ERDF and ESF to be used without further calculation, the implementation of common rules regarding the combination of different measures and the proposed principle of mutual recognition of audits, evaluations or approvals.

Increasing legal certainty

All ESIF regulations should be adopted by mid-2019 to enable an authorisation of the cooperation programmes and the preparation of guidelines before the start of the upcoming funding period. A certain degree of continuity in using already functioning processes between relevant authorities or integrated territories would be necessary to ensure a quick start of the new period.

Should there be any uncertainty in the interpretation of regulations, it must be eliminated at an early stage. However, when it comes to amendments of regulations and court decisions, retroactive effects on ongoing projects must be avoided. Also, delegated legal acts or guidelines should not limit retrospectively the leeway foreseen in the regulations. We would also appreciate a consolidated, periodically updated programme guide for the respective countries providing all important information concerning project implementation, including state aid issues.

Flexibility regarding objectives and implementation

The funding policy has to be constructed in a more flexible way. For example, softening the strict quota system would be desirable (currently almost 20 % of resources for integrated projects apart from the thematic concentration). We could agree to optional, variable focal themes (e.g. a reserve for flexible use according to certain criteria) in addition to the cohesion policy's fixed objectives in order to respond to unforeseen structural developments. Apart from this, investment priorities should allow for a scope of interpretation.

We would appreciate more flexibility regarding the accessibility of granted subsidies beyond the project's timeframe. Occasionally it is difficult to plan when exactly a project can start and when costs will be incurred. Unexpected time lags and delays may cause considerable problems for projects due to very inflexible and formal payment regulations. More accommodating deadlines would be helpful here.

ⁱ Bayerischer Gemeindetag, Bayerischer Städtetag, Bayerischer Landkreistag, Bayerischer Bezirkstag; Gemeindetag Baden-Württemberg, Städtetag Baden-Württemberg, Landkreistag Baden-Württemberg; Sächsischer Städte- und Gemeindetag, Sächsischer Landkreistag.