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7 key suggestions from Danish Regions concerning EU cohesion policy beyond 2020

- 1. The EU policy for regional development is, and should be, based on solidarity. Therefore financial support is needed for all regions also beyond 2020. Financial support should have a sufficient level – approximately like in the present period**

The EU's regional policy is an investment policy which should seek to support potentials and possibilities to enhance conditions for all regions in Europe. Some regions are in greater need and should receive the majority of funding. Other regions are doing better and can do with less even though the more developed regions also have challenges to deal with.

We find it is important to acknowledge that some regions are contributing above average to the growth in EU and should be motivated to continue to do so. In other words: the EU Cohesion Policy should not forget to feed the horses which are pulling the wagon!

Even though the more developed regions receive the smallest part of the EU funding, the ESI funds are still very important to the more developed regions to support growth and jobs in private enterprises.

When EU funding is combined with national and private funding we see a considerable gearing of the EU funding, especially in the more developed regions.

2. Danish Regions sees the need for a close relationship between EU policy for growth and jobs and EU's regional policy

Since 2014 the European Structural and Investment Funds (ESI funds) have proven to be successful in supporting regional cohesion and the Europe 2020 goals at the same time. Denmark is for example targeting an employment rate of 80 percent, increasing the number of 30-34 year olds obtaining a university degree to 40 percent and increasing the use of sustainable energy sources to 30 percent of final energy consumption.

The ESIF targets have proven efficient in supporting growth in Europe. In some countries ESI funds accounts for more than 70 percent of public investments. We would therefore like to see this kind of coherence and close relationship between growth and cohesion also for the future regional policy of EU.

3. Funding should be allocated based on regional strategies and strengths and focusing on enterprise outcome

The EU Cohesion policy has documented impressive results. In Denmark the effects of the ERDF and the ESF are measured through a program developed in common between the regions, the state and Statistics Denmark. The last data for Denmark shows the creation of 13.500 jobs and an increase in turnovers of almost 5 billion euros for companies participating in projects financed by ESI Funds in comparison with companies in the control group, not participating in any EU projects.

The present mandatory thematic objectives in the programs are not sufficiently flexible towards changing challenges throughout a seven-year programming period.

Therefore we suggest a more result oriented programming approach in order to simplify the ESI funds as far as possible, and focusing on performance, results and outcome, for example number of new jobs, increased turn-over, productivity, increased export etc.

4. European Territorial Cooperation (ETC) is important for Denmark

The ETC finance for Denmark accounts for as much as 25 percent of the total amount of cohesion funding that Denmark is receiving in the period 2014-2020. It is very important, that the Interreg instrument continues as an important tool to contribute to the common solutions on cross-border and interregional challenges and thereby as a driver for growth and development.

5. Objective criteria are very important – GDP is the best measure for allocation of EU-funding

Regional indicators beyond GDP are valuable instruments to measure wellbeing and conditions of the citizens, i.e. the OECD Better Life Index. However, for transparency reasons the criteria for allocating ESI funds should be simple and objective. Presently, GDP seems to be the only objective, acknowledged and comparable form of measuring development level across EU regions. Therefore, we should not change to other criteria before the consequences of this is fully analysed.

6. Work on simplification both for recipients and the program administration needs to continue

Cutting down on red tape seems to be a hard discipline when it comes to ESI funding. One possibility for simplification for the applicants and final beneficiaries would be to introduce the same rules for all EU-funds. Another possibility is to adjust the amount of control to the institutional capacity in a given project or programme size. Lastly, one could also consider rewarding programmes/regions/countries with a track record of very few mistakes with a less comprehensive control procedure.

7. Present rules and regulations should be the point of departure in a new budget period

Legislation and rules on ESI-funds are very complicated and it takes time for beneficiaries to adjust to new rules, procedures, tables, systems etc. Therefore, the point of departure for a new budget period should be, as far as possible, the present structures and rules.