



EU COHESION POLICY AFTER 2027

adopted by Euroregion Baltic Executive Board on May 17th, 2024

Euroregion Baltic stakeholders welcome the findings of the 9th Cohesion Report, showing that EU Cohesion Policy is fulfilling its mission to narrow economic, social, and territorial disparities across the EU. The examples where Cohesion Policy has been manifested with success include among others:

- In the long run, it is expected that each euro invested through Cohesion Policy will have tripled, by 2043 which is equivalent to an annual rate of return of around 4%.
- An estimated 1.3 million additional jobs that will be created in the EU by 2027, with a large share in sectors related to the green and digital transitions.
- Over 4.4 million businesses supported between 2014 and 2020, which created 370,000 jobs constituted around 13% of total public investment in the EU, reaching 51% for the less developed Member States,
- GDP per head of the Member States who joined in 2004 has increased from 52% to nearly 80% of the EU average. The gap with the rest of the EU has halved. The unemployment rate in these Member States has decreased from an average of 13% to 4%.
- €69 billion allocated between 2014 and 2020 to the green transition benefitting 550 000 households with increased energy performance in buildings and decreasing their energy bills and creating 6,000 megawatts of renewable energy capacity.
- €14 billion invested between 2014 and 2020 to overcome the social and geographical digital divide, by improving access to e-government and e-health services and by fostering the roll-out of broadband in remote and rural regions.

Euroregion Baltic stakeholders welcome the strategic conclusions and recommendations from the European Commission's High-Level Reflection Group on the future of Cohesion Policy, and in particular calls for a Cohesion Policy that will:

- promote future-oriented investments sensitive to the unique strengths, challenges and needs of regions,
- exploit local capabilities and potential and developing future opportunities for inclusive and sustainable growth through diversification and collaboration,
- build on the partnership principle and shared management to bring together stakeholders from different tiers of government and civil society to deliver more effective and inclusive development strategies,
- contribute to the upholding and strengthening of democratic values in and around the European Union,
- streamline its administrative procedures, reducing paperwork and adopts more efficient approaches to simplify processes and make them more user-friendly.

With this position paper Euroregion Baltic stakeholders wish to contribute to the ongoing discussion about the future of Cohesion Policy. While we understand there is a need to innovate and modernise the Regional Policy of the European Union after changing circumstances and increasing demands, we also believe that the successes reported in the 9th Cohesion Report would not have been possible if not for such important principles as partnership, cooperation, shared management and decision-making.

The cornerstone of European integration

We hold a strong belief in EU Cohesion policy as fundamental pillar bringing the EU closer to its citizens and reducing disparities among EU regions. In the experience of the ERB stakeholders EU Cohesion Policy is more directly observable and understandable to citizens than any other EU policy, and that it has served as a significant stimulus for our societies and economies. Constituting a substantial part of the regional development capital, it plays a pivotal role in fostering place-based development and empowering regions to reach their full potential.

In the times where democracy and democratic values are threatened around the globe, we feel Europe must be the strong fortress of democracy and human rights for the world. European Union's regional cooperation should play the key role in upholding and strengthening democracy in and around the EU.

Therefore, we urge the continuation of a robust and sustainable cohesion policy, one that extends benefits to local and regional authorities. We strongly believe that EU Cohesion Policy should be a policy for all regions: less developed regions, regions in industrial transition, more developed regions as well as regions located on the external borders of the EU. In a Union of 27, with several more candidate countries awaiting membership, the preservation of unity relies on solidarity and cohesion. It is in our collective interest to ensure that every region of the European Union has equal opportunities to prosper and thrive.

Multi-level governance and partnership principle

Cohesion policy is a crucial prerequisite for multilevel governance, where regional expertise is utilized in program design, and interventions are crafted based on regional challenges and developmental potential. The regions' understanding of both short and long-term challenges allows the local and regional perspectives to contribute to and draw strength from a broader EU context. This ensures an awareness of and societal engagement in common challenges. Cohesion funds are essential for bringing together stakeholders at the regional and local levels around political goals collectively agreed upon by EU countries.

Long-term investment capital

We firmly advocate that EU Cohesion Policy should maintain its original focus on long-term development without being used as a reserve for crisis management. In their regional development work, through regional development and smart specialization strategies, the regions create sustainable development in line with regional, national and European goals and strategies. Cohesion Funds complement other financing tools and are a prerequisite for the regions to promote competitive and sustainable regional economies in line with the EU goals.

Cross-border cooperation complements our strengths

We strongly believe that territorial cooperation should continue to be an important element of EU Cohesion Policy. Recognizing the importance of Interreg programmes, especially in addressing cross-border challenges like climate transition and resilience, we emphasize their role in creating lasting cooperation structures. These programmes contribute significantly to regional integration and collaborative problem-solving.

We wish to put a special emphasis on the regions along EU's external border which have been particularly affected by the socio-economic consequences of Russia's invasion of Ukraine and migration crisis. An increased peripheralization and distorted sense of security have had a negative impact the quality of life of their inhabitants and on the regions' development on the whole. A targeted support should be therefore provided on the EU level to these territories.

In this context, we urge the continuation of the Interreg South Baltic Programme. Long-term result orientation on an interregional level demands continuity, a strong vision and a strategy. The priorities and networks of the previous and ongoing programmes are established among stakeholders within our common functional area. This provides stability, trust a strong foundation for further development, knowledge exchange and jointly implemented actions. Against the background of Russia's ongoing war against Ukraine the future Interreg South Baltic Programme could be supportive for chosen areas of the suspended Poland-Russia cross-border programme.

Looking ahead

We advocate for aligning the future Cohesion Policy with current challenges, including climate change, maritime environment, demographic shifts, democracy under threat, exclusion in all forms, as well as transformation of the economy. By focusing on these key areas, Cohesion Policy can contribute significantly to the overall well-being and sustainability of European regions.

We find it necessary that EU Cohesion Policy continues to invest in research and development, innovation, green and digital transformation, people's creativity and entrepreneurship, tourism, historical and cultural heritage, mobility and development of labour markets, upskilling and lifelong learning geared towards the processes of the technological change.

ERB advocates for stronger urban-rural linkages as we see an increasing imbalance in relation to access to economic, social and political resources, leading to political tensions and polarization. In this context, we also wish to emphasize the necessity of supporting a living and sustainable agricultural sector accommodating smaller and innovative uses, a foundation in building a robust local community.

More flexible approach

While celebrating the successes of Cohesion Policy, we acknowledge the need for improvement. We propose further decentralization and a greater role for European regions in managing structural funds. Such decentralization should aim to empower regions and enhance their capacity to tailor interventions to their unique challenges and opportunities. Should strive at simplification and flexibility in implementing the funds, ensuring clear and simple rules under shared management in a single rulebook.

We also advocate for flexibility, especially with pilot projects, even when these come with a risk of failure. These can encourage experimentation and lead to the development and implementation of more effective solutions. We see need of applying a less stringent approach than N+3 rule as well as of permitting programmes to plan strategic investments without competitive calls. In addition, we support the introduction of a clear distinction between fraud and errors as well as of an independent appeal mechanism for European Commission and Audit Authority's audit results.