

EU Budget 2021-2027: cuts to regional funds will weaken Europe's future, warns EU-wide coalition

#CohesionAlliance: European Commission's EU long-term budget proposals set to cut cohesion policy by up to 10% and indicate worrying signals of centralisation

Cohesion policy is the EU's most powerful investment tool and currently accounts for one-third of the EU budget but cuts proposed by the European Commission for the years 2021-2017 would reduce its share from 34% to 29%. Such reduction risks deepening divides in Europe and making Europe's future weaker according to the EU-wide [#CohesionAlliance](#) .

The European Commission [proposal](#) for the EU long term budget – or [Multiannual Financial Framework](#) – which sets the EU's expenditure ceilings for the period after 2020, attracted serious concern among the #CohesionAlliance supporters. The EU-wide coalition was launched by the leading associations of regions and cities – [the Association of European Border Regions](#) (AEBR), the [Assembly of European Regions](#) (AER), the [Conference of European Regional Legislative Assemblies](#) (CALRE), the [Council of European Municipalities and Regions](#) (CEMR), the [Conference of Peripheral Maritime Regions of Europe](#) (CPMR) and [EUROCITIES](#) – and the [European Committee of the Regions](#) – in October last year and since then has attracted around 5000 individual signatories, 115 regions, 80 cities, 50 associations of regional and local authorities, 40 Members of the European Parliament and 30 sectorial associations representing more than 90% of the EU's population.

In the proposal unveiled on 2 May, the Commission proposed reducing funding, a separation of the European Social Fund from the other cohesion funds, the introduction of new conditionalities and links to macro-economic governance, alongside potentially centralising investment decisions. These proposals are in clear contrast with the Alliance's [declaration](#) that calls for a stronger EU cohesion policy after 2020, covering all regions, preserving the role of cities and regions in delivering the policy, better integrating the different funds and tools, and not submitted to new conditionalities.

" Cohesion policy risks being fragmented and centralised. The proposal to cut cohesion funding downsizes the only EU policy that brings true European added-value to regions and cities. Excluding regional and local communities from having a direct say on EU investment plan and decisions, coupled with separating tools and cuts to regional policy, risks seriously undermining the cohesion of Europe over the next decade", said the President of the European Committee of the Regions, **Karl-Heinz Lambertz**.

While appreciating the overall size of the EU budget – given the financial impact of Brexit – and the introduction of new own resources, the President

of CPMR and of Portugal's Regional Autonomous Government of the Azores, **Vasco Alves Cordeiro**, stressed that: " *The Commission's EU budget proposals meet neither the expectations nor the needs of the European Union. The proposed budget cuts to key policies for our regions, including Cohesion Policy and the Common Fisheries Policy, are very worrying and will only drive the EU further away from its citizens* ".

The vital role of cohesion policy was stressed by the President of EUROCITIES and Mayor of Ghent in Belgium **Daniël Termont**: " *Cohesion policy should remain a strong pillar in the EU budget. It should reach all cities in the EU and empower them to act locally for a more inclusive, prosperous, democratic and sustainable Europe. I call on all European leaders to financially strengthen this policy and use it as a firm basis for a genuine partnership between the EU and its cities.*"

AEBR's President **Oliver Paasch**, Minister-President of the German-speaking Community of Belgium, said: " *Cohesion Policy should keep, at least, the weight it has in the current period both in terms of architecture and financing, addressing all EU territories and keeping local and regional authorities involved as much as possible in the definition or regulations, the setting of priorities and its relationship with other EU policies.* "

CALRE President, **Ana Luís**, president of the Legislative Assembly of the Autonomous Region of The Azores, pointed out that : " *The EU's proposal for the next multiannual financial framework is a clear disappointment, especially for those who defend, as CALRE does, a more cohesive Europe and closer to its regions, namely by virtue of a significant reduction of the financial envelope for Cohesion Policy. It is true that initial expectations were not very high, however it was expected that the EU would truly assume its role as the driving force behind integration and present a proposal which, notwithstanding realistic, would also be ambitious and serve as a good basis for the discussions with the European Parliament and the Member States in the Council*".

The president of the Emilia-Romagna Region and CEMR president, **Stefano Bonacini**, declared: " *By cutting cohesion policy the Commission is seriously letting down Europe's towns and regions. Even on the basis of 2018 prices, this will represent a loss of 41 billion EUR for local and regional governments for the 2020-2027 period. On top of this, much more clarification is still needed regarding the future programmes and issues such as co-financing of cohesion projects. What does the Commission mean by saying it will increase national co-financing? Will all regions still be able to receive funding? What does the "rule of law" clause mean for local and regional governments? But every cloud has a silver lining. We are pleased that simplification and flexibility will be two pillars of the next cohesion policy, as towns and regions have long called for. Moreover, the Commission's decision to include climate, digitalisation, transport or innovation as priorities is definitely a step forward. However, it still needs to say whether towns and regions will have direct access to this funding.* "

The AER President, and President of the Region Västra Götaland in Sweden, **Magnus Berntsson** said: " *While the Commission's proposal to simplify the*

cohesion policy framework is welcomed, the proposed EU cohesion budget is less ambitious than we hoped. The proposed cuts to cohesion policy show a lack of commitment to scale up a budget that works towards economic, social and territorial cohesion across the EU. The proposal to take out the European Social Fund of the Cohesion heading also worries us. Such decisions are likely to undermine the ability of the Union to achieve sustainable, inclusive and smart growth outcomes in the future. We are still waiting to see what these proposed numbers will look like, but whatever the outcome, we will work hard with our member regions to use this budget in a way that helps the regions of Europe to stay strong and grow stronger.”

Background note

Worth over €350 billion between 2014 and 2020, cohesion policy – implemented through [the European Structural and Investment Funds](#) – is the EU’s main investment tool that works to reduce regional disparities, create jobs, open new business opportunities and address major global issues such as climate change and migration. It is the only EU policy that covers all of Europe’s local communities involving local stakeholders to deliver growth strategies led by shared EU goals.

The #CohesionAlliance is a coalition of those who believe that EU cohesion policy must continue to be a pillar of the EU’s future. The Alliance was created through cooperation between the leading European associations of cities and regions and the European Committee of the Regions. It demands that the EU budget after 2020 makes cohesion policy stronger, more effective, visible and available for every region in the European Union. From national, regional and local governments to SMEs, NGOs, schools, universities, cultural organisations, anyone who believes in EU cohesion policy is welcome to join the #CohesionAlliance by signing the [declaration](#).