

AER Statement A Reaction to the European Commission Proposal for the 2021-2027 Multiannual Financial Framework

On 27 May 2020, the European Commission presented their proposals for the Multiannual Financial Framework (MFF) 2021-2027 and a new instrument - called Next Generation EU - to recover from the COVID 19 crisis.

The next long-term EU budget is an important one. It is the first post-Brexit spending plan and one delivered in exceptionally challenging times. In a first reaction to the European Commission's proposal, the Assembly of European Regions states that:

1. We welcome the proposed reinforced long-term EU budget and recovery plan. We share the vision of an ambitious spending plan that rises to the challenges of the COVID-19 crisis and addresses the Union's needs.
2. We support a recovery instrument with additional funding as part of the long-term EU budget and programmes. We recognise the importance of this new instrument to support green and just investments where the pandemic has hit hardest in order to bolster Europe's socio-economic recovery and achieve a more sustainable, prosperous, fair and resilient Europe. We emphasise that the new recovery instrument must reinforce cohesion policy objectives. Its funding must be implemented in a complementary and coordinated way in relation to structural funds and other EU programmes and reach European regions, cities and villages swiftly.
3. The top-up of the current cohesion policy programmes to support the Member States and regions most impacted by the COVID-19 outbreak proposed under the new REACT-EU initiative is welcome. However, we note the cuts in the European Regional Development Fund (ERDF) and European Social Fund Plus (ESF+) in the updated MFF proposal compared to the one put forward by the European Commission 2018.
4. We embrace the acknowledgement by the European Commission of the vital role **cohesion policy has played in responding to the pandemic. Its major role of reducing economic, social and territorial disparities in the EU has never been more needed to address the longer-term impacts of the crisis and the challenges that lie ahead, driving the necessary transition towards a green, digital and fair Europe, consistent with the 2030 Agenda and its Sustainable Development Goals.** Therefore, we would prefer to see longer-term additional support instead of the temporary initiative proposed.
5. We are pleased the European Commission has added more flexibility for the current and future programming period of cohesion policy - in the possibility to transfer funds, their objectives and with extended deadlines for ongoing projects. These represent a much-needed attempt to improve the impact and effectiveness of cohesion funds under exceptional and unusual circumstances. However, we firmly oppose any

attempt to centralise cohesion policy and cannot stress enough the importance of the consent of all partners before funds can be transferred by a Member State.

6. While the point on the importance of involving local and regional authorities in the REACT-EU regulation is welcome, it is concerning that the proposed allocation method for the additional resources has been based on national instead of regional statistics. It is crucial that funding gets to the regions where it is needed the most. We also reiterate that the meaningful involvement of local and regional authorities in the design and implementation of future investment programmes, in line with the principles of partnership, multilevel governance and place-based approach, will be essential if the Union is to build a fair and inclusive recovery.
7. We welcome the proposal to reinforce the European Agricultural Fund for Rural Development since strong support to rural areas will be essential if the EU is to achieve its Green Deal and, within this, its ambition for a just and inclusive transition.
8. Strengthening the Just Transition Fund is also an important proposal. This fund will be key to support the regions facing major challenges in energy transition and therefore ensure the EU ambition to achieve climate neutrality by 2050 is achieved.
9. The context of this MFF has also reinforced our belief that strong coherence and commitment to effective synergies between the ERDF, the Cohesion Fund, the European Agricultural Fund for Rural Development, the ESF+ Fund and thematic funds will be essential so that the EU can respond to the challenges facing it today on the ground and advance its long-term objectives.
10. We also urge for a swift agreement on the MFF 2021-2027 and its sectoral instruments to ensure timely financing and start of EU programmes in 2021. The Assembly of European Regions is ready to contribute and defend regional interests where needed in the upcoming decision-making process.