

Towards a simpler and more effective cohesion policy to the benefit of all European regions

Ile-de-France Region and the future of cohesion policy post-2020

With 12 million inhabitants, i.e. 20% of the French population, Île-de-France region (also known as Paris Region) represents the full diversity of the challenges at the heart of European cohesion policy. Despite being a dynamic region at the core of the French economy (30% of the GDP), Paris Region is facing important economic, social and environmental challenges, and is confronted with important territorial and social disparities.

To overcome these challenges, Paris Region wishes to fully mobilize EU structural and investments funds (ESIF). For the **2014-2020 programming period the Region is responsible for managing € 540 million of ESIF** (ESF, ERDF and EAFRD). These funds support regional projects in the strategic fields of competitiveness, access to lifelong learning and jobs, technological developments and energy transition. They all contribute to reducing economic, social and environmental disparities within Paris region territories.

In this context, Paris Region wishes to contribute to the current debate on post-2020 cohesion policy. This paper synthesises initial recommendations which will be further developed in the coming months.

1st recommendation: maintaining an ambitious cohesion policy benefiting all European regions

Against the political backdrop of the rising euro-scepticism in Europe and Brexit, Paris Region considers European cohesion policy as a valuable instrument to bring the EU closer to European citizens. With its strategic importance for territorial development and its intervention level as close as possible to the people, cohesion policy can indeed provide a positive image of the EU and strengthen the economic, social and environmental cohesion. Thus, Paris Region considers the future European cohesion policy as a vital element for the vibrancy and sustainability of both the Île-de-France territories and the European project.

Paris Region considers that post 2020 cohesion policy will have to carry on playing a crucial role **for the benefit of all regions** including the most developed ones. Indeed, if a special effort has to be legitimately undertaken for the “less developed” and “transition” regions with the aim of catching up and reducing economic, social and territorial disparities at the EU level, **the most developed regions should not be excluded from the scope of EU structural and investments funds**. Economic and social dynamism in these regions has a knock-on effect on surrounding territories, thus driving economic, inclusive and sustainable growth across the EU. They are, however, just as exposed to the rise of euro-scepticism as less developed regions.

Moreover, cohesion policy must acknowledge the fact that a single region contains widely different territorial realities. Important sub-regional imbalances are indeed coexisting within the most developed regions. Île-de-France, the wealthiest French region, is also hosting the poorest French county (Seine-Saint-Denis). The leading French region in terms of businesses creation, Paris Region is also facing youth unemployment rates higher than the European average. In accordance with its objective of convergence, cohesion policy must then also contribute to resolving these sub-regional disparities. It is thus essential **to preserve its two financial pillars, i.e the ERDF and the ESF**.

With this in mind, Paris Region calls for a reflection on the indicators used to calculate regional ESIF envelopes. The **introduction of complementary indicators** aside regional GDP per capita seems essential to enable a sharper identification of strengths and weaknesses of a territory. In this respect, the regional unemployment rate (especially the youth unemployment one) would be an effective data to take into account the socio-economic difficulties in many territories.

2nd recommendation: simplifying structural funds management, encouraging thematic concentration and making implementation of Regional operational programmes more flexible

The implementation of regional operational programmes does require a **considerable mobilisation of human, financial and material resources**, both for managing authorities (the Region) and for beneficiaries (project developers). Many project holders fear the red tape associated with these programmes to the point where some of them are turning away from these funding opportunities.

On paper, the performance based management logic (monitoring of achievements and performance framework) is unquestionable but its practical implementation must be genuinely improved.

Performance is evaluated – in particular for ESF – on the basis of a huge data set generating a **disproportionate administrative burden** and creating sometimes a total mismatch with the realities on the ground.

Case study: For actions targeting the most fragile publics (early school leavers, women victims of violence, migrants, persons under justice control), the EU rules require the collection of very detailed data about individual ESF beneficiaries. Yet, the performance of Paris Region as managing authority could be questioned due to data collection failures, even though collection of some information is subject to difficulties of principle (e.g.: migrants' place of residence!). Projects have been efficiently implemented but breaches in data collection could bring the European Commission to consider that the framework performance's objectives are not reached and then take the decision not to reimburse the financial commitments. Some project holders even shun European funding, arguing that the data collection obligations turns the targeted audience off (e.g.: women victims of violence who refuse to be identified).

Furthermore, due to the time processing administrative files, the performance evaluated on the 31st of December 2018 will in fact reflect the programming reality of March/April 2018. This means that performance objectives must have been reached nine months before the assessment period.

Monitoring project implementation in line with the performance framework is the main difficulty faced by managing authorities and beneficiaries. This is where the bulk of simplification efforts has to concentrate.

According to both project promoters and managing authorities, it is essential to simplify the implementation of European funds. The credibility of cohesion policy credibility and its acceptance by citizens are at stake.

It is also necessary to introduce more **flexibility** within the implementation of Regional operational programmes.

Paris Region perfectly understands the European Commission's will to assign long term objectives to the cohesion policy in order to address social disparities and improve competitiveness in a sustained manner. However, ParisRegion also considers that Regional operational programs have to be flexible enough **to enable adjustments during the 7 years**

of the implementation period in order to take into account new regional priorities, for instance after elections. Some review procedures exist, but the experience proves that they are far too time-consuming, especially when they imply a modification of the performance framework indicators.

Example: the “digital” thematic is part of the priorities identified in the Île-de-France regional operational programme. In 2016, the newly elected Regional Council asked the permission to mobilize the ERDF to equip the areas not yet covered by broadband, but the European Commission answered that such an adjustment would be complex and would take considerable time. However, one can legitimately wonder why a regional operational programme supporting digital apps development would not allow financing broadband infrastructures. With these reluctances about the programme revision in favour of broadband in mind, Paris Region thus decided to ask for a minor modification in order to finance the installation of wifi in regional high schools. This modification, in theory very simple to operate, has been discussed for nearly one year with Commission services and is not yet formally adopted, even if an agreement-in-principle has been recently given.

One solution to introduce more flexibility without causing unmanageable instability is to connect this flexibility with the reduction of the number of thematic priorities covered by the regional operational programmes. This **thematic concentration**, already initiated in the 2014-2020 programmes, has to be pursued and amplified during the next period. The current Île-de-France region operational programme covers 10 thematic priorities, from sustainable development to ICT apps, including education, social inclusion, energy transition, SMEs competitiveness or reduction of the vulnerabilities of the Seine’s hydrographic basin. Such a big number of axes – and thus of objectives to be reached and assessed – makes the task of all cohesion policy stakeholders significantly more complex. It would be easier to reduce the number of priorities - focusing for instance only on education and life-long learning, innovation and energy transition - and to give more room for manoeuvre to managing authorities, so that they could reallocate their European funds envelopes throughout the programming period.

More flexibility is also needed **to enable adjustments on the mode of European funds’ allocation within a given thematic priority** (grant, public procurement, financial instrument).

3rd recommendation: introducing a “labelling principle” for the managing authorities that have proven their capacity to fulfil European rules during the previous programming period

Paris Region (as every ESIF managing authority) has had to detail, within a several hundred pages document, the whole process of management of European funds implemented within the Region as well as the intermediate bodies to whom the Region has delegated the management of part of its ESIF envelope.

Under European and national legislations, Paris Region and the beneficiaries of the funds have to answer various requests as part of the evaluations and controls carried out by the different auditors aiming at ensuring the proper and compliant use of EU funds. Currently, **a project co-financed by European funds can be controlled up to five times** between the beginning and the end of its implementation. There are many auditing bodies: project internal control, audit services of the Region, French Audit Authority - the Inter-ministerial Committee for the Coordination of Controls (CICC) -, European Court of Auditors, DG EMPL or DG REGIO services.

To reduce the workload caused by these multiple controls, Paris Region proposes the introduction of a **labelling principle** for the Regions/managing authorities that have had a satisfactory performance with regards to European and national regulations during the previous programming period. Such “labelled regions” would thus benefit from a **lighter monitoring and auditing process** and would not have to provide again a detailed description of the management and monitoring systems already validated in the past. Such a labelling tool would have a clear **incentive effect** on the non-labelled regions/managing authorities since they could aspire to benefit from it, subject to significant improvements and approval by European Commission. The reduction of control does not mean, of course, their abolishment and any identified management default could lead to the label withdrawal.

Conclusion:

To sum it up, Paris Region:

- favours the continuation of the EU cohesion policy (ERDF, ESF) to the benefit of all European regions;
- calls for the simplification of procedures and a greater flexibility in the implementation processes coupled with a sharper thematic concentration;
- proposes the introduction of a new label to reward Regions that have put in place robust and reliable processes during the previous programming period with lighter monitoring and auditing recurrence.