

**JOINT STATEMENT DISCUSSED BY THE VISEGRAD GROUP (CZECH
REPUBLIC, HUNGARY, POLAND, SLOVAKIA),
BULGARIA AND CROATIA¹**
Bratislava, 24th October 2018

Ministers responsible for Cohesion Policy of the Visegrad Group, Bulgaria and Croatia (V4+) - met in Bratislava on 24th October 2018, and the following reflections on the legislative proposals for the Cohesion Policy beyond 2020 were expressed.

The Ministers representing the V4+ countries affirmed the following:

1. **RECALL** the Treaty, according to which the aim of Cohesion Policy is to strengthen the Union's economic, social and territorial cohesion, in particular, the aim at reducing disparities between the levels of development of the various regions and Member States and the backwardness of the least favoured regions and Member States;
2. In this context, **UNDERLINE** that while keeping the highest possible budgetary discipline and tackling new challenges, the Union should ensure adequate funding for both existing and Treaty-based policies, such as Cohesion Policy;
3. **WELCOME** timely publication of the proposed legislation package, **HIGHLIGHT** that the process of negotiation has to be transparent, based on dialogue between the Commission and Member States, smooth and as fast as possible but not to the detriment of quality;
4. **APPRECIATE** the effort of the Commission to provide for greater flexibility of Cohesion policy and to simplify and streamline the legislation, however **ARE CONCERNED** that Cohesion Policy might be losing its strategic and result oriented approach;
5. **HIGHLIGHT** that in the implementation of the Cohesion Policy, there is still a room for both further simplification of rules and flexibility; therefore **CALL** for expanding implementation of umbrella operations (small project funds) to all Cohesion Policy programmes and ensuring adequate level of flexibility for Member States in determining their programming priorities in line with their national and regional development needs and for their sufficient competence in transferring the appropriations between the categories of regions and different Cohesion Policy Funds. In this context it is also important to broaden the scope of ESF+ interventions to include social infrastructure, especially regarding healthcare and education;

¹ In view of the forthcoming Romanian Presidency to the Council of the EU, Romania has committed to act as an impartial mediator in order to facilitate a consensual approach among all Member States during the negotiations. On this ground, Romania is not in the position to formally join this Joint Statement. Nonetheless, Romania welcomes this initiative, which encouraging the deliberations on the most important European investment policy, setting common voice of an important group of Member States.

6. CONSIDER that financing conditions proposed for period 2021 - 2027 (e.g. reduction of advance payments, tightening of the decommitment rule to N+2, increased national co-financing, VAT eligibility, disruption of cash-flow by reducing number of payment applications per year) will impose additional budgetary pressure especially on less developed Member States /regions and most vulnerable beneficiaries which may undermine the pursuit of the Cohesion Policy objectives; as these financial conditions are interrelated, they have to be treated in the MFF negotiations as one “package”;
7. UNDERLINE that current levels of national co-financing should be preserved in the next programming period due to the unprecedented increase in the financial impact on the state budget, CALL for providing flexibility for Member States to decide at the beginning of the programming period at what level (national/categories of regions) the co-financing rate shall be applied;
8. RECALL that the thematic concentration of the Cohesion Policy should take into account local and national priorities and the territorial specificities of the Member States and regions and therefore DRAW ATTENTION that the Commission proposal imposes too strict thematic concentration requirements which limit Member States’ ability to allocate resources to real needs of citizens and CALL for more flexibility in this regard;
9. UNDERLINE that an increased focus on innovation in the Commission proposal has to take into account the geographical balance across the Union, therefore the different starting points of Member States as innovation capacity and administrative preparedness vary across Member States and regions; a territory which does not have sufficient economic and institutional pre-conditions to build the infrastructure for the transfer of new knowledge in innovative technologies should have the opportunity to focus on promoting innovation in services;
10. CONSIDER that the proposed legislative framework for Cohesion policy should allow for supporting investment in institutional capacity and in the efficiency of public administrations and public services at all levels of government;
11. Furthermore, FIND the list of the ERDF and the Cohesion Fund non-eligible expenditures as inconsistent with the EU priorities such as the Energy Union and combating climate change, thus hampering the effectiveness of support from Cohesion Policy;
12. ARE OF THE OPINION that inclusion of the Asylum and Migration fund, the Internal Security Fund and the Border Management and Visa Instrument into the scope of the Common Provisions Regulation does not have straightforward added value, while not including EAFRD will, on the other hand, make an integrated approach more complicated to reach; better alignment between the Common Provisions Regulation and the CAP Strategic Plans Regulation should be sought in order to provide clear rules for an effective application of integrated development of the EU regions;

13. APPRECIATE maintaining the strong focus on performance in the programming period 2021 – 2027, however STRESS that the Commission proposal for “5+2” programming provides a structure that would result in excessive administrative burden and less predictability for long-term investments; ARE CONVINCED that the interventions should be programmed for all 7 years, including all commitments and a need for re-programming must be justified by the outcomes of the mid-term review; the preallocated national envelopes should not be reduced through such a review;
14. BELIEVE that the current proposal on the VAT eligibility stating the limit of 5 MEUR does not prevent the double financing and may lead to legal uncertainty concerning the application of tax law in general; the Commission proposal could have significant budgetary and political consequences for beneficiaries who cannot recover VAT amounts by other means than via the EU contribution, like many public sector entities, especially municipalities; the costs of ineligible VAT would have to be covered by national or regional/municipal budgets, otherwise, the implementation of larger urban transport, environmental and social infrastructure projects would be impeded in the future, therefore VAT should be eligible expenditure where it is non-deductible under national VAT legislation;
15. WELCOME the effort to eliminate duplication of verifications at the level of beneficiary, however ARE CONVINCED that the programme authorities, including Accounting body either as part of the Managing Authority or as a separate body should have clearly defined obligations, which would ensure legal certainty and improve the implementation process. WOULD WELCOME if the role of the coordination body and certifying authority could be preserved in those Member States which deem such structures appropriate;
16. ARE OF THE OPINION that as far as the financing of the technical assistance is concerned, the Member States should have the possibility to continue with implementation of a dedicated operational programme to support actions that are not exclusively related to particular thematic operational programmes;
17. SEE the concept of ‘enabling conditions’ as a concept that contribute to improvement of the investment environment; however ARE CONCERNED about their continuous application due to impact on certainty in planning, programming and implementation as well as FIND the linkage to payment claims problematic; STRESS the necessity to further discuss and clarify criteria for its fulfilment in order to create premises for an objective assessment by the Commission and to guarantee equal treatment for all Member States;
18. STRESS the need of a significant shift in the field of auditing and control systems, from formal compliance verification towards achieving outputs and progress in implementing and verifying the functioning and effectiveness of national management and control system; in this context ENCOURAGE the Commission in cooperation with Member States to elaborate a clear methodology of payments on conditions in

order to enable to best use of this method in implementation of Cohesion Policy programmes in order to contribute to radical simplification of management and control system and real result oriented approach;

19. WELCOME that a separate regulation is devoted to the issue of European Territorial Cooperation with several simplified rules for the future INTERREG programmes. However, at the same time REGRET that the opportunities for territorial cooperation are becoming more limited in the future.