

Preliminary Position of the Slovak Republic on the European Union's Cohesion Policy after 2027

Introduction

The aim of this document is to set out the Slovak Republic's preliminary position on the EU Cohesion Policy after 2027, which will enable our country to play an active role in the ongoing debate on the future of this important policy and to promote our national interests at the European level.

Since its accession to the EU, the Slovak Republic has recognised the vital importance of EU Cohesion Policy and therefore has a natural interest in maintaining its strong position after 2027 in such a way that the EU funds continue to make a significant financial contribution to support public investments in reducing regional disparities, increasing competitiveness, building stable and sustainable economic growth and optimising modernisation trends.

The main expectations regarding EU Cohesion Policy after 2027 can be briefly summarised as follows:

1. EU Cohesion Policy as the **main European investment policy with an adequate budget under the EU's next multiannual financial framework** that supports all EU regions to reduce regional disparities, contributes to the achievement of European objectives, including the promotion of EU competitiveness, reflects geopolitical changes and, where necessary, responds swiftly to unforeseen situations, without jeopardising the achievement of its long-term objectives. Strategic stability and long-term strategic planning are key to the successful delivery of the objectives while the specific contribution of the state and regions should be based on an agreement between the Member State and the European Commission.
2. EU Cohesion Policy **based on a multi-level model of shared management and a strengthened partnership principle**, ensuring that decisions are taken closer to citizens, focusing on local needs and involving all relevant stakeholders.
3. EU Cohesion Policy that **gives greater support to integrated territorial development**, making wider use of territorial instruments to create equal opportunities for development for all regions, taking into account their specific needs. This includes polycentric development of territories, more support for sustainable urban development, support for rural areas, as well as assistance to regions facing specific challenges.
4. EU Cohesion Policy, with **European territorial cooperation as an integral part**, that helps countries and European regions to work together, thereby contributing to a better quality of life for citizens, fostering a sense of belonging in the EU and promoting European integration.
5. EU Cohesion Policy that **promotes structural changes** in order to strengthen the competitiveness and resilience of Member States and their regions while respecting its traditional objective. This requires better coordination with the European Semester,

synergies between the enabling conditions and Country-Specific Recommendations, taking into account the territorial dimension, involving territorial stakeholders and applying multi-level governance.

6. EU Cohesion Policy with **a strong results-based orientation**, simplified implementation mechanism, control and audit system and removal of administrative burden for both managing authorities and beneficiaries.

Unofficial translation

1. The role and main features of EU Cohesion Policy

EU Cohesion Policy as the main European investment policy with an adequate budget under the EU's next multiannual financial framework that supports all EU regions to reduce regional disparities, contributes to the achievement of European objectives, including the promotion of EU competitiveness, reflects geopolitical changes and, where necessary, responds swiftly to unforeseen situations, without jeopardising the achievement of its long-term objectives. Strategic stability and long-term strategic planning are key to the successful delivery of the objectives while the specific contribution of the state and regions should be based on an agreement between the Member State and the European Commission.

Sustainable solutions to economic, green and digital transitions, addressing the consequences of demographic change, ensuring EU security, but in particular the need to strengthen European competitiveness, will require a joint effort by Member States, in which cohesion has an important role to play.

Slovakia underlines the importance of EU Cohesion Policy after 2027 as **one of the important pillars in the EU policy system**, which is able to contribute to the benefits of European integration and at the same time to improve the functioning of the single market.

We support **a strong EU Cohesion Policy** aimed at **reducing disparities between regions** and ensuring fair access to market opportunities and a balanced approach taking into account economic, social and territorial cohesion, **promoting green and digital transitions, tackling demographic, environmental and security challenges and promoting the EU's global competitiveness**, reflecting the possibilities and conditions of each region.

We believe that strengthening the EU's competitiveness is a key priority, without which the EU will not be able to effectively face growing global competition, promote sustainable growth and ensure the prosperity of its citizens. Competitiveness is the basis for economic growth and job creation, a long-term objective of the EU Cohesion Policy. As a priority, we believe that the **future EU Cohesion Policy should be more focused on promoting the competitiveness of EU Member States and their regions**. Ensuring the EU's competitiveness requires a concerted EU effort to close the innovation gap, particularly in the area of high technology, but also on raising the level of cyber-security in order to enable the EU to advance in key sectors such as digital or green technologies and industrial production. Only a strong and competitive EU can be more effective in reducing regional disparities, increasing the benefits of the single market and sustaining social standards.

The future of EU Cohesion Policy is closely linked to its funding, which, in addition to the challenges mentioned above, will also have to take account of EU enlargement in the coming period. We see the enlargement as a way of promoting stability in Europe, increasing the prosperity of its citizens and creating opportunities for businesses. The success of future enlargements will also depend on whether the EU Cohesion Policy can help to integrate and further develop the new Member States. Enlargement, however, will also affect existing

Member States and their regions as new territories join the single market and affect international value chains and labour migration in the EU.

In addition to supporting the integration and development of the new Member States, investment support must continue for the existing EU regions. Future EU Cohesion Policy should take particular account of the potential impact that enlargement will have in the regions neighbouring the candidate countries as well as in the currently less developed EU regions and should allow for their continued convergence. In this regard, we propose **to increase financial support for the regions bordering the acceding countries** in order to complete the infrastructure as a prerequisite for their successful integration in the EU and a functioning single market. We therefore support a strong position of **EU Cohesion Policy within the EU's next multiannual financial framework** and maintaining its position as the **main European investment policy with an adequate budget**.

The contribution of the EU Cohesion Policy to the achievement of European strategic objectives should be implemented at EU level **through a strategic framework. Other European policies and initiatives** must also contribute in **a coherent manner and in synergy** to these objectives. Maintaining a dedicated EU Cohesion Policy to support regional development within the EU's multiannual financial framework is essential.

The uniqueness of the EU Cohesion Policy lies in the fact that it provides a common European framework and predictable financial resources to successfully achieve the EU's strategic objectives, while at the same time being able to invest into developing untapped potential and boosting growth not only at national, but also at the regional and local levels of EU Member States. We support a balanced EU Cohesion Policy **that promotes the reduction of regional disparities while supporting the potential of the regions in a common European effort to increase competitiveness on a global scale**.

EU Cohesion Policy can only contribute to the achievement of current EU objectives, and at the same time pursue its traditional objective of promoting regional convergence if it maintains **its strategic stability and long-term (multiannual) orientation**. In this regard, we are in favour of maintaining the N+3 rule. Given the trend of a rapidly changing global environment, EU Cohesion Policy, in addition to supporting growth and convergence, must also help to **build the resilience of the Member States and regions** to negative economic, social, climate and geopolitical situations and unexpected crises.

We do not agree with the EU Cohesion Policy being regarded as an "emergency" policy to be used to fund crisis-related situations arising from unexpected EU challenges. However, based on the experience of previous periods, we see the need to ensure **a certain flexibility in EU legislation to respond to such situations**, including within the framework of EU Cohesion Policy. At the same time, it is imperative that such flexibility should not jeopardise the long-term objectives of this investment policy.

With regard to emergencies caused by unforeseeable circumstances such as natural disasters, we **primarily support the strengthening and streamlining of existing instruments**, like the EU Solidarity Fund and the Flexibility Instrument, which help to respond to such emergencies with dedicated resources outside the EU Cohesion Policy budget.

Given the great diversity of countries and regions within the EU (diverse challenges and potential, and therefore the variety of ways and means by which they can contribute to the objectives defined at EU level), **EU Cohesion Policy needs to continue to provide support to all regions**, with an emphasis on reducing disparities in the level of development between regions and in lagging behind of the most disadvantaged regions. Support for all regions must be aimed at eliminating the structural problems defined on the basis of relevant data, as well as at developing their potential. In this way, EU Cohesion Policy can make a significant contribution to the EU's competitiveness, the degree of which will always depend on the degree of competitiveness of its weakest links.

The objectives of EU Cohesion Policy are laid down in EU legislation. However, the way to contribute to EU objectives at national and regional level should not be set out in this legislation. It should be the result of **an agreement between the Member State and the EC under shared management** and applying the partnership principle, and should take into account the development possibilities, conditions and needs of each territory. We therefore support **relaxing the thematic concentration rules and abandoning the rigid percentage rule for support at the level of EU legislation, without any relation to specific territorial characteristics**. The thematic concentration should be determined on the basis of identified and prioritised needs, using real data.

At national level, **the strategy document for EU funds** should be based on national and territorial long-term strategy documents, clearly identifying a limited number of strategic priorities of the Member State and its regions in relation to the use of EU funds, their contribution to the achievement of EU objectives, and the method as well as the source of funding from EU funds, national sources, repayable and other forms of funding, based on suitability of the type of funding for the specific measure.

2. Shared management and the partnership principle

EU Cohesion Policy based on a multi-level model of shared management and a strengthened partnership principle, ensuring that decisions are taken closer to citizens, focusing on local needs and involving all relevant stakeholders.

The EU Cohesion Policy post-2027 must be built on a **model of shared management, enhanced application of multi-level governance and the partnership principle**, fully reflecting at national, regional and local level the principles of subsidiarity and proportionality enshrined in the EU's founding treaties.

Shared management ensures that the EC, Member States and local and regional authorities share responsibility for the efficient use of EU funds. It motivates trust and cooperation between all stakeholders at European, national, regional and local level in achieving the EU Cohesion Policy objectives.

The added value of shared management lies in the greater flexibility compared to the centralised model, but above all in the possibility to implement solutions tailored to the needs of individual countries, regions, cities and municipalities, while at the same time contributing responsibly to

the delivery of European priorities. For this approach to be successful, there must be effective and efficient institutions, platforms and capacities in the country that can link the delivery of European objectives with addressing the needs of the territory.

An integral part of shared management is **the application of the partnership principle**, which is based on a multi-level governance approach and ensures the participatory involvement of regional, local and other public authorities, educational institutions, civil society, economic and social partners in the entire EU Cohesion Policy programming cycle. Applying the partnership and subsidiarity principles brings the EU closer to citizens in real terms, ensuring that decisions are taken as close to them as possible and taking into account the development potential and investment needs of national, regional and local levels. EU Cohesion Policy must continue to take account of citizens' needs, because their trust is fundamental to the success of the European project. Supporting the real needs of regions, towns and municipalities and their inhabitants will make it possible to maintain their trust and actively support the European integration process.

In this context, **we are strongly opposed to the centralisation of EU Cohesion Policy** and consider shared management and the application of the partnership principles and subsidiarity to be key elements of the EU Cohesion Policy after 2027. A move to direct management by the EC would represent a fundamental change in the management and control system. For the sake of stability and continuity, it is essential to maintain the system of shared management while reinforcing a results-based orientation of EU Cohesion Policy.

3. Strengthening the territorial approach

EU Cohesion Policy that gives greater support to integrated territorial development, making wider use of territorial instruments to create equal opportunities for development of all regions, taking into account their specific needs. This includes polycentric development of territories, more support for sustainable urban development, support for rural areas, as well as assistance to regions facing specific challenges.

EU Cohesion Policy is the only European policy to have a territorial dimension enshrined directly in the Treaty on the Functioning of the EU, through the pursuit of harmonious development across the EU by strengthening economic, social and territorial cohesion. The EU aims to reduce disparities in economic and social development of various regions and the lagging behind of the most disadvantaged regions. This is a traditional objective of EU Cohesion Policy, which must continue to be pursued in the future.

We consider it essential that EU Cohesion Policy should continue to provide **support to all regions**, with an emphasis on the least developed regions, while respecting their territorial specificities. In selected regions, for example, it is necessary to take into account the socio-economic needs of disadvantaged communities. However, there is also a case for targeting support at more developed regions, which currently face a number of specific challenges linked to their economic performance (e.g. poorer access to services, higher environmental burdens due to overpopulation).

We advocate **stability in the way the allocation is made and the categories of regions are defined**, that is, maintaining the current methodology. In this context, it is necessary to **avoid potential sharp reductions in national envelopes** by introducing appropriate corrective measures (safety net). We support maintaining the categorisation of regions into less developed regions, transition regions and more developed regions in order to measure the progress made across regions and the mitigation/deepening of regional disparities. However, for a more accurate assessment of regional development and for better targeting of support to the territories, we encourage using a wider range of comparable relevant data at regional level, which will allow, **for programming purposes, a more detailed diagnosis of the territory**, taking into account several aspects of the development of individual regions (e.g. level and availability of services in education, health, social services, etc.).

EU Cohesion Policy should aim to ensure that all European regions can realise their full potential and contribute to the overall development and competitiveness of the EU. In order to achieve this objective, we consider it beneficial **to strengthen the application and further simplification of integrated territorial development instruments** at both regional and local level, while rigorously applying the partnership principle.

EU Cohesion Policy should be more responsive to the specific needs of individual EU regions. Rather than a one-size-fits-all approach, more priority should be given to **tailor-made solutions** to the specific challenges, needs and development objectives of individual territories. To this end, **greater use should be made of integrated territorial development instruments**, but also of **the promotion of sustainable urban development**, through the implementation of **territorial strategies** based on relevant data and conceptual territorial documents, as a basis for effective planning of investments in the territory. Territories should ensure that investments from EU funds are strictly targeted to support areas with the highest benefits and returns that in the long term will increase economic growth, improve the quality of life of the population and protect the environment.

In order to strengthen integrated territorial development, we call for the easing of the mandatory minimum requirements for thematic concentration to provide much greater operational flexibility in support of all justified interventions aimed at addressing specific needs and challenges identified in the regions. The thematic concentration should be set according to the real national and regional challenges, needs and priorities that overlap with EU Cohesion Policy priorities and are identified based on relevant data. The thematic concentration should therefore only be determined in direct negotiations between the Member States and the EC.

To foster territorial cohesion, EU Cohesion Policy should focus not only on the convergence of countries and regions, but also **on tackling disparities within regions**.

In this regard, we consider it important to promote **polycentric territorial development and, in particular, increased support for the sustainable development of cities**, which are able to concentrate economic activities, provide services for catchment areas, but also have the potential to develop innovative concepts and boost prosperity in the wider territory. We see increased support for sustainable urban development as an important prerequisite for increasing the competitiveness of the region and improving the quality of life of its citizens and addressing their challenges, particularly in the areas of housing, climate, digitalisation, mobility, social

inclusion and equality. At the same time, it is essential to systematically support **rural areas** and smaller municipalities by strengthening synergies between rural development programmes and EU Cohesion Policy, by setting up the same rules and processes for the implementation mechanism of these EU instruments. Many areas, particularly rural ones, but also smaller towns and municipalities, are facing demographic decline and a talent drain. To ensure that residents can exercise their right to remain in the place they consider home, it is necessary to promote the attractiveness of these areas by encouraging investment with higher added value, investment in the creation of quality jobs, accessible services and housing, digital and physical connectivity, including through the use of integrated territorial development instruments.

Particular attention should be paid to **regions facing specific challenges**, especially those linked to transition (green, digital, industrial, demographic) or those facing security and economic challenges as a result of a neighbouring country being in conflict, by providing targeted assistance to help them overcome disadvantages, build resilience and restart growth.

We consider it beneficial to **build on the positive experience of the Just Transition Fund**, which allows for comprehensive and targeted investments in a given territory without having to reach the limits of thematic concentration. It is important to continue specific territorial and thematic support (designed for the territories most affected by the transition and aimed at mitigating its negative impacts) beyond 2027, as the transition is a long-term process which cannot be fully completed in a single programming period. We find it useful to have a higher degree of adaptability and flexibility of this instrument in relation to the specific needs and challenges of the regions in transition.

We support broadening the scope of the just transition objective to cover sectors that are affected by specific sectoral challenges and are key to the EU's future competitiveness and strategic autonomy. Such sectors now include not only extractive industries, but also those that are the backbone of the EU economy and are currently undergoing many significant changes and challenges. A particular example is the automotive industry, which has long been the engine of the EU economy and is now facing existential challenges in regions where there is a strong concentration of production and development capacity.

We consider it essential to have an early and constructive dialogue with the regions and socio-economic partners with a view to identifying the needs and measures to mitigate the effects of the transition in the framework of the future EU Cohesion Policy.

4. European Territorial Cooperation

EU Cohesion Policy, with European Territorial Cooperation as an integral part, that helps countries and European regions to work together, thereby contributing to a better quality of life for citizens, fostering a sense of belonging in the EU and promoting European integration.

Due to its geographical location, **Slovakia has all its regions located along land borders**. Although national borders are invisible in practice, they have a major impact not only on the lives of the people living in the border area, but also on the economy and the development of

the regions themselves. Border territories are often more vulnerable to various threats, such as natural disasters, economic shocks, various types of inequalities or emergencies. We also see the need to increase the intensity of cooperation with the candidate countries and Ukraine, which contributes to the stabilisation of the entire region, their better integration into the EU and the strengthening of the internal market.

European Territorial Cooperation (hereinafter referred to as "ETC") aims to jointly tackle problems and challenges that transcend national borders, including the global challenges mentioned above, and tap into the growth potential of the regions that has not yet been fully exploited. In the next programming period it will also be important to promote cooperation between EU regions and this objective should therefore **remain a strong feature of EU Cohesion Policy** and its importance should be reinforced.

We therefore support the channelling of the ETC funds into **all types of territorial cooperation, especially cross-border, interregional and transnational**, with a focus on the implementation of joint partnerships activities set up by different Member States in EU regions as well as third countries, based on a result-oriented implementation mechanism.

Thanks to the ETC **Interreg** programmes, people living in the border regions can have better infrastructure, access to services and job opportunities. Mutual cooperation between countries and EU regions, including sharing experiences, building partnerships and developing common solutions to the challenges faced by the regions, contributes to regional capacity building and the development of better regional strategies, which in turn leads to a better quality of life for citizens and strengthens the sense of belonging in the EU. We therefore consider it essential to **continue to support these programmes**. In order to increase the visibility of the positive impacts of ETC, **we recommend to increase the financial allocation for the ETC programmes** and to further strengthen **the link between the activities implemented under ETC and the specific situation of the cross-border area concerned**.

When designing cross-border cooperation programmes, we consider it necessary to focus on the areas of support implemented directly in the regions that produce sustainable and visible results with a significant cross-border impact and respond to the real needs of the cross-border territory. Support for cooperation should fully reflect the diversity of border areas, including the challenges of the EU's external borders. As regards interregional and transnational cooperation programmes, we believe it is necessary to provide opportunities for the exchange of experience and capacity building of European regions in the development of public policies that will lead to greater competitiveness of regions and address their economic, social and territorial challenges.

At the same time, it is appropriate to promote complementarity between the ETC programmes and the main EU Cohesion Policy programmes in order to **maximise the synergies of support**. It is also important, given the specificity of the ETC programmes, to **maintain a separate regulatory framework, management and control mechanism** and to continue **to promote simplification of their implementation**. To deliver the ETC objectives, it is necessary to continue to support European Groupings of Territorial Cooperation (hereinafter referred to as „EGTCs“), which facilitate cooperation between EGTCs members from different Member States as well as from third countries, thereby promoting European added value.

We also believe that **macro-regional strategies** should continue to be an important tool for promoting development and cooperation between countries within the EU after 2027. Macro-regional strategies reinforce the identity of their areas and focus on issues that require cooperation between several countries on the basis of a cross-sectoral and multi-level approach to governance. Their current contribution to the EU is far from negligible, but as they have no resources of their own, their implementation and the resulting added value for the EU depend entirely on synergies with other instruments and the pooling of funding from different sources.

5. The link with EU economic governance and the European Semester in supporting reforms

EU Cohesion Policy that promotes structural changes in order to strengthen the competitiveness and resilience of Member States and their regions while respecting its traditional objective. This requires better coordination with the European Semester, synergies between the enabling conditions and the EU Council Recommendations, taking into account the territorial dimension, involving territorial actors and applying multi-level governance.

Although EU Cohesion Policy will have to adapt to the changed socio-economic and political reality of the Union, it should **remain the main investment policy supporting the development of Europe's regions**, rather than a policy primarily aimed at implementing reforms. In relation to the current global and European challenges, it can, in line with national priorities, act as **an investment support for structural changes** enhancing both the competitiveness and the socio-economic resilience of the Member States and their regions.

We support the modernisation of EU Cohesion Policy, but we are in favour of continuing proven processes. Therefore, to enable the implementation of the necessary reform measures, we support the use and improvement of existing mechanisms, namely strengthening the link between EU Cohesion Policy and the European Semester, and streamlining the enabling conditions mechanism.

Linking the necessary structural changes and investments can **improve strategic coherence and coordination between EU Cohesion Policy and economic governance** (the European Semester).

Meaningful and beneficial integration of EU Cohesion Policy into the economic governance system requires **respecting (and not weakening) the traditional objective of EU Cohesion Policy** - promoting regional convergence - and greater involvement of the national as well as the regional and local level in designing and deciding on the implementation of the necessary reform measures.

The Country-Specific Recommendations (CSR) should be formulated in such a way as to lead to the implementation of structural measures which, in line with the EU's strategic objectives and the real needs of the Member State, will support its economic, social and territorial development.

When addressing territorial challenges, CSRs should take into account the territorial dimension and should **be designed in close cooperation with both national and territorial partners**, who must be actively involved throughout the entire European Semester cycle.

Structural changes take time to implement and the CSRs for individual EU Member States should take this into account. When linked to EU Cohesion Policy investments, **the recommendations should reflect the multiannual nature of this policy**, as well as the multiannual period of national medium-term fiscal and structural plans, and their monitoring and evaluation mechanism should be set accordingly.

A number of relevant control mechanisms applied from the EU level help to increase the effectiveness of EU Cohesion Policy investments and support reforms. An important instrument introduced in this programming period are **the enabling conditions** that make EU Cohesion Policy investments subject to the existence and implementation of a strategic, conceptual or legislative framework in horizontal areas and individual thematic areas of support. Applying these conditions in the future should **strengthen the incentive for the Member States to undertake sound strategic planning and to implement the necessary reforms** in order to increase both the convergence and the competitiveness of the Member State and regions. The way in which the enabling conditions are to be fulfilled should therefore be determined in partnership with representatives of the EC, the national level and local/regional authorities.

The enabling conditions should be linked and coordinated with the CSRs to ensure **synergies in the strategic planning and implementation of structural measures** supported by EU Cohesion Policy.

Support for reforms under EU Cohesion Policy should respect its nature and the purpose, i.e. **reforms should be closely linked to the thematic areas of EU Cohesion Policy and, where necessary, have a territorial dimension**. The implementation of reform measures should be accompanied by direct accountability for their implementation. However, what will be crucial is the orientation of the EU Cohesion Policy itself and its focus on results in terms of the identified challenges, needs and priorities of each region, with synergistic deployment of all available resources.

Given that it is not yet possible to assess the effectiveness of the Recovery and Resilience Facility, Slovakia currently reserves its position on a possible proposal to introduce disbursements based on the achievement of milestones and targets for reforms and investments, along the lines of the Recovery and Resilience Plans. As an alternative, we see the possibility of linking the implementation of reforms to the EU Cohesion Policy on a voluntary basis, with sufficient flexibility to plan and subsequently adjust reforms in line with the multiannual nature of EU Cohesion Policy.

6. Simplification and streamlining

EU Cohesion Policy with a strong results-based orientation, simplified implementation mechanism, control and audit system and removal of administrative burden for both managing authorities and beneficiaries.

The implementation of the EU Cohesion Policy after 2027 must be simpler and more efficient. The policy needs clear, simple, transparent and predictable rules that allow for fast and efficient programming and subsequent implementation.

EU Cohesion Policy legislation should provide Member States with **a clear, predictable and sufficient legal framework** for the implementation of the EU Cohesion Policy, avoiding unnecessary gold-plating at national level.

We call for the draft legislative provisions for EU Cohesion Policy to be published jointly or immediately after the publication of the EU's draft post-2027 multiannual financial framework (in July 2025), and adopted **well in advance** of the start of the eligibility of expenditure for the new post-2027 programming period. If we are to expect quick results given the urgency of the new calls, we need to have the conditions to deliver them, and having the necessary legislation is a must.

In addition to EU Cohesion Policy funds, a number of other European instruments and initiatives help to promote cohesion as well as the EU's strategic priorities and objectives. We are in favour of continuing to allow synergies with other EU programmes (for example, as is currently the case with Digital Europe or Horizon Europe), including through co-financing from EU programmes where this is allowed by the governance mechanisms. In terms of further simplification, the focus should be on **harmonisation of the rules** not only across the EU Cohesion Policy funds, but also between EU Cohesion Policy and other EU instruments, in order to make them more efficient, complementary and synergies.

We are not in favour of creating new instruments to support the same priorities and thematic areas at EU level that create overlaps between EU policies and lead to fragmentation of efforts to achieve European objectives, undermining the impact of support. At the same time, we call for clear demarcation lines to be defined between the announced new Competitiveness Fund as well as other funds/instruments and EU Cohesion Policy funds. We expect the process of setting the legislative rules for the Competitiveness Fund and EU Cohesion Policy to be consistent and synergistic. Complementarity and synergies must be strengthened to ensure both EU's competitiveness and convergence. We believe it is necessary, particularly when promoting competitiveness, which is fundamentally driven by quality education, research, development and innovation, for these areas to be supported flexibly throughout the EU's research and innovation area, with the possibility of involving national research, development and innovation bodies, including through international partnerships.

A key change in future EU Cohesion Policy should be a shift from a focus on spending and outputs to a **priority focus on delivering results**. A focus on results allows for simplification and also provides incentives for more efficient use of EU funds.

We consider it necessary to **reinforce the orientation on the fulfilment of the conditions or the achievement of results** through a wider application of **financing not linked to costs (FNLC)**, which should be a priority when defining the rules for the implementation of EU Cohesion Policy. However, there is a need to ensure that these are set in a timely manner. The EC should actively assist Member States in developing FNLC methodologies and, together with the European Court of Auditors, develop a common checklist for FNLC to increase legal certainty.

A greater focus on results must also lead to **simpler controls at beneficiary level by the authorities responsible for programme implementation**. In the area of the audit and control systems, there must be a significant shift away from formal compliance verification (based only on checking for administrative errors and strict compliance with EU legislation) towards **performance-based auditing**. An important condition is to ensure that the objective of the EC and Member State's audit and of the control by the MS managing authority is solely to verify only whether the conditions for reimbursement by the EC are met or whether results have been achieved.

In implementing EU Cohesion Policy, **public procurement** plays a key role in the delivery of the single market, however, competition in public procurement has recently declined. One of the reasons for this is undoubtedly the overly complex and administratively burdensome European legislative framework. For this reason it is essential to further simplify the relevant processes, and to streamline and improve public procurement rules. We will therefore call for increased cooperation between the EC and the Member States in order to ensure that **procurement processes are in line with the legislative framework and, at the same time, to remove obstacles to sustainable procurement and effective competition**.

State aid rules should be set out adequately and more clearly already at EU level, so as to avoid divergent interpretations in their application at the level of individual Member States. At the same time, we support **more effective coordination between state aid rules and EU legislation on EU Cohesion Policy**, so as to ensure that different conditions (varying degree of stringency) are not imposed in the same area. The simplification of the implementation of EU funds would greatly benefit from the approval of state aid rules prior to the start of the new programming period. This would contribute significantly to the predictability of the different state aid conditions and to increasing legal certainty that aid is granted in accordance with the rules. With a view to strengthening competitiveness as a key EU priority, we advocate a significant simplification of state aid conditions for areas that are important for achieving EU's competitiveness.

The use of financial instruments is also an effective and efficient way of spending and using EU Cohesion Policy resources to achieve its objectives. In addition to the obvious benefits of recycling funds over the long term, financial instruments help to mobilise additional public and, in particular, private investments. We therefore consider it important to continue to further **simplify the rules, especially for financial instruments implemented at national level**, so that Member States are encouraged to use them more widely and also in new areas. At the same time, however, it is necessary to keep the option for the managing authority to decide (taking into account the nature of the intervention and the position of the target group) whether to use

support through grants, financial instruments or a combination of both. Financial instruments should be primarily and preferably used where the investment generates a profit or a cost saving. Should the managing authority wish to use grants in these areas, we consider it necessary to justify, through an ex ante analysis, the rationale for the preference for grants over repayable aid.

Effective implementation of EU Cohesion Policy requires **sufficient and high quality administrative capacity** involved in the whole programming cycle. Investments in increasing the competence of administrative capacity related to the implementation of the EU Cohesion Policy funds will increase the quality of project preparation and evaluation, while contributing to reducing errors in the absorption of EU funds. We therefore support the emphasis on completing and increasing the quality of administrative capacity of public administration involved in the preparation, management, implementation and control of EU Cohesion Policy at national, but especially at regional and local level. It will be important to have training institutions capable of providing adequate training for the administrative capacities that are key to the effective implementation of the tasks and objectives of EU Cohesion Policy.