



Presentation of the priorities of the Bulgarian Presidency of the Council of the EU in the area of
regional policy

before the Committee on Regional Development of the European Parliament

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Dear Madam Chair,

Ladies and Gentlemen, Members of the European Parliament,

Dear Colleagues,

The purpose of today's hearing is to present the priorities of the Bulgarian Presidency, in particular those related to the debate on the future of Cohesion Policy (CP). In today's discussion I would like to go beyond the modalities of the protocol and, in addition to the short presentation which I am going to make, to have an honest debate, not only on our priorities as a Presidency, especially in the area of Cohesion Policy, but on the very future of the common European project. Because I believe that only those who know where they are going have a future!

The four priorities of the Bulgarian Presidency are:

- The future of Europe and young people – economic growth and social cohesion;
- The European perspective and connectivity of the Western Balkans;
- Security and stability in a strong and united Europe;
- The digital economy and the skills needed for the future.

Our priorities largely reflect the challenges we are facing. I do not want to underestimate the priorities of the digital economy and the future of young people – but in the beginning, I would like to emphasise one of the priorities, namely the European perspective of the Western Balkans. As recently as 20 years ago, there was a war in the Balkans, almost in the heart of Europe. The wounds of that war are still open. As the war unfolded, all of us - Bulgaria and the EU - often stood by helplessly and watched what was happening. A repeat scenario in future can be avoided only if we give a clear political perspective to our Western Balkan neighbors. Because where there is prosperity and shared common values, our historical experience has taught us that there are no wars!

As a foreword to my presentation on the Cohesion Policy, my belief is that there will be an 'interesting' debate. This may well be a cliché but it describes perfectly what we can expect during the Bulgarian Presidency. Quite in the spirit of the ancient Chinese curse 'May you live in interesting times'. On one hand we face the most pressing priorities such as **migration** and **security**. On the other hand, we have **BREXIT** and the related political and financial challenges to contend with. It is also important to note that we seem to have lost the feeling of a common perspective - up to 10 years ago we were aiming to outrun our global competitors, and to be better in the field of research and development, innovations, but now we must confess that our actions are more like crisis headquarters swaying in its efforts to deal with one new problem after the other. It is not that we do not cope with the task, but we should pursue higher objectives.

Let us not forget that, in the view of many experts, Cohesion Policy is the most successful, the most reformed, and the most audited European policy. At the same time, Cohesion Policy gets a mixed reception from our citizens.

All of these factors will have a major influence on the debate on the next Multiannual Financial Framework and Cohesion Policy, which accounts for one third of the EU budget. On the one hand, we must clearly allocate funds to meet the challenges faced by the Union. On the other, we need to continue with efforts for convergence between the European regions because the Union will only be strong if all citizens from Helsinki to Athens and from Lisbon to Varna have the same standard of living. And, if we are honest, that is a distant goal, because despite all the investment made, the poorest are still 10 times poorer than the richest (or even poorer - Bulgaria is nearly 20 times poorer than Luxembourg).

Yes, the Cohesion Policy needs to balance some of the weaknesses of the common market, but at the same time, in addition to converging, it must make the whole Union stronger, more competitive, better for all its citizens.

And here comes my first concern - related to the absence of a wide-ranging debate on our future common priorities. We are about to start a debate on the future MFF without a parallel debate on EUROPE 2030. What are our common priorities? How will we achieve sustainable convergence? How will the EU become a global player? Or, if we try to bring the debate down to a more technical level, what will be the new thematic objectives and the principles of thematic concentration in the future regulations for the European structural and investment funds? I believe that we can only be successful if we know where we are heading! Based on my experience I know that it is not a good practice to comment budgets before goals and priorities are defined.

And here, honourable Members of the European Parliament, I suggest and appeal to you, let us, either before or in the course of the debates on efficiency and effectiveness, on budgets, tools, programmes and numbers, talk about goals and priorities. Let us be diligent and calculate, but let us not forget to be visionaries!

My second concern is based on the fact that for many reasons - and primarily BREXIT - we have to learn how to achieve 'more' with 'less'. **Unfortunately, we cannot solve the problem by waving a magic wand.**

We cannot solve all of challenges with the magical formula “to do more with less” because our craft is not alchemy. We have to convert this formula in a concrete mechanism, methodology or approach.

There are two key points we must consider:

- The first is that we have to invest in high added value sectors. There is no doubt about that. We therefore need a common understanding of the term 'high added value'.
- The second point is that, in addition to investments in high added value sectors, we have to consider investments in reformed sectors as well. Reformed sectors with a clear strategic view which can guarantee compliance with the principles of effectiveness and efficiency. For this purpose, Cohesion Policy has to become both an incentive and an engine for reform. Here I want to put the emphasis on Cohesion Policy as an 'incentive', it should not be seen as a punishment tool!

And of course, if we want to achieve 'more' with 'less', we have to optimise the flow of investment, inevitably related to the need to radically simplify the rules. At the end of last year, we analysed the level of controls carried out by managing authorities. The results were rather disturbing – procedures involving nearly 70 controls, with more than 46 supporting documents required from the beneficiaries. I am convinced that this is not a national specificity, but a general picture. And all these things happened despite our systematic efforts, not to request things we do not need. Never to ask for anything we already have. I believe that this is not due to a lack of administrative capacity since we have highly experienced authorities, but rather to something

else. Based on whether the auditors will one day apply financial corrections to certain expenditure? Or on whether we omit a document? If a mistake is made, whose responsibility will it be? All these questions are a burden for the system and constitute an obstacle – both for the beneficiaries and for the responsible authorities. I therefore I believe that a need of a revolution – I am coming from Eastern Europe and we are cautious when using this term - has to be focused on simplifying the rules. Furthermore, I believe that real simplification can be achieved only if we are brave enough, radical I would say, and only if we shift the overall approach from one that is fixated on the documents to the real crux of the matter - the results and the objectives achieved. This requires the elaboration of new tools and instruments.

Sound - and even intense - control should not be questioned. However, control should above all be smart. I am not sure that this is the philosophic stone of the secret art “to do more with less”, but at least it can be a catalyst.

The Bulgarian Presidency of the Council of the EU coincides with the final preparations of the Commission's legislative proposal for the new Multiannual Financial Framework. Consequently, we cannot underestimate the **challenge of reaching consensus on issues like national co-financing rates for Cohesion Policy, priorities and the thematic concentration of Cohesion Policy, criteria for setting national allocations and the introduction of new ex-ante conditionalities, etc.** The starting point of this discussion should be what kind of post-2020 Cohesion policy do we want? Should it be a policy that fosters convergence and encourages the sharing of common values? Or a policy that can be used as a punishment tool? Should it be a policy that would be focused on some regions or on all regions? Shouldn't we, the Member States, contribute to it with higher co-financing rates? And would that not lead to an even greater marginalisation of the poorest regions which would not have sufficient resources to meet the co-financing requirements?

It is my belief that these are the questions that will determine the future debate and will be the main challenge for our country in the context of our Presidency of the Council. These are

also the questions which we intend to table for the discussion on cohesion in the General Affairs Council that will take place in Luxembourg on 12 April, as well as at the high-level conference in Sofia scheduled for 8 June. It is my belief that the EP will be a key partner in meeting all these challenges during the planned discussions.

Last but not least, Bulgaria is a small country which deserved or not is being labelled with different labels. However, Bulgaria is also a country that has achieved a lot within the last 10 years. This is largely due to the experience we have gained in the context of the EU Funds Management. I am therefore confident that we have the capacity to be honest broker seeking a compromise to the challenges, and also to be generator of ideas and a leader, when needed. Because now, more than ever, we need new and I would even say 'fresh' ideas giving real direction to our common future!