Summary of the core concerns of the State of Brandenburg with regard to the proposals of the EU Commission for the Multiannual Financial Framework and EU funding after 2020

A strong MFF after 2020 for a strong European Union

1. Brandenburg supports the increase of the overall cap of the Multiannual Financial Framework (MFF) proposed by the European Commission. In light of the EU's ever-growing importance and the many new challenges it faces, the EU needs to be strengthened financially.

Increased cohesion funding and improved funding for regions in transition

2. The reduction in cohesion funding proposed by the European Commission is rejected. Cohesion policy is the EU's most important investment policy. Its share of the total MFF resources should therefore be maintained after 2020.

3. Brandenburg rejects the €22 billion reform implementation instrument proposed by the European Commission. The proposal is aimed at supporting Member States' commitments to structural reforms at the national level and is thus at the expense of supporting cohesion policy measures in the regions. The funds earmarked for the reform implementation instrument should instead be used to increase the funds proposed by the European Commission for cohesion policy after 2020 in order to maintain the current share of cohesion funds in the MFF in the future.

4. Brandenburg welcomes the European Commission's proposal to raise the upper threshold for regions in transition to 100% of the EU average per capita gross domestic product (GDP). The reform recognises the specific challenges faced by regions with a per capita GDP close to the EU average. However, Brandenburg calls for a greater increase in the funds earmarked for the regions in transition in order to meet the needs resulting from the increased number of these regions.

More cohesion funding for Germany and a financial safety net at the regional level

5. Brandenburg criticises the fact that the European Commission is planning a reduction of more than 20% in cohesion funding for Germany and calls on the German federal government to take action in the Council against these proposed cuts, which are disproportionately high compared to the rest of Europe.

6. Brandenburg calls for specific demographic problems, namely the ageing population and in particular the ageing working population, which is a major development obstacle for the eastern German federal states in particular, to be taken into account in the distribution of funds.

7. Brandenburg considers it imperative to also apply the safety net, which is intended to limit the actual losses of European Union support for the individual Member States, to the resources allocated to the individual regions. Due to the added indicators for the allocation of funds, the planned cuts for Germany as a whole will disproportionately affect the eastern German regions in transition. This

shows that the existing safety net at Member State level is insufficient due to the high diversity of regions in Member States.

8. The reduction of ESF+ funding for Germany by almost 30 percent proposed by the European Commission is rejected. It is not compatible with the broader range of ESF+ activities in terms of labour policy and social integration. In addition to the existing tasks of promoting employment, qualification, and social integration, there will be additional tasks in the future, particularly in connection with the implementation of the European Pillar of Social Rights and the socio-economic integration of refugees. The increase in tasks must also be reflected in the financial resources provided by the EU for ESF+ in the Member States.

Increased INTERREG funding, promotion of INTERREG areas with socio-economic disparities in particular, and preservation of the Central European cooperation area as well as "INTERREG Europe"

9. The funds provided for in the European Commission's proposals for cross-border and transnational cooperation must be significantly increased. In view of the high European added-value of INTERREG, the proposed cuts are incomprehensible. When allocating funds under INTERREG, particular attention should also be paid to cooperation challenges for border regions and transnational regions with large socio-economic disparities.

10. Brandenburg strongly opposes the dissolution of the well-established "Central Europe" programme area within the framework of transnational cooperation.

11. Brandenburg rejects the abolishment of "INTERREG Europe" without replacement. It advocates that interregional cooperation projects which are not solely aimed at promoting investment in innovation should continue to be promoted via a separate instrument in future.

Preservation of the EAFRD as a strong pillar for rural areas

12. Brandenburg is firmly opposed to the disproportionate cuts in the second pillar of the Common Agricultural Policy (CAP). The EAFRD cuts are at the expense of rural areas and cannot be compensated through national budgets.

13. Brandenburg calls for the category of regions in transition to be retained for the EAFRD as well. The drastic reduction of EU co-financing rates in large parts of the EAFRD by more than 30 percentage points, which is imminent especially in the eastern German development regions, is also due to the abolition of this funding category under the second pillar of the CAP.

Limitation of the reduction of EU co-financing rates to a maximum of 10 percentage points

14. Brandenburg firmly rejects the massive reduction in EU co-financing rates in cohesion policy and for the EAFRD proposed by the European Commission. The decrease in EU co-financing should be limited to a maximum of 10 percentage points for all regions. For INTERREG, the EU co-financing rates applicable in the current funding period should be maintained.

Consideration of regional differences and preservation of regional scope for action

15. The new implementation structures in the CAP must not result in EAFRD support being centralised at national level and regional scope for action being lost. It must be ensured that multi-fund approaches between EAFRD, ERDF, and ESF remain possible and that no additional regulatory or bureaucratic obstacles are placed in the way of regional cooperation between these funds.

16. Brandenburg supports the strategic approach of the European Commission to formulate five political objectives for the use of cohesion funds which, in principle, enable regional priorities to be set for the use of ERDF and ESF. However, the European Commission must not use the investment guidelines for the negotiation of operational programmes announced in the framework of the European Semester and the country-specific recommendations to further restrict the possibilities of this regional priority setting.

17. Brandenburg considers the EU Commission's approach for setting the targets for the thematic concentration of ERDF funding according to gross national income (GNI) instead of regional gross domestic product (GDP) to be inappropriate. This arrangement is not compatible with the system of regional categories in cohesion policy and means that regional imbalances within the Member States are not taken into account when funding is used.

18. Brandenburg is very concerned that the SME investment support from the ERDF could in future be restricted to innovation support. Especially in structurally weak areas such as former East Germany, the creation and preservation of jobs within companies, specifically in SMEs, is of particular importance. It must be made clear in the regulations that it will continue to be possible to promote job-securing and job-creating investments in the future.

Good provisions for rapid and effective programme implementation

19. Brandenburg criticises the European Commission's proposal to allocate the financial resources for 2026 and 2027 to the programme priorities only as a result of a mid-term review in 2025 and a related change in the compulsory programme. The new provision is similar to the introduction of a “five plus two funding period”. It creates an unpredictable additional administrative burden and jeopardises the necessary planning security, the continuous outflow of funds, and the complete implementation of the programme. The reprogramming of content in the second half of the funding period and its financial implementation represent a major challenge.

20. Brandenburg considers it urgently necessary to increase the liquidity of the programmes in the early years back to the level in the current programming period. This should be done by withdrawing the significant reduction in pre-financing rates at the programme level proposed by the European Commission for the future.

21. Brandenburg welcomes the uncomplicated nature of the European Commission's proposal to pay out technical assistance (TA) funds on a flat-rate basis for each payment application. However, regulations must be found to ensure that, despite the flat-rate invoicing, adequate TA funds are also available in the early years of the funding period. This is because high TA expenditure is incurred

during this period, while at the same time experience has shown that the first payment claims tend to be low. In addition, the reduction of the TA contribution from 4 to 2.5 % of the fund's resources that has been proposed for the ERDF is not justified, particularly considering that resources are simultaneously decreasing and administrative requirements remain high. The previous value of 4 percent should be retained.

22. Brandenburg doubts that the proposed rules on the eligibility of VAT will have a simplifying effect and thus rejects them. Instead, the arrangement of the current programming period should be maintained, according to which VAT is eligible only if reimbursement is excluded under national rules.

23. Brandenburg calls for a substantial simplification and streamlining of state aid rules. INTERREG should be completely excluded from aid schemes because of its specific objective and in particular the multi-state nature of its programmes and support measures.