



European cohesion policy post-2013: a careful balancing act?

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Main stages of the reflection process

- Fourth Report on Economic and Social Cohesion, 2007
- Fifth Progress Report on Economic and Social Cohesion, 2008
- Prospective work on 2020 challenges, 2008
- Debate on territorial cohesion, 2008
- Enhanced dialogue with academia, international organisations
- Barca Report April 2009
- Hübner Reflection Paper on the future Cohesion Policy + joint ministerial communiqué (April 2009)
- 6th Progress Report, June 2009
- Ex-post evaluations and studies 2009
- Technical discussions with MS experts begin October 2009
- Samecki policy orientation paper, December 2010
- Fifth Cohesion Report – November 2010



Where are we with the debate?

- Two types of criticisms:
 - a) critics question the rationale / necessity of the policy itself
 - b) policy is recognised as necessary, but implementation is criticised on grounds of priorities, effectiveness and delivery
- Additional challenge: global policy context
 - challenges of globalisation
 - climate change
 - economic crisis (Greece)
- ➔ both criticisms and external circumstances affect the reflection process on the future of cohesion policy post-2013



So....why do we need a European CP?

Criticisms:

- Cohesion policy can be done by MS themselves
- economic rationale questioned, trickle-down effect
- sectoral approaches are more efficient
- no need to support better-off regions

Then....the options would be:

- Get rid of cohesion policy completely
- Concentrate cohesion policy on poorest regions
- Concentrate on Member States (instead of regions) and let MS do internal structural policy



Why do we need a European CP? - counterarguments

- potential for growth not just in capitals/rich regions
- sectoral approaches have their own problems
- even better-off regions have problems!
- Cohesion policy can play a role in strengthening inter-connections between lagging and leading regions
- economic integration (Single Market) can only work if all regions can contribute and reap the benefits



The case for having a European cohesion policy (1): Facing global challenges

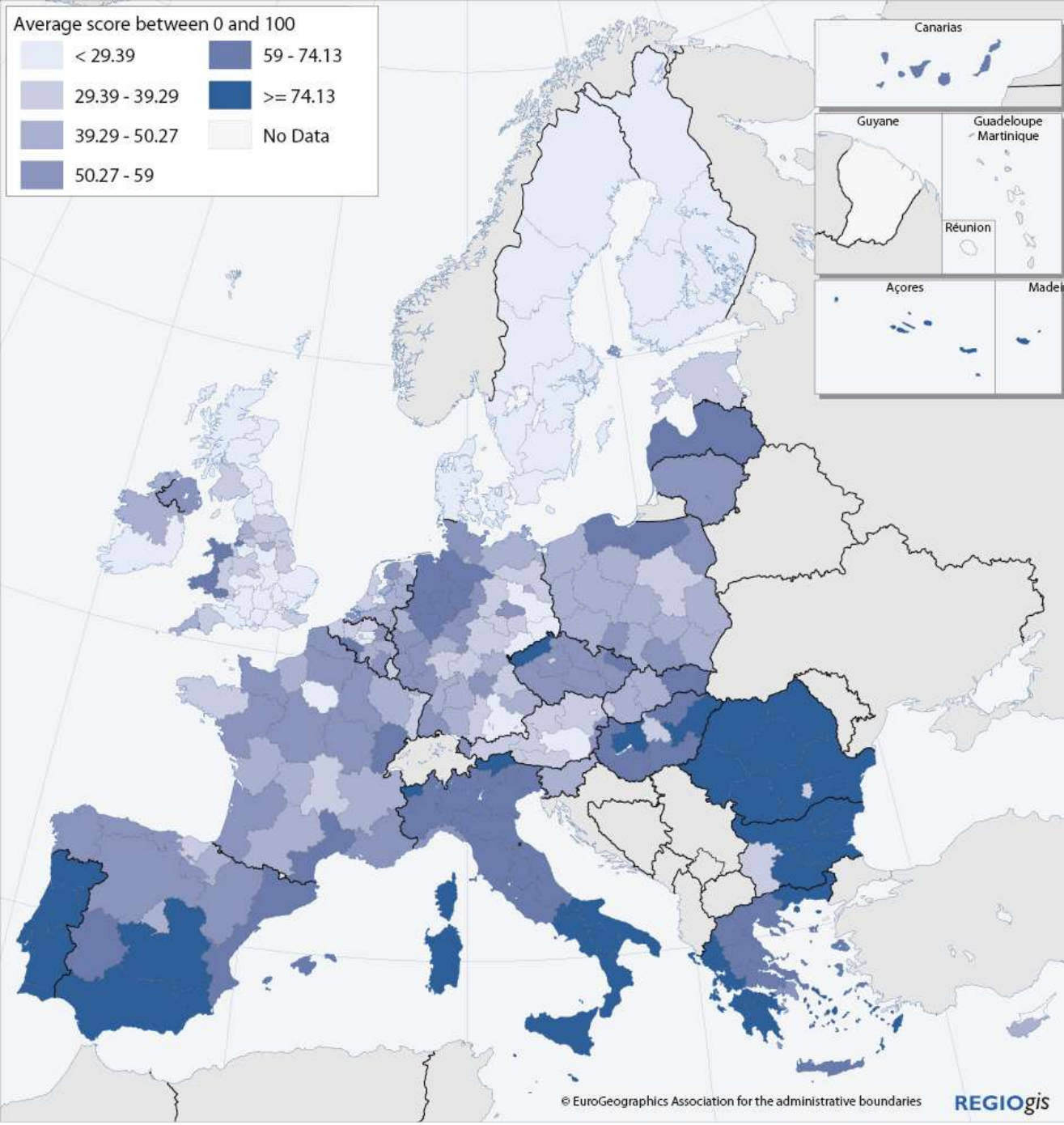
- Rapid globalisation, competitive pressures
- Population change, migration flows
- Global climate change
- Rising energy prices, energy security



Divergent patterns and dynamics across Europe

Global challenges have a strong territorial dimension!!!

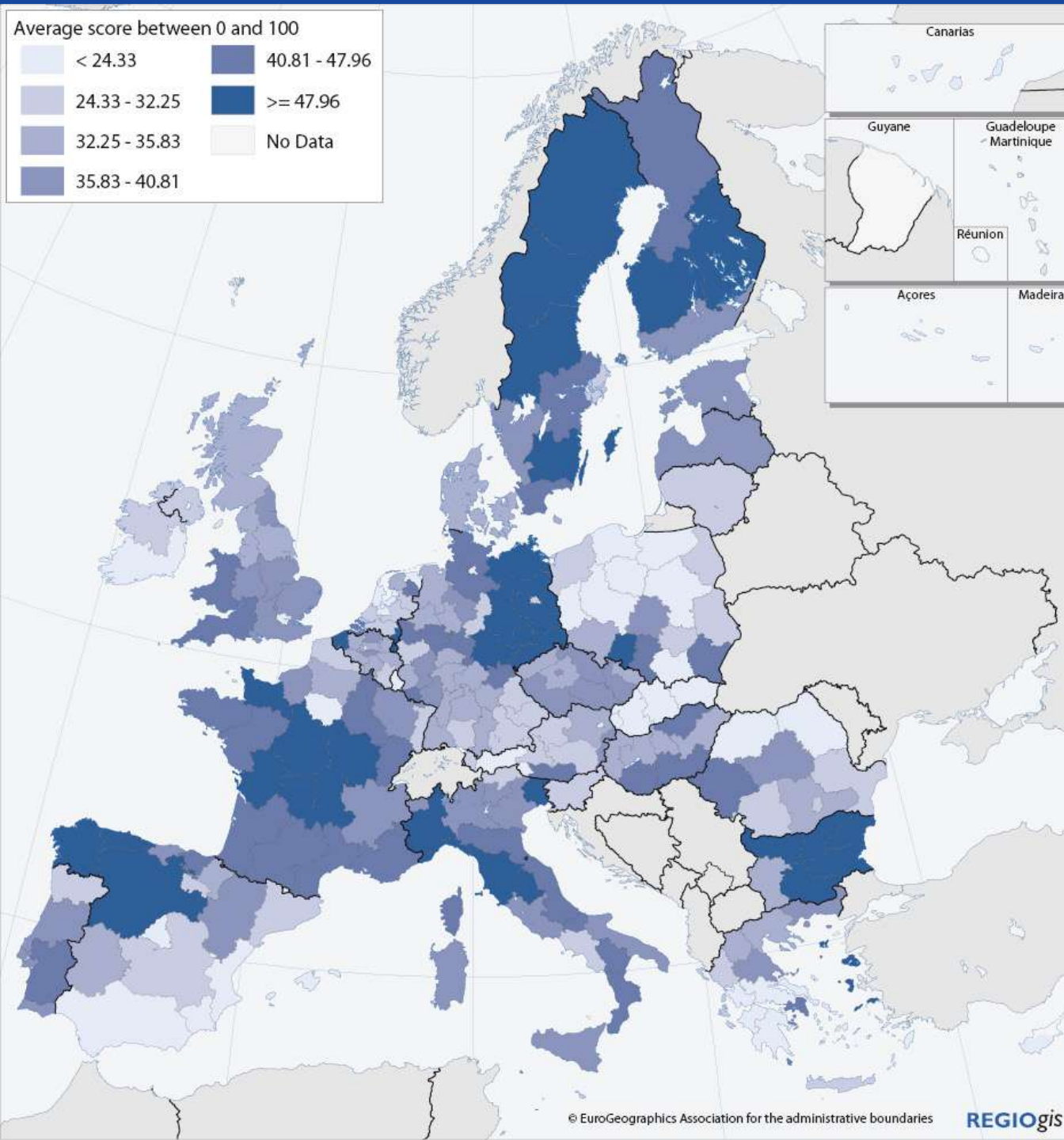
Globalisation



Globalisation vulnerability index, 2020

Note: *Index based on estimated productivity, employment rate, high education rate and low education rate in 2020.*

Demographic change



Demographic vulnerability index, 2020

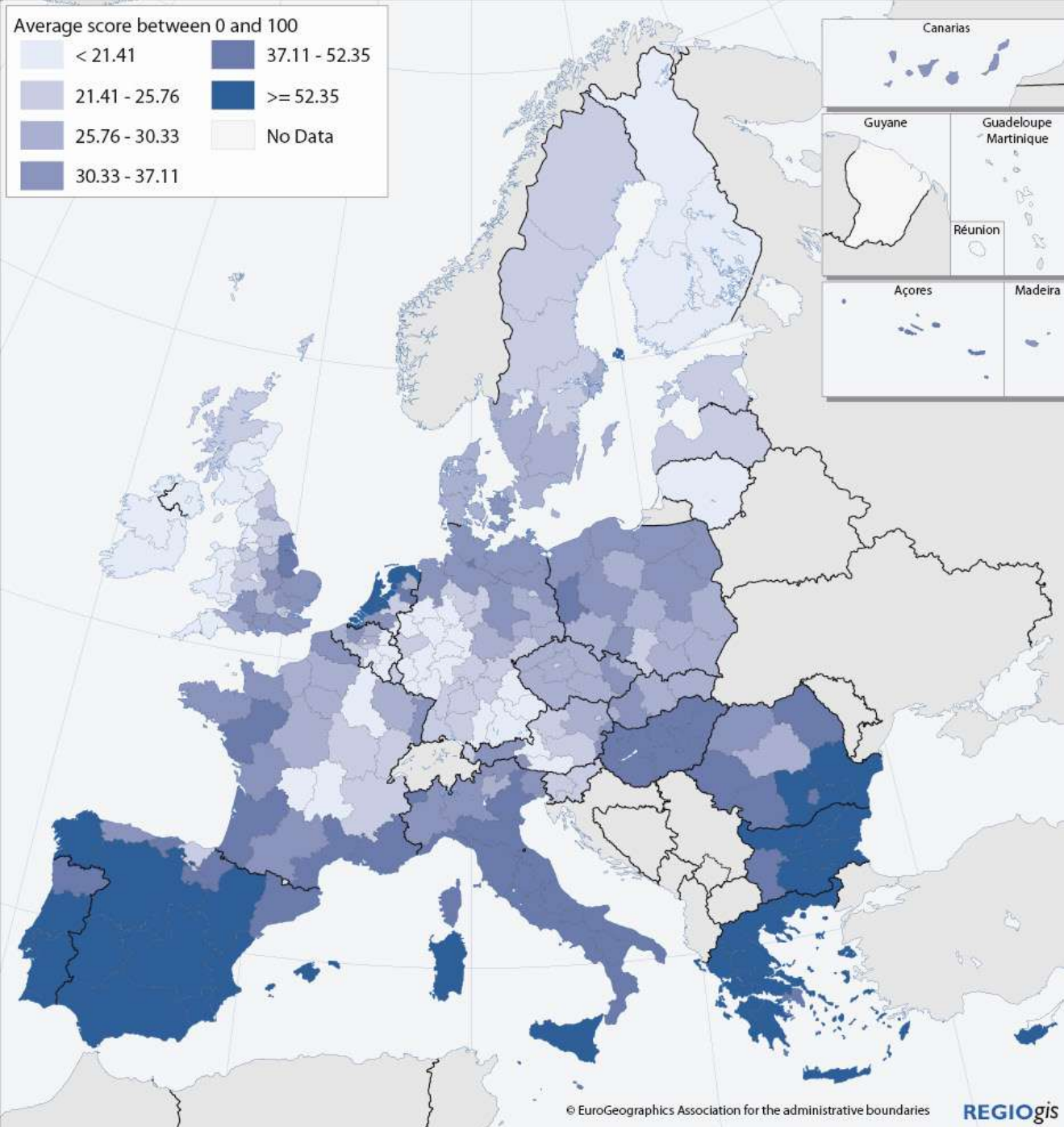
Note: *Index based on the estimated share of people aged 65 and above in total population, share of working age in total population and population decline in 2020*

Source: EUROSTAT

Climate change

Climate change vulnerability index, 2020

Note: Index based on change in population affected by river floods, population in costal areas below 5m, potential drought hazard, vulnerability of agriculture, fisheries and tourism, taking into account temperature and precipitation changes.



Source: EUROSTAT, JRC, DG REGIO



The case for having a European cohesion policy (2):

Facing the economic crisis

Economic crisis throws up a number of challenges for cohesion policy:

- Focus on real economy, infrastructure and exit strategies
- Sustainability of public finances

But crisis also shows merit of having a stable European cohesion policy:

- stable financing
- long-term investments in areas of future growth
- sowing the seeds for future growth etc.

Cohesion policy has an important role to play in addressing the economic crisis, although the crisis also poses constraints

Use pressure of crisis as an opportunity to (re)focus European cohesion policy and make necessary modifications



Summary so far: A policy for all European regions

A European cohesion policy as a structural policy with an explicitly territorial, place based approach linked to the Single Market, Economic and Monetary Union remains a necessary EU policy and should target all *regions* across the *entire* EU territory

Mission of cohesion policy remains valid: social, economic and territorial (Lisbon treaty!) cohesion remain central to the European integration process in the 21st century.

Legitimacy of cohesion policy does not mean that certain modifications / adjustments aren't necessary...



The future (1): More focused, strategic objectives

Criticisms:

- too many objectives
- too unfocused: how does it fit in with EU priorities such as Europe 2020

What can be done:

- clarify hierarchy of objectives and concentrate resources on a limited number of key priorities
- Europe 2020 as guide to future policy-making:
 - broad priorities (smart, sustainable, inclusive growth) need to be more focused
 - Cohesion policy will have to demonstrate how it contributes (targets?)
- Overall strengthening of the *strategic dimension* necessary (both at COM and MS level)
- stronger focus on EU value added necessary
- Lisbon earmarking first step, but more needs to be done



The future (2): Increasing effectiveness – and measuring it!

Criticisms:

- Clear mission and objectives enhance effectiveness, but effectiveness also hampered by complexity:
 - However, a certain degree of complexity is unavoidable in any comprehensive development policy
- Not enough evidence to say anything sensible about the effects/successes of CP
 - there is evidence, but have been looking at wrong evidence!
 - need to move from focus on process and financial absorption to delivery and results: impacts, output and performance

What can be done?

- a more limited number of narrowly defined core EU priorities → meaningful and quantifiable objectives
- monitoring and evaluation: target-setting, identification of indicators which are "measurable"
- obligatory core indicators
- Conditionality and incentives / sanctions for a limited number of key objectives? → closer links between disbursement of funds to achieving goals



The future (3): Improving delivery

Problem:

- How do we simplify without increasing the risk of errors?

What can be done:

- More differentiated approach (proportionality)
- Increased role of financial engineering
- Payment for results?
 - Labour market reforms
 - Macro-economic discipline
- Reinforcement of the role of civil society



The future (4): Improving delivery - simplification

Problem:

- high error rate and irregularities → role of heavy administrative workload? → simplification of the programme implementation and management and control processes?

What can be done:

- such a substantial policy will always have a certain degree of complexity
- trade-off between flexibility and complexity: more flexibility can be seen either as simplification or as increasing complexity!
- differentiated management and control requirements within the delivery system?
- changes to the automatic de-commitment rules (which aim to encourage financial discipline)? → e.g. introduction of a blanket rule without exceptions, but more flexibility at the beginning of a time period?



In sum...what questions will need answering?

- Which priorities should we concentrate on?
- How do we get the right balance between:
 - unlocking growth potential across **all** regions and....
 - concentrating resources only on limited objectives
- How do we simplify the policy while ensuring flexibility and an integrated approach?
- How do we balance local/regional/national priorities with EU priorities
- Financial management – how do we simplify without increasing error rate?
- How do we strengthen inter-connections between lagging and leading regions?
- How do we strengthen the role of regional and local actors and civil society?

➔ Your thoughts would be appreciated!



Thank you for your attention!

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http://ec.europa.eu/regional_policy/index_en.htm