

# ***THE FUTURE OF EUROPE'S REGIONAL POLICY***

*by Fabrizio Barca\**

## CLAIM AND PLAN OF THE PRESENTATION

- My claim is that 20 years of European Union regional policy under the heading of “cohesion policy” provide us with some light:
  - **on how to design the governance of a new paradigm of regional policy, let ‘s call it “place-based policy”, and**
  - **on how to reform EU regional policy itself**, so as to make it closer to this paradigm and to turn it into a driver for the economic and social goals of the Union.
  
- I will tackle these issues in **four steps**:
  - **First**, as a prologue, I will bring to the fore the **historical and juridical foundations** of cohesion policy and its present political status in the European discourse.
  - **Second**, I will outline the **place-based paradigm** that cohesion policy itself has helped shaping: Why does the EU need a development policy? And what policy should it be?
  - **Third**, I will argue that the **actual design and delivery of cohesion policy** is quite far from this paradigm.
  - **Fourth**, I will outline the **5 pillars of the reform** that cohesion policy should undergo to be up to its task.

## WHAT IS EU COHESION POLICY? (I)

- The EU Treaty sets “harmonious development” as one of its objectives to be addressed through:
  - the appropriate “implementation of the internal market”,
  - the “conduct” and “coordination” of Member States (MS) economic policies,
  - **the EU own budget (a set of Structural Funds) aimed at “strengthening economic, social and territorial cohesion”.**
  
- The Structural Funds make up what is known as Cohesion Policy. “Cohesion” (or “fitting together”) refers both to the **goal** and to the **process** through which harmonious development must be pursued. It is a condition where:
  - **economic** relations are dense,
  - **social** relations are participatory and open,
  - **territorial** features are explicitly taken into account.

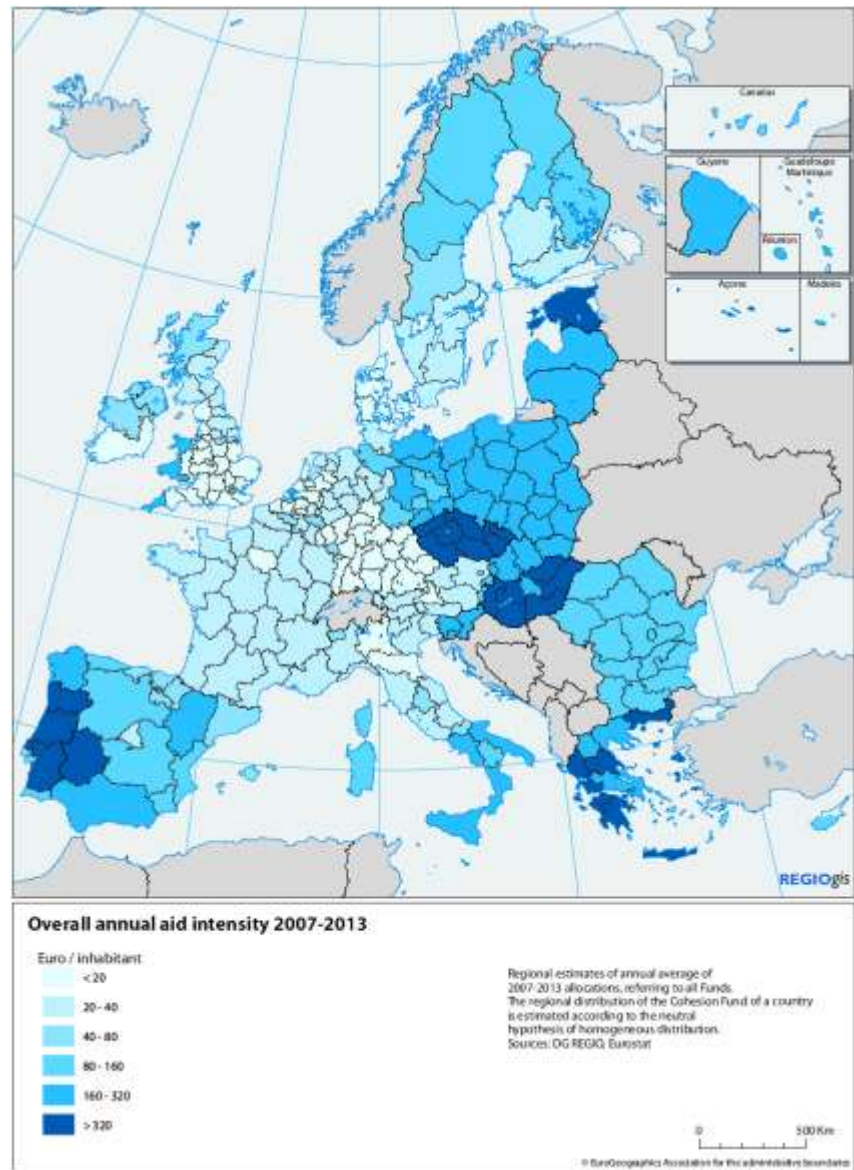
## WHAT IS EU COHESION POLICY? (II)

At present (2007-2013), EU Cohesion Policy:

- is structured in a Regional Fund and a Cohesion Fund (mostly for material infrastructures), a Social Fund (mostly for immaterial infrastructures) and some minor Funds;
- is endowed with **50 billion euro per year**, about 36% of the EU seven-year budget, 0,3-0,4 of the EU GDP;
- promotes a wide spectrum of **public goods and services** (22% transport, 15% environment, 15% research and innovation, 8% education and training, 7% labor market measures, etc.) in all Regions of the EU;
- finances them via **conditional grants based on “contracts”** between the European Commission and MS or administrative Regions;
- is concentrated on **Regions and MS with a low per capita GDP/GNI** (Regions with less than 75% and MS with less than 90% of the EU average).

# WHAT IS EU COHESION POLICY? (III)

## Overall annual grant intensity 2007-2013



Source: Eurostat.

## HOW HAS COHESION POLICY COME ABOUT?

- I. **Preliminary steps (1970-1985)**. A growing attention to the regional imbalance issue and the use of the EU budget are generated by the plan to deepen the internal market and to launch the economic and monetary Union:

*“No Community could maintain itself nor have a meaning for the people which belong to it so long as some have different standards of living and have cause to doubt the common will of all to help each Member State to better the condition of its people” (Commissioner George Thompson, 1973).*

- II. **The Delors Project (1985-89)**. The current cohesion policy is finally born out of the need to tackle the

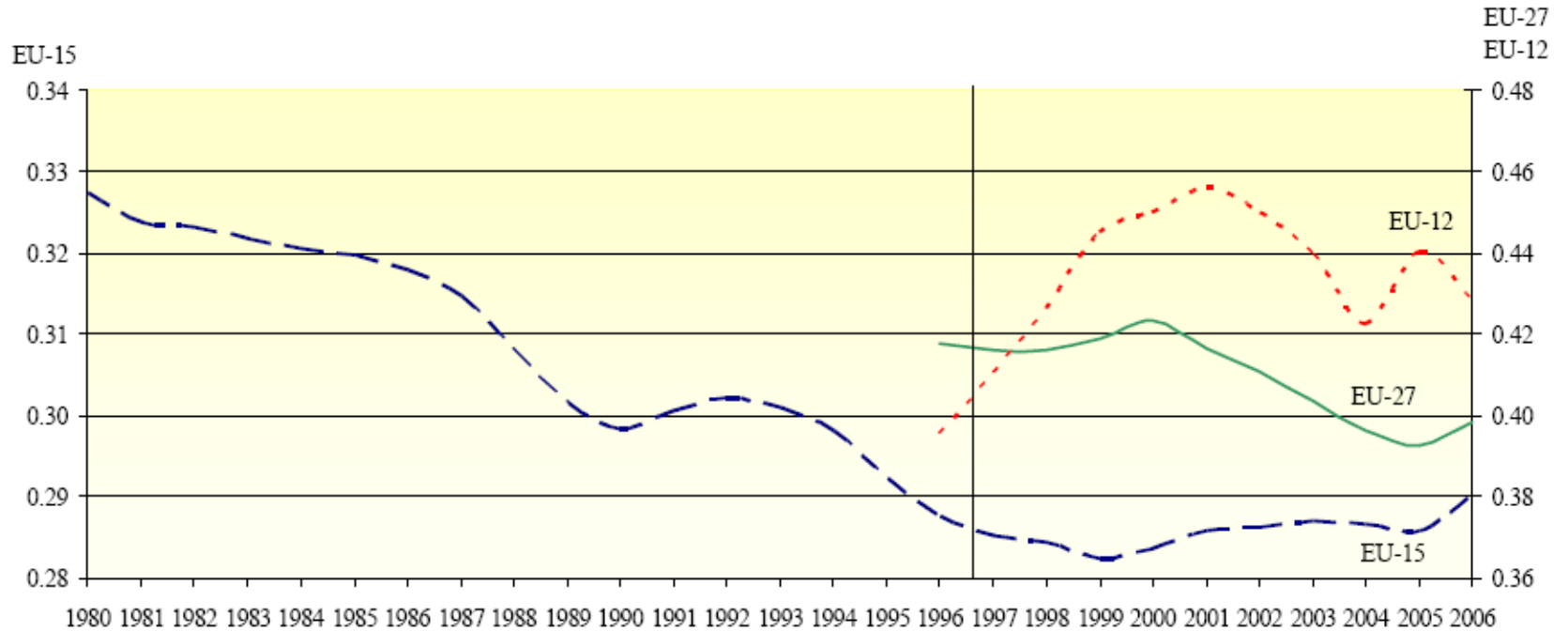
*“serious risks of aggravated regional imbalances in the course of market liberalisation” (Padoa Schioppa Report, 1987)*

thanks to the political vision of Delors and the political compromise of Mitterrand, Kohl, Gonzales and Thatcher.

- III. **Empowering the Commission (1989-94)**.
- IV. **Reaction: limiting Commission discretionality through “automatic” compliance (1995-2000)**.
- V. **Mounting critiques and the failed attempt of a strategic turn (2001-2009)**.

# SHRINKING CONSENSUS

Regional per capita GDP dispersion (coefficient of variation)  
 across groups of EU Member States: 1980-2006<sup>1</sup>



Source: Cambridge Econometrics and Eurostat database. DG Regio calculation.

<sup>(1)</sup> Coefficient of variation measured on NUTS 2 Regions.

## THE REPORT

### “AN AGENDA FOR A REFORMED COHESION POLICY”

- In Winter 2007 EU Commissioner Danuta Hubner addressed the mounting criticism by commissioning an **Independent Report** on the rationale and results of cohesion policy.
- It was completed in April 2009 by a small group with the contribution of a wide range of administrators (consulted through Seminars) and of academics outside the otherwise rather close “cohesion policy Community” (through independent papers and hearings: see [http://ec.europa.eu/regional\\_policy/policy/future/barca\\_en.htm](http://ec.europa.eu/regional_policy/policy/future/barca_en.htm)).
- It concluded that cohesion policy has the right architecture to serve as a platform for a modern place-based policy, but that evidence on results is seriously lacking and that the governance requires a radical reform. And it advanced a **comprehensive proposal for such a reform**.
- Since its release in Spring 2009, the Report has been at the centre of public debate. In about 30 meetings held all over Europe with public administrators, politicians, and academics, a **strong consensus on the diagnosis** has materialised, **the therapy has largely been backed** as a matter of principle, **but a conservative attitude** has emerged in many quarters on actually embarking on the change.

## WHERE ARE WE NOW?

- The debate on the 2014-2020 budget and on cohesion policy will start (with delay) **next Autumn** with **two formal Commission papers**.
- This will take place in a **context** of conflicting signals:
  - A **political awareness** has arisen on the need for the EU to strengthen its social agenda and to put “EU citizens rights” back at the centre of political action.
  - **Vague guidelines** have been approved by the EU Council on EU “growth strategy” – the so called Europe 2020 strategy – unfortunately based on no reflection on the reasons for the failure of the sectoral Lisbon strategy.
  - Pressure exists to redirect cohesion policy resources to **sectoral policies**. Originally made by the Sapir Report, this view has been supported by the attack launched by the **WB Report *Reshaping Economic Geography*** against any “space-aware development policy” and in favour of “space-blind policies”.
  - The Greek crisis has created **a mood for “rigour and sanctions”** in the use of the EU budget.
- On the whole, a **window of opportunity** is open to push forward the framework and the reform proposals advanced by the Report

## 1. WHY DOES THE EU NEED A DEVELOPMENT POLICY?

- **Every Union of States (with unified markets) requires a development policy, i.e. a strategy aimed at promoting both growth and social inclusion through the production of public goods and services:**
  - The free circulation of labor, capital and goods is a necessary condition, but it does not produce by itself progress in the well-being of all EU citizens.
  - A development policy is needed to give all of them, wherever they are born or live, the chance to take the opportunities and to defy the threats.
  
- **A policy for development is asked for by the citizens of the European Union:**
  - when the EU opens its internal borders, it is then asked to guarantee migrants the same basic social rights of the residents and not to let the quality of services for the residents to worsen;
  - when the EU prevents beggar-your-neighbor public aids in specific Regions hit by competition and by the attractiveness of successful agglomerations, it is then asked to provide the means for those Regions to regain their competitive edge;
  - when the EU adopts a strategy for climate change, which has very uneven effects, it is then asked to support the necessary industrial adjustments.
  
- **If the EU does not respond, citizens react by opposing mobility and common directives and by voting against the EU, and firms react by opposing market liberalization.**

## 2. THE OPTION OF A “PLACE-BASED DEVELOPMENT POLICY” (I)

- A definition. A **place-based development policy** is:
- a long-term development strategy aimed at promoting growth and social inclusion of **specific places**, by means of **integrated bundles of public goods and services** and **institutional changes**,
  - produced by **endogenously designed projects** based on the **extraction and aggregation of people’s knowledge and preferences**,
  - **exogenously promoted** through a system of **grants made conditional** on:
    - the selection of verifiable targets in terms of people’s well-being,
    - the commitment to tailor-made institutional changes, based on some agreed principles.

### **MEMOS:** *What is a place in a place-based development policy?*

- *A place is not identified by administrative boundaries,*
- *Nor by any other ex-ante “functional” criteria (coincidence of residence and activity, density of population, absence of land connections, existence of water or other natural linkages, altitude, proximity to natural areas, etc.),*
- *Rather a **place is endogenous to the policy process**, it is a contiguous area within whose boundaries a set of conditions conducive to development apply more than they do across boundaries.*
- *In the policy, a place will be represented by locally elected institutions, pacts among different locally elected institutions, a firm or a coalition of firms, or “special purpose institutions”.*

## 2. THE OPTION OF A “PLACE-BASED DEVELOPMENT POLICY” (II)

- **Why can't we leave places to react to under-development or to external challenges by their own means**, eventually by redistributing financial resources to the poorest of them?
  - ⇒ Because **inefficiency and social exclusion traps** can arise which **the endogenous political-economic-social process cannot get rid of**.
- Three motivations exist for the failure of the endogenous process:
  1. **The local elites may lack the capacity to innovate**: institutions (both formal and informal, such as trust, the capacity to act effectively in the pursuit of goals – agency - social capital, democratic participation in decision making) and circumstances have a strong **inertia** and they may be weak.
  2. **The local elites may lack the willingness to innovate**: appropriate formal institutions can fail to be chosen due to their **distributive effects**.
  3. **The local elites may not be sufficient to innovate**: given the indispensable role that public action is asked to play in any agglomeration pattern, **failures of public action can occur due to our profound ignorance** on a) the effects of this public action, b) the locally efficient limits of agglomerations, c) the net global effects of agglomerations.
- **All these three motivations call for an exogenous intervention.**

## 2. THE OPTION OF A “PLACE-BASED DEVELOPMENT POLICY” (III)

- **An exogenous intervention is needed in order to trigger the endogenous process:**
  1. Either by **promoting/integrating/substituting** for the lack of capacity of local elites,
  2. Or by **destabilising** the balance of power of the place and freeing innovators,
  3. Or by **providing a framework for public scrutiny** where all public interventions with an impact on places can be assessed.
  
- **The alternative to a place-based policy is the reliance on self-proclaimed space-blind policies** which always have *de facto* spatial effects, and which tend to follow, without public scrutiny, the decision of one or a few large firms.
  
- The understanding of successful agglomerations by the WB Geography Report:

*“market forces lead the way, government followed”*

must be contrasted with the frank reflection of a Chicago economist, Daron Acemoglu on the “structural lessons of the crisis for economics”

*“Our faith [in long-lived large firms to monitor themselves] may now have suffered a death blow”* (Policy Insight, n. 28, Jan. 2009)
  
- A place-based development policy, far from being a policy promoting people’s immobility, is **a policy aimed at increasing the freedom of people to rationally decide whether to move or to stay** via public interventions aware of their limits.

### 3. THE “PLACE BASED” PARADIGM IS THE APPROPRIATE ONE FOR THE EU (I)

- ⇒ **Sectoral-federal paradigm** EU-wide sectoral Funds for Innovation, Transport, Climate Change, Social Inclusion, Employment, etc., allocated by the Commission to individual projects.  
*MEMOS: This is the regional development policy adopted by the US federal government (with funds amounting to about 2.5% of GDP every year) and advised in 2005 by the Sapir Report.*
- ⇒ **Place-based paradigm**: a multi-sectoral Fund pre-allocated to MS and Regions whereby they allocate grants to integrated projects presented by “places”, and commit to respecting a set of conditionalities on institutions, process and results.

➤ The **place-based paradigm** is superior because:

1. It is **more effective**:

- it allows people’s preferences and knowledge to be revealed and accounted for,
- it avoids the “one-size-fits-all” syndrome, by allowing public goods and institutions to be tailored to places,
- it is particularly suitable to Europe, where, due to interdependencies and legacies, most challenges of globalization and Single Market concern places rather than sectors.

2. It is **the only feasible solution**, since, unlike the sectoral paradigm, it is **compatible with the EU’s limited democratic legitimacy**:

- sectoral top-down interventions are not coherent with the role of MS in social and economic development;
- while place-based interventions combine EU’s responsibility for setting goals and guidelines (conditionality) and MS’, Regions’ and local agents’ responsibility for implementing policy according to contexts (subsidiarity).

### 3. THE “PLACE-BASED” PARADIGM IS THE APPROPRIATE ONE FOR THE EU (II)

- The place-based paradigm is particularly needed in pursuing the objective of social inclusion.

**Social inclusion**” is defined as:

*the **share of persons above a socially acceptable standard in the different dimensions of well-being** (material well-being, work and leisure, knowledge and understanding, physical and mental health, social connections and relationships, political voice and government: see Stiglitz Report and OECD Global Project), the process through which results are achieved being participatory and fair.*

- The June 2010 Council decision has identified **social inclusion as one of the five objectives of the European 2020 strategy**. But how to achieve this goal, given the limited effectiveness of the Open Method of Coordination?
  - The division of labor between the EU taking care of markets and MS taking care of social issues is becoming untenable.
  - But any attempt to Europeanise social policies is constrained by the diversity of national normative aspirations.
- **A territorialised social agenda pursued through cohesion policy in a few priority areas is the only way to promote “EU citizens rights” while respecting national social contracts.**

## 4. HOW SHOULD SOCIAL INCLUSION BE TREATED BY A PLACE-BASED DEVELOPMENT POLICY?

- It is often argued that social inclusion should not be a separate policy objective since it is naturally correlated with growth. **Empirical evidence shows that no correlation exists. Theory suggests that both synergies and trade-offs between the two objectives are at work:**
  - **Synergies** exist: a) social exclusion traps and inefficiency traps often share a common cause; b) social exclusion traps, by causing social and political instability or preventing innovation, can negatively effect efficiency. Tackling the former can help address the latter.
  - **Trade-offs** also exist: a) greater social inclusion changes the balance of negotiating power among parties and it then increases the incentive and effort of some, while reducing the incentive and effort of others: the balance can be negative; b) policies for increasing social inclusion can reduce the incentive to make an effort.
- In the short-medium term, the balance of synergies and trade offs is an empirical matter:
  - ⇒ **Social inclusion and efficiency objectives must be kept distinct.**
- **Distinct interventions are also generally needed to address the two objectives: it increases the verifiability of results and the forcefulness of public scrutiny.**

*MEMOS: the opposite has taken place in Europe in recent years*

## ... BUT IS COHESION POLICY UP TO THE JOB?

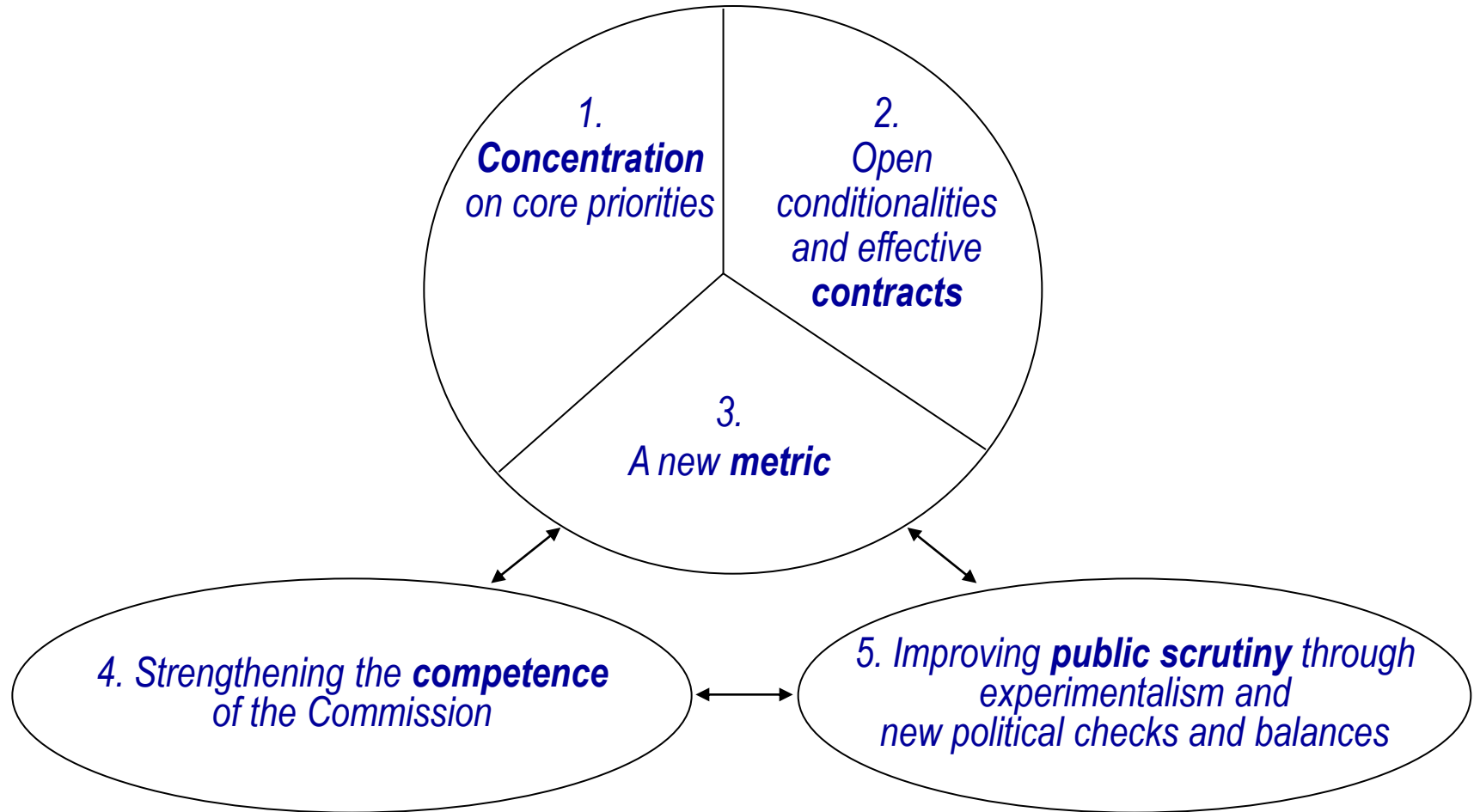
- The review conducted by the Report shows that **cohesion policy enjoys high accountability in terms of financial and physical output, but not in terms of outcome.**
- **The empirical evidence on the impact of cohesion policy is very unsatisfactory:**
  - the rich evidence on convergence of GDP p.c. tells us nothing on policy effectiveness,
  - econometric studies on macro data, while providing useful suggestions, do not offer and cannot offer conclusive general answers on policy effectiveness,
  - there is no systematic impact evaluation of interventions,
  - the system of outcome indicators and targets is of very poor quality,
  - methodological problems exist in the “metric of results”.

## THE AVAILABLE EVIDENCE LEADS TO TWO CONCLUSIONS

- 1. Cohesion policy provides the appropriate architecture for an EU place-based strategy:**
  - a system of multi-level governance, “contracts” and partnership, as required by a place-based paradigm, is in place,
  - a track record exists of achieving targets in specific contexts,
  - a contribution to institution-building has been made in many regions,
  - an EU-wide network for cooperation and dissemination of experience has been established.
- 2. But serious weaknesses hamper its effectiveness and demand change:**
  - the policy concept is very opaque, even inside the cohesion policy community,
  - no critical mass exists on priorities, and cohesion policy results are neither strongly perceived by citizens, nor at the centre of policy debate and public scrutiny,
  - economic (efficiency) and social (equity) objectives are confused,
  - contracts between the Commission and MS/Regions fail to focus on results and to create adequate incentives for the latter to use resources effectively,
  - the present strong pressure on timely spending has a negative feed back on effective spending.

# OUTLINE OF THE REFORM

The list of weaknesses sketches out a clear map for reform



## 1. CONCENTRATION OF RESOURCES

- **A Concentration of resources is needed - say 2/3 of funding on 3-4 “core priorities” - to ensure:**
  - a critical mass,
  - a clear focus for public scrutiny.
  
- **The priorities would not be sectoral but would identify issues** which are relevant for European citizens. The Report puts forward six examples:
  - 2 options with a predominantly “economic” objective: *Innovation* and/or *Adaptation to climate change*
  - 2 options with a predominantly “social” objective: *Migration* and/or *Children*
  - and 2 options aimed at both objectives: *Skills* and *Ageing*.
  
- A **menu** would be offered to all MS, leaving the choice to them through an open domestic public debate

*While:*

- *No substantial change would be introduced in the criteria for distribution of funds between lagging and non-lagging Regions and Member States. A pragmatical decision given the lack of feasible alternatives.*

## THE FINE BALANCE BETWEEN SUBSIDIARITY AND CONDITIONALITY

- A place-based strategy calls for a **fine balance between subsidiarity and conditionality**:
  - **subsidiarity** = policy and institutions must be tailored to contexts, by entrusting project design and implementation to the level of government which is as close as possible to the “place”,
  - **conditionality** = the exogenous intervention needs enough leverage to break local institutional traps and to promote innovators.
- **If subsidiarity is over-played**, a place-based policy is more likely to be captured by local rent-seekers ⇒ the very rationale of an exogenous intervention gets lost.
- **If conditionality is over-played**, the mobilization of local knowledge and preferences is weakened ⇒ exogenous interventions become ineffective (or even counter-productive).
- **This is where cohesion policy has often failed in the past and where reform should concentrate.** ⇒ The right balance between subsidiarity and conditionality calls for three interconnected tools:
  - A system of **flexible and effective contracts** between levels of government.
  - A new **metric for “orienting policy to results” tailored to contexts.**
  - Improved **public scrutiny** through **experimentalism and political checks and balances.**

## 2. OPEN-ENDED CONDITIONALITIES AND EFFECTIVE CONTRACTS (I)

- The EU would establish in a *European strategic development framework* (ESDF) the **criteria on the basis of which MS and Regions will later make their contractual commitments**. These criteria would concern three areas:
- **open-ended, enforceable institutional conditionalities** for each priority,
  - **criteria on the indicator system**,
  - open-ended **conditionalities on the place-based features** of policy (partnership, evaluation, experimentalism, etc.)

*An example of open-ended enforceable institutional conditionalities for the priority Innovation:*

- *launching of interventions will follow a **preliminary search** aimed at identifying the boundaries of the place, the comparative advantages in terms of unused knowledge base and innovation potential, and the synergies with other places;*
- *local actors will be given a **stake**, while **competition** with other areas and **mobility** of researchers will be maintained and promoted;*
- ***in the selection criteria for projects and in the implementation, incentives** will be designed to reduce the risks of adverse selection and moral hazard (such as targets for standardiseable functions, sequential granting, incomplete contracts with arbitrators, etc.);*
- *option for **replacing** project will be kept open.*

## 2. OPEN-ENDED CONDITIONALITIES AND EFFECTIVE CONTRACTS (II)

- MS and Regions would prepare (simultaneously) both a *National Strategic Development Contract* and some specific *Operational Programmes*. In these Contracts they would undertake commitment in three areas, based on the ESDF criteria:
  - **institutional changes** for each priority,
  - **objectives and targets** expressed in terms of outcome indicators,
  - the **place-based features** of the programming and implementing process.
- Furthermore:
  - They would commit to a **financial additionality** linked to the Stability and Growth Pact.
- **The Commission would negotiate these contracts through its geographic units** supported by priority task-forces. At the end:
  - it would adopt the whole Contract and would allow transfers to start, or
  - it would adopt the Contract, or some parts of it, “subject to conditions”, or
  - it would reject the Contract, or some parts of it.
- When the Contract is “subject to conditions” an *Implementation Report* would later be prepared by MS/R as a requisite for allowing transfers.
- Annual MS' *Report on Results* would present progress towards targets and institutional changes and Commission's *Opinions and Summary Report* would open public debate in the European Parliament and the Council.

### 3. A NEW METRIC FOR “ORIENTING POLICY TO RESULTS” (I)

➤ “Orienting policy to results” includes four different functions.

- *Ensuring that policy-makers comply with “results” which are (almost) fully within their means, i.e. procedural, financial and (partly) output targets:*
  - **automatic incentives and sanctions** can be used (through complete or incomplete contracts) in order to improve policy-makers’ effort.
- *Learning about what policy actually is:*
  - **evaluation of the implementation process** is needed, since “policy” is not adequately identified by its normative description, but it is shaped through implementation.

This is  
what  
cohesion  
policy  
already  
does

- *Promoting policy-makers’ focus on final targets in terms of people’s well-being, i.e. “results” which (unlike procedural or financial outputs) are only partly within policy-makers’ means:*
  - outcome indicators and targets linked to contexts and interventions must be used only as a way to make objectives clear-cut and publicly debated; while automatic incentives and sanctions should be employed with great care, since we have very limited understanding of the causal link between policy and outcomes.
- *Learning about what (which policy) works:*
  - impact evaluation is needed (not indicators!) to estimate causality between interventions and outcomes.

This is  
the core  
of the  
new  
metric

### 3. A NEW METRIC: OUTCOME INDICATORS AND TARGETS (II)

Three concurring contributions - the Report by the *Commission on the Measurement of Economic Performance and Social Progress*, a growing body of policy experiments all over the world (assessed and brought together by the OECD Global Project) and the progress made by the EU itself in the context of the Open Method of Coordination (particularly in the Social Inclusion Process) - provide the foundations for establishing a set of **requisites for a modern system of outcome indicators**:

1. indicators must refer to **several dimensions of well-being** (not just income and employment);
2. the **choice of dimensions** must combine different factors: a) theory and study of existing experiences, b) attention to contexts, c) closeness and respect for the values of the polities for which indicators are used;
3. statistical validation, timely update and clarity of interpretation must be respected;
4. indicators **must be close and potentially responsive to policy interventions**.

### 3. A NEW METRIC: OUTCOME INDICATORS AND TARGETS (III)

On the basis of these requisites the new metric of a place-based development policy would be built as follows:

- The indicator system would have three levels:
  - 1) a few **core indicators** at EU-whole level, to ensure horizontal comparability,
  - 2) specific **national/regional indicators** for each MS/R Contract,
  - 3) **community-based indicators** to be selected for each project.
- For type-2 indicators, **targets** would be established in each MS/R Contract. MS/R would receive technical assistance if they autonomously decide to link financial incentive to those targets.
- A **strong statistical unit** would be established in the Directorates responsible for Cohesion policy.
- MS/R would discuss **progress towards targets** in their yearly *Report* and provide “reasonable explanations” for the delays/accelerations compared to program. **Sanctions** would be introduced only for MS/R not updating indicators or failing to assess results in their *Report*.

### 3. A NEW METRIC: PROSPECTIVE COUNTERFACTUAL IMPACT EVALUATION

- **All methodologies of impact evaluation would be promoted. And a special effort would be made to promote counterfactual impact evaluation (CIE) designed while interventions are being designed (prospective CIE). Why?**
  - A **large body of practical experience** has accumulated on prospective CIE all over the world.
  - Prospective CIE can provide ex ante a **strong disciplinary effect** on the transparent identifications of:
    - objectives (“what does <<works>> mean?”),
    - mechanisms for selecting beneficiaries,
    - and on:
      - the timely collection of necessary data.
- **A place-based strategy is particularly suitable to implement and develop prospective CIE**, because: a) it allows the space for cooperation between evaluators, policy-makers and beneficiaries; b) its experimental nature makes it easier to deal with the ethical issues linked to randomization, such as ensuring truly informed consent
- **A place-based strategy also poses specific challenges to CIE** (heterogeneity of interventions due to context-dependency, and multi-component nature of interventions). A cautious and gradual learning process is called for.

## 4. STRENGTHENING THE COMMISSION: COMPETENCE AND ORGANISATION

### ➤ *Refocusing and strengthening the role of the Commission as a centre of competence.*

A more discretionary and demanding role for the Commission calls for its Directorates in charge of cohesion policy:

- to rebalance the internal structure towards strategic functions, by:
  - establishing core-priority task forces,
  - upgrading the evaluation department,
  - strengthening the links of the geographic units with those horizontal structures
- to make a significant investment in human resources, by recruiting for those functions the best junior and senior expertise that is today available in Europe,
- to achieve inter-Directorate coordination (between themselves and with sectoral Directorates) under the guidance of the EU Secretary General.

### ➤ *Addressing the financial management and control issue.*

This would require:

- keeping the accountability of “regular policy implementation” separate from measuring progress towards outcome
- reducing the control and audit burden for the Commission, either through the proposals being currently debated or through an appropriate implementation of the new Treaty with a transfer of responsibilities to Member States.

## 5. IMPROVING PUBLIC SCRUTINY: COMBINING EXPERIMENTALISM ...

An improvement of public scrutiny is the necessary leverage for all the other arms of the reform to be effective.

- First of all, public scrutiny must be improved at **place level**. **Stronger incentives would be created for actors at place level to reveal and exchange knowledge and to experiment with solutions while exercising mutual monitoring and being exposed to external knowledge** It is not only a matter of ensuring *ex-ante* consultation and dissemination of information, but also of:
  - a) promoting knowledge and preference revelation by actors, and
  - b) creating a space for voice and dissent.
  
- **This result can be achieved by:**
  - committing MS/R to place-based strategies,
  - Promoting the learning process,
  - building effective Monitoring committees and promoting the participation of active citizens organizations,
  - putting at Commission's disposal a small share (0,1%) of all funds for *Innovative territorial actions*.

## 5. ... WITH EU-WIDE POLITICAL CHECKS AND BALANCES

Improved information on results and greater Commission discretion make **stronger public scrutiny by the two other European Institutions respectively feasible and necessary.**

- A **new formal Council for Cohesion Policy** would be created which would:
  - assess Contracts and *Reports on Results*,
  - assess special decisions by the Commission (approval of Contracts subject to conditions, financial sanctions, rejection of Contracts, etc.),
  - issue recommendations.
  
- The **European Parliament** would:
  - fully use its budgetary power as a way to demand *ex-ante* a clear voice in the decisions on the menu of priorities and on other strategic issues,
  - contribute opinions on Contracts and *Reports*,
  - receive and debate the Commission's *Summary Report* (as part of the "Evaluation Report" of the amended art. 275 of the Treaty).

## A WINDOW OF OPPORTUNITY

- **The chance exists in the next two years to turn cohesion policy in a truly place-based approach to economic and social development:**
  - The new EU2020 strategy demands a delivery channel if the announcements made to the EU citizens are not to be betrayed.
  - The demand for “stronger EU economic governance” after the Greek crisis is increasing the awareness on the potential preventive role of cohesion policy:  
*“The Commission will propose to establish ex-ante conditionality linking disbursement of cohesion policy support to **structural and institutional reforms** directly linked to the operation of cohesion policy with a view to improving its effectiveness and efficiency”. (Commission COM (2010) 367/2, July 2010)*
- **The European academic community can play a role in this delicate phase:**
  - by not leaving the debate of the next few months only to administrators, politicians and “cohesion policy experts”;
  - by making its voice, ideas and proposals heard;
  - by responding, if the opportunity were to come, to the challenging demand for human capital that a reform would create.