

**EU-Kohäsionspolitik 2014+: Hat die Zukunft schon begonnen?!  
STRAT.AT plus Veranstaltung, ÖROK, Vienna, 18 June 2008**

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**Cohesion policy 2014+:  
Perspectives on the reform debate**

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**Cohesion policy 2014:  
Perspectives on the Reform Debate**

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- EU budget consultation
- EU Cohesion policy consultation
- Pressures on the policy



## Consultation on the EU budget

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*"This budget review is unique, a once in a generation opportunity to make a reform of the budget and in the way we work" (Barroso, September 2007)*

Key questions:

- responsiveness of the budget to changing needs?
- the right balance between stability and flexibility?
- key issues for Europe in the coming decades?
- criteria for applying European added value?
- changes to spending priorities to reflect policy objectives?
- improving effectiveness and efficiency in budget delivery?
- enhancing transparency and accountability of the budget?

Extended deadline: 15 June 2008



3

## Perspectives of the Member States: EU budget

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General support for the budget review:

- 17 Member States and large number of regions, NGOs, Private sector associations etc
- missing national responses: BE, CY, ES, IE, MT, SI, SE UK
- responses from regions, NGOs, private sector etc mainly from EU15 (UK, DE, AT, FR, IT); very few from EU12.

Principles that should guide the review:

- value added, subsidiarity, proportionality (AT, BG, CZ, DK, ET, FI, FR, GR, IT, LT, LV, NL, PT, RO)
- sound financial management, budgetary discipline (AT, BG, CZ, DE, DK, FI, FR, GR, HU, IT, LV, PT, RO)
- administrative effectiveness – simplicity, visibility, stability etc (DE, DK, PT, SK)
- solidarity (BG, CZ, DK, FR, GR, HU, IT, LT, LU, LV, NL, PT, RO)



4

## Perspectives of the Member States: EU budget – principles, resources

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Overall approach – some basic principles:

- equitable burden sharing (DE, ET, FR, IT, GR, FI, LT, RO)
- improve transparency and credibility of spending (AT, DE, PL, SK)
- ensure consistency/coherence of policies (AT, DE, HU, PL)
- reduction of administrative costs (AT, DE, DK, FI, IT)
- greater application of evaluation (AT, DE, FR, IT)

Divided views on 'own resources'

- support for EU tax, allocation of national tax share to EU, or other EU-wide source of revenue (AT, FI, FR, IT, LT, LU, RO) .....
- ...but also retention of GNI-based system of national contributions (DE, FI, NL, PT, RO)
- abolition of VAT-based resource (AT, CZ, DE, ET, FI, FR, HU, LT, PT, SK)
- abolition, phasing-out, simplification of budgetary corrections (AT, BG, CZ, DK, ET, FR, GR, HU, IT, LT, LU, LV, PL, SK)



5

## Perspectives of the Member States: EU budget – expenditure, policy priorities

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- Competitiveness – some common views
  - for more focus on education, innovation and research (BG, CZ, DE, DK, ET, FI, FR, GR, HU, LT, LV, RO)
  - knowledge economy should be 'top priority' (AT, FI, IT, LU, SK)
- CAP – less consensus
  - more competitive agriculture (DE, FI, IT, LT, LU, NL, SK)
  - shift resources to rural development (AT, CZ, DE, DK, ET, FI, GR, IT, LT, LU, RO, SK)
  - support for high-quality agriculture, environmentally compatible land use (AT, CZ, DE, GR, IT, PL, PT)
  - co-finance aid to farmers (IT)
  - phase out/reduce direct subsidies (DK, ET, NL)



6

## Perspectives of the Member States: EU budget – expenditure, policy priorities

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- More attention to energy and the environment....
  - more attention to environmental protection (FR, LU)
  - incentives for renewable energy and energy efficiency (AT, CZ, DE, FR, IT, NL, PL, PT)
  - mitigation of climate change (CZ, DE, DK, FI, HU, IT, LU, LV, NL, PT, RO)
  - energy security (CZ, DE, FR, HU, LT, LU, LV, NL, PT, RO) or common energy policy (FI, GR, HU, LT, LV)
- ...also to citizenship, freedom, security, justice
  - more/adequate resources (BG, ET, FR, IT, LU, LV, NL)
  - migration policy (CZ, ET, FR, GR, HU, IT, LT, PT, RO, SK); sharing of burden for external border control (ET, GR, IT, LV, RO)
  - internal security (terrorism, transnational crime) (DE, ET, FR, HU, IT, LT, NL, SK)
  - external policy (ESS, ENP, CFSP) (BG, CZ, DE, DK, ET, FI, FR, GR, HU, IT, LT, LU, LV, NL, SK)
  - specific priorities - Western Balkans, Middle East, crisis management, ENP (AT, ET), Mediterranean (FR)



7

## Perspectives of the Member States: EU budget – expenditure, policy priorities

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### Mixed views on Cohesion policy

- Geography of support
  - broad view that policy should focus on least-developed Member States and regions (BG, CZ, DE, DK, ET, FI, HU, LU, NL, PT)
  - use only GDP per head for financial allocations (DE, DK, LT)
  - support should be provided for all regions (IT)
- Financial resources:
  - no reduction in Cohesion policy resources (HU, LT, PL, RO, SK)
  - substantial cut in Cohesion policy budget (NL)
- Thematic focus
  - maximise added value by focusing on EU priorities (CZ, FI, IT, LT) especially the Lisbon agenda (BG, CZ, DE, FI, FR, HU, LT, LU, PL, RO)



8

## Consultation on EU Cohesion policy

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4<sup>th</sup> Cohesion Report launched consultation with fundamental questions:

Key questions

- What lessons can be drawn from the experience of preparing the 2007-2013 programmes?
- How far is Cohesion policy adapted to the new challenges European regions will face in the coming years?
- How can Cohesion policy further develop an integrated and more flexible approach to development/growth and jobs?
- How effective and efficient is the policy management system?

Deadline: closed 31 January 2008

9



## Consultation on Cohesion policy

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- **Commission perspectives**
  - challenges
  - concepts
  - governance
  - implementation
- **Member State perspectives**
  - engagement in the debate
  - future challenges
  - policy approach
  - policy management

10



## Consultation on Cohesion policy Commission perspectives - Challenges

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- **Future territorial challenges**
  - globalisation and acceleration of economic restructuring
  - changes in structure of population – demographic ageing/decline, migration
  - territorial pressures of climate change
  - economic impact of rising energy prices
- **Role of Cohesion policy**
  - delivering the territorial dimension of EU objectives?
  - facilitating the adjustment (capacity) of regions?



11

## Consultation on Cohesion policy Commission perspectives - Concepts

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- **Primacy of growth**
  - function of Cohesion policy is not only **redistributive** - promoting convergence, reducing regional disparities....
  - ....but also **allocative** - mobilising local resources, potential to promote growth, exploit opportunities
- **Focus on the business environment**
  - growing emphasis on the provision of public goods (ICT, R&D, transport, skills etc), especially European public goods
  - supporting the business environment rather than direct aid to enterprises



12

## Consultation on Cohesion policy Commission perspectives - Concepts

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- **Sustainable development**
  - concern with qualitative aspects of development: social and environmental sustainability
  - going beyond GDP per head as a measure of policy – defining new indicators
  
- **Territorial cohesion**
  - giving a higher profile to concepts of ‘territory’ or ‘place’ in the development paradigm
  - recognising specific territorial characteristics (insularity, peripherality, sparsity of population etc)
  - consideration of socio-economic dynamics (e.g. urban-rural relationships, urban networks)



13

## Consultation on Cohesion policy Commission perspectives - Governance

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- **‘Reinforcement’ of the multi-level governance system**
  - stronger involvement of regional and local levels
  - more participation of private sector (e.g. through PPP)
  - greater coherence and coordination of policies with territorial impact
    - between EU Cohesion and other policies
    - between EU and national policies
    - between national regional and sectoral policies



14

## Consultation on Cohesion policy Commission perspectives - Implementation

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- Review of the role of the Commission - more policy adviser than expenditure controller?
- Reorganisation of the division of responsibilities between Commission and Member States – especially audit?
- Simplified implementation system e.g. single fund?
- More performance-based approach (“single most important issue”) – targets, contracts?



15

## Consultation on Cohesion policy Member State perspectives

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- **Approach to the consultation on Cohesion policy**
  - overall welcome for the debate – but caution about what it involves
  - Member State responses to the DG Regio consultation
    - characterised by generalised statements, although some clear principles stated...
    - ....with some Member States reticent about being involved (e.g. AT, DK, SE, SK)....
    - ....and concern that Cohesion policy consultation should not replace/pre-empt budget debate (e.g. DE, PL)



16



## Consultation on Cohesion policy Member State perspectives - challenges

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- Views on the 'future challenges' for Cohesion policy
  - general consensus that convergence should be the main objective of Cohesion policy
  - Lisbon focus is also generally supported, although some concern about...
    - the appropriate balance between convergence and competitiveness (e.g. SK) and..
    - the over-prescriptive approach of the COM; need for more flexibility (e.g. RO, UK)



17

## Consultation on Cohesion policy Member State perspectives - challenges

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- No consensus on the role of Cohesion policy in addressing major challenges such as climate change, demography, energy security etc
  - recognition that Cohesion policy needs to take account of these issues (AT) or can make a contribution (PT) but...
  - ...need to be clear on rationale for CP involvement (DE)
  - ...CP should not depart from its main goal (BE)
  - ...CP budget is too limited to broaden its focus (LV)
  - ...other instruments are more appropriate (FI)
  - ...dangerous to widen objectives (UK)
  - ...CP should concentrate on a limited number of objectives (PL)



18

## Consultation on Cohesion policy Member State perspectives – policy approach

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- Main issue of debate is territorial cohesion:
  - definitional concerns – need to clarify meaning and operationalisation of territorial cohesion (PL, PT)
  - agreement on value of territorial cooperation (needs to be strengthened in view of ES, FI, LV, PL), but no mandate for extending scope of territorial cohesion further (DE, UK)
  - divided views on:
    - spatial coverage – all region approach (DE, FI) vs territorial selectivity (LV)
    - eligibility criteria – retain GDP per capita (DE) vs use of of broader range of criteria (BE, ES, LV, PL)
    - territorial features – no differentiation (DE) vs recognition of geographical characteristics (ES, FI, FR, GR)



19

## Consultation on Cohesion policy Member State perspectives – policy approach

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- Specific concerns regarding the focus of support:
  - concept of public goods needs further discussion (AT, SK)
  - stronger focus on R&D and innovation (BE, ES)
  - more support for social capital / human capital (BE, FI)
  - provision of support for general education (LV)



20

## Consultation on Cohesion policy Member State perspectives – management

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- Simplification has been inadequate / meaningless – needs serious action (AT, ES, FI, IT, LV, UK)
- Strengthen synergies / integration between EU policies e.g. Cohesion policy with rural development, sustainable development policies (BE, FI, IT, PL, PT, RO, UK)
- Subsidiarity needs to be stronger – increased flexibility for implementation (AT, BE, DE, ES, RO)
- Increased use of other financial instruments (FI)
- More results-oriented policy approach e.g. conditionality, targets, performance incentives (IT, PT)
- Better evaluation (IT, PL, PT)



21

## Cohesion policy 2014: Pressures on the policy

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- Effectiveness of the policy is disputed:
  - Significant evidence for positive economic and employment (and added value) effects.....
  - ..... but several studies have found limited impacts on regional disparities or long-term growth
  - Reasons for 'poor' performance:
    - over-reliance on infrastructure investment (especially in the 1990s); insufficient attention to education and human capital
    - business aid less effective in poorer regions
    - not enough attention given to institutional capacity
  - New evidence:
    - will the ex post evaluation of the 2000-06 period show different results?
    - are Structural Funds more effective in the 2007-13 period?



22

## Cohesion policy 2014: Pressures on the policy

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- Efficiency of the policy is problematic:
  - high level of administration (disproportionate?)
    - organisations avoiding applying for EU funding
    - management bodies focusing on large projects and quick commitment
  - N+2(3) – financial absorption vs project quality
  - financial management, control and audit
    - problems at programme and Member State level – irregularities in past programmes
    - problems at EU level – EU accounts, EP hearings



23

## Cohesion policy 2014: Pressures on the policy

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- Implications of the budget review
  - 'zero-base' approach by DG Budget
  - pressures from within the Commission - other policy areas and new themes
  - pressures from Member States
  - influence of the European Parliament?
- Final question: what kind of Cohesion policy will command sufficient support?



24

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Perspectives on the reform debate**

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**Thank you for your attention!**

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