



**Reaction to Dirk Ahner: “*What do you really know about European cohesion policy?*”**

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DECEMBER 2009

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European Cohesion Policy has been a corner stone of the European Union's core policies since the mid-1980s. Yet, the policy faces strong criticism and pressure to adapt and to reform. And, ever since its inception, the policy has been subject to strong pressure to legitimate and to justify the huge amount of funds dedicated to this policy.

Today the European Commission services have already begun to prepare for the next chapter, adapting Cohesion Policy under difficult conditions and justifying the continuation of this policy. The Barca Report "An agenda for a reformed cohesion policy" argued for a place-based European development policy and the new Commission will probably come back to this approach. This is the political background of Dirk Ahner's paper. As Director General of DG Region he convincingly argues for an *a priori* clarification of the *raison d'être* of Cohesion Policy before we go out in search of a new vision.

It is definitely right that Cohesion Policy has both a political and an economic side. From the beginning, the policy has had an economic rationality. European Structural Funds always served as instruments of economic policy and are as such intimately bound up with Europe's broader economic policy priorities. Cohesion Policy provides incentives for poorer regions or regions with high problems to catch up to the European average. And there is the associated political argument that Cohesion Policy is an expression of Community solidarity in practice. But there is also the additional dimension of Cohesion Policy which might be called the "compromising function". In the history of the Structural Funds there has always been a connection between integration projects seeking to expand and deepen the EU and the growth of Cohesion Policy. Although Cohesion Policy was justified in terms of economic benefits and social cohesion, broader European integration objectives and interests have been decisive to its expansion. Ultimately, cohesion policy is also a financial instrument

for smoothing the deepening and widening of the EU member states that feared disproportionate political or economic costs of deeper or wider integration have been compensated with Structural Funds. And the European Union might need this instrument as a fiscal *quid pro quo* for progress on integration for its future development.

However, the reflection process on the future of European cohesion policy will take place in a difficult policy context:

1. The discussion about future Cohesion Policy is directly tied to the review of the EU budget. Because the overall budget has to be passed unanimously, a consensus will have to be reached about the question of how much money is to be provided for EU Cohesion Policy. With the cycles of the multi-year funding programmes and the multi-annual financial framework coinciding, Cohesion Policy has been consciously made into an important element of the EU budget negotiations and instrumentalized to create package deals. To get a deal, the member states obviously need Cohesion Policy as an adjusting screw. The member states and their big budget bargain cannot be by-passed.
2. The global economic crisis will make it even more difficult to hammer out a compromise between the member states on cohesion policy reform. There are growing demands on the European Structural Funds from the beneficiaries of Cohesion Policy which will collide with increasing unwillingness of net payers to provide additional funds for the EU budget.
3. The European Commission currently tries to use the economic crisis as a chance and an opportunity to mainstream an overall, all-encompassing development strategy under the heading «Europe 2020»

into European policies. The structural funds will be even more important as the fiscal instruments to underpin the new strategy.

This means, European Cohesion Policy will have to struggle with other policies for scarce funds, political attention and strategic steering capacities. So the crucial task is to make Cohesion Policy more efficient while promoting solidarity and cohesion. The policy has to be based on a more legitimate and fair foundation, deliver more efficiency and a mutual European added value – hence, a new legitimacy is needed.

That means we have to have a look at the broader picture. The description of the Commission’s vision when implementing European Cohesion Policy and the explanation of the policy’s logic and structure will not be sufficient to justify the policy. And it will not be enough to assert that the policy can be improved. The current reform of Cohesion Policy will have to find a compromise between “lisbonized” priorities and the treaty-anchored goals of solidarity and regional cohesion. However, it will have to remain within the integration and treaty frameworks. There will be no starting from scratch, no change of the system itself and its history. Thoughts should therefore revolve around pragmatic adaptations, remaining in those realms where compromise solutions are absolutely plausible and feasible.

The characteristic conflict of goals will remain, and the Commission will have to present convincing proposals to solve the tensions. Some elements might be:

- **Better performance and more efficiency**

Increasing the performance and the efficiency of the policy means to improve monitoring and evaluation. To measure performance or failure requires quantifiable objectives and objectively measurable targets. Hence, more efficiency implicitly means collecting more data, for example not only on economic growth and the creation of new jobs but also on the rise of per capita income in the regions,

the speed of transport links, CO<sub>2</sub> emissions, energy efficiency, the number of patent registrations, or the level of education and degree of training. The problem will be how to measure the political and integration added-value of Cohesion Policy. Dirk Ahner mentioned in his paper the fostering of EU integration and the promotion of interregional links and networking.

In order to increase the success of cohesion measures and minimize deadweight effects it would make sense to increase the self-interest of regional and national programme administrators in running the most effective and sustainable funding measures. Although the European Performance Reserve was abolished for the current funding period after harsh criticism from certain member states, it still seems reasonable to grant a bonus to regions that plan and implement efficiently.

However, continuous monitoring, verification, evaluation and control of the fund-administering agencies are imperative for a more performance-oriented policy implementation. And this will in turn contradict the aim to reduce bureaucracy and to give the regions more flexibility running their programmes.

- **Flexibility and subsidiarity**

What should be prevented is a politicization of Cohesion Policy. Politicization as asked for by the Commission and proposed by the Barca Report might strengthen the responsibility for politicians for the implementation of the policy and maybe it might strengthen the “ownership” felt by national policy-makers. But the policy itself will become even more an instrument of political rationality and maybe even for party politics if such reforms are introduced. There is the risk that a long-term strategy focusing on the strengths and weaknesses of a region could be superseded by changing programs forged by short-term political trends. Cohesion Policy has been and

still is a very complex, very technical policy which is dominated by administrations at all levels.

The discussion to modernize European Cohesion policy is just beginning. It will be a difficult, maybe impossible task to reach consensus between all stakeholders. It is the strength of Dirk Ahner's paper that it tries to bring the debate back to the realities of European cohesion policymaking and to defend the policy against its critics. The policy will be needed to confirm European solidarity and thus to promote economic and political integration. And Dirk Ahner is certainly right when he calls for more political commitment to promote the policy.

*With the support of the European Commission*

