

WHAT FUTURE PRIORITIES FOR THE COHESION POLICY AFTER 2020?

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This Tribune by Marjorie Jouen is an extract from her address to the final session of the European Committee of the Regions conference on "The Future of the Cohesion Policy Beyond 2020", held in Brussels on 3 March 2016. She traces the development of the cohesion policy and analyses the new challenges facing it, before herself proposing a number of recommendations for the future of the cohesion policy after 2020.

1. The dual challenge of economic and social cohesion thirty years ago

Thirty years ago, in February 1986, the first revision of the Treaty of Rome was signed under the moniker of Single Act. An entire section of the treaty was devoted to the cohesion policy which was to be implemented over the following three years, thanks to a doubling of its budget. At that time, the policy was designed to cope with a dual challenge: it had both to increase the efficiency of the existing European funds being paid in by the member states – the ERDF, the ESF and the EAGGF Guidance Section – and to ease the territorial imbalances occasioned by the completion of the single market.

There were several potential ways of achieving those goals and, after some intense debating both within the Commission itself and with the national governments, it was decided to give it the shape of a regional development policy in which the funds were integrated. In the event, this was the right choice because it went hand in hand with a remarkable economic and social integration movement in the new member countries in the 1990s, also with a view to paving the way for the EMU, and subsequently also in the 2000s. It was also responsible for helping the EU's less developed regions to make up lost ground. Fabrizio Barca pointed out in his report in 2009 that it was still the most appropriate policy for the European Union but that in order to make the policy more effective, it was necessary to return to the original blueprint by modifying its governance and redirecting it more towards the achievement of results.

Over the past eight years, with the economic and financial crisis, this policy has tended to become the public investment policy for a number of countries, i.e. the countries worst hit by the monetary crisis and by its repercussions on public finances. That role was never planned and we may well ask ourselves whether it should continue, because the funding associated with cohesion policy is still minimal in proportion to the EU's GDP, and this tends to perpetuate the more fragile member states' dependence on it. The creation of the European Fund for Strategic Investments (EFSI) answers that question to some extent, because it aims to attract private capital to invest in strategic economic projects in order to allay the pressure on European Structural and Investment

Funds (ESIF). It is early days yet to know whether the EFSI is going to fulfil its mission, and in particular whether private investor mobilisation is going to impact all of the EU's member states and regions in equal measure.

Then there is the second challenge facing the single market, which also received a dynamic reception and which has served as a solid tandem for the construction of Europe until today. The situation, however, is now changing because the single market has lost a large part of its pro-integration virtues. It has become less crucial in the strategies of Europe's large corporations and it is increasingly and disproportionately benefiting only one country, namely Germany, whose ties with its neighbours are also tending to become looser and looser. A historic turning-point in December 2015 was reached when it was noticed that France was no longer Germany's primary trading partner (it had become its second customer after the United States and its third supplier after China and The Netherlands). And in any event, the combination between the globalisation process and new digital technologies is speeding up the tendency already noted for an ever wider gap within smaller areas rather than between large regions – i.e. between cities and their surrounding countryside, or even between different neighbourhoods within the same city. And inequality between individuals is also on the rise. So while it is less imperative to peg cohesion policy to the single market, it may be time to take an inventory of those of its component parts which have been discarded in the past on the ground that they were not particularly compatible with an efficient single market. This, because those discarded component parts would prove extremely useful in resolving the new issues facing the European Union.

2. Societal and territorial cohesion, one of the new European challenges after 2020

It seems to me that the challenge regarding the legitimacy of European construction in its citizens' eyes needs to be addressed in several different spheres today: the sphere of external policy; the sphere of convergence within the EMU; the sphere of "societal" or even democratic cohesion; and the sphere of the ability to face the environmental risks linked by

the scientific world to the Anthropocene (energy transition, climate change and dwindling biodiversity).

The cohesion policy is not particularly closely concerned with the first of those items. Where the second is concerned, though, we may question the effectiveness of the multiple existing framework measures and conditionalities, and the usefulness of strengthening them. Pressure on the cohesion policy is likely to increase in the future, although I do not believe that there is as simple a mechanical link as the macro-economists suggest. On the other hand, the cohesion policy can probably make a significant contribution where the other two challenges are concerned. This, because our interpretation of social cohesion to date has chiefly been associated with the economic sphere, with employment, training, social protection and so forth. Yet experience has shown that certain programmes, such as the pilot schemes for local development, and the multi-level governance of the ESIFs based on partnership and strategic planning, have made it possible to modify people's conduct and standards of living, as well as steering public management methods in a more democratic direction.

Of all the Union's policies, the cohesion policy is probably the one that endeavours the hardest to respond to the issue of managing Europe's diversity. It has achieved this, once again, through strategic planning, but also through support for different kinds of territorial cooperation. Since the crisis of 2008 we have been able to see that regions' and countries' ability to weather financial or monetary shocks differs widely from case to case. These differences are due not only to economic factors but also to social, cultural and political factors. Moreover, natural risks might also trigger exogenous shocks in the future, and so the ability to weather those shocks will become a major goal for territories.

3. Four recommendations

On the basis of the above considerations, I would propose four recommendations for the future cohesion policy after 2020:

1. We should tailor investment priorities to the new challenges of societal and territorial cohesion, allowing greater room for the goals of integrating young people,

of struggling against exclusion, of resilience, of improving standards of living, of participatory democracy, of social innovation and of creativity through the use of digital technology.

2. We should strengthen and consolidate the instruments for integrated territorial development implemented in 2014, community local-led development (CLLD) based on the LEADER model and integrated territorial investments (ITI), implemented chiefly in urban areas. In order to achieve this, the ERDF-ESF regional programmes will necessarily have to earmark a part of the funds allocated to these instruments, because this is currently the case only for the EAFRD and the EMFF.
3. We should step up the promotion of territorial cooperation, on the one hand, as a specific goal devoted to European territorial cooperation and, on the other, as a method for implementing certain measures in investment schemes between urban and rural areas, between coastal and mountainous districts, between local authorities and so forth.
4. A considerable portion (say, around 30%) of funds should be allocated on the basis of a criterion that is no longer the GDP-per-inhabitant ratio but the European Social Progress Index (EU-SPI). This index, of which the DG REGIO has recently disseminated a test version for 272 regions (NUTS II), was established on the basis of fifty social and environmental indicators structured around three axes: basic human needs (basic food and healthcare needs, water quality, housing and security), the population's prosperity and well-being (access to basic education, access to information, health levels, the ecosystem and sustainability) and opportunities (individual rights, individual freedom and choice, tolerance and inclusion and access to higher education). This index provides an accurate picture of social and societal characteristics at the regional level, which certainly is not the case with the GDP-per-inhabitant criterion yet it is the picture that the cohesion policy needs if it is going to meet the challenges facing us after 2020 in as effective a way as possible.

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