Challenges for EU cohesion policy
Issues in the forthcoming post-2020 reform

SUMMARY
In a 2015 speech, European Commissioner for Regional Policy, Corina Crețu, re-ignited the debate on the post-2020 cohesion policy reform by suggesting ten main issues for future reflection. Many of them are already prominent in discussions amongst European, local and regional policy-makers. One such issue is about the way the EU’s cohesion policy can best contribute to its two complementary objectives: competitiveness and cohesion. Another issue concerns the best way to support lagging regions, especially those which, in spite of decades of EU support, have not converged towards the EU average. Yet another focuses on whether cohesion policy should continue to invest in advanced EU regions, especially in wealthy metropolitan ones.

The way cohesion policy can better support growth, jobs and innovation outside heavily populated areas and regions with special geographical characteristics, is also a dominant issue of discussions in policy circles. Special attention is also paid to the role of the urban dimension in cohesion policy.

Finding the most efficient form of support is an important point of reflection: should it be grants, repayable assistance, financial instruments, or possibly a mix of all of these along with further thematic concentration? In addition, the way that cohesion policy addresses new or growing challenges (such as energy security, migration and the digital economy) is widely debated. Other issues to consider are the simplification of policy for beneficiaries, the importance of achieving better governance and the contribution of cohesion policy to the EU’s economic governance. Last but not least, the method of allocation of cohesion policy funds is another thought-provoking issue.

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Introduction to cohesion policy
Economic and social cohesion – as defined in the 1986 Single European Act – was about 'reducing disparities between the various regions and the backwardness of the least-favoured regions'. Article 174 of the Treaty on the Functioning of the EU (introduced by the 2009 Lisbon Treaty) added another facet to cohesion: 'in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions'. According to the European Commission's Sixth Report on economic, social and territorial cohesion as an explicit objective of cohesion policy, stronger emphasis has been given to access to services, functional geography, territorial analysis and sustainability. This shift is also mirrored in the increasing focus on sustainable growth in the Europe 2020 strategy.

Cohesion policy covers funds such as the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. Along with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), these funds constitute the European Structural and Investment Funds (ESIFs). Funding for regional and cohesion policy in the 2014-2020 period amounts to €351.8 billion and constitutes 32.5% of the EU budget. It provides support to all European regions. Although the current programming period ends in 2020, discussions have already begun about the future of post-2020 cohesion policy. Some of the most prominent policy debates will be analysed below.

Competitiveness versus cohesion
From its inception, cohesion policy has aimed at closing the gap between poor and rich European regions. However, it may be suggested that the focus of discourse on competitiveness – and the policy instruments that this brings – tend to favour already dynamic regions and metropolitan poles of growth. In contrast, a discourse on cohesion may take into account various structural problems that regions face, such as high unemployment, social inequalities, geographical location handicaps (experienced for instance by mountainous and insular regions) and remoteness from major cities, and the difficulty small and medium-sized enterprises (SMEs) experience in accessing funding.

In its February 2008 resolution on economic and social cohesion, the European Parliament sought to strike a balance between the notions of cohesion and competitiveness, taking the view that 'achieving territorial cohesion by means of action under the convergence objective is a precondition for the long-term competitiveness of regions'. Although this may seem like a theoretical premise, the need to justify the core objectives of cohesion policy is likely to be brought up again.

Investment coverage: a focus on lagging regions?
So far, cohesion policy has benefited all EU regions, while offering additional support to regions with lower-than-EU-average GDP rates. As such, it is a universal policy that covers – albeit to different degrees – all EU citizens. However, due to the small size of the EU budget, the funding that regions receive from it has a limited, but nevertheless considerable, impact. The issue of whether EU cohesion funding should concentrate on those who need it most (for instance, less developed and transition regions) could be a future bone of contention between net receiver and net contributor EU Member States.
Challenges for EU cohesion policy

A study by the European Policies Research Centre (EPRC) on the future of cohesion policy recognises the benefits of providing additional funding for lagging regions. However, it also suggests that EU-wide coverage of cohesion policy would ensure the continued interest and commitment of all EU Member States; make cohesion policy less likely to be seen as a welfare policy for the poor regions; and contribute to the maintenance of a common framework for exchanging experience and knowledge across the EU. In addition, according to a paper by the Conference of Peripheral and Maritime Regions (CRPM), such a distinction may open up debate on what constitutes a rich or a poor region and provoke clashes amongst European regions and Member States.

Lagging or low-growth regions (such as certain southern European regions) have lower than EU average GDP, despite benefitting from many years of European and national funding. Many of them have also been hard hit by austerity policies aimed at bringing the economies of their respective countries into shape. While increasing their funding allocations seems like a logical solution, it is not a panacea for all their problems. An analysis by Willem Molle (Erasmus Universiteit Rotterdam) suggests that southern European regions will have sluggish growth due to the lack of proper governance, or to their predominant investment choices (for instance, heavy investment in roads and/or infrastructure). He claims that a possible way out of this vicious circle would be to introduce a conditionality check on quality governance, coupled with increased efforts to improve governance quality in convergence countries.

**Thematic concentration and attention to certain geographical areas**

Thematic concentration had been an issue in the previous programming period (2007-2013) and led to the establishment of core thematic objectives which were derived from the Europe 2020 strategy and linked to a set of targets (see Box). It is worth considering whether efforts to increase concentration in fewer thematic areas will persist in the post-2020 period. However, although thematic concentration may be seen as a way to increase the effectiveness of funds, it also leads to re-allocation of resources, which always requires careful planning.

In the current 2014-2020 programming period, resources have been redirected to priorities contributing to growth and jobs. Minimum shares of total funding have been established for the core thematic objectives. The current programming period has also seen an increase in resource allocation for research and innovation, SMEs, information and communications technology (ICT), the low-carbon economy, employment, social inclusion, education and administrative capacity. On the other hand, support for basic infrastructure, climate change and the environment has decreased. However, the allocations for climate change and the environment, considered together with those aiming to facilitate a shift to a low-carbon economy, do show an increase.

The geography of certain regions prevents them from competing with other regions on an equal basis. Article 174 TFEU states that: ‘among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions

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**EU 2020 headline targets**

- providing employment to 75% of 20-64 year-olds
- investing 3% of EU GDP in research and development
- lowering greenhouse gas emissions by 20% (or even 30%, if the conditions are right) compared to 1990
- obtaining 20% of energy from renewables and ensuring a 20% increase in energy efficiency
- reducing the rates of early school leaving below 10%
- at least 40% of 30-34 year-olds completing third-level education
- at least 20 million fewer people in or at risk of poverty and social exclusion
which suffer from severe and permanent natural or demographic handicaps such as northernmost regions with very low population density and island, cross border and mountainous regions’. Some of these regions may thus require additional assistance. The Common Provision Regulation (1303/2013), which sets the rules for the ESIFs, offers various forms of assistance to these regions, which have either not been put in place or have so far had limited application. Regional lobbies (such as CRPM and Euromontana) have criticised the limited provisions that cohesion policy offers to such regions. Parliament resolutions in 2016 on insular territories and mountainous regions have also contributed to the debate, taking a positive view on special measures for such regions.

**New policy challenges**

A number of new policy challenges have come into focus, such as immigration, energy, ICT and broadband issues as well as the importance of linking regions to smart specialisation strategies.

While competencies regarding immigration lie primarily with the Member States, the EU can also support Member States, local authorities and civil society organisations in dealing with such issues. Various border and peripheral regions have been affected by immigration trends. Cohesion policy may be an important source of financial support for effective integration of immigrants, as shown by the implementation of various schemes covering education, employment, housing and non-discrimination activities. The ESF and the ERDF can be other such sources of support. Furthermore, financial support for emergency measures, such as setting up reception centres and mobile hospitals or providing tents and containers, primarily falls under the scope of the Asylum Migration and Integration Fund (AMIF) programmes. Coordination mechanisms between funding sources such as the AMIF, the Internal Security Fund (ISF) and the ESIFs can be established in order to reinforce synergies.

The **Energy Union strategy**, which was launched in February 2015, set out the EU’s main ambitions in the field of energy, involving a major shift towards renewable energy sources and sustainable energy use, among other things. Cohesion policy also plays a part in this scenario: over the 2014-2020 programming period, €38 billion will be available under the ERDF and the Cohesion Fund to support investment in the low-carbon economy. ERDF rules for the same period require mandatory minimum spending from Member States in this particular field. The European Fund for Strategic Investments (EFSI), the Connecting Europe Facility and Horizon 2020 may provide additional sources for innovative energy plans and work. Furthermore, work towards the Energy Union targets can also be done under EU macro-regional strategies such as that for the Adriatic and Ionian (EUSAIR).

A key question is whether any specific amounts will be earmarked for the above-mentioned challenges in the post-2020 cohesion policy. However, as happens with any re-allocation of resources, the justification for their scope is not an easy task as it has to be drafted after reaching a broad political consensus. In addition, it remains to be seen how regions can contribute to issues related to immigration and Energy Union which have been dominated by national rather than regional incentives.

Benefiting from digital technology and innovation is another challenge for European regions. In 2015, the Commission presented the **Digital Single Market strategy**, which aims to open up digital opportunities for people and businesses. According to this
strategy, regions and cities can explore various ICT initiatives and become active in planning and pursuing their own digital strategies. However, there are still considerable differences in digital performance amongst EU Member States and regions, with many eastern and southern regions scoring low in the EU's Digital Agenda Scoreboard, which measures connectivity, human capital, use of internet, integration of digital technology and digital public spaces.

Smart specialisation is linked to regional innovation, as it provides a path for innovation-driven differentiation and economic transformation, building on local assets and comparative strengths. However, although having in place a research and innovation strategy for smart specialisation (RIS3) has become a prerequisite for receiving ERDF funding, not all EU regions have managed to explore smart specialisation opportunities successfully. The EU Regional Innovation Scoreboard suggests that innovation excellence continues to remain concentrated in only a small number of regions.

The Parliament has been consistently supportive of efforts to foster the development of broadband infrastructure and ICT. In 2013, in a resolution on the Digital Agenda, it welcomed the adoption of the EU-wide Youth Guarantee Scheme aimed at tackling youth unemployment and called on the Commission and Member States to maximise the scheme's effectiveness by prioritising the acquisition of digital skills. In April 2016, Parliament’s Committee on Regional Development (REGI) adopted an own-initiative report on 'Cohesion policy and research and innovation strategies for smart specialisation', which is expected to be considered in plenary in July 2016.

Role of the urban dimension

Cities, towns and suburbs are home to more than 70% of the EU's population, and constitute major hubs of economic growth. Bridging the rural-urban divide is also a point of concern for various cohesion policy-makers. Certain EU policy targets, such as the Europe 2020 ones for smart, green and inclusive growth, rely heavily on the involvement of urban areas in implementing them.

The 2014-2020 programming period has put the urban dimension at the heart of cohesion policy. At least 50% of the ERDF resources for this period will be invested in urban areas. Various policy innovations in this programming period also highlight the important role of urban areas for the EU. For instance, Article 7 of the ERDF Regulation provides that at least 5% of ERDF resources allocated at national level under the investment for jobs and growth goal must be earmarked for integrated actions for sustainable urban development.

However, as there is no legal basis for urban policy in the EU Treaties, discussions on urban development at EU level have primarily taken place within the framework of intergovernmental cooperation. Still, not all EU Member States are enthusiastic about the development of an EU Urban Agenda, as they believe that urban policy should primarily be handled at the national level (for instance, the UK).

The European Parliament and the CoR in particular have been active advocates of a strong EU Urban Agenda. The EP's Urban Intergroup has been an active agent in the promotion of urban issues in European affairs and in suggesting policy initiatives at EU level. In addition, Parliament adopted an own-initiative resolution on the urban dimension of EU policies in 2015. Amongst other issues, the resolution stresses that the EU Urban Agenda should involve the local level more closely at all stages of the policy cycle, and ensure the feasibility of relevant EU policy initiatives at local level.
The CoR adopted an opinion in April 2016, calling for a stronger role for the European Commission in coordination, and for the urban agenda to be better integrated into the work programmes of the forthcoming presidencies of the Council of the EU. The opinion states that a stronger focus on urban issues should not mean less focus on rural areas. It suggests the systematic involvement of local actors and makes suggestion for the implementation and assessment of the Urban Agenda. In addition, in a CoR study, the growth potential of an integrated Urban Agenda has also been assessed.

The core objective of the future EU Urban Agenda would be to improve the implementation of EU and national policies on the ground, by involving cities in the design and implementation of urban-related policies as a way of making them more effective, efficient and inexpensive. Momentum has been gathering for the implementation of such an agenda. The first pilot partnerships between the Commission, Member States, cities and stakeholders are being prepared as the key delivery mechanism for integrating cities into EU policy-making. The partnerships have to prepare and implement an action plan with concrete actions at EU, national and local level. The Commission’s Directorate-General for Regional and Urban Policy also announced the first call for the Urban Innovative Actions initiative. Furthermore, the EU Urban Agenda has been a particular priority for the Dutch EU Presidency in 2016. An agreement between the Member States on its main elements is envisaged, leading to the conclusion of the Amsterdam Pact on the EU Urban Agenda in May 2016.

Simplification

Under the 2007-2013 programming period, separate sets of strategic guidelines co-existed for cohesion policy, rural development and fisheries and maritime policy. Member States have tried to simplify procedures by setting up the common strategic framework for the 2014-2020 period, in such a way as to ensure that the ESIFs contribute to reaching the Europe 2020 strategy objectives. The common strategic framework also represents the single European reference frame for better coordination between the European structural and investment funds and other EU instruments.

However, receivers and managing authorities of EU funds tend to complain that handling them can be quite complicated as they are tied to burdensome bureaucratic requirements. EU funds are bound to various EU and Member State rules, which occasionally makes their administration a cumbersome exercise.

In order to tackle these issues, in 2015 the European Commission set up a high-level group with the main task of advising the Commission on how to simplify and reduce the administrative burden for the beneficiaries of the five ESIFs. Special focus is to be put on five priorities:

- facilitating access to funding for SMEs;
- tackling the practice of ‘gold-plating’, where extra requirements or administrative hurdles are added at national or regional level, including in the process of selecting projects;
- using simpler ways to reimburse costs;
- increasing the use of online procedures, such as 'e-cohesion' in cohesion policy-funded projects; and
- analysing how projects initiated and managed by local communities are implemented (community-led local development).
The group is to make recommendations on improving the implementation of simplification measures for post-2020 as from the first half of 2016.

The European Parliament adopted a Resolution in November 2015 calling for the implementation of the ‘single audit principle’ and a stronger focus on performance auditing. It calls on the European Commission to introduce detailed guidelines on simplification in order to make the Member States and their regions aware of their task of eliminating the administrative burden and gold-plating arising at national and local levels as well as focusing the EU budget on tangible results. The CoR Resolution urges the Commission to closely engage local and regional authorities and the CoR in efforts to simplify and accelerate the implementation of the ESIF funds.

**Alternative indicators to GDP**

The use of indicators is of extreme importance as it determines who benefits from cohesion policy funding. Until now, cohesion policy funds have been allocated through a system of calculation of regional GDP per head, or rather on the basis of other indicators capturing social progress. Figure 1 shows the EU NUTS regions according to GDP. The NUTS classification is used for defining regional boundaries and determining geographic eligibility for structural and investment funds. Regional eligibility for ERDF and ESF funding during the 2014-2020 programming period was calculated on the basis of regional GDP per inhabitant (averaged over the 2007–2009 period). NUTS 2 regions were ranked and split into three groups:

- less developed regions (where GDP per inhabitant was less than 75% of the EU-27 average); (yellow on the map)
- transition regions (where GDP per inhabitant was between 75% and 90% of the EU-27 average); (light blue on the map), and
- more developed regions (where GDP per inhabitant was more than 90% of the EU-27 average (dark blue on the map).

The Cohesion Fund covers Member States whose gross national income (GNI) per
inhabitant is less than 90% of the EU average. It aims to reduce economic and social disparities and to promote sustainable development. It has a budget of €63.4 billion and funds projects in the field of transport and environmental infrastructure. The Member States covered by this particular fund are: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

However, changes in Member States’ GDP levels have had a serious impact on the regions, some of which have suffered significantly. Figure 2 shows how the ongoing crisis has affected GDP in the EU’s NUTS 2 regions during the 2008-2013 period. Areas marked in red have suffered the biggest fall in GDP.

The mid-term review of the EU’s Multiannual Financial Framework (MFF) is due to begin in 2016. The Commission is to present a review of the ongoing MFF, which should take into account the current economic situation as well as future projections. The review may be accompanied by a legislative proposal for revision of the 2014-2020 MFF.

When it comes to cohesion policy, Article 7 of the MFF Regulation provides for an automatic adjustment which should be based on updated statistical data for 2017. This may lead to a 'rebalancing' of funding to the countries deemed to have suffered more from the crisis. For instance, an analysis by the Council of Peripheral and Maritime Regions (CPMR) suggests that Greece, Spain, Italy, Cyprus and parts of the UK will see an increase in their financial allocations, whereas other countries such as Poland and Hungary and Romania may lose out. The study also suggests that the number of transition and less-developed regions is also likely to grow. The recent changes in regional GDP levels may be another incentive to suggest that alternative indicators are necessary in order to depict the real issues and problems that European regions are facing. In this respect, the CoR's recently adopted opinion on this matter advocates a political debate on complementing GDP, and requests the Commission to put forward a roadmap on 'GDP and beyond'. Nevertheless, it still remains to be seen what the impact of the MFF review will be. Therefore, no conclusions can be drawn in advance.

Various methods complementary to GDP have been presented. The draft version of the regional Social Progress Index (SPI), released in February 2016 for public comment, aims to measure the social progress of 272 European regions as a complement to traditional measures of economic progress.

The index scores absolute performance on a 0-100 scale for each of the 50 indicators included to measure the index components. The SPI model also presents strengths and weaknesses relative to regions of similar economic performance. It takes into account indicators in three main pillars: basic human needs, foundations of well-being and opportunity. The European regions were ranked in three different categories by taking into account the three basic layers of the Social Progress Index. Figure 3 shows how different regions are prioritised under each of the three main categories, which entitles them to receive preferential treatment for their needs.

Another emerging issue is the relationship of cohesion policy with the Europe 2020 targets. Speaking at the Committee of the Regions (CoR) plenary session on 11 February 2016, Commissioner Creţu supported the idea of including new indicators in cohesion policy, in addition to that of GDP. In particular, she mentioned the Europe 2020 index, the OECD indicators on well-being, those on regional competitiveness, as well as the Human Development Index (HDI).
Although various mechanisms have been put in place to achieve complementarity with the Europe 2020 strategy, so far this has not been an easy task. Regions in the Nordic Member States and many regions in Germany, Austria, UK, France and the Benelux score high on the Europe 2020 index relative to the EU targets, while southern regions tend to score low (Figure 4). Certain Europe 2020 targets also contradict the policy of economic austerity that has been taken up in the overall economic policy field.

The Parliament has taken a stance on the relationship between Europe 2020 and the regions. In its September 2015 resolution on cohesion policy and the review of the Europe 2020 strategy, it mentions that cohesion policy is the main EU instrument covering all regions, for investment in the real economy, and is fully aligned with the Europe 2020 objectives without simply being a tool for their implementation. Parliament regrets that the economic and financial crisis has aggravated the disparities within the EU, and that insufficient progress has been made towards several of the strategy’s headline targets, especially as regards employment, research and development, poverty and social exclusion. It also calls for the alignment of Europe 2020 with the revised/upcoming long-term strategy for the EU and the new MFF. It vows support for a truly territorial approach to the Europe 2020 strategy with a view to adjusting public intervention and investment to different territorial characteristics and specific needs.

**Figure 3 – EU Social Progress Index**
Regions grouped according to sub-indices on basic human needs, foundations of well-being and opportunity

**Figure 4 – Regions according to the Europe 2020 index**


Addressing economic governance and structural reform

The 2014-2020 legislative framework has strengthened links with issues related to economic governance. One such example is Article 23 of the Common Provisions Regulation (CPR), which deals with macroeconomic conditionality. It mentions that sanctions such as the suspension of cohesion funds can be used in order to reinforce compliance with excessive debt or budget inconsistencies by the Member States. Suspension of payments can be decided by the Council on the basis of a proposal from the Commission in the event that the Member State concerned fails to take effective action. For instance, in 2012, the Commission proposed to suspend €495 million of Cohesion Fund commitments in Hungary for 2013, due to the country's failure to address the excessive government deficit, but no further action was taken.

The issue of macroeconomic conditionality has proved to be a divisive one as it has brought to the fore tensions between net contributor and net recipient Member States and, in particular, between economically high-performing Member States and weaker ones. Poorer Member States suggest that it is essential that the EU does not lose sight of the original role and objectives of cohesion policy and its importance as an instrument for maintaining investment in Europe’s regions, particularly in times of economic crisis and instability. In addition, in a 2016 REGI Committee hearing, Commissioner Creţu stated that one needs to be very careful in how this provision is used, and should refrain from punishing a region just because a central government of a Member State is conducting a policy that does not fit with the principles of a balanced budget.

In an October 2015 resolution, the Parliament emphasises the fact that the macroeconomic conditionality mechanism should only be used exceptionally, as a last resort, and should be thoroughly debated and justified. The resolution also emphasises the fact that, although recognising the need for effective economic governance is important, macroeconomic conditionality should not hinder the pursuit of the broader goals of economic, social and territorial cohesion. It also expresses concern that a possible enactment of Article 23 CPR may lead to financial uncertainty and instability, worsening an already precarious situation, particularly in disadvantaged regions or those hit hardest by the crisis. It states that the implementation of economic sanctions will punish regions via the reprogramming or suspension of funding as a result of macroeconomic failings caused at other levels of administration. Furthermore, a possible enactment of Article 23 sanctions will further hinder the achievement of the Europe 2020 targets.

However, structural reforms may also be read more widely as reforms in the governance of cohesion policy. In this respect, questions regarding the subsidiarity issue may emerge. For instance, a debate may also arise on whether the management of the cohesion funds should be further centralised, with the Commission receiving additional control, or whether Member States should receive more powers in managing funds and projects. Regional and local authorities always claim a bigger share in the shaping and management of EU funds and demand a further say in the implementation of decisions in this field. Local and regional actors have seen their role enhanced through the legislation on the Partnership Agreements. To fulfil the requirement imposed by these agreements, Member States need to draw up and implement strategic plans with investment priorities covering the five ESIFs. These agreements are negotiated between the Commission and the national authorities, following consultations with various levels
of governance, representatives from interest groups, civil society and local and regional representatives. However, various Member States are still not keen to explore this instrument at full speed.

**Financial instruments and the EFSI**

Regulations provide flexibility for Member States and managing authorities when designing programmes, both to choose between delivering investment through grants and financial instruments (FIs), and to select the most suitable financial instrument. Financial instruments provide support for investment by way of loans, guarantees, equity and other risk-bearing mechanisms, possibly combined with technical support, interest-rate subsidies or guarantee-fee subsidies within the same operation.

Although the Commission is highly supportive of using financial instruments, some academic sources are more reserved. For instance, the above-mentioned EPRC study points to the fact that these instruments can be burdensome and difficult for regional authorities to manage. According to the same study, these instruments are perceived as less useful in small projects and in certain areas (for instance, in sparsely populated areas). Furthermore, the potential of these instruments to leverage private sector funding is also questioned.

In its September 2015 resolution, ‘Investment for jobs and growth: promoting economic, social and territorial cohesion in the Union’, the Parliament highlights the role of financial instruments in mobilising additional public or private co-investments in order to address market failures in line with the Europe 2020 strategy and with cohesion policy priorities. It calls on the Commission to put all efforts into making financial instruments easily usable and tempting for Member States and regions. The resolution also emphasises the need to ensure transparency, accountability and scrutiny for financial instruments that involve EU money. It expresses concern about the low rates of disbursement of financial instruments to beneficiaries. Finally, it asks the Member States, the managing authorities and other relevant stakeholders working with financial instruments to make full use of the technical assistance provided, such as FI- TAP and the fi-compass. Moreover, the CoR issued an opinion on Financial instruments in support of territorial development in October 2015.

Another related issue is the functioning of EFSI, which aims to mobilise €315 billion in additional investment in the real economy, and its relationship with the EU’s regional policy. EFSI provides funding based on a competitive selection procedure and does not have any pre-defined geographical allocations the way cohesion policy does. It is not a cohesion policy funding element, but rather, a Commission initiative for encouraging investment. According to a Parliament resolution of October 2015, EFSI should be complementary and additional to the ESIFs. The Parliament regrets that EFSI is not clearly linked to the Europe 2020 strategy, but considers that through its objectives and the selection of viable, sustainable projects, it should contribute to the implementation of the strategy in specific areas. Although EFSI received considerable support from Members of the European Parliament during debate there, various stakeholders have criticised the fund on the basis of the selection process of projects, its over-optimistic multiplier effects and its insufficient leverage in boosting investments.

**Outlook**

It is still too early to predict where the debate on the future of cohesion policy may lead. However, certain aspects of this debate may lead to serious implications for the
policy as they are heavily inter-related with conflicting political ideas and policy priorities. Some of the issues mentioned in this briefing require changes in technical procedures of cohesion policy, whereas others are of a more political nature and may lead to intensive debates. In addition, possible re-allocations of funds through a re-prioritisation of policy targets may open up the debate between net contributing and net receiving Member States, or between different political agents who would like to defend their domains from a possible loss or transfer of funds. In addition, by allowing transfers of money, cohesion policy may be seen as a flexible source of money that can easily be re-directed to new issues every time political priorities are altered. As various elements of the cohesion policy will be questioned by the more sceptical European actors, convincing answers will be needed regarding the effectiveness and the results of the policy so far. Partial evaluations of the programmes in the years to come will be important in assessing the outcomes of cohesion policy. Due to the appearance of new political priorities, further flexibility of funding may be required in cases of emergency – for instance, the adoption of urgent measures to deal with immigration flows.

**Main references**


What do the recent regional GDP statistics tell us about Cohesion? Analysis by the *Conference of Peripheral and Maritime Regions* Secretariat, July 2015.


**Endnote**


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