

# Elisa Ferreira

## Cohesion and Reforms

Hearing due to be held on Wednesday 2 October at 18.30 hours.

European Parliament committee responsible: Regional Development (REGI).

Born in 1955, Elisa Ferreira was a Member of the European Parliament from 2004 until she resigned in 2016 upon her appointment to the Board of Banco de Portugal, becoming Vice-Governor in 2017. She has a degree in economics from Porto University, where she is also a senior lecturer in economics. She continued her studies at the University of Reading, gaining a Master's degree and PhD in economics, before becoming Vice-President of Portugal's Northern Region Coordination Commission and Board Member of Portugal's Statistics Authority, holding both posts until 1992. Executive Vice-President of the Porto Industrial Association from 1992 to 1994, Ferreira served as Portugal's Minister for Environment (1995-1999) and Minister for Planning (Spatial and Regional Development), from 1999 to 2002.



After holding office as a member of Portugal's Parliament from 2002 to 2004, Ferreira was elected to the European Parliament in 2004. A Member of the Socialist and Democrats group, she sat on the Committee of Economic and Monetary Affairs, serving as coordinator for the S&D Group. She was also member of a number of special committees, including the first and second Special Committees on Tax Rulings and Other Measures Similar in Nature or Effect, and a member of the Financial Assistance Working Group. She was rapporteur for the EP's position on several legislative proposals in the field of economic, budgetary and taxation policy, including on the prevention and correction of macroeconomic imbalances, part of the 'Six Pack', and on the Single Resolution Mechanism.

*This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: [https://epthinktank.eu/commissioner\\_hearings\\_2019](https://epthinktank.eu/commissioner_hearings_2019)*

## Background

The aim of EU cohesion policy is to reduce the territorial, social and economic inequalities that exist among the different regions of the EU. Also known as regional policy, the EU's cohesion policy provides funding to support development in areas such as job creation, economic growth and sustainable development with a view to improving citizens' quality of life. Although this policy covers every region of the EU, these funds largely focus on where they are needed most: the EU's poorer regions, with per capita gross domestic product (GDP) under 75 % of the EU average.

Some €351.8 billion, almost [one third](#) of the EU's total budget for the 2014-2020 period, has been set aside for cohesion policy, to address the development needs of the EU's regions. This financial support is distributed through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF) which, together with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), are known as the European structural and investment funds (ESIF). With this funding supporting the lion's share of public investment in numerous Member States, helping to mitigate the impact of the 2008 financial crisis, EU cohesion policy has made a real difference to the lives of people across the EU. As the current programming period (2014-2020) draws to a close, work is now under way on completing negotiations on the [cohesion policy package](#) for the next programming period (2021-2027), which will involve the active participation of the new Commissioner. With an expanded [portfolio](#) including responsibility for a new directorate-general for Structural Reform Support, which will share resources with DG REGIO, the Commissioner-designate will also be expected to support Member States' structural reforms to speed up growth-enhancing investment and set up a new Just Transition Fund, providing support for coal and energy-intensive regions under transformation, working under the guidance of the Executive Vice-President for an Economy that Works for People.

## Recent developments

As the start of the 2014-2020 period coincided with the launch of a new cohesion policy package, a key EU priority during the first two years of this period was for the European Commission to finalise with each Member State the contents of key documents such as the partnership agreement, which sets out the national ESIF strategy and its [operational programmes](#). Measures were also adopted to develop Member States' administrative capacity, underpinned by initiatives such as the [Structural Reform Support Programme](#), which provides national authorities with support when implementing reforms. In addition to establishing this vital framework for the roll-out of joint projects, the EU took action to ensure that cohesion policy was able to respond quickly and effectively to new challenges as and when they arose. This included specific measures to help countries with emergency situations such as the financial crisis ([Greece](#) in 2015), [natural disasters](#) and the migrant crisis.

The European Union also launched a number of key regional policy initiatives. Urban policy was high on the EU's policy agenda, leading to the adoption of the Pact of Amsterdam and the 2016 launch of the [Urban Agenda for the EU](#), a multi-level partnership-based working method, while the 25th anniversary of the EU's [European territorial cooperation](#) programme (Interreg) in 2015 provided an opportunity to take stock of progress, with the EU carrying out a cross-border review, feeding into the 2017 [communication](#) on boosting growth and cohesion in EU border areas. In addition, further impetus was given to the EU's [macro-regional strategies](#), while, looking farther afield, the European Commission outlined a new [partnership](#) for the EU's nine outermost regions in October 2017.

With the rules of the current cohesion policy framework applying only to the period up to 2020, on 23 May 2018, the European Commission adopted a set of four legislative proposals, which seek to provide a simplified and more flexible legislative framework for cohesion policy for 2021 to 2027:

- [Common provisions regulation](#) (CPR), setting out common rules for seven shared management funds at EU level;
- [Regulation](#) on the European Regional Development Fund and on the Cohesion Fund;

- [Regulation](#) on specific provisions for European territorial cooperation;
- [Regulation](#) on a mechanism for resolving legal and administrative obstacles in a cross-border context.

The European Parliament is closely involved in this process, with Parliament having adopted its first-reading positions. These will be discussed further within the framework of the trilogue negotiations between the European Parliament, the Commission and the Council.

## Priorities and challenges

### Public opinion

A March 2017 Eurobarometer [survey](#) focusing on citizens' awareness and perceptions of EU regional policy revealed that almost eight in ten respondents feel that EU co-financed projects have had a positive impact on their locality, with a clear majority of respondents considering that the EU should continue investing in all regions irrespective of their level of development. In particular, education, health or social infrastructure are considered to be the most important areas for regional policy investment, with more than nine out of ten respondents calling for investments in this field, while over half of all respondents consider that decisions on EU-funded projects should be taken at local or regional level.

One of the first priorities for the new European Commission will be to reach agreement with the co-legislators on the **legislative framework for cohesion funds**, including the delivery of a modern and easy to use cohesion policy, and also to ensure that Member States are able to make effective use of their funds. With the proposed ERDF and Cohesion Fund Regulation requiring Member States to allocate between 65 % and 85 % of their ERDF and Cohesion Fund resources (depending on their wealth status) to just two of the five proposed policy objectives – **a smarter Europe** through innovation and support to SMEs, and **a greener Europe** investing in energy transition and the fight against climate change – these two objectives look set to be key priorities. As energy transition poses a challenge in certain regions, the Commissioner-designate will also be tasked with setting up a new **Just Transition Fund** to provide support for coal and energy-intensive regions undergoing such transformation. **Support for structural reforms** to accelerate growth-enhancing investment will be another key priority, with the Commissioner-designate providing technical and financial support for reforms and coordinating technical support for Member States preparing to join the euro. The Commissioner-designate's [mission](#) will also include working with the co-legislators to reach agreement on and ensure the implementation of the Reform Support Programme and the **Budgetary Instrument for Convergence and Competitiveness** in the euro area.

The **sustainable development of Europe's cities and urban areas** will be another area of focus, with the creation of a new European Urban Initiative strengthening the urban dimension of cohesion policy and the future review of the Urban Agenda providing a timely moment to consider how to work more closely with cities. The importance of **involving the sub-national level** in the broader sense is, moreover, highlighted in the recently adopted [New Strategic Agenda 2019-2024](#), a framework for the work of the EU institutions over the next five years, which notes that 'the talents of regional and local actors should be harnessed for the benefit of the overall effort'. There will also be an emphasis on developing a new **long-term vision on rural areas** and a renewed focus on how to make best use of the Treaty provisions for **outermost regions**.

In terms of challenges, stakeholders have [drawn attention](#) to the **impact of the proposed funding cuts** on the future cohesion policy, with the EP calling for 2014-2020 funding levels to be maintained. What is more, as decisions on the distribution of resources by policy objective are to be moved from regional to national level under the proposed rules, there are concerns about the **risk of greater centralisation**, which could impede effective local authority support for citizens or business, with stakeholders also [concerned](#) that the **strengthened link with the European Semester** could divert regional policy away from its original Treaty objectives. **Demographic change** represents a further challenge, as [highlighted](#) by the European Committee of the Regions (CoR), which also stresses the need to **ensure adequate funding for cohesion policy**. In addition,

it [advocates](#) bold communication efforts to **enhance the visibility of cohesion policy** and calls for the maintenance of **a strong partnership principle**, including a Code of Conduct to involve local and regional authorities in the European Semester. With the cohesion policy framework still under negotiation, however, these priorities and challenges could well change in the months ahead.

## European Parliament

### Treaty basis and EP competence

The rules and objectives relating to cohesion policy are set out in Articles 174 to 178 of the Treaty on the Functioning of the European Union (TFEU). Article 174 establishes the overall objective of strengthening the Union's economic, social and territorial cohesion, stipulating that the EU must aim to reduce disparities between the levels of development of the various regions and the backwardness of the least-favoured regions. Regarding Structural Reform support, Article 175 TFEU (third paragraph) provides that, if specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of other Union policies they may be adopted by the EP and the Council, with Article 197(2) providing that the Union may support Member States' efforts to improve their administrative capacity to implement Union law.

Thanks to its role as co-legislator under the co-decision procedure, Parliament helped address regional policy challenges through action such as the adoption of specific measures for Greece and countries affected by natural disasters, with the REGI committee successfully supporting Spain and Portugal regarding the [suspension of regional funding](#). The European Parliament also set out its position on regional issues through non-legislative resolutions, including on the urban dimension of EU policies, which contributed to the EU Urban Agenda's launch in 2016, and on European Territorial Cooperation (ETC), with its 2016 resolution calling for a greater role (and budget) for ETC post-2020. Parliament has also been active in the debate on demographic change, calling for cohesion policy to play a greater role in supporting regions' demographic challenges. Looking to the future, Parliament outlined its views on the future shape of cohesion policy post-2020 in its 2017 [resolution](#) on the building blocks for a post-2020 EU cohesion policy, which stressed the need for simplification, synergies with EU funds and for cohesion policy to have a clear legislative framework and an adequate budget. It also emphasised the importance of innovative low-carbon local development, a strong urban dimension in EU policies and integration of migrants, with the CPR proposal reflecting many of these demands.

### FURTHER READING

[Regional and cohesion policy](#), Factsheets on the European Union, European Parliament, 2019.

[What Europe does for me](#), European Parliament.

Margaras V., van Lierop C., [Regional policy](#), EPRS, European Parliament, May 2019.

Margaras V., [Common Provisions Regulation](#), EPRS, European Parliament, March 2019.

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