

Research for REGI Committee - The impacts of the COVID-19 pandemic on EU cohesion and EU cohesion policy

Part I: Overview and first analysis



The COVID-19 pandemic was a major shock deeply impacting people, enterprises, public authorities, municipalities and regions.

In many regards the pandemic has accelerated fragmentation between societal groups and between places. Many of the pandemic impacts highlight the risks of increasing inequalities. The worst and most direct impacts have been avoided by swift policy actions. In this context Cohesion Policy played a role.

Cohesion Policy perspective

Cohesion Policy reacted promptly to the emergency. The introduction of new measures to counteract the socio-economic effects of the pandemic were extremely important. The three interconnected objectives of the new CRII/CRII+ measures and REACT-EU, i.e. fuelling liquidity, fostering simplification and providing flexibility, enabled actions targeting needs that emerged during the pandemic.

Member states made use of these measures as far as they still had funding to allocate. In that sense Cohesion Policy played a role in cushioning socio-economic impacts in the areas most severely affected.

While the strategic re-orientation of funding helped to meet emergency needs, it diverted attention from long-term and structural issues. Resources were shifted from measures supporting mainly long-term strategic investments in national and regional development, such as infrastructure, R&D, and environment, towards extra support to struggling SMEs, citizens and the healthcare sector.

The present document is the executive summary of the study on The impacts of the COVID-19 pandemic on EU cohesion and EU cohesion policy - Part I: Overview and first analysis. The full study, which is available in English can be downloaded at: <http://bit.ly/3HZWI9e>

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The administrative workload required to ensure that 2014-2020 Cohesion Policy programmes could swiftly respond to the emergency reduced resources available for preparing 2021-2027 programmes. This could lead to internal structural gaps hindering an effective reaction to the consequences of the pandemic and optimal use of available resources.

Although Cohesion Policy has proven that it can respond very quickly, it may face challenges in the years to come. This is partly due to increasing inequalities in Europe, but also to medium-term legacies of the new simplification and flexibility measures, as well as increasing competition with other EU funding instruments created in response to the pandemic.

Cohesion perspective

The pandemic affects development in many ways. Regions experienced it differently as the impacts on the population's health and the restrictive measures varied substantially in Europe. Beyond these immediate effects, are impacts on socio-economic developments and GDP. Taken together, negative impacts are expected in the short- and medium-term.

In the short-term, local and regional development was most affected by severe restrictions and sensitive socio-economic structures. Regions potentially hit hardest are mainly in southern Europe. The pandemic also has social impacts on people's wellbeing and quality of life. In many regards, the economic disruption caused by COVID-19 inevitably threatens the most vulnerable groups of society more.

In the medium-term, the pandemic will affect local and regional development beyond the more obvious immediate effects. Medium-term impacts will be shaped by more durable impacts on some sectors and structural elements, which affect how quickly an area can recover.

In general terms, the pandemic risks reinforcing existing imbalances and inequalities in the EU. Existing differences may also widen at lower geographical levels between places, groups of society and people in Europe. Convergence in the EU may be reversed. Also at a societal level, the pandemic has brought underlying value conflicts to the surface.

Recovery outlooks also vary considerably. In particular regions heavily dependent on tourism might need several years to recover from the pandemic. This includes many mountainous, coastal and island regions. Also more remote (and sparsely populated) rural areas might face lasting challenges such as increasing digitalisation pressure. Many cross-border regions were heavily affected at the beginning of the pandemic due to the closure of national borders. Although many of these are on the path to recovery, the sudden disruption of cross-border interdependencies left people unsettled.

Recommendations

Cohesion Policy helped to address the immediate needs caused by the pandemic. However, to address cohesion challenges lying ahead of us and use the crisis as a chance for a transition towards a greener and more digital future, Cohesion Policy might need to adjust.

Key lessons from this study include:

- **Cohesion Policy can respond to crisis.** Addressing new challenges and crises by setting up new EU funding instruments, should only be considered when existing instruments are unable to respond. In future debates about possible new EU policy and funding instruments, the European Parliament should assess to what degree the purpose of a new instrument could be fulfilled by (adjusting) existing instruments, e.g. Cohesion Policy, in order to avoid duplication of administrative structures and competition between funding instruments.
- **Shift funding from emergency to cohesion projects.** The focus on high quality projects with a clear cohesion perspective needs to be strengthened again as the need for emergency

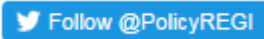
interventions decreases. In the context of the European semester, the European Parliament should address the need for a long-term perspective targeting structural changes, when debating the country reports and country specific recommendations.

- **Attention to areas with slower recovery prospects.** To reduce risks of rising regional inequalities due to different speeds in the recovery, Cohesion Policy should pay particular attention to tourism regions, remote rural areas, small towns, cross-border regions and other areas facing more long-lasting negative impacts or slower recovery paths. In the context of the European semester, the European Parliament should address the need for a particular focus on regions with slower recovery prospects, when debating the country reports and country specific recommendations.
- **Need for ambitious long-term perspective.** Cohesion Policy programmes and beneficiaries need to engage with a long-term vision for their area to ensure the transition towards a green and digital cohesive future which brings Europe closer to the citizens. The European Parliament should advocate a European strategic framework (or long-term vision) underpinning Cohesion Policy post 2027, as well as place-based development visions at the level of programmes, and the use of territorial tools to bring Cohesion Policy closer to the citizens.
- **Cohesion needs multi-level governance.** Multi-level governance and partnership principles are important cornerstones of Cohesion Policy and need to be ensured and re-emphasised where they have weakened. In the context of the European semester, the European Parliament should address the role of the local and regional level in Cohesion Policy and in the National Recovery and Resilience Plans (NRRPs).
- **Administrative capacity constraints risk the quality of new programmes.** To ensure good quality and strategic programmes and overcome recent capacity constraints in terms of time and staff available, administrative support and the possibility for re-programming should be considered. The European Parliament should advocate efforts for administrative support to programme authorities and simplification. Furthermore, it should advocate the possibility for a voluntary mid-term review and the possibility for re-programming in 2023, for programmes which could not devote the efforts envisaged to the programming of the 2021-27 period.
- **2023 as a moment to reflect.** In 2023, insights on the interplay between National Recovery and Resilience Plans and Cohesion Policy programmes, the strategic orientation of policies post-COVID, and an early review of the long-term orientation of Cohesion Policy programmes should inform a broad reflection on possible re-orientations towards more strategic long-term needs. The European Parliament should ask the European Commission to address these points in the country reports and country specific recommendations in 2023. Furthermore, it should launch an EU-wide study on the interplay between NRRPs and Cohesion Policy.
- **Rediscovering cohesion post-2027.** Considering Cohesion Policy post-2027, there should be a Europe-wide debate on the understanding of cohesion and need to mitigate increasing territorial and societal fragmentation. The European Parliament could join forces with the European Committee of the Regions which has taken first steps in this direction. The European Parliament could among others initiate a European-wide debate on how to modernise the idea of cohesion – both in terms of topics and understanding of cohesion.

Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: <http://bit.ly/3HZWI9e>

More information on Policy Department research for REGI: <https://research4committees.blog/regi/>



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