



European Economic and Social Committee

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The future of cohesion policy in the post-2020 period

OPINION

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The future of cohesion policy in the post-2020 period
(exploratory opinion)

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1. **Conclusions and recommendations**

- 1.1 The EESC considers cohesion policy to be the fundamental pillars for bringing the EU closer to its citizens and for reducing disparities among EU regions and inequalities among people. The EESC is of the firm view that the proposal to reduce the size of the cohesion policy budget for the period 2021-2027 is unacceptable.
- 1.2 The EESC believes that there is a need for a new ambitious and clear European strategy that is aligned with the UN 2030 Agenda and its Sustainable Development Goals and has a strong coordination mechanism which can guarantee the firm continuity between the different political cycles. Cohesion policy must form an integral part of this ambitious strategy and therefore cohesion policy itself must be developed in such a way that it has the necessary tools to meet the challenges of the future such as climate change, embracing new technologies, achieving a higher level of competitiveness and managing the transition towards sustainable development whilst creating quality jobs.
- 1.3 It is important that whilst embarking on a much needed effort to make cohesion policy future proof, we do not forget about the challenges of today, which continue to impact society greatly. Here we are specifically referring to social challenges, such as the marginalisation and discrimination of minorities and specific ethnic groups, or domestic violence, economic challenges such as access to finance and upskilling, and environmental challenges such as reducing air pollution and managing waste.
- 1.4 EU cohesion policy must have a strong territorial approach, aimed at empowering each region with the necessary tools to enhance their competitiveness in a sustainable way. The EESC is of the opinion that all regions must be eligible for funding. On the other hand, the EESC must express in no uncertain manner its disappointment at the weakening of the cross border dynamic within cohesion policy.
- 1.5 If Europe is to move to the next level of economic development cohesion policy must increasingly adopt a regionally differentiated approach when it comes to investments and policy responses. The EESC believes that this could contribute to a territorially more tailored approach, that would support at the same time the most isolated and sparsely populated areas (very low population density, islands, mountains etc.) as well as the "popular" and yet challenged functional urban areas in their development.
- 1.6 The EESC welcomes the stronger link with the European Semester and also calls for integration with the country-specific recommendations as a means of encouraging structural reforms. The EESC also expects a stronger link between the European level investment strategy and that of Member States. It is important that the funds do not substitute for the efforts of the Member States but complement them. It is also essential that Member States consider carrying forward projects that prove to be successful.
- 1.7 The EESC believes that the regulatory package should be much simpler and avoid micromanaging the funds. There should be a differentiation in terms of bureaucratic procedures for operational programmes which are considered to be of a relatively small size vis-à-vis much

larger programmes. Whilst, the EESC is calling on the Member State to promote the possibility offered by the actual legislative frameworks of a simplified procedure to access funds for projects of a small size, the EESC would also encourage the Commission to explore further possibilities that could facilitate the participation of smaller actors.

- 1.8 The EESC supports the use of financial instruments but calls on the Commission to ensure that when devising such instruments, a thorough test of suitability is carried out to ensure that such instruments are suitable for all Member States and that such instruments can be deployed by SMEs and NGOs.
- 1.9 One of the main problems concerning cohesion policy is the lack of effective communication. The EESC calls on the Commission to continue reviewing the current publicity obligations and to upgrade them significantly taking into consideration the modern means of digital communication channels.
- 1.10 It is high time that both the Commission and the Member States stopped paying lip service to the aspect of partnership and actually got down to ensuring that there is a strong and meaningful participation by civil society at all stages of the design and implementation of cohesion policy. This should be done by building on the successful partnership experiences that we have gained on local level.
- 1.11 The EESC points out that at EU level there is no structured involvement of civil society organisations in the process of monitoring the implementation of cohesion policy. It therefore strongly recommends that the Commission **establish a European civil society cohesion forum** with the participation of the social partners, civil society organisations and other stakeholders. Through this forum the Commission can consult the social partners and CSOs annually on the state of implementation of cohesion policy throughout the different programming cycles.

2. **General comments**

- 2.1 The mission of the EU's cohesion policy as stated in Article 174 of the Treaty on the Functioning of the European Union (TFEU)¹ is to strengthen economic and social cohesion by reducing disparities in the level of development between regions. This mission statement must remain at the core of all actions undertaken within the cohesion policy sphere and must be reinforced by the Commission with the Member State authorities responsible for the implementation of cohesion policy.
- 2.2 The upcoming changes society is beginning to experience as a result of globalisation and new and future technologies demand a process of adaptation that few countries have started to tackle in depth. It is important that we manage the transition towards the new economic models based on these new and future technologies. The EESC believes that cohesion policy has the means to help tackle the newly emerging challenges, and considers it to be one of the fundamental pillars for bringing the EU closer to its citizens and for reducing disparities among EU regions and inequality among people.

¹ [Article 174 of the Treaty on the Functioning of the European Union.](#)

- 2.3 The EU budget is a small part of total public expenditure in the EU, accounting for less than 1% of income and only around 2% of public expenditure of the EU 28 Member States. During the period 2014-2020, the size of the EU budget was 0.98% of the EU gross national income. The share of cohesion policy among the total budget of the EU has been around 35% over this time².
- 2.4 The EESC is of the firm view that the proposal to reduce the size of the cohesion policy budget for the period 2021-2027 is unacceptable. Cohesion policy is one of the most concrete policies of the EU and one which can have an important direct bearing on the lives of citizens. We cannot expect to ask the people to support more Europe whilst at the same time we reduce the budget of such an important policy. Nevertheless, it is of utmost importance that these investments do not substitute for the efforts of the Member States but complement them at both national and regional level.
- 2.5 In line with similar calls from the European Parliament, the EESC calls on the Commission to present and push forward an agenda for a strong and effective cohesion policy post-2020³.
- 2.6 At the same time the EESC calls on the Member States to work towards agreeing to a wider system of EU own resources to make sure that the EU budget is adequately resourced to be able to meet its wider challenges in the times ahead.
- 2.7 Although in the overall picture cohesion policy has a relatively small budget, it has proven to bring clear added value. In 2014-2020, cohesion policy mobilised more than EUR 480 billion in investments, which should result, for example, in over 1 million enterprises receiving support, 42 million citizens having access to improved health services, 25 million will benefit from flood and fire prevention, nearly 17 million additional EU citizens connected to waste water facilities, 15 million additional households with broadband access, and more than 420 000 new jobs. 5 million Europeans will also benefit from training and life-long learning programmes, and 6.6 million children will have access to new, modern schools and childcare. The EESC finds that cohesion policy must build on those local examples where the involvement of citizens was considered successful.
- 2.8 Moreover, in a number of Member States cohesion policy has proved to be the main source of public investment⁴. The indirect effects of cohesion policy, those resulting from the improvements developed for the fulfilment of its requirements (in terms, for example, of transparency, accountability or equality of opportunities) have also benefited Europeans notably.
- 2.9 Nonetheless, although Europe has made a lot of progress in terms of developing and pursuing actions to strengthen its economic, social and territorial cohesion, as laid out in the TFEU, it still has a long way to go in the achievement of overall harmonious development.

² [COM\(2017\) 358 final, Reflection Paper on the Future of EU Finances.](#)

³ [See European Parliament report.](#)

⁴ [COM\(2017\) 358 final, Reflection Paper on the Future of EU Finances.](#)

- 2.10 Following the economic crisis, Europe has been able to experience economic growth again, particularly in low-income countries, and regional disparities are finally narrowing in terms of GDP per capita⁵. However, differences between regions continue to be wide, and in some cases even growing. Productivity is greater in the most developed countries, and their resilience and capacity to compete in a globalised world is far beyond that of less developed Member States. This situation results in divergences in the social context of the population, such as higher levels of poverty, the number and condition of people in risk of exclusion, or access to and quality of social protection and education, among others.
- 2.10.1 Therefore, in order to further reduce economic and social disparities, the EESC believes that cohesion policy must continue to invest in innovation, employment, social inclusion, the environment, inclusive education, health programmes and infrastructures, cutting edge and accessible technology, efficient transport networks and infrastructure. This must be done in order to improve universal access to the job market and create a single market that boosts growth, productivity and specialisation in areas of comparative advantage in all regions.
- 2.10.2 In the globalised world, enterprises have to compete with companies from low-cost locations as well as highly innovative ones. The EU must support reforms that promote an investment-friendly environment in which businesses can thrive whilst citizens benefit from better working condition. Cohesion funds should be used to provide a better framework for start-ups, entrepreneurs and innovative SMEs and to support family businesses more effectively⁶, as well as promoting diversity (gender, persons with disabilities, ethnic minorities, etc.) so as to become more competitive and further committed to social responsibility.
- 2.11 There are still many areas related to environmental goals (using less and cleaner energy, developing more efficient infrastructures, decreasing pollution etc.), cross-border security matters, education, social inclusion, accessibility for persons with disabilities, transport, public services, and other obstacles to the free movement of goods, services, people and capital that would benefit from stronger territorial cohesion.
- 2.11.1 This is why the EESC considers that all regions must be eligible for funding. EU cohesion policy must be an integral part of a European investment strategy, with a strong territorial approach, aimed at empowering each region with the necessary tools to enhance their competitiveness. It must lead to economic and structural transformation, securing a resilient base in each region, based on their own strengths⁷.
- 2.12 Central to the construction of a common European space, European territorial cooperation (Interreg), in all its forms – cross-border, transnational, interregional and opening to neighbouring countries – is the cornerstone of European integration. It helps prevent Europe's borders turning into barriers, brings Europeans closer together, helps to resolve common

⁵ [My region, My Europe, Our future: The 7th report on economic, social and territorial cohesion.](#)

⁶ [OJ C 81, 2.3.2018, p. 1.](#)

⁷ https://www.businesseurope.eu/sites/buseur/files/media/position_papers/ecofin/2017-06-09_eu_cohesion_policy.pdf.

problems, facilitates the sharing of ideas and assets and encourages strategic initiatives aimed at common goals⁸. For this reason, the EESC believes that it is essential that Member States continue to carry out joint measures and exchange practices and strategies.

2.12.1 The EESC regrets⁹, however, that cohesion policy still does not offer comprehensive solutions for the challenges facing specific areas with structural and permanent disadvantages (very low population density, islands, mountain regions, etc.) mentioned in Article 174 of the TFEU. The EESC believes that a new mechanism should be developed that allows these areas to effectively tackle their specific and complex challenges. This cannot remain the sole competence of national authorities. Hence, the EESC believes that cohesion policy must encourage cooperation between the Commission and the Member States and their regional and local stakeholders in the way their specific territories are addressed.

2.13 The EU's priority in relation to sparsely populated areas and outermost regions must be to strengthen the links that connect them with mainland Europe and their citizens' sense of belonging to the European project. Despite the extremely tight budgetary situation, specific support for the sparsely populated or ORs must not be cut. These regions must have access to appropriate financial resources to allow them to achieve the common European objectives and to compensate for their disadvantages, particularly those linked to their remoteness¹⁰ or its extremely low population density. Therefore, there is a need to include demographic and geographical factors when the fund distribution ("Berlin method") and thematic concentration requirements and co-financing rates ((1) most developed, (2) transition and (3) less developed regions) are estimated and decided. The inclusion of these factors could compensate disadvantaged sparsely populated areas and outermost regions with adequate funding quantity and the flexible orientation of the investments.

2.14 More than half of the world's population now lives in urban areas, and this figure is set to rise to 70% by 2050¹¹. While the economic activity of these areas is very high, it is essential that they offer a sustainable, high quality living environment for their citizens. The EESC therefore believes they should continue to receive attention under cohesion policy but also encourages their development in connection with their physical context (polycentric development, urban-rural linkages, etc.).

3. **Stronger vision in a clearer, more flexible and efficient framework**

3.1 The EESC believes that there is a need for a new ambitious and clear European strategy that is aligned with the UN 2030 Agenda and its Sustainable Development Goals as well as with the EU's other global commitments such as the international agreements (e.g. the Paris Agreements) as well as the UN Conventions (e.g. United Nations Convention on the Rights of Persons with Disabilities) and has a strong coordination mechanism which can guarantee the firm continuity

8 [OJ C 440, 6.12.2018, p. 116](#)

9 [OJ C 209, 30.6.2017, p. 9.](#)

10 [OJ C 161, 6.6.2013, p. 52.](#)

11 <http://www.un.org/en/development/desa/news/population/world-urbanization-prospects-2014.html>.

between the different political cycles. In this regard, the EESC very much welcomes the Commission's new reflection paper on a more sustainable Europe by 2030 that opens the discussion in this direction.

- 3.2 Cohesion policy must form an integral part of this ambitious strategy and therefore cohesion policy itself must be developed in such a way as to make it future proof, i.e. a policy that has the necessary tools to meet the challenges of the future such as climate change, embracing new technologies, achieving sustainable development and creating quality jobs.
- 3.3 In line with the effort to future proof cohesion policy, the EESC calls on the Council and Parliament to persist in the effort to continue revising the system for allocating funds under cohesion policy, specifically taking into account other criteria (beyond GDP). Such criteria should relate to issues such as inequality, migration, unemployment and youth unemployment, competitiveness, climate change, working conditions and demography.
- 3.4 It is important that, whilst embarking on a much needed effort to make cohesion policy future proof, we do not forget about the challenges of today, which continue to impact society greatly. Here we are specifically referring to social challenges such as the marginalisation and discrimination of minorities and specific ethnic groups, or domestic violence, economic challenges such as access to finance and upskilling, and environmental challenges such as reducing air pollution and managing waste.
- 3.5 In order to enhance the Union's strategic planning and management, in the course of the development of the aforementioned strategy, the EESC also invites the Commission to integrate the various strategic elements tackled by the Territorial Agenda¹² and Leipzig Charter¹³ currently in the process of renewal coordinated by the future German presidency of the Council of the EU.

4. **Integrated and coordinated delivery**

- 4.1 The EESC believes that Europe (not only at Union level, but also with and within the Member States) needs to work towards clarifying and simplifying its administrative competences because this is how responsibilities can be determined and followed up on more efficiently. Once this is done, European administrations must strengthen cooperation and capacity.
 - 4.1.1 In this regard, the EESC welcomes the stronger link with the European Semester¹⁴ and also calls for integration with the country-specific recommendations as a means of encouraging structural reforms. The EESC agrees that it is also important to ensure full complementarity and coordination with the new, enhanced Reform Support Programme. The EESC insists on the necessity of an improved governance mechanism that also involves the regional level.

¹² https://ec.europa.eu/regional_policy/en/information/publications/communications/2011/territorial-agenda-of-the-european-union-2020.

¹³ https://ec.europa.eu/regional_policy/archive/themes/urban/leipzig_charter.pdf.

¹⁴ <https://www.eesc.europa.eu/sites/default/files/resources/docs/qe-02-17-362-en-n.pdf> and <https://www.eesc.europa.eu/sites/default/files/resources/docs/qe-01-14-110-en-c.pdf>.

- 4.2 Europe must work towards creating a simpler, more flexible and effective framework for the implementation of its cohesion policy. One of the EU's next objectives needs to be that its various cohesion policy funds (agricultural, social, regional, etc.) are governed by a single set of rules that strongly encourages integrated investment by offering simple solutions. The EESC also advocates greater synergy with and between other funding programmes and tools such as Horizon 2020, Connecting Europe Facility, etc.
- 4.3 Addressing the various aspects of some of the key challenges (social, environmental, economic, etc.) in an integrated way reflects the needs of reality more accurately. The EESC encourages the Member States to prepare and implement multi-fund programmes.
- 4.4 The EESC believes that adopting a place-based approach is essential. The EESC also stresses that involving the local level partners to identify its potential and needs and to launch actions in partnership between all local actors to meet the specific needs identified is the approach that should be encouraged and strengthened. As has rightly been pointed out by the Commission *"moving to the next level of economic development cannot be accomplished by a one-size-fits all policy, but will require regionally differentiated investments and policy responses"*¹⁵.
- 4.5 The EESC call on social factors (such as inequality levels, poverty, migration, education levels, etc.) to be considered when estimating the co-financing rates and thematic concentration requirements of the most developed and transition regions. Taking into consideration these factors at project level would allow the investment in actions for the most vulnerable people (such as persons with disabilities, migrants or unaccompanied minors) which, being disproportionately present in most developed EU cities and regions, are not eligible or rely on excessively high co-financing rates.
- 4.6 The EESC finds it essential that the various cohesion policy-related initiatives (strategies and programmes) of the various territorial levels, both horizontal (e.g. macro-regional strategies with transnational programmes) and vertical (between the different territorial levels), are better connected.
- 4.7 If we are to continue to implement cohesion policy primarily via different projects, we also have to simplify the preparation of the legal environment within which they are implemented. In line with the conclusions of the High Level Group on Simplification for post 2020¹⁶, the EESC believes that the regulatory package should be much simpler and avoid micromanaging the funds. Whilst recognising that there can be the temptation to increase efficiency through more central management, the EESC calls on the Commission to resist this and to provide the necessary tools for more funds to be managed in a decentralised way.
- 4.8 It should be noted that the administrative capacity of the smaller Member States and regions in particular could be put under severe pressure during the initial phases of the programming

¹⁵ European Commission (2017j) *Competitiveness in low-income and low-growth regions: The lagging regions report*, Commission Staff Working Document, [SWD\(2017\) 132 final](#), Brussels, 10.4.2017.

¹⁶ http://ec.europa.eu/regional_policy/sources/newsroom/pdf/simplification_proposals.pdf.

periods. The EESC finds it vital to substantially reduce the unnecessary administrative burden for beneficiaries (from the application for a project all the way to its final stage) while maintaining a high level of assurance of legality and regularity.

- 4.9 Experience has shown that very often small projects (under EUR 100 000) can have a big impact with the most vulnerable cohorts of society. It is however also often the case that these very same cohorts encounter significant difficulties in accessing such funds. With this in mind, whilst the EESC is calling on the Member States to promote the possibility offered by the actual legislative frameworks of a simplified procedure for accessing funds for projects of a small size, the EESC encourages the Commission to explore further possibilities that could facilitate the participation of smaller actors.
- 4.10 The EESC refers to the increasing use of financial instruments as a tool for the implementation of cohesion policy. The EESC supports this but calls on the Commission to ensure that, when devising such instruments, a thorough test of suitability must be carried out to ensure that 1) such instruments are suitable for all Member States and 2) that such instruments are suitable for SMEs and NGOs. Where situations are found where there is a lack of suitability, then alternative/compensatory measures need to be put in place to ensure that no Member State or entity is put at a disadvantage.
- 4.11 In order to increase the quality of certain aspects of implementation (such as marketing, technical possibilities for events, etc.), the EESC finds that the public sector should consult civil society and the private sector to benefit from their hands-on experience in the course of preparation. It might be wrong to expect generalist public administration staff to understand all aspects of making a “product” both popular and useful.
- 4.12 The EESC finds that further measures must be taken regarding the harmonisation of indicators Europe-wide. It is essential to develop a monitoring system that presents complex results in an easily accessible way both for the decision-makers as well as for society in the wider sense.
- 4.13 The future of cohesion policy should also support new ways of integrating business entrepreneurship and social/environmental positive impacts. In this regard, enhancing support for the development of the social economy is essential for the European Union.

5. More effective overall communication

- 5.1 One of the main problems concerning cohesion policy is the lack of effective communication that all too often surrounds projects funded by the same policy. Whilst acknowledging the various communication guidelines in force by the Commission it is clear that these do not go anywhere near being enough. It is often the case that there is little or no awareness that certain projects have taken place and/or that they are in fact funded by the EU. This results in no or little appreciation of cohesion policy. The EESC calls on the Commission to continue its efforts of reviewing the current publicity obligations and to upgrade them significantly taking into consideration the modern means of digital communication channels. A stronger use of best practice projects should be used as practical examples to encourage a stronger and better uptake of funds.

5.2 There is a need to improve the way in which the impact of cohesion policy is measured in certain areas, such as social inclusion, quality of life, the working conditions of citizens, increase in the competitiveness of companies, or the upgrading of public administration services. The impact needs to be communicated to EU citizens so they can become aware of the policy's successes and failures.

5.3 The EESC calls on the Commission to develop a strategic communication plan in partnership with all the partners concerned, including organisations representing persons with disabilities. The EESC also believes that the communication of the best practices should be easily accessible.

6. **Ensuring partnership with civil society organisations and other stakeholders**

6.1 The EESC reiterates the importance of multi-level governance, enhancing the structural participation of civil society organisations and other stakeholders in the process of programming, implementing, evaluating and monitoring the use of the funds. It is high time that both the Commission and the Member States stopped paying lip service to this aspect and actually got down to ensuring that there is a strong and meaningful participation by civil society at all stages of the design and implementation of cohesion policy. This will entail greater accountability by the national authorities as well as a more effective and meaningful deployment of the funds.

6.2 Concerning the Code of Conduct on Partnership (ECCP), the EESC asks that it be revised and updated in direct consultation with the civil society organisations and other stakeholders. The EESC also asks that the Code of Conduct be made binding. The EESC finds that the ECCP should be fully upheld at all levels and reinforced with strong guarantees and measures ensuring its full implementation.

6.3 The EESC is convinced that the approach of Community-Led-Local-Development could have many advantages and much success as a European tool that enables integrated local development and the involvement of citizens and their organisations at grassroots level¹⁷.

6.4 In order to strengthen the skills and effectiveness of the partnership, the EESC calls for capacity-building and technical assistance measures for urban and other public authorities; economic and social partners; civil society, organisations and relevant bodies representing them, environmental partners and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, rights of persons with chronic illnesses, gender equality and non-discrimination. The EESC would also like to see an annual consultation mechanism established with the relevant partners.

6.5 Given the fact that small and micro enterprises and civil society organisations can have difficulties benefiting from opportunities offered by the European funds in general, the EESC

¹⁷ <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/advantages-community-led-local-development-clld-approach>.

once again requests that consistent and sizeable support is given for actions that strengthen their access to information, provide coaching and mentoring and boost their intervention capacities. This should be done by also taking into consideration the specific needs of the most vulnerable people.

Brussels, 20 March 2019

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The president of the European Economic and Social Committee
