



European Economic
and Social Committee

OPINION

European Economic and Social Committee

8th Cohesion Report

Communication from the Commission to the European Parliament, the Council,
the European Economic and Social Committee and the Committee of the Regions
on the *8th Cohesion Report: Cohesion in Europe towards 2050*
[COM(2022) 34 final]

ECO/579

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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) stresses that social, economic and territorial cohesion is an objective enshrined in the Treaty on the Functioning of the European Union (TFEU) and that, in the longer term, meeting this objective will be key to achieving a climate-neutral continent by 2050. At the same time, the most serious challenge in the short and medium term, including for cohesion policy, is Russia's aggression against Ukraine, which is in fact also an act of aggression against the European Union.
- 1.2 In this context, given that Ukraine has applied for EU membership and that Ukrainian civil society strongly supports European integration as soon as possible, the EESC calls for Ukraine's accession to the EU as soon as possible and for cohesion policy and its financial instruments to be adapted accordingly in the coming years in order to meet the challenges of the country's post-war reconstruction. To this end, the Committee proposes the swift establishment of a separate European Union fund for the reconstruction and development of Ukraine.
- 1.3 At the same time, the Committee urges the Member States, the EU's regions and civil society organisations to make the most effective and rapid use of the possibilities to support Ukrainian refugees created by the Regulation of the European Parliament and of the Council on *Cohesion's Action for Refugees in Europe (CARE)*, proposed by the European Commission on 8 March 2022¹, in conjunction with the revision of the REACT-EU Regulation proposed by the Commission on 23 March 2022². This support should primarily be distributed by civil society organisations, including specialised NGOs.
- 1.4 Another important challenge is overcoming the effects of the current pandemic crisis. In particular, cohesion policy must take into account the fact that the negative impact of the pandemic has generally been greater in less developed regions and among disadvantaged social groups. This situation justifies "positive discrimination" in decisions on investment and distribution of European Union funds.
- 1.5 The EESC agrees with the conclusions set out in Chapter 5 of the Commission communication, especially on tackling poverty and social exclusion in the context of climate policy, boosting investment in education, as well as in research and innovation, providing an effective response to demographic change, strengthening cross-border cooperation, including in the area of infrastructure, providing universal access to services of general interest also in rural areas, ensuring simple and flexible administration of funds, and consistently complying with the partnership principle, particularly in relations with organised civil society.
- 1.6 The EESC is in favour of applying the additionality principle cautiously and implementing *ex ante* conditionalities in such a way that regions without alternative sources of funding are not discriminated against; economic and social convergence should mean convergence with the best.

¹ [COM\(2022\) 109 final](#)

² [COM\(2022\) 145 final](#)

- 1.7 The EESC considers a new fiscal policy approach to be necessary, promoted from the European level, which reinforces the established cohesion objectives. To do this, it is necessary to promote a fiscal policy that takes into consideration ending the competition that is currently established between countries within Europe. Otherwise, the existing disparities between the fiscal policies of the Member States may increase the risk of the existence of a "two-speed Europe". Moreover, an in-depth reform of the fiscal rules is necessary, focussing on the sustainability of the public debt of the countries, on mechanisms of European economic governance and on a more equitable and progressive European tax collection.
- 1.8 The pandemic crisis has shown that territorial, economic and social cohesion should be accompanied by political cohesion. In crisis situations, it is necessary to strengthen the coordinating role of the EU institutions, including in areas where the Treaties do not provide for EU powers. This is a key issue both for the functioning of the common market and for rebuilding and increasing resilience, and also for fostering European solidarity and identity.
- 1.9 Cohesion policy should be conducted in such a way as to ensure that the EU's development and climate objectives can be met. However, at the same time, it should implement all 20 principles of the European Pillar of Social Rights (EPSR) fully and consistently. Delivering on climate policy requires not only effective use of the Just Transition Mechanism, but also complementary actions at regional level to safeguard jobs and make sure they are of good quality, through means such as social dialogue. Social protection systems also need to be consolidated as instruments to combat poverty and exclusion, while at the same time improving social cohesion.
- 1.10 The success of cohesion policy depends on involving social economy entities as widely as possible in implementing it, particularly those providing services of general interest, including for people with disabilities and other socially disadvantaged groups. These entities should ensure, in cooperation with employees and volunteers, a high degree of social participation and fairness, and support the digital transition and environmental protection. These entities should be given favourable conditions to develop through specific financial support from European funds, favourable treatment in public procurement rules, as well as simplification of rules, a significant reduction in unjustified control activities and getting rid of bureaucratic requirements in individual Member States.
- 1.11 Making progress on digitalisation is an important element of cohesion policy. The digital transition should contribute not only to greater economic productivity, but also to better educational attainment and social participation by all people living in the EU, including disadvantaged groups. To this end, it is necessary to ensure universal access to broadband internet as a free public service.
- 1.12 The EESC points out that other parts of the infrastructure are needed, too, for effective use of technologies throughout society and entrepreneurs. This must be addressed by Member States when making investment decisions.
- 1.13 The EESC calls on the Member States and the EU's regions to involve the social partners and other civil society organisations as broadly and genuinely as possible in shaping cohesion policy and monitoring its effects. This inclusion will also help measure the extent to which cohesion

policy objectives have been achieved, which should not be based solely on quantitative indicators, but also on quality indicators (measuring development, not just growth). It is extremely important for the European Commission to continuously monitor implementation of the partnership principle in the Member States, as full and transparent application of this principle has a positive impact on ensuring more effective and efficient use of the EU budget.

- 1.14 Irrespective of the participation of civil society organisations and the EESC itself in the regularly held Cohesion Forums, the Committee proposes organising an annual event on implementing cohesion policy with representatives of the social partners and other civil society organisations alongside the European Council meeting.

2. General comments

- 2.1 The EESC welcomes the Commission's Communication *on the 8th Cohesion Report: Cohesion in Europe towards 2050*. The report is a much needed source of information on the efforts undertaken towards economic, social and territorial cohesion and the problems associated with achieving cohesion. The new document is all the more important in that more than four years have gone by since the previous (7th) report. Given when it was published, the Commission's communication does not take into account the effects of the Russian aggression against Ukraine, which is essentially an act of aggression against the European Union and the most serious challenge for cohesion policy in the short and medium term, both in the context of the refugee crisis and the post-war reconstruction and European integration of Ukraine.
- 2.2 Given that Ukraine has repeatedly expressed a desire to join the European Union, the staunchly pro-European stance of Ukrainian civil society and the formal membership application to the EU, the Committee is strongly in favour of Ukraine joining the European Union without delay and therefore calls for cohesion policy and its financial instruments to be adapted accordingly in the coming years, including the swift establishment of a separate fund for the reconstruction and development of Ukraine.
- 2.3 At the same time, the Committee urges the Member States, the EU's regions and civil society organisations to make the most effective and rapid use of the possibilities to support Ukrainian refugees created by the Regulation of the European Parliament and of the Council on *Cohesion's Action for Refugees in Europe (CARE)*³, proposed by the European Commission on 8 March 2022. Action is also needed so that savings generated in the 2014-2021 financial perspective and the REACT EU instrument can be quickly and flexibly redirected to directly support refugees, particularly in countries bordering Ukraine, and to set up a separate fund for this purpose in case the funds currently available are insufficient. The CARE instrument should assure funds for increasing the operational capacity of social partners and other civil society organizations involved to represent the Ukrainian refugees in their path to labour market insertions.

³ [COM\(2022\) 109 final](#)

- 2.4 In this context, the Committee strongly welcomes the proposal of the Commission⁴ to amend the REACT-EU regulation so that a higher share of the increased pre-financing resources should be allocated to the Member States that are confronted with the largest number of arrivals of persons fleeing Ukraine, either as transit countries or as countries of final destination.
- 2.5 Given the massive contribution made so far by civil society organisations from EU Member States bordering Ukraine to provide support for Ukrainian refugees, which goes far beyond the help provided by public authorities, the EESC calls on the Member States to significantly step up their organisational and financial support for these organisations, including from European Union funds.
- 2.6 Overcoming the current pandemic crisis also poses a very serious challenge. The report stresses that the pandemic has led to the greatest recession since 1945, particularly in sectors that rely on personal interaction (such as tourism), and has drastically changed the nature of work, education and social life, as well as the situation in border regions. Overall, the pandemic has had a greater negative impact in less developed regions, which slowed down the pace of convergence.
- 2.7 The EESC considers that Cohesion Policy should cover all essential policies: among others, fiscal policies. In this context the EESC observes that the existing disparities between the fiscal policies of the Member States are a factor that contributes to the existence of the two speeds of development in Europe. A tax policy focused on cohesion must put an end to the competition between 27 different tax systems of the Member States, which allow multinationals such a profit maximising, which contributes to chronic inequalities. Therefore, an in-depth reform of the fiscal rules is necessary, focussing on the sustainability of the public debt of the countries, on mechanisms of European economic governance and on a more equitable and progressive European tax collection.
- 2.8 Moreover, the Committee is concerned that the reintroduction of key provisions of the Stability and Growth Pact, planned for 2023, will have a negative impact on cohesion.
- 2.9 The EESC believes that the description of the challenges facing cohesion policy set out in the Commission communication is comprehensive and accurate, and agrees with the conclusions set out in Chapter 5 therein. The EESC considers it particularly important to:
- 2.9.1 counteract pressure on democracy and its values, in such ways as developing participatory democracy and active involvement of local actors, including those from the social economy sector, social partners and other civil society organisations, in planning economic and social development, and to consistently apply the principles of partnership in cohesion policy;
- 2.9.2 expand the Just Transition Mechanism, particularly by taking into account the social costs of mitigating and adapting to climate change, in such ways as fighting poverty and social exclusion through close cooperation with social partners and other civil society organisations;

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[COM\(2022\) 145 final](#)

- 2.9.3 invest more in skills, stimulate people's creativity and entrepreneurship throughout their lives, particularly through education, upskilling and lifelong learning geared towards the processes of the technological, green and digital transformation, and significantly improve the level of formal education in regions where it is still unsatisfactory, including in rural areas and marginalised regions. In doing so, particular attention should be paid to improving the lifelong learning situation in small and medium-sized enterprises and for irregular workers;
- 2.9.4 increase investment in R&D, thereby supporting innovation that can help less developed regions to grow, as well as the overall system for supporting them at regional level, as under the smart specialisation strategies⁵;
- 2.9.5 respond effectively to demographic changes, in such ways as supporting the employment of people belonging to groups with lower employment rates, such as young people without sufficient work experience, older people, people with lower professional skills and migrants from outside the EU;
- 2.9.6 strengthen cross-border and interregional cooperation, particularly in developing climate-friendly railway infrastructure in border areas and consistently maintaining open borders between Member States, even in times of crisis;
- 2.9.7 strengthen urban-rural links, including in order to ensure all EU citizens access to services of general interest, which are often concentrated around urban areas;
- 2.9.8 ensure that the use of funds under the Recovery and Resilience Facility is fully compatible with the implementation of cohesion policy through the proper use of resources, including by closely coordinating the use of resources from different funds;
- 2.9.9 streamline cohesion policy for beneficiaries through simplification and flexibility in implementing the funds that should be used to achieve its objectives. It is also necessary to build on the experience of applying simplifications under the Recovery and Resilience Facility and to pay particular attention to make sure that small civil society organisations are able to acquire, implement and account for projects financed by cohesion policy more easily.
- 2.10 Enlargement of the Schengen area in the countries that are not already in and which are respecting all the legal requirements will have and direct impact on consolidating complementarity, competitiveness and cohesion of the EU development, especially in the East of Europe.

3. Specific comments

3.1 *Uneven progress in convergence: A "two-speed Europe"?*

- 3.1.1 It is absolutely essential that the pandemic crisis does not lead to the creation of a "two-speed Europe" when it comes to convergence. The principle of additionality should therefore be

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https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/smart_specialisation_en.pdf

applied with caution. Furthermore, *ex ante* conditionalities during the 2021-2027 programming period which introduce a number of circumstances that must exist in order for the funds to be mobilised must not lead to the exclusion of regions that do not have the possibility to obtain alternative funding for economic growth, climate policy and social development.

- 3.1.2 There is still a need to transfer resources from richer to poorer regions. The process of economic and social convergence should mean convergence with the best.

3.2 *New risks for cohesion policies*

- 3.2.1 The UN has warned that the movements of refugees due to climate change will become more frequent. It is necessary to have new regulatory frameworks and new policies that allow their settlement in host countries, guaranteeing employment and social protection. The recent proposal for a Regulation on crisis and force majeure⁶ does not contemplate these situations of environmental crisis that will cause millions of people to travel to the EU, and even within the EU.
- 3.2.2 High rate of increasing the food prices will create a supplementary risk for vulnerable regions and persons of the EU and thus a concern for the Cohesion Policy.

3.3 *The need to strengthen the coordinating role of the European Union institutions*

- 3.3.1 The pandemic crisis has shown that in order to reinforce territorial, economic and social cohesion, it is necessary to strengthen the coordinating role of the EU institutions, including in areas where the Treaties do not provide for EU powers. This applies in particular to crisis situations. While the European Commission has played a very positive role in supplying Member States with COVID-19 vaccines, it was the Member States themselves, generally without bilateral or EU-level consultations, that introduced restrictions on movement within the Schengen area and across the EU. The criteria for these restrictions were also set at national level. The EESC has already criticised such practices⁷, stressing that maintaining open borders in the Schengen area is a key issue both for the functioning of the common market and for rebuilding and increasing resilience, as well as for fostering European solidarity and identity. The Committee believes that the pandemic crisis has shown that territorial, economic and social cohesion should be accompanied by political cohesion.

3.4 *Social inclusion as a prerequisite for the success of cohesion policy*

- 3.4.1 The number of people at risk of poverty and social exclusion in the EU increased by five million in 2020 as a result of the pandemic crisis. This poses a serious threat to social cohesion and therefore also to achieving the EU's development and climate objectives. It is clear that cohesion policy should continue to serve these objectives and aim to support economic growth and competitiveness. However, at the same time, it should implement all 20 principles of the

⁶ Proposal for a Regulation of the European Parliament and of the Council addressing situations of crisis and force majeure in the field of migration and asylum, [COM\(2020\) 613 final](#).

⁷ [OJ C 155, 30.4.2021, p. 45.](#)

European Pillar of Social Rights (EPSR) fully and consistently. The implementation of the EPSR should be combined with social and civil dialogue, as well as the social involvement of employers and workers. Particular attention should be paid to support for children and young people, including in the area of education.

3.4.2 The EESC underlines the importance of the impact of social security systems, which, despite the structural differences in the Member States, are an essential factor in achieving social cohesion and social inclusion of citizens. Furthermore, strengthening social security is part of the fight against poverty and exclusion and is based on common EU values.

3.5 *The role of the social economy, volunteers and services of general interest in the implementation of cohesion policy*

3.5.1 The Committee has already stressed⁸ that social economy actors create and maintain high-quality jobs, promote equal opportunities, including for people with disabilities and other socially disadvantaged groups, ensure a high level of social participation and fairness and support the digital transformation and environmental protection.

3.5.2 The fact that the social economy is a strategic ally in the process of strengthening the social dimension in Europe, and thus in achieving the objectives of social cohesion, has become particularly evident during the pandemic crisis. Therefore, measures relating to the social economy should have specific support from European funds under cohesion policy.

3.5.3 Non-profit social enterprises and similar non-profit organisations should also be reinforced by providing special treatment in public procurement rules compared to public or commercial bidders. This should be the case for public procurement of services of general interest, in particular health, social and education services, especially as one of the core elements of social enterprises and non-profit organisations is often the unpaid involvement of volunteers who, in some Member States, account for over 2% of GDP.

3.5.4 From the social cohesion perspective, it should also be stressed that "volunteering has a value for individuals, communities, the environment, the economy and society at large as one of the most visible expressions of solidarity. It promotes and facilitates social inclusion, builds social capital and has a transformative effect on society."⁹"

3.6 *Cohesion policy, climate transition and employment*

3.6.1 After the COVID-19 pandemic crisis, the European Union, and the rest of the world, must face a climate and environmental emergency. If the pandemic crisis had not happened, the fight against the environmental emergency would be the main objective of the European Union, within the framework of the United Nations Sustainable Development Goals¹⁰. In a recent own-

⁸ [OJ C 429, 11.12.2020, p. 132](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=OJ_C_429_11.12.2020,_p._132).

⁹ EESC opinion on *Volunteers – Citizens building the future of Europe* (own-initiative opinion), OJ C [152 6.4.2022, p. 19](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=OJ_C_152_6.4.2022,_p._19)

¹⁰ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

initiative opinion¹¹, although focused on the field of education, the EESC reminded the European Commission and the Member States that they must better connect environmental policies with employment policies.

- 3.6.2 However, the transition to a decarbonised economy also requires measures that facilitate a fair transition for the most vulnerable groups and geographical areas, since the climate emergency is a high-risk factor in terms of cohesion, due to the unequal effect it will have on different European geographical areas. The transition towards a more ecological production model that is socially beneficial will only be achieved by promoting the ecological transition of companies, work methodologies and the labour market in general. These efforts will create decent employment opportunities, increase resource efficiency, and build long-term, low-carbon, sustainable societies.
- 3.6.3 For all these reasons, it is necessary to take into account policies, recommendations and guidelines that can contribute to improving the capacity of Member States, their laws and their policies to face the opportunities and challenges of the ecological transition and decarbonisation through a Just Transition Strategy, which serves as an action guide to optimise benefits and minimise risks regarding employment, working conditions and social protection.
- 3.6.4 Access to affordable housing, capacity to assure a decent life for youth and their families, assuring a work and personal life ethical balance, stable employment opportunities, adequate working conditions and financial and digital inclusiveness are important for youth and the future of the EU sustainable development.
- 3.6.5 However, more steps must be taken to complement the Just Transition Fund, particularly at regional level, in order to protect and guarantee high-quality jobs. The role of social dialogue and the full engagement of the social partners is very important in this regard, including through their conclusion of collective agreements. Moreover, the Cohesion Policy should approach instruments such as collective bargaining for reducing inequalities and supporting sustainable development.

3.7 *Digital transformation and education*

- 3.7.1 Cohesion policy will increasingly be linked to the digital transformation. However, as the Commission's report highlighted, only 2/3 of urban residents and 1/6 of rural residents have access to very high-speed internet connections. The EESC has already stressed¹² that the digital transformation must not only lead to growth in productivity, but also to improvement of education and participation in political, social and cultural life for the whole EU population, including older people, people with disabilities, people at risk of social exclusion and other disadvantaged groups. Therefore, the EESC again calls for access to high-speed broadband internet for all EU residents to be provided for free as a public service. It should be noted that one way to guarantee a successful digital transformation is universal access to the internet and

¹¹ EESC opinion *Towards an EU strategy for enhancing green skills and competences for all* (own-initiative opinion), [OJ C 56, 16.2.2021, p. 1](#).

¹² [OJ C 155, 30.4.2021, p. 45](#).

educational opportunities related to it. Free internet access is particularly important in order to ensure the proper functioning of education in rural areas, which in many Member States is not on a par with educational establishments in cities.

3.8 *Cohesion policy and the quality of governance and rule of law*

- 3.8.1 For many years, the Committee has observed that in some Member States there is a need to improve coordination at regional level, or indeed to establish effective regional governance as a bridge between national and local government, able to delineate regional strategies which are important for regional development and convergence. Central government is frequently unable to interpret the needs and priorities of the regions, but in some cases it does not give the requisite powers to regional authorities, which merely provide a sounding board for the national political authority, without any added value for the region¹³. In this context, European Union funds should also be used better to build the capacity of local and regional public authorities.
- 3.8.2 Furthermore, in many cases the participation of social partners and other civil society organisations in decision-making is marginal: the opinions of the entities that best understand the real situation and issues are not taken into account during consultation.
- 3.8.3 Another concern, which has also been raised by civil society representatives, is the deterioration of the rule of law in some Member States, which indirectly has a negative impact on the quality and effectiveness of cohesion policy measures.
- 3.8.4 The EESC calls on the Member States and the EU's regions to involve the social partners and other civil society organisations as broadly and genuinely as possible in shaping cohesion policy and monitoring its effects. This inclusion will also help measure the extent to which cohesion policy objectives have been achieved, which should not be based solely on quantitative indicators, but also on quality indicators that help measure development and not just growth.

3.9 *Management of cohesion policy funds and projects*

- 3.9.1 The above considerations also apply to the planning, implementation and monitoring of programmes linked to implementing cohesion policy and to the process of selecting projects to be implemented. In this context, attention should be paid to the increasing fragmentation of public policies, which runs counter to a comprehensive, bottom-up approach to solving problems through cross-industry projects. Those involved in social and civil dialogue at regional and local level should play an important role in planning and coordination, as they know what the real needs are and how they can be met. Projects should be planned in such a way as to ensure flexibility in achieving their objectives, and the people managing these projects should have access to efficient channels of communication with the holders of European Union funds. Creating a clear synergy between the project contracted and the new economic realities concerning increased energy and raw material prices should be a preoccupation for delivering a proper absorption rate.
- 3.9.2 Instruments such as Integrated Territorial Investments should be promoted, better financed and extended in the 2021 – 2027 programming period.

¹³ [OJ C 248, 25.8.2011, p. 68.](#)

3.9.3 Action should also be taken to limit bureaucracy, in particular by examining the results that were obtained and not the way they were obtained, since the latter entails complex administrative procedures both for beneficiaries and public administrations. In this context, the EESC calls on the European Commission to make sure that its regular assessment of the administrative costs of managing EU funds in specific Member States and the related assessments of unjustified increases of requirements for using the funds (gold plating) at national or regional level lead to consequences for those Member States and regions.

3.10 *Implementing the partnership principle*

3.10.1 It is extremely important for the Commission to continuously monitor implementation of the partnership principle in the Member States. The legal basis for this principle is Article 8 of the new framework regulation¹⁴, and its implementation is described in the European Code of Conduct on Partnership, Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014¹⁵. It is based on close cooperation between the public administrations of the Member States in planning and implementing programmes co-financed by the European Union with a wide range of partners, particularly the social partners and other organisations representing civil society. The full and transparent application of this principle has a positive effect on increasing public engagement and civil society involvement, as well as on planning more relevant and complementary actions, thus promoting a more effective and efficient use of the EU's budget. In this context, the EESC welcomes the fact that the European Commission has drawn up a document on implementing the partnership principle in the 2021-2027 programming period in order to review the European Code of Conduct on Partnership.

3.11 *Cohesion Forum*

3.11.1 The Committee welcomes the results of the 8th Cohesion Forum, which took place on 17-18 March 2022, with the participation of civil society organisations and the EESC itself.

3.11.2 The EESC has repeatedly proposed¹⁶ that cohesion policy and the European funds supporting it should be examined annually in the context of a dedicated European Summit. In this context, the Committee stands ready to organise an annual event dedicated to implementing cohesion policy, with the participation of representatives of the social partners and other civil society organisations alongside the European Council meeting.

Brussels, 18 May 2022

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¹⁴ [OJ L 231, 30.6.2021, p. 159](#).

¹⁵ [OJ L 74, 14.3.2013, p. 1](#).

¹⁶ [OJ C 248, 25.8.2011, p. 68](#), [OJ C 242, 23.7.2015, p. 43](#).