

# Can EU Cohesion policy deliver on expectations in 2014-2020?

John Bachtler

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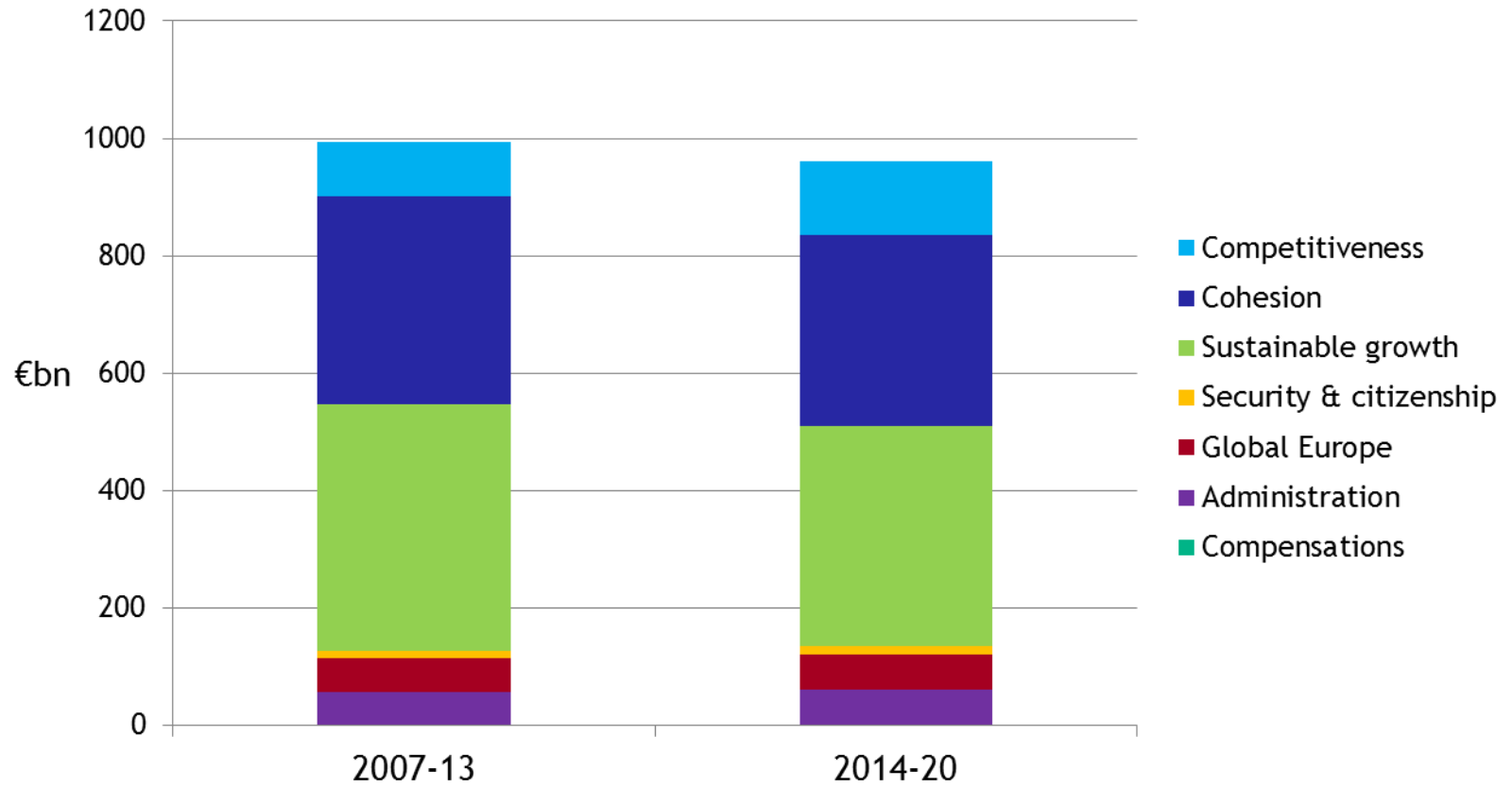
- Budget reform
  - Multiannual Financial Framework (MFF), 2014-2020
  - implications for Cohesion policy
- Policy reform: rationale and objectives
  - strategic coherence, thematic concentration, better performance
- Implementation issues
  - spending, administrative capacity, control mechanisms
- Concluding questions



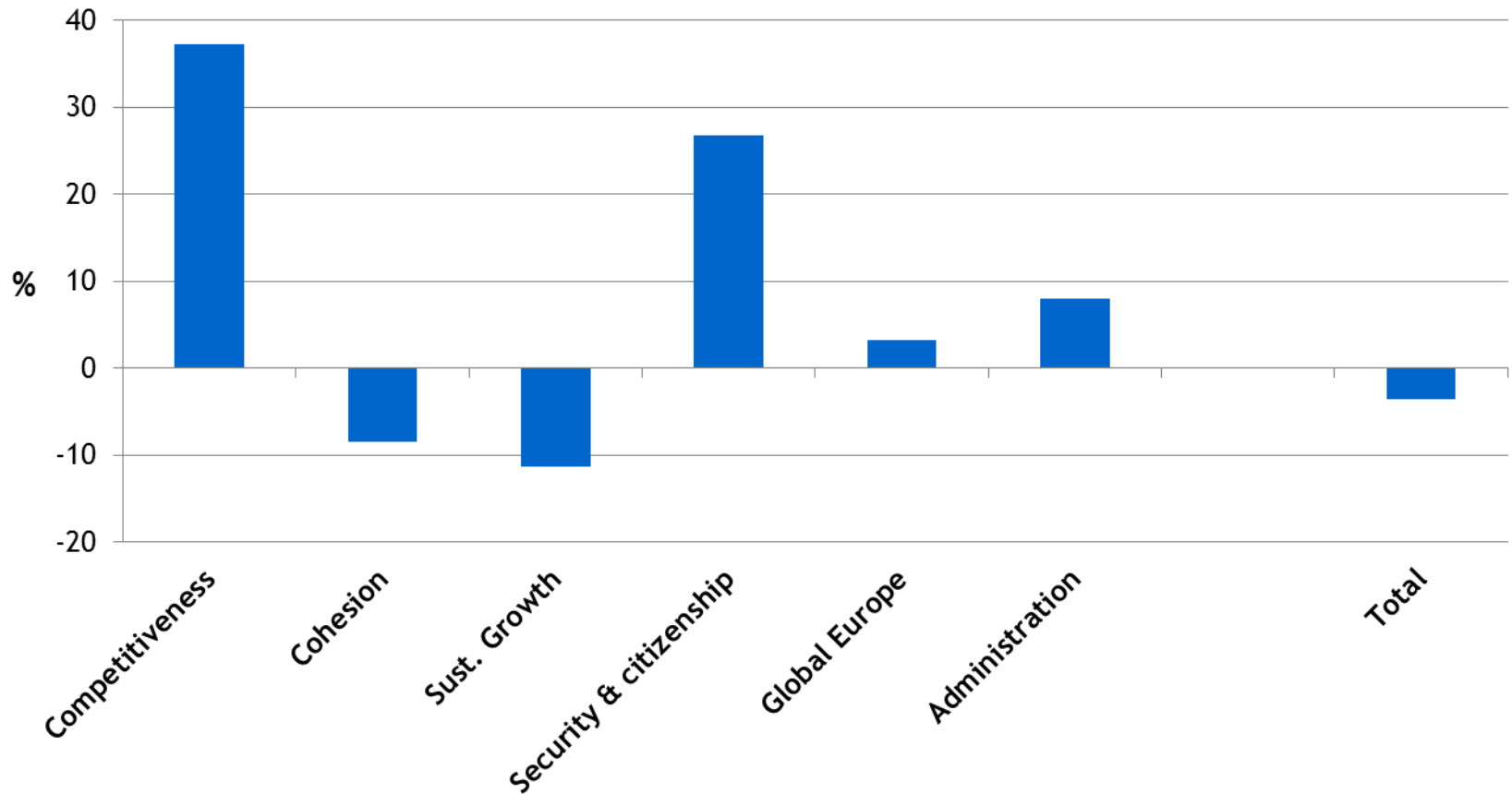
# Chronology of Cohesion policy reform

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- Long process of consultation and open debate leading to Commission proposals in 2011
  - Budget reform
    - negotiations under PL, DK and CY Presidencies
    - Council agreement on EU budget on 8 February 2013
    - European Parliament currently deliberating; mix of formal and informal discussions between Council, EP and Commission
    - outcome will be an Interinstitutional Agreement
  - Policy reform
    - parallel negotiation on regulations in General Affairs Council (via Structural Affairs Working Group)
    - partial general agreement on many issues

# Budget reform: Council agreement on MFF, 2014-20



# Budget reform: change in allocations, 2014-2020





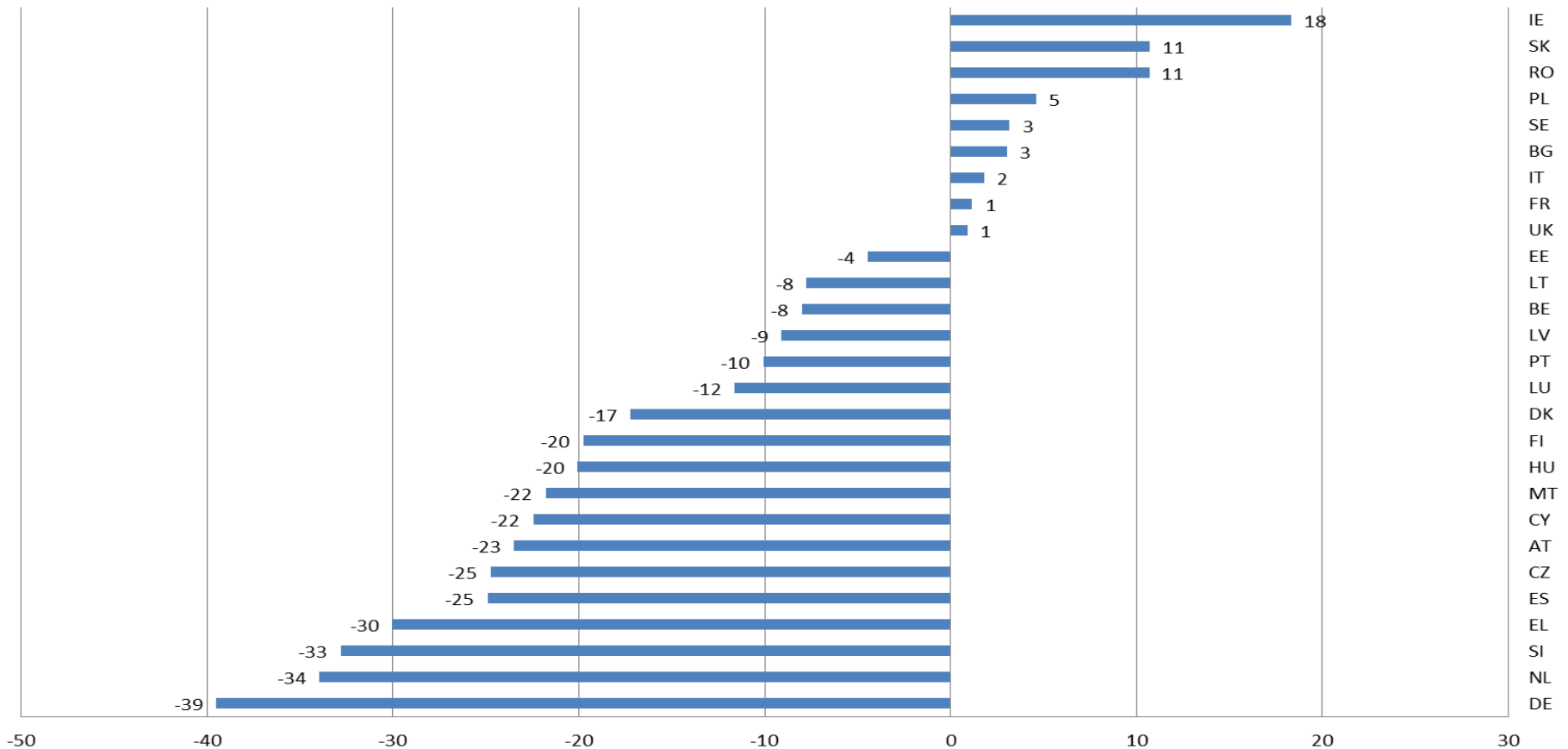
# Budget reform: implications for Cohesion policy

	2007-13		2014-20 (Commission)		2014-20 (Council)		Change 2007-13 to 2014-20
	€ m	% of total	€ m	% of total	€ m	% of total	%
<b>Convergence / Less-developed</b>	202,320	57.5	162,590	48.4	164,279	50.5	<b>-18.8</b>
<b>Cohesion Fund</b>	70,331	20.0	68,710	20.4	66,362	20.4	<b>-5.6</b>
<b>Transition, of which:</b>	26,170	7.4	38,952	11.6	31,677	9.7	<b>+21.0</b>
• <i>Phasing-out</i>	14,305	4.1					
• <i>Phasing-in</i>	11,865	3.4					
<b>RCE/More- developed</b>	44,263	12.6	53,143	15.8	49,492	15.2	<b>+11.8</b>
<b>Territorial cooperation</b>	8,626	2.5	11,700	3.5	8,948	2.8	<b>+3.73</b>
<b>OMR and LPD</b>			926		1,387		
<b>TOTAL</b>	<b>351,710</b>	<b>100.0</b>	<b>336,021</b>	<b>100.0</b>	<b>325,149</b>	<b>100.0</b>	<b>-7.6</b>



# Budget reform: implications for Member State allocations

**% Change in Cohesion Policy Allocations from 2007-13 to 2014-20 (EPRC Estimates)**





# Policy reform: rationale for changes to Cohesion policy

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- Context is the long-term debate on EU budget: size, purpose, allocation
- Preparation and negotiation of the 2014-2020 budget questioned the ‘added value’ (effectiveness, efficiency) of Cohesion policy
- Justification for retaining Cohesion policy spending based on:
  - framing the policy as a ‘delivering’ Europe 2020 objectives
  - commitments to ‘improve the quality of spending’
  - objectives to increase strategic coherence, concentration and performance of interventions





# Policy reform: strategic coherence

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Problem	Proposed solution
Funding instruments with different goals, procedures and rules	Common Strategic Framework for all funds
Lack of commitment among Member States to goals of Cohesion policy	Partnership Contracts - between Commission and Member States
Fragmented management of the funds, lack of coordination	Integration of institutional arrangements



# Policy reform: strategic coherence

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## Policy and institutional responses

- Common Strategic Framework agreed; translated into national ‘position papers’ by the Commission
- Partnership Contracts → Partnership Agreements
- Member States introducing new organisational arrangements to facilitate ‘more strategic use’ of the Funds e.g.
  - coordinating committees for different Funds
  - joint managing authorities for different programmes
  - single programmes for all Funds
  - simplifying access for applicants to all EU funding (Structural Funds, Horizon 2020 etc)



# Policy reform: thematic concentration

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Problem	Proposed solution
Lack of coherence of Cohesion policy with EU objectives	Maximise contribution of Cohesion policy to Europe 2020 by specifying 11 thematic priorities
Dispersal of spending over too many priorities	Focus spending by setting minimum thresholds for spending on key priorities





# Policy reform: thematic concentration

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Programming preparations indicate more spending on:

- energy-related themes (energy efficiency, renewables and low-carbon economy)
- research, technological development and innovation; ICT
- education/human capital
- social inclusion and health

Less support for 'hard' infrastructure, such as transport



# Policy reform: better performance

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Problem	Proposed solution
Unrealistic or unjustified policy objectives	Requirement for objectives to be framed with reference to results (intervention logic)
Weaknesses in the policy or institutional context in Member States	Ex ante 'conditionalities'
Lack of incentives to encourage good performance	Performance reserve
Poor information on achievements	Performance framework to improve reporting, monitoring, evaluation

# Policy reform: better performance

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Member States are making some effort to:

- improve coherence of programme objectives with indicators and targets
- use fewer monitoring indicators
- ensure better comparability of monitoring data across regions, programmes

However, there appears to be a major gap between Commission expectations and action at programme level

# Implementation problems: spending the money

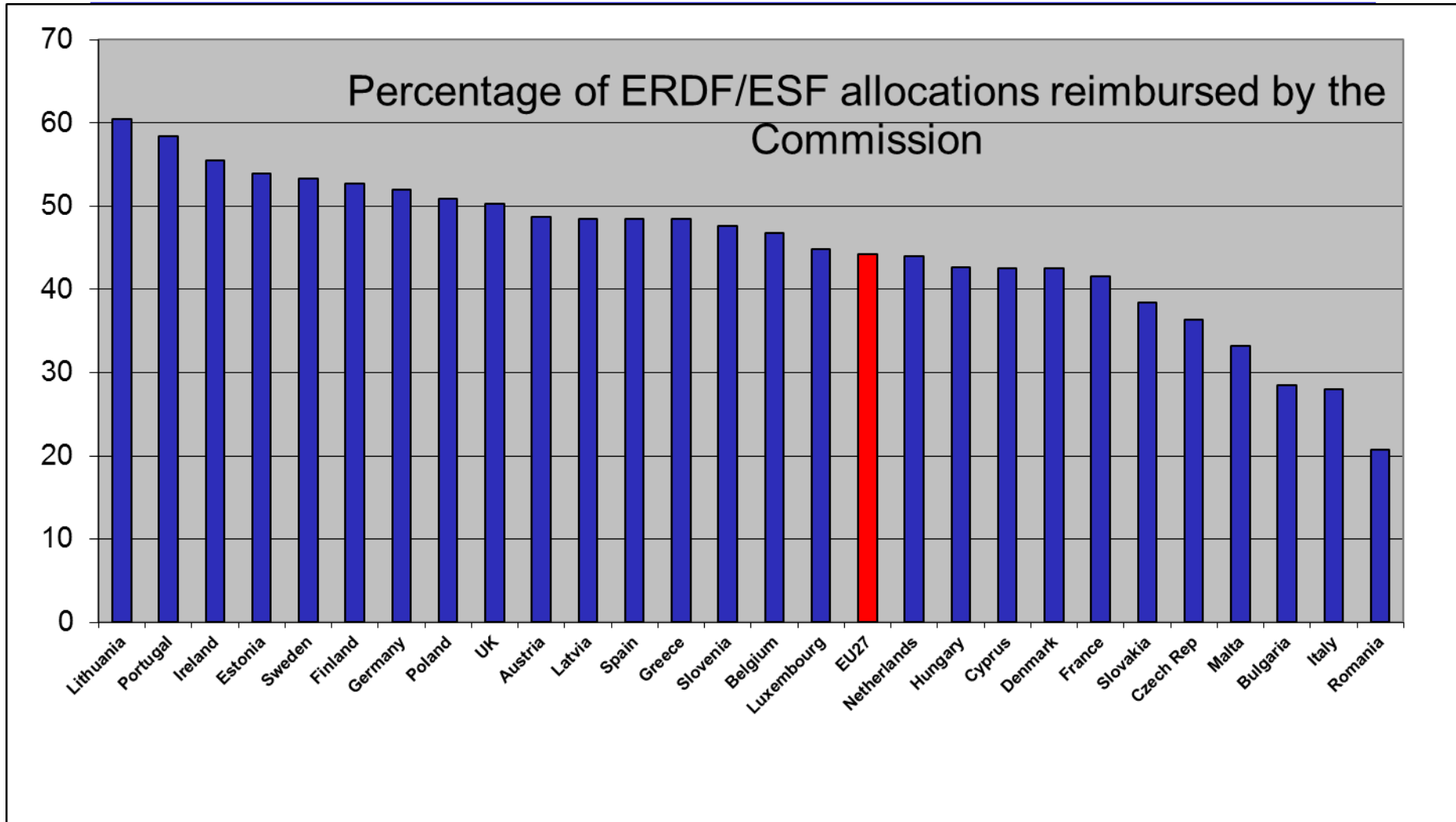
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- current levels of commitment and spending are very low for this stage of the programme cycle
- constraints on both public and private sector resources
- evidence of administrative burdens putting off applicants





# Implementation problems: spending the money





# Implementation problems: administrative capacity

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- Legality of spending
  - management and control systems - stopping of programmes
  - compliance with public procurement, State aid etc; corruption
- Quality of spending
  - instability - changes to organisations, turnover of staff
  - politicisation of project selection
  - lack of specialist expertise in areas such as innovation, financial instruments
  - weaknesses of monitoring systems
- Wider issue of quality of government and governance



# Implementation problems: weak EU control mechanisms

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- Member States are reluctant to give the Commission powers to enforce improvements in performance
  - proposals for stronger performance management and control are weakened in Council negotiations
  - compliance is uneven
  - the decommitment rule is the main control that has been effective - but focuses on absorption and has had unintended consequences
- Better performance in 2014-20 will depend on
  - commitment of Member States
  - European Parliament oversight
  - transparent reporting and Council response

# Concluding questions

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- Has Cohesion policy lost sight of its ‘cohesion’ purpose?
  - thematic/sectoral focus of the reformed policy is associated with a loss of territoriality
- Is the implementation architecture too complex?
  - rethink the allocation of competences under the ‘shared management’ system
- Does the policy have too much money to spend effectively?
  - less money combined with better administrative capacity

Thank you for your attention.

[john.bachtler@strath.ac.uk](mailto:john.bachtler@strath.ac.uk)