



# CONFERENCE ON THE FUTURE OF COHESION POLICY

Maribor, Slovenia, 7 and 8 April 2008

## PRESIDENCY CONCLUSIONS

In September 2007, at the Fourth European Forum on Cohesion, the European Commission officially launched a debate on the future of cohesion policy, which was then taken up by the Portuguese Presidency at the EU Council at the informal ministerial meeting in the Azores in November 2007. By the end of January 2008 the first round of public consultation came to an end, thus paving the way for the next phase in the discussion.

Due to complexity of the issues involved, the Slovenian EU Presidency considered that the debate needed to become more structured, focused and concrete. At the same time it was paramount that the debate remained open and attentive to possible new ideas and, in particular, that it remained inclusive, i.e. with the full participation of all the stakeholders in cohesion policy.

In order to achieve this objective, the Slovenian Presidency organised a major conference on the future of cohesion policy attended by over 170 participants representing all the EU Member States, institutions (European Commission, European Parliament, European Court of Auditors), consultative bodies (European Economic and Social Committee, Committee of the Regions) and other stakeholders in cohesion policy (European Investment Bank, Organisation for Economic Cooperation and Development, social partners, NGOs, experts and regional associations). Furthermore, in order to structure and focus the debate, the Slovenian Presidency prepared and distributed the conference programme with details of specific questions and specific unresolved issues well in advance to enable participants to better prepare their positions.

Thematically, the conference focused on the rationale of cohesion policy in terms of its structure, scope and objectives as well as possible improvements to delivery mechanisms. The ambition of the Presidency was to identify both the strengths as well as the weaknesses of cohesion policy, since further improvements in this area will need to be found in the next stages of the debate. What follows are the main messages and lines of thinking from the conference. **The conference conclusions have been prepared under the sole auspices of the Slovenian Presidency, which means that they in no way pre-empt any position or discussion by any of the participants or institutions;** they have been submitted, however, for comment and information, to the Structural Actions Working Party of the Council.

## MAIN MESSAGES

- 1.) Cohesion policy remains one of the fundamental pillars of the European Union. Its rationale, in the light of challenges such as globalisation, demographic and climate change, energy security as well as migration and social exclusion, will continue to be as strong as it has been from its conception.
- 2.) Cohesion is considered a public asset in itself and its policy instruments have genuine European value added. The general structure of cohesion policy is not contested. Stakeholders reject the notion of cohesion policy as fiscal transfer.
- 3.) Convergence should remain the primary focus of cohesion policy, giving priority to enabling areas lagging behind to catch up. There is unanimous support for the convergence objective, while the territorial cooperation objective is also fully endorsed as being fundamental to the pursuit of EU cohesion objectives. There are some reservations about the regional competitiveness and employment objective, though the majority argued for cohesion policy to be implemented across the EU. The same majority argued for cohesion policy to be implemented as a regional policy and thus against establishing eligibility at Member State level only.
- 4.) Cohesion policy should not become overloaded with a whole range of policy objectives. While strong commitment to the Lisbon Agenda was reaffirmed, cohesion policy was felt to be broader in scope. In particular, one aspect considered a strength of cohesion policy is that it allows the necessary flexibility for implementation of policy options in line with the specific needs of a particular region and Member State.
- 5.) Application of the subsidiarity principle should be strengthened.
- 6.) It should be recognised that the strategic and programming approach exemplified in cohesion policy provides an excellent context within which territorial challenges, especially at regional and local level, can be addressed. More attention should be given to the advantages of the integrated approach to policy making at EU level, thus also contributing to the objective of territorial cohesion. Stakeholders argued in favour of restructuring activities in rural areas being returned to the sphere of cohesion policy.
- 7.) Cohesion policy delivery mechanisms need thoroughgoing improvement, i.e. reform. This will require strong commitment at all levels (including the political level), while solutions will need to be prepared in the context of interinstitutional dialogue.
- 8.) Specific proposals for simplification that have been presented need to be explored further in the next rounds of the debate and, if agreed, should be introduced before 2014.

## DISCUSSION & PROGRESS BY THEME

### **Theme 1: Rationale of cohesion policy in terms of its structure, scope and objectives**

#### **1.1.) Overall assessment of cohesion policy**

As per the conclusions of the Azores informal ministerial conference, **cohesion policy remains one of the fundamental pillars of the European Union**. There was unanimous agreement that solidarity constitutes a fundamental value of the EU and that a concentrated territorial model of development is not an option for Europe. **The rationale of cohesion policy**, in the light of challenges such as globalisation, demographic and climate change, energy security as well as migration and social exclusion, **will continue to be as strong as it has been from its conception**. Furthermore, a number of discussants pointed out that cohesion policy is enshrined in the Treaty and therefore has an overarching mission relative to other, current political priorities. The European institutions in particular, as well as a number of other delegations, consequently argued for a need not merely to preserve but also to further strengthen the scope of cohesion policy.

**The general structure of cohesion policy is not contested**. Cohesion policy is perceived as inducing both equity and efficiency, i.e. it is an investment-based, competitiveness-enhancing mechanism. This, in other words, means that stakeholders **reject the notion of cohesion policy as fiscal transfer**.

There was consensus that **convergence should remain the primary focus** of cohesion policy, thus **giving priority to enabling areas lagging behind to catch up**. Furthermore, some Member States argued for the added value of transitional arrangements. As regards the three objectives, there was unanimous support for the convergence objective; the **territorial cooperation** objective was also **fully endorsed** as being fundamental to the pursuit of EU cohesion objectives.

**Some reservations about objective 2**, the regional competitiveness and employment objective, were expressed by a limited number of Member States and some experts in particular. However, the **majority argued for cohesion policy to be implemented across the EU**, as it was felt to be important in order to ensure sustainable development of the EU as a whole. The same majority argued for the implementation of **cohesion policy as a regional policy** and, thus, against establishing eligibility at Member State level only. The possible application of the open method of coordination to the implementation of cohesion policy in the richer Member States did not receive a great deal of attention, apart from a limited number of Member States calling this an “option worth exploring”.

## 1.2.) Cohesion policy objectives

Ensuring a cohesive and competitive EU requires a fully-fledged development policy which embraces a number of policy areas and promotes the endogenous development of target areas. It has been argued that the aforementioned challenges are such as to justify the introduction of new measures. At the same time, however, a significant number of delegations praised the virtues of thematic concentration, said to be required in order to ensure a genuine and measurable impact.

In spite of convincing arguments demonstrating the positive impact of cohesion policy resources, still more attention will need to be given to the development and more extensive use of performance indicators. This will also require that objectives are more clearly spelt out. This point was reinforced by the notion that **cohesion policy should not become overloaded with various policy objectives**, even though the enormous variety of obstacles to faster development in different parts of the EU require different forms of intervention.

While strong commitment to the Lisbon Agenda was reaffirmed, cohesion policy was felt to be broader in scope. In particular, one aspect considered a strength of cohesion policy is that it allows the necessary flexibility for implementation of policy options in line with the specific needs of a particular region and Member State (in that regard, the Gothenburg Agenda was most often mentioned).

It is thus paramount to preserve and even **strengthen the application of the subsidiarity principle** since cohesion policy implementation is incompatible with a 'one size fits all' approach. A convincing case was made for giving regions and local authorities a stronger role in framing cohesion policy, while a number of stakeholders also called for a need to put more emphasis on the partnership principle.

As regards the European value added of cohesion policy and a possible requirement that cohesion policy should focus particularly on trans-national investment, the majority of delegations considered that **the European value added criteria are fulfilled as long as a given operation makes a contribution to a common European objective**. This means that cohesion continues to be considered a public asset in itself and its policy instruments to have genuine European value added. At the same time some discussants claimed that more attention should be given to complementarities with national policies, while, at European level, it should at least be ensured that no conflicting objectives and interventions are implemented in different parts of the EU.

### 1.3.) Territorial cohesion

Delegations agreed that, while of essential importance, the concept of territorial cohesion still needs proper definition. Some doubts were expressed as to whether consensus on a 'simple scientific' definition would be reached soon; in any case, at least a degree of common ground for policy-making purposes is needed.

In this spirit, two lines of approach could be identified. On the one hand, there was a limited number of delegations who interpreted the territorial cohesion objective as a basis justifying the introduction of specific intervention actions and policy tools. The majority of participants, however, approached **territorial cohesion as a means to promote an integrated approach to policy making**, extending beyond cohesion policy itself but providing a requirement for complex, multi-dimensional and sometimes conflicting objectives of other EU and national sectoral policies to be strategically consolidated within a common framework, taking the territorial dimension into account. It should be recognised that the strategic and programming approach exemplified in cohesion policy provides an excellent context within which territorial challenges, especially at regional and local level, can be addressed. Thus, as cohesion policy needs to take account of other policy objectives, so should other policies take account of their impact on convergence. Care should be taken, however, that EU policy interventions are sufficiently focused to allow for proper evaluation.

As an example of the merits of such an approach, the transfer of restructuring activities in rural areas from the cohesion policy to the common agricultural policy framework was questioned. The splitting of part of the territorially-based development measures between two EU policies was assessed as ineffective. This prompted stakeholders to argue **in favour of restructuring activities in rural areas being restored to the sphere of cohesion policy**, which would improve complementarities as well as simplify implementation.

## Theme 2: Cohesion policy delivery mechanisms

There was an almost unanimous assessment that **cohesion policy delivery mechanisms not only need further simplification but that thoroughgoing improvement, i.e. reform, is needed**. At the same time it was emphasised that the demand for such a reform must not and cannot in any way diminish the need for a strong cohesion policy as such. On the contrary, the reform is needed to further improve the positive impact of cohesion policy on common EU objectives.

The reform of delivery mechanisms will require strong commitment at all levels (including the political level) and in all institutions. It is for this reason that **solutions need to be prepared in the context of interinstitutional dialogue**. The extent to which it would be possible to introduce modifications before 2014 without at the same time creating new legal uncertainties remains a moot question.

At the conference at least, the following options for simplification, which will need to be made more specific in the later stages of the debate, were proposed:

1. Instead of input-based checks, **disbursement of funds should be based on the verification of outcomes and results**. Estonia made a practical proposal which needs to be explored further.
2. The amended Article 274 of the Lisbon Treaty should be interpreted in such a way as to allow **full decentralisation of responsibility for implementation to national and/or regional level**. This would enable cohesion policy to be steered strategically at EU level, while at the same time giving full rein to the subsidiarity principle in the implementation phase, thus significantly improving the legal certainty of the system. Simultaneously, some delegations in fact argued for the stronger strategic involvement of the European Commission.
3. In order to avoid different interpretations at European Commission level, a number of delegations argued that the different Funds should be planned and implemented as a **single financial instrument**.
4. The **proportionality principle** should be implemented much more extensively.
5. Some delegations argued that application of the N+2 rule has more negative than positive consequences, in particular as regards the final impact of the spent resources, and should therefore be reformed.

The discussion made it clear that reform of implementation systems might well go beyond the scope of the cohesion policy legal framework itself, prompting **a need to discuss also the provisions of the financial regulation**.