Challenges of Future EU Cohesion Policy

Abstract: A debate on the shape of European Cohesion Policy (ECP) post-2020 has already started in the European Union. It is being waged amid unfavorable conditions, both internal and external. The global economic crisis that erupted after 2007 had a particularly strong effect on the EU, especially its weak and peripheral regions. In addition, Europe has faced a refugee crisis, an increased terrorism threat and anti-integration trends. All this poses a dramatic challenge to the future of the European Union, including ECP. The purpose of this paper is to answer the question of how to configure this sphere of the European Union’s structural intervention and adjust it to changing needs under adverse external and internal conditions. The paper describes the key features of ECP and real processes in the EU’s territorial systems. It also indicates the need to strengthen the territorial dimension of ECP. As ECP requires continued improvement, the paper presents an analysis and recommendations for greater creativity and flexibility of ECP, combined with necessary simplifications and increased effectiveness. Further on, the paper describes how ECP is financed in terms of its share of the EU budget, fund allocation criteria and the territorial scope of EU structural intervention. The complementarity and logic of interventions under individual European Structural and Investment Funds are analyzed. The final section of the paper presents recommendations on how cohesion policy should be shaped after 2020.

Keywords: cohesion policy, EU structural intervention, global and European megatrends, regional development

JEL classification codes: F15, F63, R58, R59

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Introduction

Poland was the largest beneficiary of the European Cohesion Policy under the European Union’s 2007–2013 financial framework and it remains so under the bloc’s current financial framework (2014–2020). Likewise, it can be expected that Poland will be a major beneficiary of Cohesion Policy in the EU’s next financial framework after 2020 despite a marked increase in the level of its socio-economic development and that of its regions. Forecasts for regional GDP per capita at purchasing power parity [Zaleski et al., 2016] show that only four Polish regions will exceed the main criterion for receiving substantial Cohesion Policy support, which is historically and currently set at 75% of the GDP per capita for the entire European Union. According to these forecasts, these will be the following voivodeships (regions): Mazowieckie, Dolnośląskie, Wielkopolskie, and Śląskie. The scale of exclusion from the area supported by Cohesion Policy instruments will to an extent be reduced by dividing Mazowieckie voivodeship into two statistical units according to the NUTS2 classification. This would make it possible to retain major Cohesion Policy support for the significant part of the region outside the Warsaw metropolitan area that is lagging in development. As a result, funding from the European Structural and Investment Funds (ESIFs) will become a significant source of financing for the socio-economic development of Poland and its regions; therefore, the future shape of this policy is very important for programming the future development of the country.

It should be noted that a debate on the future shape of the European Cohesion Policy has already been initiated in the EU. This is clearly evidenced by reports prepared by experts with the participation of academic communities and by the preparation of opinions on the matter by the Committee of the Regions [CoR, 2015, 2016a, 2016b, 2017] and other pan-European organisations [ERSA, 2015], think tanks [ERPRC, 2014, 2015; ESPON, 2014], the academic community [Landabaso, 2015; Monfort, 2015; Pucher et al., 2015a, 2015b; Szlachta, 2016], individual regions and groups of regions [CPMR, 2015a, 2015b, 2015c; Związek Województw RP, 2016; Highlands and Islands Convention, 2016]. Adding to the debate is the preparation of negotiation positions by individual Member States or groups of states [Czech Republic PR to EU, 2016]. An essential element in this debate will be the next cohesion report, which will be published still in 2017, and documents prepared for discussion by the European Commission and the European Parliament [Parlament Europejski, 2014a, 2014b]. It is notable that the Lisbon Treaty has introduced the European Parliament’s involvement in the decision-making process. As a consequence, there has been a slowdown in decision making. While in the past the only agreements needed were those between Member States and the European Commission, now approval from the European Parliament is also obligatory.

It can be noted that the framework for the debate on the future of the European Cohesion Policy is unfavourable. The megatrends in the global
economy are generally unfavourable to the European Union and its Member States. The global economic crisis that occurred after 2007 particularly strongly affected the EU and its Member States. The situation of a number of European regions, especially weak and peripheral ones, has become dramatic [Gawlikowska-Hueckel & Szlachta, 2016]. According to different forecasts and foresight scenarios, Europe is facing long-term economic stagnation and a further erosion of its economic position. The threat of terrorism forces Europe to incur additional costs to provide security to EU societies. Bloody military conflicts have affected the immediate surroundings of the European Union. This results in migration pressure from millions of economic migrants and refugees reaching Europe. The EU’s Member States and societies are divided in their approach to this challenge. In the European Union itself, there have been adverse developments leading to a crisis of support for European integration and strong disintegration trends.

A special expression of these trends is the so-called Brexit, or the United Kingdom’s decision to leave the European Union after a referendum. Brexit is a game with a negative total, that is, the negative consequences of the UK’s exit from the EU will affect all Member States, including Poland. European Cohesion Policy will suffer directly as well as indirectly though most adverse changes will occur after 2020. The direct consequences include a reduction in the EU budget because, in spite of its rebate, the United Kingdom is a significant net contributor to EU coffers. The so-called statistical effect resulting from the fact that a large and rich country will leave the EU is also of importance because this will lower the EU27’s GDP per capita compared to that of the EU28. Our estimates show that, depending on the data basis used, this effect can be estimated at 1.4%, 2.5% or 3.7%, which may result in reduced support for Poland’s regions after 2020. An essential change would be the emergence of a second budget for the EU, one exclusively intended for eurozone countries. Such a scenario has so far been effectively blocked by the United Kingdom.

Meanwhile, a two-speed Europe is becoming an even more likely scenario. The indirect consequences of Brexit could include the EU’s weakened negotiating position and competitiveness in the global arena; anxiety on financial markets; a disturbed balance within the EU, and Poland’s loss of a strategic partner in international politics. Other possible indirect impacts would be impaired political and economic cooperation between Poland and the United Kingdom; the need to renegotiate various international agreements (uncertainty during the transition period); and the return of Poles living in the United Kingdom (leading to more unemployed in Poland and a higher social burden due to unemployment benefits). The level of risk is generally rising, which applies to issues such as trade restrictions with the United Kingdom (Polish exports will be hit); the exit of more countries from the EU (a domino effect); new divisions and political tensions in Europe, taking into account the danger of Poland’s isolation within the bloc; and significant fluctuations in the PLN
exchange rate. According to Nomura Bank, an economic slowdown is likely, which in Poland may be 0.25 percentage points of GDP on an average annual basis. The two- or multi-speed EU model and Europe’s weakened economic position will have a substantial impact on the evolution of European Cohesion Policy.

The crisis phenomena relate to the future of the eurozone, the terrorist threat, the migration crisis, but also to the questioning of the four basic freedoms that form the foundations of European integration. The adverse demographic trends observed in most EU states and regions are an added problem.

Altogether, this poses a dramatic challenge to the future of the European Union, including European Cohesion Policy. Therefore, we need to answer the question of how to configure this sphere of the European Union’s structural intervention and adjust it to changing needs amid adverse external and internal conditions.

**Strategic Directions of European Cohesion Policy Beyond 2020**

One of the key elements of the 1988 Delors package was to substantially increase the importance of the European Cohesion Policy. During the next few years, Cohesion Policy, which claims about one-third of the EU’s budget expenditure, became a key EU policy that underwent successive modifications with the changing internal and external conditions of European integration. Following the accession of the post-communist countries to the European Union, this policy became the essential instrument to adapt the new Member States to the standards of modern regional policy at the European, national, regional and local levels.

In reforming the European Cohesion Policy yet again, we should refer more widely to the traditional mission of this policy associated with the economic and currency union, which means that weaker countries and regions should be compensated for the much smaller benefits they derive from this union.

**Key features of European Cohesion Policy**

In spite of the significant changes that have taken place both worldwide and within the European Union over the last two decades, it is possible to speak of certain sustainable solutions that make this policy unique. The following have been of paramount importance:

- The inclusion of all regions by EU intervention, with a definite preference for NUTS 2 (Nomenclature of Units for Territorial Statistics) regions with a gross domestic product per capita at purchasing power parity of less than 75% of the EU average;
- Multiannual programming of the financial framework, with a seven-year financial framework during the last four programming periods;
- The consistent application of a multi-level public management model that includes four levels: European, national, regional and local;
• The introduction, as the basis for European intervention, of comprehensive programming of socio-economic development that consists of the European Commission’s general guidelines, a programme document for the beneficiary country, and the following operational programmes: sectoral, regional, cross-border cooperation and technical assistance programmes;
• The use of funds, currently the European Regional Development Fund, the European Social Fund and the Cohesion Fund, and the introduction of mechanisms for coordination between these three Cohesion Policy funds and the instruments dedicated to rural areas (European Agricultural Fund for Rural Development) and to maritime areas and fisheries (European Maritime and Fisheries Fund);
• An open approach to taking on the new challenges that the European Union is facing under its European Cohesion Policy.

The above-mentioned features have shaped the positive and unique position of the European Cohesion Policy and depreciating any of them would mean losing a significant part of the European added value that comes from Cohesion Policy.

Real processes in the territorial systems of the European Union

Critics of the European Cohesion Policy argue that the policy has been unable to effectively address the problems that the European Union faces [Financial Times, 2010a, 2010b, 2010c; Sapir et al., 2003]. These include the deterioration in the EU’s economic position; the crisis of the eurozone; the crisis of European integration, reflected by developments including Brexit; and the migration crisis. After 2008 socio-economic disparities within the EU began increasing at the level of both NUTS 2 and NUTS 3 regions. Inter-regional and intraregional disparities are also increasing in many Member States, including Poland.

If regional policy does not generate growing economic, social and territorial cohesion, it gives rise to a number of doubts, even with regard to its effectiveness. Of course, it is argued that not only gross domestic product per capita at purchasing power parity is important but also factors such as the situation in the labour market, clean air, the level of public security, slowing down climate change, and increasing accessibility, including territorial accessibility. This may compensate the citizens for the low position of a particular area in terms of the level of socio-economic development as measured by gross domestic product per capita at purchasing power parity.

The model of EU structural intervention should be developed in such a way as to effectively achieve and demonstrate the increasing level of economic, social and territorial cohesion. In evaluations, documentation of the cohesion processes should be significantly expanded without narrowing down the analysis to the category of gross domestic product per capita and other parameters of socio-economic development. The dimensions of cohesion absent in the
EU’s Lisbon Treaty, such as ecological, cultural and political cohesion, need to be documented more widely.

**Strengthening the territorial dimension of European Cohesion Policy**

The positive experiences of the European Cohesion Policy are related to the strong position of regions and cities in this policy model. In accordance with the provisions of the Lisbon Treaty, from 2009 territorial cohesion was added to economic and social cohesion. Terms such as territorial keys, territorial potentials and territorial barriers were added to the list of key terms. Due to this, urban policy and local development policy have become more appreciated. During the 2014–2020 period, two new instruments dedicated directly to territorial cohesion, Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD), were introduced into the national envelopes. A new analytical instrument, Territorial Impact Assessment, also appeared. The triad of co-dependent intervention, regional policy, urban policy and rural development policy, is promoted more widely.

Having analysed the existing outcomes and effects of intervention, and with the evaluation results in hand, the European Commission will most probably propose various modifications, additions and changes in instruments designed to comprehensively address territorial cohesion after 2020. The level of decentralisation of structural intervention in the EU’s Member States is also of essential importance, which is expressed in the scope of intervention and the scale of funds released under national and regional operational programmes. The indirect subordination of the European Cohesion Policy to the Europe 2020 strategy has led to an increased share of national programmes during the 2014–2020 period compared to 2007–2013. Among the large beneficiaries, Poland and Germany are an example of decentralisation because during the 2014–2020 period these two countries reported an increasing financial share and greater importance of regional operational programmes as part of intervention implemented using funds from the European Regional Development Fund and the European Social Fund. But there is a real risk that after 2020 the tendency to further weaken the position of the regional dimension of EU structural intervention will continue to deepen. The territorialisation of EU structural intervention, including regional and urban policy, and of structural support of rural areas, is beneficial, but this needs to be documented.

In recent years, urban policy has become more appreciated within the system of EU structural intervention. An expression of this is not only the change in the name of the Directorate-General (Regional and Urban Policy), but also the launch of a new instrument called Integrated Territorial Investments, with priority given to revitalisation in the broad sense, covering its physical (spatial), functional, social and economic dimensions.

Acceptance of the assumption that territorial aspects are of essential importance to socio-economic development (“territory matters”) should be an expression of appreciation of the territorial dimension as the basis for EU
structural intervention. In a situation when the effective implementation of the European Cohesion Policy’s aims is at risk, the activity of the Committee of the Regions is of key importance.

The significant socio-economic potential of cities and their development problems imply the need to concentrate public investments. Therefore one should seek to strengthen the scale and expand the scope of intervention undertaken under the European Cohesion Policy for the benefit of cities, while maintaining the leading role of regions in the programming of cohesion policy interventions.

**Improvements in European Cohesion Policy**

The debate on the future of the European Cohesion Policy cannot be conducted without presenting proposals for improving this policy in terms of both programming and implementation. In the area of programming, proposals for greater flexibility and innovation are particularly welcomed. In the area of implementation, the need is being stressed to simplify excessive procedures that significantly affect both the speed of implementation and its effects. Another important problem is to continually increase the policy’s effectiveness since it draws the greatest criticism in this area.

**Creativity and flexibility of European Cohesion Policy**

The literature of the subject shows that those who can identify new opportunities called “wild cards” or “black swans” early enough and subsequently use them effectively will emerge the winner in the competition between enterprises as well as between states and regions [Taleb, 2010].

Unfortunately, so far the European Cohesion Policy has not been very creative in this respect and funding for such actions is only available in trace amounts, as has been the case during the 2014–2020 period. Or else there is no funding allocated altogether, as in some of the previous programming periods. Building such a capacity is of major importance in the next decade or so and even in the next several decades.

The persistence-versus-flexibility dilemma is also related to this issue. On the one hand, the precise determination of funding resources available under the ESIFs for the next seven years allows structural projects to be better planned due to the stability of sources of financing. On the other hand, the excessive stability and unchangeability of European Cohesion Policy programming within a particular programming period hinder flexible adjustment of the directions of EU structural intervention to major changes in socio-economic development. The legislative solutions adopted for the 2014–2020 period enable such adjustments, but in practice these provisions are asymmetrical, which means changes can be made primarily as an initiative by the European Commission. This requires the Member States to exercise professional reflection and take action to reduce the scale of this asymmetry.
In a bid to increase this flexibility, after two unsuccessful attempts, a programming reserve was adopted for the 2014–2020 period, the use of which is made conditional on meeting specific requirements. This is not a rational solution because a substantial part of the funds from this reserve may remain unused.

The socio-economic success of states and regions is underpinned by steps to allocate essentially a small part of funds for experimenting; develop pilot actions; create conditions for cooperation networking and the dissemination of best practices; stimulate the activity of professional think tanks; and build forecasting and foresight capacity. Such allocations should be provided at the European, national and regional levels after 2020.

The primary method to increase flexibility should be to enable the Member States to distribute several percent of Cohesion Policy allocations at their own discretion but in compliance with European priorities. This includes the possibility of modifying these allocations during the financial framework.

**Simplification of European Cohesion Policy**

The tendency towards increased bureaucratisation of interventions carried out under the European Cohesion Policy is a fact. All the countries and regions, in their positions on the European Cohesion Policy, underline the need to substantially simplify this policy [CoR, 2017]. This is manifested in the fact that the governments of the Member States and the regions as well as other actors consistently call for simplification of the implementation model. In spite of this approach, in each successive programming period, this policy is even more burdened with various administrative requirements and restrictions. As a result of these practices, the principle of proportionality, or the adjustment of the management and control requirements to the size of allocation, has become a purely academic concept. In the regions (especially among the smaller beneficiaries), this generates an aversion to the European Cohesion Policy, which is associated with huge inputs of necessary administrative work and a repressive system of multiple inspections. In countries with smaller allocations, this leads to questioning the sense of the European Cohesion Policy. In the new Member States, such as Poland, this leads to making the development policy of a particular state dependent on ESIF funds and procedures. The Member States should decidedly oppose this harmful trend since one needs to remember that EU Cohesion Policy regulations must be complemented with legislation at the Member State level.

The package of regulations concerning the European Cohesion Policy is steadily growing from period to period, in terms of both volume and content. A clear trend is an attempt to legislate all possible development situations at the European level. This illustrates the lack of trust on the part of the European Commission in the states and regions, and indirectly also in the beneficiaries of EU funds. During the 2007–2013 period, the main regulation had about 60 pages, whereas the entire package of regulations was about 110 pages long.
In the 2014–2020 period, this is about 180 and 320 pages respectively, not including the Connecting Europe Facility. Taking into account the fact that the Member States complement these regulations with a regulatory package at the national level, this makes the European Cohesion Policy excessively complex and increases management and administrative costs. Furthermore, national regulations are supplemented with guidelines and recommendations developed at various executive levels that are not authorised within the European and national regulatory frameworks to create such additional regulations. As a result, an excessively complex implementation system is created that adversely affects the process of application, implementation and settlement of projects by beneficiaries.

An important simplification would also be to introduce a list of eligible expenditures uniform for all the funds, as this would facilitate the proposed multi-fund financing at the level of operational programmes and single projects. An essential requirement for more rational EU structural intervention is to fundamentally simplify the European Cohesion Policy beyond 2020 and consistently apply the principle of proportionality.

Efforts must be made to substantially reduce the overregulation of the European Cohesion Policy and to eliminate the practice of additionally developing quasi-regulations by various public institutions that do not have the delegation to create such additional regulations in European and national legislation. Cases of overregulation of the European Cohesion Policy should be consistently documented to gradually eliminate such practices by the European Commission and other public institutions.

**Effectiveness of European Cohesion Policy**

This topic comes back during each debate on the next edition of the European Cohesion Policy [Sapir et al., 2003] Such critique is made from different points of view, by various communities as well as in individual EU countries and regions, and this critique is expressed in numerous research reports, through the activity of the European Court of Auditors (successive annual reports on the European Union budget), and also in critical economic publications published in influential media outlets [Financial Times, 2010a, 2010b, 2010c]. The following problems are usually highlighted: disturbances in the functioning of the European market when structural funds become quasi state aid resulting in production relocation; a significant number of irregularities, in particular compared to other European policies; low effectiveness of interventions supported by EU funds, which mostly create a demand effect in the economy; low sustainability of projects implemented under this policy since projects are frequently terminated after the end of the inspection period; the occurrence of a number of irregularities and abusive practices during the selection of projects; and the replacement of withdrawn national allocations with ESIF funds, which is against the principle of additionality.
The European Commission has responded to these objections by adding even more provisions to regulations governing the European Cohesion Policy. This sometimes cripples the possibility of efficient, fast and effective management of European funds and straitjackets the activity with provisions imposed on the Member States in strategic documents. This has become a widely applicable model during the 2014–2020 period with regard to partnership agreements and operational programmes. These regulations narrow down the field of ESIF interventions and exclude certain activities. They also determine various types of conditionality, including macroeconomic conditionality, attach a special importance to European added value, and generally subordinate interventions implemented under this policy to the Europe 2020 strategy [European Commission, 2010]. These solutions also generate additional administrative costs in the Member States.

The criticism of interventions implemented under the European Cohesion Policy has often referred to matters on which this policy has a limited impact. It is indicated that the European Cohesion Policy has only to a small extent addressed the problems that the European Union is facing, including a deterioration in the EU’s economic position, the eurozone crisis, the European integration crisis reflected by developments such as Brexit, and the immigration crisis.

To achieve high effectiveness in EU structural intervention, a high quality of monitoring is needed. Physical and financial monitoring should enable continuous supervision of the use of ESIF funds [Monti et al., 2016]. Ex-ante, ongoing and ex-post evaluation should make it possible to improve the management of ESIF funds. Macroeconomic modelling needs to demonstrate the impact of the ESIFs on GDP, the labour market and other macroeconomic categories, as achieved due to a focus on high added-value actions. The European Commission has for many years been using the HERMIN and QUEST macro-economic models to demonstrate the effects of ECP [CEC, 2010]. Thanks to already acquired experience, such modelling should cover not only an entire country, but also NUTS 2 regions, which is possible by using RHOMOLO and HERMIN [CEC, 2010].

Reliable documentation of the importance of ESIF-financed actions for the socio-economic situation of the entire European Union is of key significance (European added value). An important topic in the practical dimension is to improve the measures, which so far were often applied according to “the-more-the-better” principle.

Due to the unreliability of the critique of the European Cohesion Policy, each weakness of this policy highlighted in the literature and reports as well as each expected (but not achieved) effect should become the subject of studies and analysis.
Financing of European Cohesion Policy

The financing of the European Cohesion Policy is an issue that goes beyond the Cohesion Policy itself, which is only one of the directions of how EU budgetary funds are spent. Since the Delors reform, European policies and their budgets have been programmed within a multiannual framework, and the last four programming periods were seven-year periods. Such a solution enables the implementation of structural measures and projects that produce a significant supply effect for the economy and society. It stabilises the EU’s development policy, predominantly of the weaker Member States and regions, due to the scale and scope of support under the European Cohesion Policy.

The n+ rule relating to payments is of essential importance for the implementation of the European Cohesion Policy. Its introduction helped achieve high efficiency in launching European programmes. Establishing regulations for the 2007–2013 period, the n + 3 rule was only adopted for the first four years, while for the 2014–2020 period it is the n+3 rule for each year of the budget perspective.

After 2020, it is also necessary to maintain the programming of the budget and architecture of the European Cohesion Policy within another seven-year period. An allowable option would be to undertake work on modifications in the programming model. The continuation of the n+3 rule, which causes high efficiency in releasing EU cohesion funds, should be assessed positively.

The budget of European Cohesion Policy

Due to the negative consequences of the global economic crisis, the growing public debt, the current budget deficits and other disruptions in development processes in EU Member States, the multiannual financial framework of the European Union is under great pressure to reduce the scale of expenditures [Monti et al., 2016]. Therefore, after 2020 the future of the European Cohesion Policy will probably depend to a greater extent than in the previous multiannual periods on the results of negotiations on the scale and overall direction of the next multiannual financial framework. Proposals are also being put forward to create a second concurrent budget of the European Union that would exclusively apply to eurozone states.

Over the 2014–2020 period, the planned average annual budgetary expenditures of the European Union have decreased for the first time in history. Another substantial reduction in funding allocations in the EU’s annual budgets after 2020 would have very negative consequences for the European Cohesion Policy, because in such a case administrative and other fixed costs that must be incurred at the European level as well as at the level of the Member States and regions very often become too high. This will also promote recentralisation of EU structural intervention in order to avoid the problem of the high costs of administering a large number of relatively small operational programmes.
The model of the EU multiannual financial framework provides for two financial categories: commitments and payments. The multiannual financial framework for 2014–2020 assumes a large gap between commitments and payments, which are €960 billion and €908 billion respectively. Because no EU annual budget may run a deficit, this means a strong pressure on financial adjustments during the 2014–2020 period, which will primarily be made at the expense of the European Cohesion Policy.

The process of reducing the scale and scope of intervention implemented under the European Cohesion Policy should be stopped because it will make it impossible to achieve Treaty objectives. But it also means high transaction costs of interventions, in particular for states that are smaller beneficiaries.

The model of two multiannual budgets for the European Union, one for the bloc as a whole and another exclusively for eurozone states, will harm European integration.

Criteria of allocation of EU Cohesion Policy funds and the territorial scope of EU structural intervention

Since the Delors reform, the least developed regions in which gross domestic product per capita at purchasing power parity is less than 75% of the EU average, identified at the NUTS 2 level, have become the most important beneficiaries of the European Cohesion Policy. As a result, GDP per capita has become the major criterion for the allocation of Cohesion Policy funds. A debate called “beyond GDP” has been going on in the European Union for many years. It indicates the need to either complement GDP with other measures, predominantly those based on the Human Development Index (HDI), or to eliminate this economic category altogether as the basis of EU structural intervention. Various weaknesses of the GDP measure and significant delays in how it is reflected in territorial systems have been demonstrated.

Attempts to undermine the role of GDP as the key measure of Cohesion Policy should be interpreted negatively because the transition from natural values to values recorded at purchasing power parity considerably improves the situation of weaker regions and states. Some of the proposed new measures do not reflect the actual scale of regional disparities or they are extremely subjective. It should be stressed that GDP is an objective measure that additionally provides the possibility of analysis at the regional and subregional levels.

The capping of transfers from the Structural Funds and the Cohesion Fund in relation to GDP determined at the level of the Member States plays a supplementary role. The capping rates have been steadily reduced in the successive programming periods since the start of the 21st century. It is obviously impermissible to differentiate the capping rates for transfers to individual Member States, as has been the case in the 2014–2020 period when for some countries the average annual capping rate has been set at 2.50% of GDP, while for others it has been 2.35% of average annual GDP.
The model of comprehensive structural intervention that applies to all EU regions should be maintained. In the case of the Structural Funds, gross domestic product per capita at purchasing power parity at the NUTS 2 level should remain the basic criterion for allocation.

Intensive studies should be conducted on other measures, primarily those related to the category of national wealth.

Regional GDP at the NUTS 2 level should be referred to the entire European Economic Area (31 countries), or at least to the EU28, in order to avoid the consequences of the statistical Brexit-related effect that will potentially impact a number of regions in the European Union.

Where the size of a NUTS 2 region considerably exceeds the indicative size defined in the regulations, the possibility should be introduced to go down to the NUTS 3 level or to analytically divide a given NUTS 2 region into smaller territorial units without the need to change the administrative division.

After 2020, there should be no further reduction in the capping rates for transfers to Cohesion Policy beneficiary states, and these capping rates should be identical for all EU Member States.

The complementarity and logic of interventions under individual European Structural and Investment Funds

The major instruments of implementation of the European Cohesion Policy include two structural funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The Cohesion Fund (CF) should also play such a role in the future financial framework. The criterion for identifying the poorest NUTS 2 regions in which gross domestic product per capita at purchasing power parity is less than 75% of the EU average should also be maintained as the basic and unchangeable determinant of regions that require large-scale interventions. This criterion has been used since the beginning of the European Cohesion Policy. The issue predominantly concerns two structural funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In the current 2014–2020 programming period, the category of transition regions has additionally been included. These are regions in which GDP per capita at purchasing power parity is between 75% and 90% of the EU average. They are significant beneficiaries of the European Regional Development Fund and the European Social Fund, though this support is not as generous as that for the poorest regions. The least generous support of the European Union is for NUTS 2 regions with a GDP per capita at purchasing power parity higher than 90% of the EU average. The physical scope of interventions also varies between these three types of regions, and this should be maintained as an element of continuity of the European Cohesion Policy.

The thematic scopes financed by individual ESIFs should be assessed positively as the ERDF serves to support regional development, the ESF supports human capital development, while the CF supports network infrastructures
inside and outside regions covered by Cohesion Policy. In the future financial framework 2020+, the wide scope of ERDF-funded interventions and the CF’s support to network infrastructures should be maintained. In the case of the ESF, one should consider the possibility of making changes that would allow interventions to be concentrated on target groups and the needs of a particular territory instead of the existing thematic concentration of interventions.

The problem that needs to be modified in the next programming period of the European Cohesion Policy is inter-fund coordination of interventions carried out, since they should be integrated under operational programmes in the beneficiary countries and regions. The form of multi-fund financing of operational programmes used in the 2014–2020 budgetary framework—which is not friendly as regards the funding of measures and projects from different Structural Funds, even under the same operational programme—must be considered to be an unsatisfactory solution. The multi-fund financing of operational programmes provides the possibility to include financing from the European Agricultural Fund for Rural Development (EAFRD) in regional operational programmes, which enables an integrated approach towards supporting rural and urban development.

In the case of the European Regional Development Fund and the European Social Fund, the existing criterion of accessibility to significant allocations for less-developed regions with less than 75% of the EU GDP per capita at purchasing power parity at the NUTS 2 level should be assessed positively. Support for transition regions with a GDP per capita at purchasing power parity between 75% and 90% of the EU average should be continued in accordance with the existing rules. In the case of the Cohesion Fund, it is acceptable to adopt Gross National Income per capita at purchasing power parity at the national level as a measure and to maintain the current threshold value of 90% of the EU average.

Real multi-fund financing of operational programmes should be introduced, and the possibility of simultaneously financing projects from the ERDF and the ESF under one operational programme should be considered. For an integrated territorial approach under regional operational programmes, it is necessary to widen the possibility of financing support for the development of rural areas from the EAFRD.

**Conclusions**

The debate on the future Cohesion Policy after 2020 that has been going on several years has significantly accelerated. It can be noted that the Committee of the Regions has already taken an active role in shaping the policy’s future [CoR, 2017].

In the near future, initial opinions can be expected from the Member States, including Poland, which is the largest beneficiary of Cohesion Policy. This is a preliminary discussion that should influence the formulation of pro-
posals to be presented for public discussion by the European Commission, which can be expected this year in connection with the publication of the next Cohesion Report. It should be stressed that, due to the adverse external and internal conditions for the European Union presented in this article, this will yet again be a defensive debate aimed at defending the state and position of Cohesion Policy in the array of other European policies. This article presents the main challenges and discussion areas that will be raised in this debate, including recommendations that can be formulated during an academic debate concerning the objectives and directions of regional policy which are designed to reduce development disparities in territorial terms. One should be aware that a political debate will determine the future of Cohesion Policy, but it can be substantially framed by technical analyses and expert proposals. At the present stage of this debate, it can be noted that most of these analyses and proposals—prepared primarily by academic centres and think tanks operating in countries that are sponsors rather than beneficiaries of this policy—contain proposals that would give this policy a competition- rather than cohesion-oriented nature. Such a situation needs to be balanced, but above all it requires a substantive answer from Cohesion Policy beneficiaries and supporters, with special attention to the disclosure and confirmation of its positive effects for the unity and harmonious development of the European Union, in particular with regard to European added value. The area of discrepancy in the discussion about the future of the ECP is characterised by the position of the Committee of the Regions’ Commission for Territorial Cohesion Policy and EU Budget (COTER) [CoR, 2017] and by the final report and recommendations of the High-Level Group on Own Resources led by Mario Monti [Monti et al., 2016].

A report of the High-Level Group is very critical towards the EU’s Cohesion Policy, stating that: “The EU budget is still financing too many projects with questionable EU added value,” with reference to the EU’s Cohesion Policy and Common Agricultural Policy. In the report, there are statements about the need to ease the burden on the net contributors due to the scale of their payments to the EU budget. The report also proposes that the level of funding for some areas, such as the Juncker Plan, public security policy, migration policy and climate policy, should increase after 2020. The dilemmas arising from the need to finance EU-wide defence policy are indicated in the report. A suggestion appears that the importance of European-level governance should increase, shifting some competencies from the Member State level.

In March 2017, Commissioner Juncker presented a White Paper on the Future of Europe: Reflections and Scenarios for the EU27 by 2025 [European Commission, 2017]. This document contains a description of factors affecting the development of Europe in the coming years, with a slightly different look at the megatrends and challenges. These are the following: aging societies, the growing role of information and communication technologies, climate change, social and income inequalities, terrorism, migration, political tensions,
deterioration in Europe’s socio-economic position, and autarkic and populist tendencies. Based on this, five scenarios are presented, which are considered from the following points of view: single market and trade; economic and monetary union; Schengen area, migration and security; EU foreign policy and defence; EU budget; and the given scenario’s capacity to deliver. The individual scenarios provide for the following: (1) carrying on European integration in the spirit of the existing agreements (status quo); (2) nothing but the single market; (3) countries that want more do more (multi-speed Europe); (4) doing less more efficiently (the scope of activities at the EU level would be reduced to selected areas); and (5) doing much more together (federal Europe). At least two of these scenarios provide for the abandonment of or a significant reduction in EU Cohesion Policy interventions, which are evaluated in this report as an activity of low European added value. Obviously, the actual EU policy model after 2020 and the role of EU Cohesion Policy will result from a combination of these five scenarios.

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PRZYSZŁA POLITYKA SPÓJNOŚCI UE – WYZWANIA

Streszczenie


Słowa kluczowe: polityka spójności, interwencja strukturalna UE, globalne i europejskie megatrendy, rozwój regionalny

JEL classification codes: F15, F63, R58, R59