

Deconstructing the 8th Cohesion Report

Nicolas Brookes, CPMR Executive Director, nicolas.brookes@crpm.org
Francesco Molica, CPMR Director, francesco.molica@crpm.org
Eugènia Lleal Fontàs, CPMR Policy Analyst, eugenia.lleal@crpm.org
Guillaume Moreno, CPMR Policy Analyst, guillaume.moreno@crpm.org

Executive Summary

The note delves into key elements highlighted in the 8th cohesion report and explains how to read them in view of the debate on the future of cohesion policy. For instance, what to make of the report's reference to a stronger coordination between cohesion policy and the Recovery and Resilience Facility? And why is it so meaningful that the Commission suggests reinforcing the multi-level governance and partnership principle? At the same, the note points to aspects that are missing from the report and discusses why they are not addressed.

1. What to retain from the report's analysis of regional disparities?

The map of regional disparities in Europe is becoming more complex and nuanced. Development traps have hit regions with different economic conditions, in particular the less developed (in Southern Europe) and middle-income ones, although they are not sparing prosperous areas in affluent countries. Diverging performances on key drivers of growth such as innovation, human capital, quality of governance, and demography are holding back growth or widening divides across all development categories.

Since 2001 less developed regions in Eastern Member States have kept converging while their counterparts in the West have not - or have diverged outright. In fact, Southern Europe is still coping with the devastating effects of the economic crisis of 2008. Metropolitan regions, especially capital ones, are growing faster than the rest. Rural regions close to metropolitan areas have improved their situation, whilst the economies of many peripheral or semi-peripheral regions have stagnated or declined. The convergence process is slowly resuming but it is mainly driven by Eastern countries whereas in most Western Europe regions economic indicators remain below pre-crisis levels.

Going forward, disparities may be further deepened by emerging trends: the digital and green transitions, adaptation to climate change, technological transformations, demographic changes. The effects of the pandemic and the restrictions measures adopted to contain it cannot be fully assessed for the moment given the lack of consolidated data and the persisting uncertainty. Current projections



point to a stronger negative impact on regions in Southern Europe and France are highly dependent on the tourism and hospitality sectors. Incidentally, many of these regions are also among those experiencing longer development traps.

2. Why does the historical context gives the report an unprecedented salience?

For the first time, the EU is confronted with a scenario of long-term growing disparities in many areas of the continent, including richer ones. Several megatrends highlighted in the Report (climate change, digital and technological transformations, demographic shifts) can be a source for further inequalities in the future. These developments can not only hamper the smooth functioning of the single market in the future. They can equally produce further pressure on the democratic systems fueling discontent in a growing number of “left behind” places.

At the same time, the report comes at a moment where the European Union is deploying its largest long-term budget ever. The unprecedented agreement on the “Next Generation EU”, in addition to MFF 2021-2027, demonstrates the EU’s ambition to ensure the necessary economic means to address the transition towards a modern and more sustainable Europe.

3. The report outlines several elements for reflection in relation to the future of cohesion policy. Isn’t it too premature?

Not at all. The sheer number of emerging challenges facing Europe’s regions requires an extensive and long-term debate as to whether the current structure of cohesion policy will still be fit for purpose, say, in a decade. At the same time, the establishment of the Recovery and Resilience Facility (RRF) and the impending review of the EU Economic Governance framework raise questions that have deep-seated implications for cohesion policy.

It is no secret that Member States and relevant services of the Commission are already pondering whether the RRF should be made permanent and which aspects thereof should be mainstreamed to other EU programmes. To avoid being cornered by this reflection process, cohesion policy should be at the heart of a timely discussion. If cohesion policy is to retain and reinforce its role in the future MFF, an honest debate needs to take place on its rationale and features. The authors of the report are well aware of it.

4. So, what are these elements and how to read them?

The CPMR General Secretariat has identified a number of excerpts in the report worth highlighting and provides a short interpretation for each in this section.

“Ensuring that these resources [of the RRF] contribute to cohesion in a coordinated way will be a key challenge”



The RRF has so far overshadowed the roll-out of the 2021-2027 Cohesion Policy, notably by causing programming challenges for the regional authorities (delays, risk of overlaps, pressure on administrative capacity). Moreover, the coordination mechanisms to ensure the additionality of the RRF in relation to the other EU funds were insufficiently described in most national recovery and resilience plans. The report recognizes these issues, hinting at considering more effective mechanisms that could be put in place in the post-2027 MFF if the RRF is made permanent. If the European Commission is serious about ensuring this coordination, it is vital that decentralized coordination arrangements work to boost the cooperation and exchange of information between levels of government on the implementation of EU funds.

“The pandemic underscores the need for cohesion policy to be able to respond to unexpected shocks, notably linked to globalization and technological change”

The debate as to whether Cohesion policy should deal with short-term crises or shocks, rather than focusing on longer-term development priorities first arose in the wake of the migrant crisis in 2015, just as the 2014 – 2020 Cohesion Policy operational programmes had been approved and had started to deliver. At the time, the Commission encouraged ESI funds managing authorities to submit programme changes so that some funding could be diverted to address the emergency needs of migrants arriving on Southern European shores. It was then apparent that Cohesion policy lacked the agility required to be able to refocus funding on new priorities at short notice.

The picture changed dramatically during the COVID-19 pandemic, where flexibility was introduced notably through the Corona Response Initiatives which proved fairly effective at addressing the specific impact of the pandemic on the economy, such as those relating to healthcare and SME support.

The question of whether Cohesion Policy should continue to address both short-term emergencies and long-term priorities, bearing in mind a limited budget and the existence of other EU funds, will need to find an answer ahead of the post-2027 MFF discussion.

“The principle of “do not harm to cohesion”, meaning no action should hamper the convergence process or contribute to regional disparities, should be further developed and integrated to policymaking”

Since a few months, Commissioner Ferreira has begun referring to this principle when asked about the risk that some National Recovery and Resilience Plans could unwittingly aggravate regional disparities.

“The key tenets of a place-based and participatory delivery, such as multi-level governance and partnership principle, should be reinforced”

This proposal is far from being purely rhetorical. It carries a strong message at a time when cohesion policy is facing, at least in some aspects, a worrisome centralization trend further driven by the 2021-2027 provisions. It is even more telling looking at the top-down delivery mechanism upon which the RRF rests. DG REGIO is signaling its intention to turn the tide and



go back to cohesion policy fundamentals. It is not only a matter of drawing on the essential knowledge of local authorities and communicating to best calibrate the policy. Place-based and participatory delivery is a powerful antidote against the geography of discontent.

“The current approach to synergies within the EU budget, which concentrates on inputs and financial flows, needs to be more focused on real policy complementarities”

For all the Commission efforts, the drive for synergies in the EU budget has shown only moderate improvements due to regulatory barriers, administrative silos, even cultural resistances. Yet it becomes increasingly salient, especially in a context where the number of EU spending programmes is rising, and the risk of overlaps or fragmentation is significant. To make synergies work the report is suggesting addressing it first at a policy instead of programmes level. This would need DG REGIO to exert more clout over other thematic DGs of the Commission, which is far from granted.

“Less developed regions and peripheral regions may need a new development paradigm”

It is tempting to react to a paragraph that in no uncertain terms alludes to the Conference of Peripheral Maritime Regions. We can note that the report introduces the notion that peripheral regions face peculiar disadvantages in terms of development. However, the conditions that define these regions are not clearly specified and could be for the moment interpreted in different ways, from a geographical and economic definition to the access to networks, etc. But it is clear that the needs spelled out by the report to overcome the development difficulties faced by these regions are identical to those of the regions from the category of the Less Developed Regions. The integration of this paradigm [peripheral regions] into cohesion policy could be a corollary to the existing focus on regions with a specific territorial specificity such as the Outermost Regions This could also be interpreted as a change in direction regarding the classic architecture of Cohesion Policy based on three categories of regions, in light of the new trends and types of disparities between regions as described throughout the 8th Cohesion Report.

“The Just Transition Mechanism could be extended to address the social costs of climate change mitigation and adaptation and the other environmental challenges”

By bringing up an extension of the Just Transition Mechanism (JTM), the European Commission reinforces the idea that cohesion policy has a strong role to play in the financing of climate actions. At the same time, the reference points to the need for a stronger territorial dimension in climate financing. In line with the call made in the report regarding new potential disparities derived from the green and digital transitions, the extension is definitely a way to fortify this new cohesion policy side. We understand that in a future extension, the JTM eligibility criteria could be expanded to support other sectors and territories that would suffer the social costs of the green transition.



“Strengthening cross-border and interregional cooperation”

You may remember that the Commission was forced to table cuts both to the INTERREG budget and the number of its programmes in the proposal for the cohesion policy package 2021-2027. In the report, it is seemingly pointing in the opposite direction. More importantly, it calls for better governance and stronger coordination across border areas which may mean the intention to put forward new proposals in the wake of the cross-border mechanism despite this being killed off by the Council.

5. What’s missing in the report?

1. The European Semester: missing in action

The Cohesion Policy 2021-2027 regulations strengthen the link with the EU Economic Governance framework. However, there is no acknowledgment in the report of the role of the EU Semester in the implementation of cohesion policy. The relationship between cohesion policy and the European Semester has not been an easy one, being respectively under different Commission services (DG REGIO vs DG ECFIN) and following different objectives as well as governance. Although the report is a picture of the current economic and social trends at the EU regional level, a reference to the European Semester as a tool to deliver cohesion policy towards 2050 and a reflection on reforming it to better connect it to Cohesion policy would have been appropriate. It is unclear as to why the Commission left this issue out of the report. Perhaps it is a tactical choice to avoid a controversial topic for the moment and to await the outcome of the ongoing reform of EU economic governance before putting forward proposals.

2. “Do no harm cohesion”: a new principle, without content (so far)

The reference to the “do no harm cohesion” principle is a novelty and a very interesting one. However, the report fails to give details on its nature and application. The principle would meet the CPMR long-standing demand on the need for EU policies with a strong territorial impact to be designed bearing in mind the diversity of regional realities across the EU. Also, regional authorities are not systematically seen by the European Commission and the EU Member States as real partners in deploying EU public policies outside cohesion policy. It is imperative that the European Commission fully develops this principle, indicating how it will concretely integrate into the EU sectorial policies. It would be interesting for instance to see how it could apply to new legislation with a potentially strong, yet neglected territorial impact such as the Fit for 55 package.

3. A policy without strategic goals and targets

The 8th cohesion report provides an extensive overview of the most relevant socio-economic indicators at the EU and regional level. Despite the insightful economic analysis, the lack of a strategic framework for cohesion policy restrains this effort. In comparison, the 7th cohesion report had the Europe 2020 strategy as a reference to frame the indicators and assess the progress on achieving the targets. Cohesion policy is presented as an instrument supporting the achievement of the European Green Deal and the European Pillar of Social Rights targets. Nevertheless, a debate on the need for a genuine strategic framework for the development of the policy post-2027 should take place as soon as possible, as the title of the report is “Cohesion in Europe towards 2050”.



4. Areas with geographical handicaps

The report points out the need for a new development paradigm for less developed regions and peripheral regions. However, it does not address in a comprehensive manner the situation of territories beset by permanent geographical handicaps mentioned in article 174 TFEU.

6. What's next?

The presentation of the 8th cohesion report launches a timely reflection on the place of cohesion policy in the EU investments framework. In the coming months, the European Commission aims to discuss its main findings and proposals with Member States, the European Parliament, and relevant stakeholders. The 2022 Cohesion Forum that will take place on 17 March 2022 will kick off the debate.

The CPMR is ready to contribute to the discussion and work towards a reinforced Cohesion Policy underpinned by its core principles for the post-2027 period.

The discussions around the 8th cohesion report are the first step of upcoming deliberations on the future of cohesion policy that should shape the post-2027 regulations as well as the 2028-plus MFF, which should be presented by the European Commission in 2025.



The Conference of Peripheral Maritime Regions (CPMR) represents more than 150 regional authorities from 24 countries across Europe and beyond. Organised in Geographical Commissions, the CPMR works to ensure that a balanced territorial development is at the heart of the European Union and its policies.

Rond-Point Schuman | 1040 Brussels, BELGIUM
| +32 (0)2 612 17 00



6, Rue Saint-Martin | 35700 Rennes, FRANCE
(siège) info@crpm.org | +33 (0)2 99 35 40 50