



CRPM CPMR

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JUNE 2014

**POLICY POSITION FROM THE CPMR GENERAL SECRETARIAT**  
(Approved by the CPMR Political Bureau, 6 June 2014, Inverness-Highland, UK)

## REFOCUSING COHESION POLICY ON ADDRESSING TERRITORIAL COHESION

CPMR will address the newly elected European Parliament and the soon to be appointed European Commission with a series of concrete recommendations for the 2014–2019 term with regards to European policies with a high territorial impact.

As the negotiations are ongoing on the Partnership Agreements and Operational Programmes for the 2014 – 2020 period, CPMR wishes to start an early reflection on the future role and place of Cohesion Policy for the post-2020 horizon.

**This will be done in two ways:**

- I. Firstly, it will organise technical workshops with its Member Regions over the coming three years to evaluate the implementation of Cohesion Policy in the regions, exchange good practices on implementation between regions and with the European Commission and identify practical recommendations for future policy-making
- II. Secondly, it will propose a review of the current methodology for structural funds allocation (the so-called Berlin method established in 1999) for Cohesion Policy post-2020.

**The Conference of Peripheral Maritime Regions notes:**

- That the financial crisis has had a disproportionate effect on Europe's regions and has weakened social, economic and territorial cohesion within the European Union and within Member States, causing a new centre vs. periphery paradigm, as demonstrated by the initial conclusions of the LSE study on the '[Impact of the Crisis on Economic and Social Cohesion](#)' and projections realised within the [ESPON Territorial Vision 2050 project](#).
- That the scope of Cohesion Policy has been enlarged over the years, with a heavy focus on the policy contributing to the objectives of the Europe 2020 strategy, and this has not translated in an increase of resources as a result of the negotiations over the MFF for 2014 – 2020. Furthermore, the objectives of addressing economic, social and territorial cohesion on the one hand, and increasing competitiveness at territorial level could be diverging.
- That the Lisbon Treaty, which entered into force in 2009, provides a precise and exhaustive definition with regards to the focus of Cohesion Policy, which should primarily be about 'reducing regional disparities'<sup>1</sup>. As an innovation compared to previous treaties, regions deserving particular measures in the framework of Regional Policy are listed under Article 174<sup>2</sup>.
- That despite these stated objectives and the addition of 'territorial cohesion' as a general political objective, the current allocation method for structural funds is heavily reliant on indicators and criteria which are not place-based. In particular, Growth Domestic Product per Purchasing Power

<sup>1</sup> As explained in European Parliament REGI Committee note '[The impact of the Treaty of Lisbon on Regional Policy](#)', January 2010

<sup>2</sup> Article 174 TFEU, extract: "Among the regions concerned, particular importance shall be paid to rural areas, areas affected by industrial transition and regions which suffer from severe and permanent, natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions."

Standard is used to determine both Cohesion Policy eligibility and plays a large part in determining the theoretical allocations in the less developed and transition regions. This is criticised in further depth in recent analytical notes produced by the CPMR General Secretariat on the [reference period](#) and on [the allocation methodology](#) (in FR only).

- That unlike other European funds under shared management (such as the EAFRD), the allocation methodology for Cohesion Policy was fully public during the negotiations on the 2014 – 2020 EU budget. Despite this, however, the methodology is highly open to interpretation. The application of the capping rate for some Member States, the absence of reference years for the indicators used, and the poor quality of some indicators in the more developed regions category (e.g. education indicators) in the allocation methodology are some examples.
- CPMR considers that the added value of Cohesion Policy investments rests on their ability to stimulate the endogenous potential of Europe's territories and support to the principle of the thematic concentration of funds.

**We, therefore, strongly advocate that post-2020 Cohesion Policy funding allocation should be based on the following:**

#### **1. On a wider set of territorial criteria**

- In order to ensure that Cohesion Policy fulfils the above-mentioned objectives, it needs to be underpinned by an allocation methodology based on a wide set of territorial indicators. Avenues for further reflection include:
  - The [Regional Competitiveness Index](#), which measures the different dimensions of competitiveness at the regional level using 73 different indicators, including place-based indicators as varied as market size, market efficiency or seasonality
  - [ESPON's Territorial Vision for 2050 project](#), which suggests creating additional criteria to monitor territorial cohesion. These include depopulation, regional economic gap, remoteness and land taken.
  - The [Regional Innovation Scoreboard](#), which provides a comparative assessment of innovation performance across regions.

#### **2. On timely statistics**

- The significant delay to obtain regional GDP statistics at NUTS II level (2.5 to 3 years at present) means that the reference period for Cohesion Policy eligibility was based on statistics which related to before the financial crisis started to take effect. The consequences and adverse effects are explained in further details in a CPMR [Technical Note](#) presented in June 2013.

#### **3. On appropriate recognition of territorial diversity**

- Cohesion policy funding allocations are national allocations, despite the fact that the funding allocation methodology largely rests on the addition of so-called 'theoretical' allocations at NUTS II regional level. This system does not guarantee that funding will be provided in disadvantaged – be it from a geographic or economic point of view – regions within Member States, and in particular the regions identified in Article 174. There is already evidence that the intensity of the structural funding per capita in the wealthiest areas of Europe is higher than funding per capita in transition regions in the same Member State. This is true for the UK, with Greater London's share per capita is higher than areas which include transition regions, such as Devon. This is explained in further details [here](#).
- Without going as far as suggesting that funding allocations should be regional, additional safeguards should be provided in the current allocation methodology to ensure that the funding is targeted to regions listed under Article 174.

#### **4. On the appropriate scale of territorial unit**

- The allocation methodology currently takes into account statistics at the NUTS II territorial level. This is an issue for many island territories, many of which are at the NUTS III level, which means that their specific situation and challenges are not taken into account in terms of the distribution of the funding.

Bearing the above elements in mind, the CPMR General Secretariat invites the Political Bureau to endorse the following approach:

- CPMR will work with its Member Regions, the European Commission and other agencies (such as the Joint Research Centre and the OECD) to undertake a rethink of the allocation methodology for the future Cohesion Policy.
- CPMR will work with its Member Regions to identify challenges and success stories in terms of the implementation of Cohesion Policy for the 2014–2020 period, with a view to formulating key recommendations ahead of the Commission proposals for post-2020 Cohesion policy reform.