



## **Position Paper on European Union Cohesion Policy**

**5 March 2018**

This Position Paper has been prepared by the Centre for Cross Border Studies to support its response to the European Commission's Public Consultation on EU funds in the area of Cohesion.

### **About The Centre for Cross Border Studies**

The Centre for Cross Border Studies (CCBS), based in Armagh, Northern Ireland, has a strong reputation as an authoritative advocate for cross-border cooperation and as a valued source of research, information and support for collaboration across borders on the island of Ireland, Europe and beyond.

The Centre empowers citizens and builds capacity and capability for cooperation across sectors and jurisdictional boundaries on the island of Ireland and further afield. This mission is achieved through research, expertise, partnership and experience in a wide range of cross-border practices and concerns (for more details visit [www.crossborder.ie](http://www.crossborder.ie)).

The Centre's work is framed and given impetus by a policy context composed of two central pillars: the commitment to cross-border cooperation that is integral to the 1998 Belfast/Good Friday Agreement; and EU Cohesion Policy with its focus on social, economic and territorial cohesion.

The response that follows, therefore, is closely informed by the Centre's particular knowledge of and experience in cross-border socio-economic development involving a range of sectors, including public bodies, business and civil society from both Northern Ireland and Ireland, as well as from other border regions in Europe and beyond.<sup>1</sup>

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<sup>1</sup> The Centre for Cross Border Studies is a founding member of the Transfrontier Euro-Institut Network (TEIN), which brings together 14 partners from eight border regions in Europe, consisting of universities, research

## Being Coherent with the founding principles of the European Union

1. Cohesion is at the heart of the Treaties underpinning the European Union. Any moves to downgrade the centrality of Cohesion Policy or to undermine its effectiveness by reducing the resources for its implementation would be contradictory with the Treaties and significantly increase the risk of widening disparities between Member States and regions of the European Union, leading to disillusionment among citizens as they fail to profit from the ongoing development and consolidation of the Internal Market.

2. With its signatories declaring in the preamble that they were “Anxious **to strengthen** the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions” (emphasis added), Article 174 of the Treaty on the Functioning of the European Union (TFEU) states: “In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to **the strengthening** of its economic, social and territorial cohesion” (emphasis added).<sup>2</sup>

3. The direction of travel set by the European Union’s treaties is clear: *strengthening* its unity by *strengthening* its economic, social and territorial cohesion. Therefore, as Member States of the European Union and their citizens debate the Union’s future priorities and consider the proposals put forward by the European Commission, all parties must be supremely conscious of what has been agreed in the Treaties, and do not become inconsistent with them by arriving at decisions that contribute to the weakening of the Union’s unity as a result of reducing support for and the effectiveness of Cohesion Policy.

### What has Cohesion Policy ever done for us?

4. Cohesion Policy, and the funds employed for its implementation, has enabled coordinated and multi-level action across the European Union to address socio-economic inequalities, promote the Union’s values, and cooperate across borders to face common challenges and exploit underused potentials.

5. Given its primary focus in contributing to the increased social, economic and territorial cohesion of the island of Ireland, the Centre for Cross Border Studies has witnessed first-hand the positive role played by Cohesion Policy and its associated funds. In 2014 the Centre highlighted the impacts of Cohesion Policy within Northern Ireland in its response to a consultation on this EU policy initiated by the UK Government, which formed part of a much wider review of the balance of competences between the United Kingdom and European Union and indicative of the growing Euroscepticism that would eventually lead in June 2016 to the UK’s decision to withdraw from the EU. Before providing concrete examples of projects enabled by Cohesion Policy and its associated funds, the Centre stated in its response:

Northern Ireland presents an exemplary case for the objective of the reduction of social and economic disparities between European Regions; its exposure to these sources of European funding has proved pivotal in addressing its particular social and economic needs. In the absence of the EU

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institutes and training centres devoted to the practical support of cross-border cooperation. For more see <http://www.transfrontier.eu/>.

<sup>2</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012E%2FTXT>

structural funds, we feel it highly likely that many cornerstone schemes of Northern Ireland's continuing economic and social development would be placed in jeopardy. The continental scale of the funds' remit necessarily incentivises the provision of funding to regions like Northern Ireland which, while marginal in importance within the scope of their parent member state, provide significant potential for growth and social development through cooperation with neighbouring regions within other member states; its trans-national character also admits an obvious logic to the funding of projects and schemes across the borders of member states. It is highly unlikely that funding of this nature could or would be prioritised in spending plans formulated on a national level, due to the latter's necessarily restricted scope.<sup>3</sup>

6. Despite evidence of the positive role of EU Cohesion Policy and its supporting funds, the resulting report produced by the UK Government presented,<sup>4</sup> in the view of the Centre for Cross Border Studies, an unjustifiably mixed picture that downplayed the strong defence of Cohesion Policy made most notably by the UK's regional authorities.<sup>5</sup> Mindful of the rhetoric that would lead to the outcome of the June 2016 referendum, some of the arguments critical of Cohesion Policy put forward in the UK Government's report should be sobering reading where they chime with current views put forward in the debate over the future of the Policy and the use of EU funds in this area, particularly by the European Commission. They are arguments that, unwittingly or not, condemn Cohesion Policy and its associated funds precisely for its success: strengthening the European Union's social, economic and territorial cohesion. It is a perspective privileging self-interest over the *common* good and inimical to the Union's *unity*.

7. The European Commission has recognised the value of Cohesion Policy and the use of funds in this area in the complex context of the island of Ireland. That recognition is explicit in its 8<sup>th</sup> December 2017 communication to the European Council as it makes recommendations on the future of European Territorial Cooperation programmes beyond the UK's withdrawal from the European Union:

Cross-border programmes benefitting North/South cooperation are of great value. In this context, the Commission is of the opinion that the PEACE and INTERREG programmes, to which the United Kingdom is a partner, should continue beyond the current programming period. To this end, the Commission intends to propose the continuation of these programmes, based on their existing management structures, in its proposal for the next Multi-annual Financial Framework, foreseen for May 2018.<sup>6</sup>

<sup>3</sup> Centre for Cross Border Studies, "Consultation Response: Cohesion Policy Review" (January 2014), <http://crossborder.ie/ccbs-responds-to-uk-govt-review-of-eu-competences/>.

<sup>4</sup> HM Government, "Review of the Balance of Competences between the United Kingdom and European Union: Cohesion Policy" (Summer 2014), [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/355455/BIS\\_14\\_981\\_Review\\_of\\_the\\_Balance\\_of\\_Competences\\_between\\_the\\_United\\_Kingdom\\_and\\_the\\_European\\_Union.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/355455/BIS_14_981_Review_of_the_Balance_of_Competences_between_the_United_Kingdom_and_the_European_Union.pdf).

<sup>5</sup> See Centre for Cross Border Studies, "CCBS informs the 'Review of the Balance of Competences between the UK and EU' on Cohesion Policy", <http://crossborder.ie/the-centre-for-cross-border-studies-informs-the-review-of-the-balance-of-competences-between-the-united-kingdom-and-the-european-union-on-cohesion-policy/>.

<sup>6</sup> European Commission, "Communication from the Commission to the European Council (Article 50) on the state of progress of the negotiations with the United Kingdom under Article 50 of the Treaty on European Union" (8 December 2017), p.9, [https://ec.europa.eu/commission/sites/beta-political/files/1\\_en\\_act\\_communication.pdf](https://ec.europa.eu/commission/sites/beta-political/files/1_en_act_communication.pdf).

8. In a wider EU context, the Commission has also pointed to the added-value Cohesion Policy and its associated funds brings to its regions and citizens, noting in its “Reflection Paper on the Future of EU Finances” how “Cross-border programmes have transformed border areas, helping to remove sources of conflict and create new economic opportunities”.<sup>7</sup> Moreover, in its overview of the four possible future scenarios for the EU budget, in two of them (Scenarios 2 and 4) the Commission specifically identifies cross-border cooperation as an area worthy of continued expenditure. This positive focus on cross-border cooperation is undoubtedly not only a result of its usefulness as a Cohesion Policy tool in addressing the challenges often faced by border regions due to their peripheral nature, but also because it is a privileged vehicle in bringing together a range of actors to deliver on the European Union’s ideals to the benefit of its citizens.

9. Cross-border cooperation as instituted by the EU’s Cohesion Policy has also encouraged an integrated approach to addressing common challenges and underexploited potentials that embeds the notion of sustainable development. In analysing the social, economic and environmental causes and consequences of a problem affecting a cross-border region, the solutions arrived at are more likely to achieve improved results and ensure EU cross-border programmes bring added value. However, by adding an additional pillar – the cooperation pillar – to this integrated approach as advocated by the Centre for Cross Border Studies and the Euro-Institut, interventions under the European Territorial Cooperation programmes have also contributed to continued and sustained cooperation in cross-border territories.<sup>8</sup>

10. Cohesion Policy more widely has also been identified by the European Commission as one of the areas where results are made most visible to citizens, ensuring greater accountability:

Each policy and programme funded by the EU budget should spell out clearly what it intends to achieve and how it intends to go about it and report on what the actual results have been. This would increase accountability and allow for an informed public discussion on how the EU budget is used. While some progress in this direction has already been made in the current financial framework, **notably under cohesion policy**, further steps are necessary across all instruments.<sup>9</sup>

The way in which Cohesion Policy has been understood in terms of what its objectives are, how they are to be attained, and the extent to which it has been successful in achieving those objectives not only makes it more transparent in relation to other EU policies, but has also brought the European Union closer to its citizens.

11. Cohesion Policy has been the European Union’s core instrument in bringing about an integrated and multi-level approach to addressing inequalities between and within its regions and Member States, acting as a vital counterbalance to attitudes of mutual mistrust and disillusionment. Such attitudes will gain further momentum if Cohesion Policy were to be offered reduced importance in the EU’s priorities beyond 2020.

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<sup>7</sup> European Commission, “Reflection Paper on the Future of EU Finances” (2017), p.12, [https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-eu-finances\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-eu-finances_en.pdf).

<sup>8</sup> See Ruth Taillon, Joachim Beck and Sebastian Rihm, *Impact Assessment Toolkit for Cross-Border Cooperation* (Centre for Cross Border Studies and Euro-Institut, 2011), <http://www.crossborder.ie/pubs/2011-IAToolkit.pdf>.

<sup>9</sup> “Reflection Paper on the Future of EU Finances”, pp.11-12; emphasis added.

## “Old” versus “New” Policies: Funding Cohesion Policy

12. As the European Union considers its future priorities and how these are to be funded, the overriding principle must be reinforcing its unity and moving forward together, and a rejection of proposed scenarios for the future of Europe that could lead to division and/or retreat.<sup>10</sup> To achieve this, comprehensive and meaningful agreement must be reached by all 27 Member States, including on how to balance the financing of existing and new policies and priorities. Of course, these considerations are also being undertaken in a budgetary environment constrained by the loss of the United Kingdom’s contributions,<sup>11</sup> although the UK’s departure also presents an opportunity to abolish all rebates and lead to “substantial simplification of the revenue system”.<sup>12</sup>

13. In order to properly support the unity of its 27 Member States and their citizens as the European Union moves forward, it is essential that Cohesion Policy remains a cornerstone of the EU’s agenda, employing its existing European Structural and Investment Funds to reinforce solidarity in overcoming economic, social and territorial divides and offering *all* regions and citizens opportunities to achieve positive change. In turn this means that whereas there may be grounds for some limited increase in levels of national co-financing for cohesion policy in relation to certain more developed countries, the exclusion of more developed countries and regions from cohesion policy funding would be detrimental. This is particularly the case in terms of territorial cooperation, where in cross-border territories cohesion may involve cooperation between a more developed region and a less developed one.

14. It is concerning, therefore, that the Commission’s Reflection Paper on the Future of EU Finances presents a range of scenarios that with only one significant exception (“Doing much more together”) involve a reduction in expenditure related to Cohesion Policy. The potential for reduced budgetary support for Cohesion Policy is presented in a context where the Commission suggests new priorities, including on security and defence, counterterrorism and migration management. The Commission’s President has also underlined a view that without *at least* a 15 to 20% reduction to the budgets for the “old” Cohesion and Agricultural policies, all other policies will have to have their budgets reduced by 45%.<sup>13</sup> This argument results from a budgetary landscape where the “gap in EU finances arising from the United Kingdom’s withdrawal and from the financing needs of new priorities”, and where the “new priorities have been accommodated under the current financial framework mainly by stretching the existing flexibilities to their limits”.<sup>14</sup>

15. Two overarching considerations need to inform decisions on future financing. Firstly, to avoid excessively damaging reductions to the budget for Cohesion Policy and other core policies, it is vital that agreement is sought to increase contributions by the 27 Member States (some of which

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<sup>10</sup> Such scenarios, as outlined in the European Commission’s *White Paper on the Future of Europe: Reflections and scenarios for the EU27 by 2025*, include “Nothing but the Single Market”, “Those who want more do more”, and “Doing less more efficiently”.

<sup>11</sup> This does not exclude the possibility, dependent on the final outcome of the current negotiations under Article 50, that the United Kingdom may continue to provide contributions to the EU’s budget in order for it to participate in specific programmes.

<sup>12</sup> “Reflection Paper on the Future of EU Finances”, p.29.

<sup>13</sup> See Opening Plenary of CEPS Ideas Lab 2018: “Europe – Back on Track” (22 February 2018), <https://www.ceps.eu/CEPSlab18> [last accessed 26/02/2018].

<sup>14</sup> “Reflection Paper on the Future of EU Finances”, p.21.

have already indicated their willingness to do so), capitalising on own resources, and identifying alternative sources of revenue. Second, new priorities, where all Member States agree that the EU will be guaranteed to bring added value, must ensure that they maximise the pooling of Member States' own resources (as in the case of security and defence, for example),<sup>15</sup> with the EU dimension focusing on a coordinating role and the establishment of common frameworks facilitating cooperation. The fundamental principle that should be applied is *new* financial resources for new priorities.

16. The future financing of Cohesion Policy should not be stretched to provide incentives in the form of financial rewards to support structural reform linked to the deepening of economic and monetary union.<sup>16</sup> This would not only reduce the Policy's ability to sustain financial support to its core priorities, but also undermine one of its principal strengths, which is in bringing the EU closer to its citizens. Moreover, individual Member States' shortcomings identified in country-specific recommendations linked to the European Semester should not result in conditionalities to the implementation of Cohesion Policy within regions, affecting the implementation of ESIFs on the ground, which relies on a medium to long-term programming period.

#### Ensuring greater success of Cohesion Policy funds and programmes: Closing the gap

17. In the *White Paper on the Future of Europe*, the Commission notes how "Closing the gap between promise and delivery is a continuous challenge", with misunderstandings over what the EU achieves for citizens arising because "the EU's positive role in daily life is not visible if the story is not told locally" (p.12). As currently framed, this will not substantially "close the gap". The solution should not principally be about *telling* the story locally; it *should* be about getting local citizens participating in *making* the story. This is what Cohesion Policy and its funds enable, and it could do so even more if certain measures were taken in relation to its administration and implementation and other existing measures reinforced.

18. To garner greater *active* participation of citizens in the implementation of Cohesion Policy and to ensure a true bottom-up approach that reinforces multi-level governance and breathes new life into the partnership principle, the current complexity associated with ESIF must be addressed. Simplification, agility and flexibility may be more easily achieved if the implementation of Cohesion Policy is more closely directed by actors on the ground, but with the Commission taking a more active role in ensuring that Member States do not undermine efforts towards simplification by introducing their own complexities to programmes. There should also be a common set of provisions for ESIF.

19. If the approach of thematic concentration is to be retained, it is essential not only that the specific choices of thematic objectives are made by local actors according to territorial needs, but

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<sup>15</sup> The Commission's "Reflection Paper on the Social Dimension of Europe" is quite clear, for example, that a "true European Defence Union would require a significant budgetary investment" (p.7).

<sup>16</sup> This option is outlined in the Commission's "Reflection Paper on the Deepening of the Economic and Monetary Union" where it is suggested that "the link between policy reforms and the EU budget could be strengthened to foster convergence", and that this could be achieved through "either a dedicated fund to provide incentives to Member States to carry out reforms or by making the disbursement of the ESI funds, or part of them, conditional on progress in implementing concrete reforms to foster convergence" (p.25). It is the "Reflection Paper on the Future of EU Finances" that then makes a more concrete link between Cohesion Policy and its potential use to provide financial rewards for structural reforms (p.22).

also that the Commission, working with national, regional and local authorities, achieve an appropriate balance in terms of those implementing ESIF-funded projects on the ground. Without such a balance, the policy of thematic concentration can lead to a “concentration” of actors in the implementation of Cohesion Policy, with larger institutions and organisations dominating the Cohesion landscape, and with smaller organisations and citizens increasingly relegated to the role of passive beneficiaries.

20. To “close the gap” between promise and delivery, and to ensure a positive balance between larger and smaller organisations involved in the implementation of Cohesion Policy on the ground, programmes must include a mechanism for the funding of “people-to-people” projects, especially in European Territorial Cooperation programmes, where EU cohesion can be significantly increased with such a mechanism.<sup>17</sup>

21. Without reducing the complexity and bureaucratic and administrative burdens associated with the implementation of Cohesion Policy, and without ensuring the involvement of a range of local actors in that implementation, the gap between the EU and its citizens will only widen.

#### Centre for Cross Border Studies concluding remarks as member of the Cohesion Alliance

As a member of the Cohesion Alliance, the Centre for Cross Border Studies declares that Cohesion Policy:

1. works as a **long-term investment policy for all regions** in Europe to support growth and jobs at local and regional level by promoting innovative solutions for issues such as climate change and energy transition, social inclusion, as well as for cross-border, transnational and interregional co-operation;
2. is needed more than ever as an expression of European solidarity to **overcome the economic, social and territorial divide** by providing every citizen, wherever they live in Europe, with a tangible opportunity to experience the advantages of our European Union;
3. must be **better communicated** as the EU policy closest to the citizen, having a direct impact on their daily lives;
4. must continue to be an effective policy with **sufficient resources** of at least one-third of the future EU budget to be delivered via grants and, where appropriate, via financial instruments;
5. must be **based on the existing European Structural and Investment Funds with a common set of provisions**;

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<sup>17</sup> A recent study undertaken in the SaarMoselle Eurodistrict provides an example of this need, with its authors noting how “Les expériences menées montrent que l’intérêt de la population pour les questions transfrontalières est une réalité et qu’elle est renforcée lorsque les supports proposent une expression libre et des échanges directs entre les citoyens de l’espace transfrontalier”; Xavier Auclair et al, “Quelle place du citoyen frontalier dans la construction européenne? Le fait d’être citoyen frontalier renforce-t-il le sentiment d’appartenance à l’UE? L’exemple du territoire de l’Eurodistrict SaarMoselle” (6 December 2017), [http://www.espaces-transfrontaliers.org/fileadmin/user\\_upload/documents/Documents\\_Territoires/Quelle\\_place\\_du\\_citoyen\\_frontalier\\_dans\\_la\\_construction\\_UE\\_SaarMoselle\\_rapport.2017.pdf](http://www.espaces-transfrontaliers.org/fileadmin/user_upload/documents/Documents_Territoires/Quelle_place_du_citoyen_frontalier_dans_la_construction_UE_SaarMoselle_rapport.2017.pdf) [last accessed 05/03/2018].

6. requires the **strengthening of the partnership principle and the place-based approach** by reinforcing the key role of local and regional authorities in delivering the policy by actively engaging urban and rural communities and promoting tools to trigger and support local development through integrated strategies;

7. must be **better coordinated with other EU policies on a level playing field** by taking into account the specificities of municipalities, cities and regions in the European Union;

8. must **not be subject to conditionalities** at European level that cannot be influenced by local and regional authorities and other beneficiaries;

9. must be **simplified and improved**, based on increased trust between the levels of government implementing the funds and a more flexible and differentiated approach.