Contents

Introduction .................................................................................................................................................. 2

1. Economic geography and Cohesion policy: how are the economic and social challenges for European Structural & Investment Funds changing? ........................................................................... 3

2. Institutions and governance: what can Cohesion policy do to strengthen public administration and effective management of the Funds? ........................................................................................................... 5

3. Performance and results: how can Cohesion policy resources be used most effectively and efficiently? ......................................................................................................................................................... 6

4. Instruments: what kind of Cohesion policy interventions make a difference? ................................. 8

5. EU economic governance and Cohesion policy: what are the implications of governance reforms for Cohesion policy ................................................................................................................................................. 9

6. Looking forward beyond 2020 ................................................................................................................ 9

Annex: List of Conference Papers .......................................................................................................... 11
Introduction

The Conference ‘Challenges for the new Cohesion policy in 2014-20’ was organised on 4-6 February 2015 in Riga to facilitate an academic and policy debate between the academic community, European institutions and policymakers from national and regional levels in Member States. Its aims were to make policy officials and practitioners aware of the research being conducted on Cohesion policy, and to give academics a better understanding of the concerns and priorities of the policy communities at EU and national levels. Organised by the Directorate-General Regional and Urban Policy (DG REGIO) of the European Commission, the Regional Studies Association, the Latvian EU Presidency and the University of Latvia, the Conference brought together 183 participants from academia and policy for three days of discussions.

The organisers are convinced that exchanges between practitioners and academics on Cohesion policy are key both for the effective implementation and for the further development of the policy. As Walter Deffaa, Director-General of DG REGIO, said during his opening speech, ‘we need a learning policy, a thinking policy that is ready to evolve and adjust as necessary to improve its performance’.

Some 83 papers were presented in 25 workshops covering a wide range of themes on the design, implementation and performance of Cohesion policy – past, present and future. The Conference had more than 800 live views on the first day and more than 400 on the second day.

As stressed by Commissioner Crețu during her introductory video message, the Conference came at a timely moment, with the EU moving into the implementation phase of Cohesion policy for the 2014-20 period. The budgetary and regulatory frameworks were agreed in 2013, and for the past 20 months the European Commission and Member State authorities have been negotiating the Partnership Agreements and Operational Programmes; all the Partnership Agreements and over 2/3 of the programmes have already been adopted. The cornerstones of the reformed Cohesion policy are a more strategic use of the renamed European Structural and Investment Funds (ESIF), concentration of spending on the objectives of the Europe 2020 strategy, improved performance and achievement of results, better governance, and more attention to urban and local development. These were the themes on which papers were invited and presented at the Conference.

The following report summarises the main issues covered in the Conference discussions. It is structured under the five main headings set out in the call for papers:

- Economic geography and Cohesion policy: how are the economic and social challenges for European Structural & Investment Funds changing?
- Institutions and governance: what can Cohesion policy do to strengthen public administration and effective management of the Funds?
- Performance and results: how can Cohesion policy resources be used most effectively and efficiently?
- Instruments: what kind of Cohesion policy interventions make a difference?
- EU economic governance and Cohesion policy: what are the implications of governance reforms for Cohesion policy

A full list of the papers is contained in an annex to this report, and the papers themselves are available on the Conference website.¹

1. Economic geography and Cohesion policy: how are the economic and social challenges for European Structural & Investment Funds changing?

1.1 Regional development challenges

The context for Cohesion policy in 2014-20 is dominated by the continuing effects of the crisis. The scale and impact of the financial and economic crisis varied greatly across and within Member States, as has the pace of recovery. In a number of European countries, national GDP in 2013 remained well below pre-crisis levels. As Catalina Rubianes noted, “Greece, Spain, Italy and Portugal have on average lost more than one decade of economic and social convergence”. Employment rates have fallen in most countries and unemployment is higher than for over 20 years, while poverty and social exclusion have become more widespread. The 6th Cohesion Report shows that regional disparities in GDP per head, employment and unemployment rates have increased in many countries while in others they have stopped narrowing, notably Bulgaria, Romania, Greece and the United Kingdom.

The economic crisis presented a new challenge to Cohesion policy, with regions having to respond to rapidly changing economic conditions and a restrictive fiscal environment. As Healy/Bristow pointed out, Structural Funds “provided an important contribution to helping regions respond to the crisis” mainly to maintain investment and employment. While programme strategies remained largely unchanged, maintaining their focus on longer term objectives, the ‘shock-absorber’ role of the policy was significant and is perhaps under-appreciated. As the 6th Cohesion Report records, the share of public investment accounted for by Cohesion policy has increased from 11.5% (including 2000-2006 payments) to 18.1 percent in 2013 – with proportions of over 70 percent in some Member States.

In focusing on longer term development challenges and strategies, the Conference debated two important questions. One is the perceived tension between agglomeration and balanced development, which has been central to economic geography debates for almost a decade. As Pain/Van Hamme noted, the policy challenge for Cohesion policy is how to support agglomeration-dependent economic growth (recognising that many European cities are competing for investment and trade in a global environment) with the objectives of territorial cohesion.

The second is how to give meaning to place-based policymaking. As the European Commission has recognised, each region has specific territorial capital, and this endowment is an important determinant of regional growth. The research by Fratesi/Perucca shows the need for Cohesion policy strategies to be place-sensitive with different mixes of interventions appropriate for different types of region. Further, the new analysis undertaken by Annoni/Monfort reveals that measures are time sensitive: the development factors important for growth in different regions before the crisis are not necessarily the same as the determinants of growth since 2008.

1.2 Europe 2020

A major change in the policy context for Cohesion policy is the Union strategy for smart, sustainable and inclusive growth (“Europe 2020”). For the 2014-20 period, Cohesion policy has been cast as the delivery vehicle for Europe 2020, with minimum thresholds for investments in key thematic objectives (RTDI, ICT, SME competitiveness, low-carbon, social inclusion). Reviewing the current state of play with the Partnership Agreements and Operational Programmes, Berkowitz noted that the thematic concentration requirements have in many cases been exceeded - by 10-20 percent in the case of the ERDF thematic objectives 1-4 in some Member States - indicating a clear shift in allocations towards the Europe 2020 priorities. Overall, around two thirds of ex-ante conditionalities are fulfilled; however, more than one third of programmes do not meet the thematic conditionality requirements either partially or wholly. In addition, Karvounis/Gullo, also underline that thematic concentrations are increasingly determining the spending priorities of programmes.

Also, the growing linkage between Cohesion policy and EU economic policy is problematic for some. Kaiman/Tiits argued for greater appreciation of the potential trade-offs between policies for growth/competitiveness and convergence/equity. Workshop discussions highlighted concerns about a progressive ‘transformation’ of Cohesion Policy into a thematic policy that may be losing sight of its
cohesion purpose.

An important new conditionality related to Europe 2020 is the need for countries and regions to have **smart specialisation strategies** (S3) as a framework for targeted support to research and innovation. Some research has found the impact of S3 to be greater in Southern and Central-Eastern Europe than in the more developed parts of the EU. Also, governance capacities are as important as techno-economic potentials, and one of the main benefits of the smart specialisation processes may be changing governance practices rather than measurable effects on policy (Kroll). Evidence from Poland indicates that most regions have made progress in developing such strategies – focusing commonly on renewable energy sources, ICT, biotechnology, environmental technologies, medicine and food (Dobrzycka).

A concern expressed, applicable to other countries also, is that there may be insufficient differentiation and specialisation on particular regional strengths. Some of these issues were presented in a case study of England which focused on the importance of understanding regional and local ecosystems as a basis for planning S3, as well as capacity building and leadership (Richardson/Marlow). Panova/Miles advocated a better understanding of the underlying operational logics that determine implementation choices and the approach to smart specialisation, distinguishing between ‘competition’, ‘innovation’ and ‘development logics’. There is also a danger of focusing overly on specialisation, and the research and technological aspects of regional development may miss out social, historical, economic and geographical factors that are fundamental for regional growth (Statthoula). A particular challenge is the implementation of smart specialisation in non-metropolitan areas which may lack the critical mass of supporting infrastructure, but there are practical examples that demonstrate how this can be achieved, such as smart work centres (Vitola/Baltina/Judrupa).

Lastly, the long history of regional innovation strategies provides a range of lessons. Drawing on experience in Spain, Mella-Marquez/López/Salazar recommended that EU support should be differentiated by region but within a national industrial policy framework. It also requires recognition of the important role played by network capital between business, research and investors. A similar conclusion was reached by MacKenzie/Jones-Evans/Pugh, who drew lessons from the perceived ‘failure’ of innovation policy in Wales; a strategy of attracting high-tech firms proved to be insufficient in an economically weaker EU region that lacked sufficient absorptive capacity and innovation ecosystems for such a policy approach.

1.3 Youth unemployment and ESF

Turning to youth employment, this theme has risen sharply up the EU’s political agenda since 2011 in response to **substantial rises in youth unemployment rates in a number of Member States** due to the economic crisis and on-going recession. Youth unemployment rates are above total unemployment rates in all Member States, although rates vary significantly, ranging from less than eight percent in Germany to over 50 percent in Spain and Greece in 2014. Differences in NEET rates are equally stark – over 20 percent in several countries. However, Krasnopjorovs maintained that the prevalence of unemployment among young people is broadly similar to other age groups and that it is the low youth participation rate that is the main cause of high youth unemployment figures – and which should be the main focus of Cohesion policy through education and motivation initiatives.

The **impact of the crisis on wider social cohesion** across the EU and within individual Member States was emphasised in the work of Jazwinski, who found decreasing levels of social cohesion in both richer and poorer countries such as France, Denmark, Cyprus and Spain. The crisis and lack of employment opportunities has also led to increasing migration flows, especially among younger age groups, and which tend to be from the periphery to the core with the attendant dangers of ‘brain drain’ (Ganau).

The **European Social Fund** is in the forefront of policy responses, including a new financial instrument, the Youth Employment Initiative for those EU regions in 20 Member States with a 2012 youth unemployment rate of 25 percent or above. As Zimmermann noted, “ESF-funded projects are [now] a crucial part of the domestic delivery landscapes”. However, countries and regions appear to differ greatly in the ways that they take up the opportunities of ESF in their domestic employment and social
policies; some make strong and visible use of ESF, while others appear to ‘refuse usage’ and it has little or no impact. Tosun/Jensen/Spéckesser/O’Reilly presented evidence that Structural Funds interventions have helped to reduce youth unemployment, but that its effectiveness is conditional on the Member States having the requisite administrative capacity.

Drawing on experiences of youth unemployment policies in Latvia, Starineca warned of funding initiatives that address so-called ‘surface’ issues such as supporting young people to start service sector businesses that may not be sustainable, when the Latvian labour market is facing a shortage of young specialists in a range of production sector like engineering, electronics and life sciences that are crucial for the country’s long-term competitiveness. The need for a strategic and coordinated approach to youth unemployment programmes was also emphasised by Wells. Further, he recommended considering the importance of intrinsic factors, like measures of wellbeing (where young people are found to be more fragile than expected), as well as traditional factors like qualifications and skills.

Lastly, there continue to be differences in equal opportunities for women and ethnic minorities. McSorley argued that EU commitments for gender equality were not given sufficient prominence in the regulatory framework for 2014-20 or followed through in the thematic objectives and investment priorities, while Repečkaitė found a reluctance to implement affirmative action initiatives (in Lithuania) and a funding system which impedes cooperation among NGOs. Discussion highlighted the economic benefits of gender equality in contributing to the Europe 2020 targets, and the need for a better understanding of how men and women access and benefit from ESIF.

### 2. Institutions and governance: what can Cohesion policy do to strengthen public administration and effective management of the Funds?

Several of the reforms introduced in the new regulatory framework are intended to strengthen public administration and the effective management of the Funds. As Baltiņa/Murav ska noted, “a well-established legal and institutional framework is the foundation of ensuring regional development”. Effective strategic planning needs to be built on accurate and timely data as well as tools that can assess the impact of different policy options on territorial development.

Adequate administrative capacity at national, regional and local levels is regarded as a prerequisite. Research presented by Dijkstra identified administrative capacity as a key bottleneck that has to be addressed before sustainable high growth levels will materialise. The quality of government matters for all EU Member States and not only for the less-developed ones; poor governance reduces economic growth and entrepreneurship and diminishes the impact of Cohesion policy. Surubaru argued that political stability is a key condition for effective Funds’ management as well as avoidance of political clientelism. However, he also pointed out that, while administrative capacity is a necessary condition, it cannot fully explain differences in the implementation of the policy. There are also difficult challenges to ensure that the functioning of Cohesion policy implementation bodies comply with domestic institutional and legal frameworks and traditions, as Mihaylova-Goleminova stressed with respect to Bulgaria.

Based on research in Romania, Szabo pointed out the importance of strengthening the capacity of middle management within government institutions, and including implementing bodies and beneficiaries in administrative capacity-building efforts, especially if decentralisation is projected. This was reinforced by Pulmanis, based on experience in Latvia: “due to the complexity of the system, it is very hard to reconcile top-level strategic considerations with technical micro-management issues, whose burdens and problems are only well-understood only by the ‘final beneficiaries’”. Langley argued that high-performing and professional project management is essential for effective performance, although Graute warned against excessive specialisation of managers and decision-makers given the non-linear complexity involved in managing Cohesion policy. More fundamentally, Demidov questioned whether the application of concepts such as ‘weak bureaucracies’ or ‘low capacities’ in Central and Eastern European countries is obscuring a deeper understanding of the complexity of the motivations and actions of Cohesion policy implementers.
Although there could be tensions between different layers of government, workshop discussions underlined the advantage of Cohesion policy in making different parts of government work together on planning and developing a strategy. At the same time, such coordination can be costly in terms of human resources and time, which is why more cooperation was advocated as opposed to setting up mere mechanisms for coordination.

**Learning and feedback** loops are also important, as highlighted by Sweetenham for England, where the lessons from previous programme periods in areas such as compliance, performance, cross-Fund coordination have informed the new implementation structure for ERDF in ways intended to focus on projects that have the greatest impact on local growth. However, Mihalic contended that the increased influence of the Commission on the programming process reduced opportunities for national actors to exploit lessons learnt from previous projects.

Another perennial challenge in the design and management of the policy is **improving accountability** at different levels. With respect to Member State authorities, there has been a strong compliance orientation in the management of the Funds focusing on absorption and controls rather than efficiency and effectiveness (Damen-Koedijk). While performance aspects are receiving more attention in the 2014-20 period, there is a danger of ‘accountability overload’ and its related costs. Also important is accountability to the public, where the evidence from Latvia is that despite complex efforts made by the managing authority, citizens still perceive the management EU funds as non-transparent and corrupt (Lasmane).

One element of the response is the need to strengthen domestic and local accountability mechanisms, ensuring that they are embedded rather than externally imposed and making more use of e-government (Janos-Tóth/Fazekas). Another is better communication and simplification of procedures to make the Funds administration more user-friendly. Strategies for improving communication were presented by Wrona, who identified effective communication methods from eight Member States and the scope for cross-programme learning on these issues (especially between managing authorities) while appreciating the importance of local and cultural contexts.

3. **Performance and results: how can Cohesion policy resources be used most effectively and efficiently?**

The **appropriate mix of Cohesion policy interventions** to maximise its impact was central to many of the conference discussions. Pontarollo presented the results of econometric analysis of the impact of Structural Funds in Objective 1 regions in 2000-2006, broken down by main expenditure categories and category of regions. The results showed that the impact of human resources expenditure was the strongest, while the impact of support to infrastructure and business support was less significant and depended on a group of supported regions. The existing literature suggests that the impact of Cohesion policy is highly differentiated between countries. Investigating whether territorial ‘conditioning factors’ play a role, the paper by Giua/Crescenzi found that “a large part of the heterogeneity across Member States disappears when appropriate counterfactual methods are adopted”. The importance of such factors in shaping policy outcomes leads them to support some key directions of the recent reforms, in particular giving the policy a stronger ‘place-based’ perspective.

A **place-based approach** is, however, challenging. Komornicki/Zaucha discussed how the exploitation of territorial capital has been translated into programming documents in the Polish regions, finding that there has been little practical implementation on the ground. Kesar argued that the different regulatory requirements for achieving an integrated approach to territorial development are confusing, and he provided a methodological approach for assessing how key obligations are being interpreted in practice. One of the perceived problems is the top-down influence on programming which may lead to a ‘uniformisation’ of interventions with insufficient regard to territorial specificities. According to Medve-Bálint, in some Eastern European countries this national influence is compounded by political preferences and lobbying: “political loyalty towards the central governments has been positively
associated with the per capita amount of EU grants spent at the local and the regional level which was not necessarily advantageous for the backward areas”.

Recent debates on Cohesion policy have criticised a perceived over-emphasis on **infrastructure spending**. Yet, this should not imply that all infrastructure spending was unnecessary. **Medeiros** pointed out that, in Spain and Portugal, infrastructural modernisation has been a “pivotal pillar” for improving territorial attractiveness. Similarly, research by **Rosik/Stepniak/Komornicki** shows that the EU-funded investment in motorways and expressways in Poland over the past decade has improved national accessibility not just for major centres but also for peripheral regions and localities. **Spiridonovs** also drew attention to the critical role of infrastructure for regional development in the Baltic region, especially in the field of environment, while acknowledging the difficulties of rigorously evaluating the impact of investment. These conclusions were partly reinforced in the paper by **Bachtler/Begg/Charles/Polverari** based on studying Cohesion policy effectiveness in 15 regions across the EU15 from 1989 to 2012. Most of the authors agreed, however, on the need for infrastructure development to be accompanied by support for business development and innovation in a coordinated strategic approach.

This issue was central to the paper by **Gorzelak** whose survey of 1,300 municipalities in Poland found a big impact of EU funds on improving living standards and quality of the environment and infrastructure, but a weaker impact on economic growth and innovation – highlighting the need for policy to give more primacy to the demand-side effects in economic developments. This was supported by the results from the Remi-IRPET model (**Gori/Lattarulo**) which determined that the positive impacts of Cohesion policy on GDP and employment in Tuscany were largely demand-driven, influenced predominantly by investment expenditure and final demand in the productive sector. **Paczoski** also recommended a stronger focus on policies that promote entrepreneurship and improve the conditions for private business.

Other critical development factors include soft infrastructure such as human capital, labour markets, education and health (**Kalman**) as well as the institutional capacity issues noted above. The role of local capacity was also emphasised by **Rivza/Jermolajeva/Kruzmetra** who found institutional cooperation (using the Helix model) involving local governments as achieving positive results in rural municipalities in Latvia.

One of the most frequently discussed challenges was the **performance of Cohesion policy in southern Italy**. **Perretti** addressed the question of why, despite substantial Cohesion Policy expenditures, the discrepancy in GDP and employment between Mezzogiorno and the other parts of Italy has widened further during the 2007-13 period; the answer lay in institutional factors, such as poor programming, fragmentation of resource allocation and weak absorption of EU funds. The same issue was discussed by **Provenzano**, who argued that the reasons behind the ‘failure’ of Cohesion policy in southern Italy were mainly poor administrative quality, a scarce planning ability and also to the financial expenditure constraints for public administrations as emerged from the Fiscal Stability Pact. He also questioned the clarity of intervention plans for the 2014-20 period.

With respect to other effects, the **demographic impact of EU funding** was analysed by **Dahs** using Latvia as a case study. He found that the national OPs in 2007-13 did not specifically address regional demographic issues but that programme investments had significant direct and indirect effects on local population change. **Maniokas** focused on **poverty reduction**, finding that fiscal policies were more effective than investment or subsidies – and drawing a wider conclusion about the need for the ‘right mix’ of instruments for different policy objectives.

Lastly, turning to **methodological issues**, a wide-ranging review of econometric assessments of Cohesion policy growth effects by **Pierkowsk/Berkowitz** identified several priorities to make research more relevant for policy-makers including: better quality and consistency of data; a broader scope of regression analyses; improved methodologies; a wider range of indicators; and greater clarity and focus on policy conclusions. One of the promising developments in modelling Cohesion policy impacts is the development of the RHOMOLO model which will provide enhanced capability to analyse regional innovation capacity (**Kancs/Monfort/Rillaers**). From a Member State perspective, **Burakien** focused on the practical lessons from 15 years of evaluation in Lithuania - especially capacity building, learning networks and the alignment of monitoring and evaluation. Key challenges for the future include the
4. Instruments: what kind of Cohesion policy interventions make a difference?

Integrated territorial approaches are a more prominent part of Cohesion policy interventions in 2014-20, intended to promote a more strategic and coherent use of funding at local/regional level. New tools have been introduced, including Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD) – which are very different concepts in terms of geography, funding and governance. As Berkowitz demonstrated, there is uptake of ITIs and CLLD across Member States, although the proportion of funding allocated to them is mostly small. For many Member States, such local initiatives are not new, and there is considerable scope for learning from current and past practice in addressing challenges such as social exclusion to maximise synergy effects and added value (Hawrysz). As Ilgavižs/Raugze illustrated, using the case of Latvia, place-based measures including ITIs are needed to overcome problems experienced in 2007-13, such as lack of integration and coordination in the planning and delivery of interventions, if balanced territorial development is to be achieved.

However, late national decisions to use ITIs in 2014-20 have caused problems in some countries (e.g. Bulgaria, Czech Republic) in properly framing a national strategy, establishing the required coordination structure, determining budgets and preparing the legal base (Simeon). In Hungary, according to Novotny, the national government eventually decided against using the EU territorial tools despite their initial interest. A broader issue for both Tosics and Zuber is one of unfulfilled expectations. Their papers argued that the potential of these tools to promote integrated urban development is not being sufficiently exploited, with a regulatory framework which is insufficiently prescriptive in challenging national and regional authorities that are unwilling to devolve budgets and responsibilities, as well as capacity constraints at local level. Both of these issues were highlighted also by van der Zwart/Mendez, who drew attention to the wider debate about the commitment of the EU to the territorial dimension: “although there is clearly greater recognition for place-based approaches….the sectoral approach remains dominant and the devolution of competencies to localities is clearly limited”.

The legislative and policy framework for 2014-2020 also encourages further expansion and strengthening the use of financial instruments (FI) in the new programming period as a more efficient and sustainable alternative to complement traditional grant-based financing. As Wishlade/Michie noted, investment in FI is increasing from €7.1bn in 2007-13 to a projected €25 bn in 2014-20, but their use varies across Member States from those where they are key delivery mechanism for Cohesion policy (e.g. Belgium, Denmark, Italy) to those countries where they are a minor adjunct (e.g. France, Romania, Slovakia). Further, there are important questions about the sustainability, project quality and efficiency of FI still to be answered. At an operational level, there is a need to facilitate more knowledge exchange on issues such as speeding up absorption, the alignment of FIs with thematic objectives, and the relative merits and advantages of centralised vs. decentralised approaches, and better monitoring (Núñez Ferrer/Belicka/Infelise). Case studies of the use of microcredit in Hungary (Nyikos) and venture/seed capital funds in Emilia Romagna (Di Anselmo/Amati/Natali/Caddeo) tell a common story about the importance of using FI as part of a systemic approach, recognising the complementarities with traditional grants, the need for a critical mass of investment, transparency in management, and the provision of tailored advisory and other support services.

European Territorial Cooperation programmes face high expectations and greater scrutiny of their performance in 2014-20. There is widespread acknowledgement of their contribution in principle to European integration, and they offer unique opportunities for cross-border, transnational and interregional cooperation and learning, as the paper by Olteanu demonstrated for the Baltic Sea Region. However, as Roman-Kamphaus noted, the effects of ETC are hard to capture using standard performance indicators, and national governments are often looking for ‘harder’ measures of impact. Research by Kravale indicates that ETC programme strategies and objectives need to be more focused and based on the needs of the areas (and embedded in the communities) involved in the cooperation; also, in responding to the requirement for better performance in 2014-20, there is a need for a coherent approach to indicator definition and data collection across programmes.
However, Telle argued that ‘soft spaces’ like cross-border programme areas may weaken functioning modes of governance within Member States. Focusing only on stronger management and control mechanisms may overlook the need to change the attitudes of people and build capacities and leadership. Intangible effects such as these, as well as networking and cooperation, are increasingly recognised as important for successful implementation of public policies, but need new techniques and models for them to be adequately evaluated (Haarich). Cultural barriers may be a particular impediment to knowledge transfer across borders, and programme/project participants need a better understanding of how to recognise and accommodate cultural differences (Weidenfeld). Conference discussions identified the need to increase the visibility of the programmes, strengthen the transfer of experience, and improve the governance of programmes.

5. EU economic governance and Cohesion policy: what are the implications of governance reforms for Cohesion policy

The 2013 reform of Cohesion policy has increased the policy’s alignment with the EU’s long-term growth strategy (Europe 2020) and associated economic governance architecture and policy cycle (the European Semester), which will play a more important role in both the programming and implementation of the ESI Funds in 2014-20. The vulnerability of Member States to the crisis was driven by macroeconomic imbalances. Hence – as Catalina Rubianes stressed – the macroeconomic framework is a critical factor in achieving the EU cohesion objectives of reducing regional disparities, but new economic governance provisions need to take account of regional cohesion.

From a European Parliament perspective, Reinhart explained that the inter-institutional negotiations on macroeconomic conditionality were the most difficult and that, while the EP could not prevent the proposal, they did introduce some ‘safeguards’ for its implementation. She noted that there are still important open questions about how the conditionality provisions will be applied in practice. One of the Member State concerns was presented by Zakrzewska – ensuring that the critical investment role of Cohesion policy is not jeopardised. She recommended that the national co-financing for Cohesion policy projects is given the status of ‘development contributive expenditure’ and as such excluded from public deficit statistics.

From the sub-national level, Jouen argued that the introduction of macroeconomic conditionality was penalising regional and local authorities in several ways: budget consolidation was reducing their resources and investment capability; the suspension of funding would damage sub-national authorities for problems that were not of their making; and the provisions for reprogramming were overly bureaucratic and centralistic. Countering some of these arguments, Verhelst maintained that macroeconomic conditionality could ensure that Cohesion policy funds were spent within a framework of sound economic governance and he stressed that the potential sanctions were, to some extent, constrained.

6. Looking forward beyond 2020

The focus of the conference was mainly on the challenges and opportunities for implementing Cohesion policy in the 2014-20 period. However, some papers took a longer term perspective, addressing three main themes.

One issue was the future focus of Cohesion policy. It was in the opening plenary session that former Commissioner Johannes Hahn had asked whether the primary measure of economic development should move beyond GDP to incorporate indicators of wellbeing. For Wauters, a more fundamental conceptual shift was required if human development and wellbeing were to be supported, as defined in the ‘capabilities approach’ of Amartya Sen and focusing on what individuals value and have reason to value – rather than the top-down targets and ‘command and control’ thinking of the present policy.
Second, the importance of institutions was highlighted. Molle saw a likelihood of continuity of the priority objectives of European integrated policymaking (albeit with new and realistic targets), but that the policy needed a stronger focus (conditionality check) on the quality of governance especially in ‘convergence countries’.

Finally, for Petzold, the concern was the need for more regional involvement in the next reform of Cohesion policy. Based on survey research he argued that “the level of complexity, which has arisen due to the institutional and political context, risks a policy switch-off between Member States regions, particularly in light of concerns that only marginal funding will be received in the future”.
Annex: List of Conference Papers

Annoni P, and Monfort P, ‘Analysing the Main Factors of Regional Economic Growth: Implications for EU Cohesion Policy’ Philippe.Monfort@ec.europa.eu

Bachtler J, Begg I, Charles D, and Polverari L, ‘What have Structural and Cohesion Funds done for us? Assessing the Long-Term Achievements of Cohesion Policy, 1989-2012’ john.bachtler@strath.ac.uk

Baltina L, and Muravska T, ‘What Institutional Arrangements for Coherent EU Cohesion Policy Planning and Implementation?’ baltina.lu@gmail.com

Belicka D, Nuñez Ferrer J and Infelise F, ‘How to Use Financial Instruments for Cohesion and for which Interventions? Theory and Practice with a Case Study on the Situation in the Baltic States’ daina.belicka@lv.ey.com


Burakiene D, ‘The Use of Evaluation as a Result-Based Management Tool: Lithuanian Case’ D.BURAKIENE@FINMIN.LT

Dahs A, ‘Demographic Implications of the 2007-2013 Regional and Cohesion Policy Actions in Latvia’ Aleksandrs.Dahs@lu.lv

Damen-Koedijk M, ‘Cohesion Policy in the Netherlands: is there a situation of good accountability?’ maaike.koedijk@gmail.com

Demidov A, ‘Efficient Implementers and Partners - What Do We Miss in our Understanding How Cohesion Policy Administrators Work?’ demidova@ceu.hu

Di Anselmo A, Amati L, Natali F, and Caddeo A, ‘Early Stage Funds and ERDF Co-Financing: Lesson Learned from the Experience of the Ingenium Funds in Italy’ a.dianselmo@metagroup.com

Dijkstra L, ‘Quality of Government and Economic and Social Development in EU Regions’ lewis.dijkstra@bigfoot.com

Dobrzycka M, ‘Smart specialization – the New Concept of Cohesion Policy in 2014-2020 to Boost Regional Innovation. The Case of Poland’ dobrzycka.marta@gmail.com

Fratesi U, and Perucca G, ‘Territorial Capital and the Impact of European Cohesion policy’ ugo.fratesi@polimi.it

Ganau J, and Porsche C, ‘Youth Employment and New Labour Migration in the UK’ - ganau@geosoc.udl.cat

Giua M, and Crescenzi R, ‘Spatial Discontinuity for the Impact Assessment of the EU Regional Policy. How does the Net Impact of the Policy Differ across Countries?’ mara.giua@uniroma3.it


Gorzelak G, ‘The Cohesion Policy and Development – a Preliminary Assessment’ gorzelak@post.pl

Graute U, ‘Strengthening Public Administration and Effective Management by Widening the Focus of Programmes and Capacity Building to Better Face the Non-Linear Complexity of Developments’ u.graute@scriptito.de
Haarich S, ‘How to Evaluate Intangible Achievements and Governance in EU Cohesion Policy? A New Methodology’ silke.haarich@gmail.com

Hawrysz J, ‘Polish Example: Lessons Learned on Local Initiatives Implementation and Future Challenges from the EC Perspective’ jaroslaw.hawrysz@ec.europa.eu

Healy A, and Bristow G, ‘Building Resilient Economies: Lessons from the Crisis for EU Cohesion Policies’ healy2@cardiff.ac.uk

Jazwinski I, ‘Changes in Social Cohesion in the Member States of the European Union in Crisis Conditions’ jazwinski@wp.pl


Kalman J, and Tiits M, ‘Co-ordinated Policies and Cohesion Policy: their Relationship and Impact on the Member States’ judit.kalman2@gmail.com

Kancs D, ‘RHOMOLO: A Dynamic General Equilibrium Modelling Approach to the Evaluation of the EU’s Regional Policies’ darts.kancs@gmail.com

Karvounis A, and Gullo D, ‘EU Regional policy 2000-2020: Shifting in Economic Priorities?’ alexandros.karvounis@ec.europa.eu

Kesar P, ‘Territorial cohesion” in the emerging economic geography of Europe: Examining Cohesion Policy Architecture for the new financing period (2014-20)’ puru.kesar@student.ru.nl

Komornicki T, and Zaucha J, ‘The Concept of Territorial Cohesion as Understood and Practiced by Polish Regions’ t.komorn@twarda.pan.pl

Krasnopjorovs O, ‘How to Overcome Youth Unemployment: Education vs. Temporary Employment’ Olegs.Krasnopjorovs@bank.lv

Kravale I, ‘Improving the Visibility of Results from European Territorial Cooperation Programmes and Projects’ iruma.kravale@varam.gov.lv

Kroll H, ‘The Policy Challenge in Smart Specialisation - A Common Approach Meets European Diversity’ hk@isi.fhg.de

Langley M, ‘Using Formalised Project Management Practices and Effectively Trained Project Management Professionals to Improve Efficiency, Build Capacity and Deliver Value’ Mark.Langley@pmi.org

Lasmane N, ‘Accountability of EU Funds Administration’ nata.lasmane@fm.gov.lv

Maniokas K, ‘Policy as a Major Conditionality: Conclusions of Two Recent Impact Evaluations in Lithuania’ k.maniokas@estep.lt

MacKenzie N, Jones-Evans D, and Pugh R, ‘From “Techniums” to “Emptiums”: the failure of Innovation Policy in a Weaker EU Region’ niall.mackenzie@strath.ac.uk

McSorley L, ‘Whatever Happened to Gender Mainstreaming? Lessons for the 2014-20 European Structural and Investment Funds’ leaza.mcsorley@gcu.ac.uk

Medeiros E, ‘EU Cohesion Policy in Iberian Peninsula: Main Territorial Impacts (1989-2013) and Challenges for a More Efficient New Programme Period (2014-2020)’ emedeiros@campus.ul.pt
Medve-Balint G, ‘Funds for the wealthy and the politically loyal? How the Structural Funds may contribute to rising regional disparities in Eastern Europe’

Mella-Marquez J, Lopez A, and Salazar J, Autonoma University of Madrid, ‘Cohesion Policy and Innovation: How can Resources be used most Efficiently?’ jose.mella@uam.es

Mihalic J, ‘Public Actor Constellations in Formulation of Operational Programmes: Differentiation by the Policy Networks Theory’ josip.na.gorenjskem@gmail.com

Mihaylova-Goleminova S, ‘Challenges and Opportunities Facing the Legal and Institutional Framework for the Management of European and Structural and Investment Funds in Bulgaria’ s.mihaylova@law.uni-sofia.bg

Molle W, ‘Cohesion and Growth: Is the EU System Fit to Face the Challenges Beyond 2020? molle@few.eur.nl

Novotny G, ‘The Rise and Fall of Integrated Approaches - on Troubled Waters from Concept to Implementation’ gabor.novotny@ngm.gov.hu

Nyikos G, ‘The Role of Financial Instruments in Improving Access to Finance in Less-Developed Regions - Combined Microcredit in Hungary’ gyorgyi.nyikos@gmail.com

Olteanu N, ‘The Achievements of the 2007-2013 Cohesion Policy in the Baltic Sea Region’ nico.olteanu@gmail.com

Paczoski A, ‘Creating an Effective Cohesion Policy in the Context of Europe 2020’ paczoski@gnu.univ.gda.pl

Pain K, and Van Hamme G, ‘Europe as a Global Macro-Region: How is Economic Geography Changing the Cohesion Policy Challenge?’ k.pain@reading.ac.uk

Panova V, and Miles L, ‘Understanding the Operational ‘Logics’ of EU ‘Smart Specialisation’ and the Implementation Choices for Regions in Europe’ vikpa258@student.liu.se

Perretti B, ‘Italy’s Mezzogiorno: 2007-2013 EU Cohesion Policy’s Main Failure. Did We Learn Anything Useful for the 2014-2020 Period?’ biagio.perretti@unibas.it

Petzold W, ‘What if Regions and Cities Governed EU Regional and Urban Policy?’

Pienkowski J, and Berkowitz P, ‘Econometric Assessments of Cohesion Policy Growth Effects - How to Make them More Relevant for Policy Makers?’ jerzy.pienkowski@ec.europa.eu

Ponterollo N, ‘The Impact of European Structural Funds in Objective 1 Regions: Between Cohesion Policy and Lisbon Agenda’ nicola.ponterollo@univr.it

Provenzano G, SVIMEZ, ‘Cohesion Policy in Southern Italy: Weaknesses and Opportunities’ g.provenzano@svimez.it

Pulmanis E, ‘Polycentric Development Project Micro-Economical Aspects and Application Process In Public Administration in Latvia’ emils.pulmanis@gmail.com

Raugze I and Ilgavižs J, ‘Challenges and Practical Aspects in Implementation of Place-Based Approach’ janis.ilgavizs@varam.gov.lv

Reinhart S, ‘Macroeconomic Conditionality - the Link between Economic Governance and Cohesion Policy from an Inter-Institutional Perspective’ simone.reinhart@europarl.europa.eu
Repečkaitė D, ‘Patchwork of Projects or Coherent Strategy? Equal Opportunities in the Implementation of EU Structural Assistance in Lithuania’ daiva.repeckaite@gmail.com

Richardson K, and Marlow D, Smart Specialisation at the Crossroads. Process or Impact? Transferrable Lessons from England? A Policy Paper’ k.richardson@hefce.ac.uk

Roman-Kamphaus U, ‘How to Achieve Successful European Territorial Cooperation? – Lessons from the Cross-Border Cooperation Programmes in Central-Eastern Europe’ urszula.roman@uws.ac.uk


Rubianes A, ‘Why Economic Imbalances Matter for Regional Development’ angel.catalina-rubianes@ec.europa.eu

Simeon M, ‘Integrated Sustainable Development in the Hand of Local and Regional Governments: The Use of Integrated Territorial Investments in Cohesion Policy’ Caroline.Cornil@ccre-cemr.org

Stathoulia T, ‘Re-Inventing Policies and Practices in Regional Strategy’ tsthath@gmail.com

Starineca O, ‘Cohesion funds and Youth Employment in Latvia’ tstath@gmail.com

Surubaru N, ‘Administrative Capacity vs. Governance – How to Improve the Management and Implementation Environment for European Structural and Investment Funds? Evidence from New Member States’ surubaru.neculai.cristian@gmail.com

Sweetenham C, ‘Balancing the Demands of Localism and Compliance: Setting up the New ERDF Programme in England‘ carole.sweetenham@communities.gsi

Szabo S, ‘The Administrative Capacity of the Sub-National Level in Implementing the Cohesion Policy in Romania’ septimiu.szabo@gmail.com

Tosun J, Jensen C, Speckesser S, and O’Reilly J, ‘the Absorption of Structural and Investment Funds and Youth Unemployment: An Empirical Test’ jale_tosun@yahoo.de

Telle S, ‘European Union Cohesion Policy and the (Re) Production of Centrality and Peripherality through Soft Spaces with Fuzzy Boundaries’ stefantelle@gmail.com

Tosics I, ‘Integrated Territorial Investment - A Missed Opportunity?’ tosic@mri.hu

Tóth I, and Fazekas M, ‘The Missing Link? Corruption Risks in EU Funded Public Procurement Tenders’ istvanjanos.toth@rcrb.eu

Van der Zvet A, and Mendes C, ‘Towards a Europe of the Localities? Integrated Place-Based Approaches in Cohesion Policy in 2014-20 and Beyond’ Arno.van-der-zvet@strath.ac.uk

Verhelst S, ‘Macroeconomic Conditionality: In Search of a Balanced Approach’ Stijn.Verhelst@nbb.be

Vitola A, Baltina I, and Judrupa I, ‘Smart Work for Smart, Sustainable and Inclusive Growth in Regions’ vitola.alise@gmail.com

Wauters B, ‘Where did the Well-Being go in ESIF?’ benedict.wauters@esf.vlaanderen.be

Weidenfeld A, ‘Policy Implications for Overcoming Barriers to Cross Border Knowledge Transfer’ adi.weidenfeld@hanken.fi

Wells P, Sanderson, E, and Wilson I, ‘Young People's Resilience and Involvement: possible elements
of the European Union’s Structural and Investment Funds in addressing youth unemployment?’ p.wells@shu.ac.uk

Wishlade F, and Michie R, ‘Financial Instruments in 2014-20: Learning from 2007-13 and Adapting to the New Environment’ fiona.wishlade@strath.ac.uk

Wrona K, ‘Seeing is Believing? Methodological Implications from the Evaluation Study on Good Practices in Communicating the Cohesion Policy’ ikarolina.wrona@coffey.com

Zakrzewska A, ‘EU economic governance and cohesion policy: what are the implications of governance reforms for cohesion policy?’ aleksandra.zakrzewska@mir.gov.pl

Zimmermann Z, ‘Social Inclusion Funded by Europe? The Impact of the European Social Fund on Local Social and Employment Policies’ k.zimmermann@uni-oldenburg.de

Zuber P, ‘Perspectives on Integrated Territorial Development in 2014-2020’ WF773@interia.pl