EU Cohesion Policy 2021–2027: New Tools to Foster European Integration?

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Abstract. Several recent political crises represented a setback for the European integration process. In a face of rising Euroscepticism European Commission is looking for ways to foster integration by promoting European identity among citizens in EU regions. In this respect EU Cohesion policy is thought to have potential to be instrumental in achieving this goal. The aim of the paper is to assess the Commission proposals for Cohesion policy within MFF 2021–2027 in this context. The paper analyses new measures introduced by Commission proposal in view if they can deliver to better EU image in the regions. The proposal to change cohesion funds allocation methodology by adding into calculation more social factors can potentially be counterproductive as it leads to funds’ re-allocation compared to the current status. Evaluation of bringing into Cohesion policy smaller social and values oriented programs is more positive. Detailed analysis of the Justice, Rights and Values program shows high potential as a source for experience-based driven identification with Europe and can be instrumental in fostering European integration.

Keywords: Cohesion • European identity • European Union (EU) • Integration • Regional policy

1 Introduction

European integration has long been considered as a reference example for a successful regional integration model and is therefore attracting global attention of regional studies researchers. Driven primarily by economic factors it evolved over decades to a highly economically integrated common market of goods, workforce, services, united by common currency etc. However at political level the European integration process has experienced a number of setbacks and basically failed to achieve the same level of integrity that could be expected based on economic developments. Even more surprising [16] was the first crisis with the failed European constitution back in 2005 when the integration process was effectively torpedoed by referendums in two countries that were part of the very inception of European integration process: Netherlands and France. The rise of Euroscepticism in the following years was reinforced by financial
and economic downturn in 2008 and associated European sovereign debt crisis, followed by immigration crisis, Brexit process and finally the recent EU high-level standoff over help to severely hit by COVID-19 European countries.

Being far from a “failed mission” these setbacks in European integration nevertheless reflect deficiencies in dedicated EU policies aimed at strengthening the cohesion among EU members and what’s more important their citizens [15]. Because it is actually citizens who ultimately make their decision on crucial referendums and thus jeopardize political integration efforts. This understanding leads to a shift in EU cohesion policy what can be seen in EU Commission proposal [10]. This paper analyzes the changes in EU Commission approach to fostering European integration by means of investment policy resulting in formation of European identity.

2 Methodology

The paper is based on the analysis of the European Commission proposals [10, 11]. By bringing together Cohesion policy and smaller values-oriented programs the Commission intends to reinforce social spillover effects of regional investment policy resulting in a better EU image among citizens and their stronger commitment to identification as Europeans. In order to test the hypotheses comparative analysis has been done based on preceding periods regulations. The paper uses results of PERCEIVE [17] and COHESIFY [7] projects for evaluation of EU Cohesion policy spillover effect. For factors determining correlation between European integration and European identity explanations of theoretical model by Bergbauer [4] are implied. More specifically the paper utilizes the “experience-based mechanism” that considers personal experience to be at the roots of European identification. This method is applied to analysis of smaller programs in European Commission proposals.

3 Results

Cohesion policy dates back to the very inception of European Economic Community and since then has played a central role in European integration by levelling economic and social disparities between the regions of the member countries and promoting economic growth. It is in fact an investment allocation policy facilitated through European Structural and Investment (ESI) Funds. From financial perspective, it represents a significant part of the EU budget: around a third of the total 2014–2020 Multiannual Financial Framework (MFF) with impressive 352 bln Euro. Taking into account that the EU funds are usually released as co-financing in a range of 40–70%, the actual investment volume amounts to even higher figures. Cohesion policy is focused on regions structured in Nomenclature of Territorial Units for Statistics (NUTS) levels rather than on countries what makes it more addressed. The evaluation of NUTS regions is GDP per capita based and defines three categories: less developed (under 75%), transition (75–90%) and more developed regions. The EU investments are channeled through specific structural and investment EU funds, the number and composition of which varies, but the most financially strong are three: European Regional Development Fund (ERDF), Cohesion Fund
(CF) and European Social Fund (ESF). Each of the funds has its own specialization with ERDF and CF aimed at primarily at economic cohesion while ESF, being the oldest of the three, is focused at social dimension “to improve employment opportunities for workers in the common market and to contribute thereby to raising the standard of living” (Article 123, Treaty [19]) by means of investing in education, promoting social inclusion, combating poverty and enhancing public administration.

The Cohesion policy is active in Europe for over 60 years. In this timeframe, it continuously evolved to tackle new challenges like EU enlargement or structural changes. It’s overall efficiency and whether it has achieved the desired results is hard to estimate [12] and thus under constant scrutiny [1]. Part of the problem is that despite cohesion policy efforts the inequality among regions has increased [13]. Leaving out the question what would be the result without the European regional policy, the significance of cohesion financing for less developed regions cannot be denied. Nevertheless, the number of recent EU crises and increasing Euroscepticism raised a question whether the financial allocations to the regions actually contribute to the development of European identity or more positive attitude towards EU. The general expectation would be a positive correlation between absorption of cohesion funds and a more positive perception of the EU.

Recent studies [6, 8] of this issue seem to support that idea, providing evidence that more positive EU image in the regions is dependent on the size of ESI funds allocations. The EU Commission has launched two special studies to investigate this relation namely projects PERCEIVE (Perception and Evaluation of Regional and Cohesion Policies by Europeans and Identification with the Values of Europe, [17]) and COHESIFY (Understanding the impact of EU Cohesion Policy on European Identification, [7]) under Horizon 2020 program in 2016–2019. Both projects provided similar results, supporting the idea of positive correlation [5, 17]. However, both studies provided feedback on Cohesion policy shortfalls and ways to improve its efficiency in achieving a better EU attitude in the supported regions of which better communication of the cohesion policy to the public is the most obvious. One of the outcomes is the idea, that the planning and evaluation of the Cohesion Policy should overcome the solely financial performance measures and embrace social indicators. In fact, they pointed out, that smaller EU investment programs with social dimension also play an important role in shaping EU image and help EU citizen cohesion [3].

The reason for that is likely to be the experience-based mechanism [4] of citizens’ identification with Europe: personal experience benefiting from EU integration advantages is an important source of identification with Europe. Under this category fall such EU programs that facilitate interface and cultural exchange with other Europeans (Erasmus, European Solidarity Corps, Creative Europe, different volunteers programs etc.). Another important source of positive identification with Europe based on positive experience is the promotion of EU-wide area of justice and rule of law. The inclusion of the latter into this category may not be obvious but will be examined later.

Analyzing the proposal of the EU Commission [10, 11] we can make a conclusion, that the Commission has taken the recommendations of the studies on European identification impact into account. The most visible change is that the cohesion policy is now united with social programs under one heading “Cohesion and Values”. It reflects the fact that the Commission gives credit to the previously overseen function of
cohesion policy to promote European values and identity among citizens. As can be drawn from the proposal, Commission shifts more emphasis on social cohesion. It includes social programs, that are currently dispersed across several EU policies like Erasmus+, European Solidarity Corps, Fund for European Aid, Youth Employment Initiative, Creative Europe, Justice, Rights and Values Fund.

It is not uncommon for EU cohesion policy to accommodate separate assignments in addition to its main function to reduce regional disparities across the EU [14]. As an investment policy, it can easily incorporate different agendas by prioritizing funds allocation to individual projects and by doing so complement other EU policies. For example, in 2014–2020 clean energy transition associated projects received additional support and were favored by EBRD and CF [21]. However, cohesion policy in 2021–2027 incorporates the social dimension in a new way. First, it adds social dimension to funds allocation to the regions that for a long time was based solely on GDP per capita. Second, it envisages necessity of promoting EU values and European identity within cohesion framework by incorporating smaller programs that are thought to facilitate EU citizen cohesion.

With the proposed modification of the allocation method, the Commission claims to pursue a more tailored approach to regional needs [6, 8]. The change can be found in. The new allocation method does not affect the Cohesion fund and is relevant for jobs and growth goals, i.e. ESF and EBRD. It does not depart from the ‘sacred’ GDP per capita based Berlin formula but now takes into account new criteria like youth unemployment, low education level, reception of migrants and CO2 emissions levels. While CO2 per capita factor inclusion is clearly driven by climate change policy, the other newly incorporated criteria deal with social development in the regions. By factoring them in the Commission hopes to further enhance proper allocation of the funds to the most deprived regions. Now the question is whether this change will result not only in just reallocation of spending but also in better EU image in the regions. In this aspect, the Berlin formula modification can be potentially counterproductive.

The problem rests not with the formula itself but with the redistribution of funds compared to previous budgeting periods. When the Berlin formula was adopted back in 1999, the allocation was made among only 15 EU member states. At that time the lesser developed south European countries were the main beneficiaries of the cohesion policy. With later enlargement of the EU, there was a shift in allocations towards East European newcomers. To soften that re-allocation for old EU low-income states the Commission added certain coefficients into Berlin formula calculation so that the cohesion financing would diminish not so drastically. So, the Berlin formula today is not what it used to be back in 1999 and incorporates leverages to soften changes in funds reallocation. The Commission is certainly aware of possible negative effects induced by proposed changes to current methodology. Therefore, it also included a mechanism to cap potential increases/decreases in allocations providing a safety net. Nevertheless, the calculations [2] show that, compared to 2014–2020, new methodology will result in significant change in funds’ allocations where the ‘older’ EU members of the Southern Europe (Greece, Italy, Spain) are the relative beneficiaries but at the expense of the newer EU members like Estonia, Lithuania, Czech Republic, Hungary. Same results can be seen in terms of intensity of support (per capita per annum). It can be suggested that this shift of funding from newer EU members to older
southern countries may contribute to the rise of tensions or may be used as an argument by national Eurosceptic populists, and may ultimately result in deterioration of EU image and European identification in affected countries. It should be noted that the new allocation method has already led to a standoff at EU Summit in Portugal in February 2020 when EU failed to pass MFF.

Coming back to the second tool, we have taken Justice programme as an example of such a smaller program to examine the expected outcome whether they are a proper tool to foster European integration by promoting European values and identity. It would be of a particular interest to take Justice Programme as an example of a smaller program in terms of allocated funds (EUR 378mln in MFF 2014–2020, EUR 305mln in MFF 2021–2027) to examine the expected outcome and assess whether this programme is a fit-for-purpose tool to foster European integration by promoting European values and identity.

4 Discussion

One of the pillars of the Treaty of the EU is found in Art. 2 [20] which states that ‘the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of the persons belonging to minorities. These values are common to the Member States in a society where pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail’. It is a fundamental premise of the EU that the Union is a community of law and its values have a vital importance to its very existence. As follows from the Treaty, promotion of the Union’s values is per se the aim of the EU. This conclusion is further proved if Art. 3 of the Treaty [20] which contains the statement that the ‘Union’s aim is to promote peace, its values and the well-being of its peoples’ and that ‘it shall respect its rich cultural and linguistic diversity, and shall ensure that Europe’s cultural heritage is safeguarded and enhanced’. The Union’s value-focused aim does encompass fundamental rights, the rule of law and the independence of the judiciary, non-discrimination and equality, anti-racism and tolerance, access to justice and judicial co-operation in civil and criminal matters. It is worth noting that Justice Programme and the Rights and Value program have the same range of visible objectives which are aimed at promoting the rule of law, respect for human dignity, freedom, equality, the respect for human rights and, ultimately, promote cohesion in these common European values and rights across the Union.

In the current MFF cycle (2014–2020) at least three funding programs have had a clear focus on European values: the Rights, Equality and Citizenship programme, the Europe for Citizens programme and the Justice programme. Looking back at how well each of these programs made progress in promoting common shared European values, the assessment by the EU indicates that such programs worked towards the objectives set forth and promoted cross-border cooperation within EU, contributing to further understanding of and respect for a determined set of recognized human rights, independent and effective judicial systems, and respect for the concept of the rule of law thus bringing cohesion framework to a degree that can be described as shaping the
European values and identity. Awareness of rights and values, understanding of the EU identify has increased across the EU from 2014 onwards [9].

The proposed budget cut in the next MFF cycle (2021–2027) for Justice programme at 19.31% rate gives rise to a very specific challenge: amidst the Brexit case, migration crisis, national EU member states judiciary challenging the EU programs and measures (e.g., German Constitutional Court challenging the German government (in) action to fund and support European Stability Mechanism), coronavirus-related pandemic measures and restrictions of varying degrees in different EU member states in 2020 and beyond timeframe and, as a result, the EU member states’ economies slowing down which are likely to accompany the EU into 2021 era and onwards, there is no simple answer to the question whether EU cohesion policy in the field of judicial co-operation and access to justice has or does not have a clear and achievable mission. The message that the EU appears to give in its proposed MFF 2021–2027 is that there is no way other than to foster cohesion, promote the EU values and identity. Yet, European Parliament in its position on 2021–2027 MMF proposal [18] objected to the funding cut and requested to maintain the financing of Justice Programme at current level.

It is true that the state of perfection where all EU citizens fully enjoy their rights, have access to justice, there are no inequalities and discrimination on the grounds of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, there is an efficient and smooth judicial co-operation is far from being achieved within the EU. This conclusion may be viewed as a revelation, especially given the common shared assumption that the judicial co-operation and access to justice in the EU are the most unified and advanced multilateral examples of how well the unification and harmonization of laws worked and work in the EU for decades.

Justice Programme in 2014–2020 demonstrated that the rule of law, access to justice, the independence of the judiciary were not the concepts and values that were free from challenge. Judicial cooperation in civil and criminal matters and access to justice across the EU member states were and still are in the stage that require further development. It can be argued that the decisive factor in the judicial cohesion policy clashes with the national sovereignty paradigm that is becoming more and more vocal in the contemporary world where slogans of making one single country great again is viewed as a viable alternative to the conglomerate of states working together to achieve the common objectives while being divided internally by different class of actors and interests that have no unification and/or harmonization as the ultimate target.

When cross-border matters within the framework of Justice Programme are examined, it is difficult to deny that judicial co-operation on civil and criminal law matters, access to justice as a common EU value at national level only is not a fully-rounded and adequate architecture for the multimember states’ Union. It is at the heart of the matter that the elements of judicial co-operation and access to justice require supranational, EU-wide unified and harmonized legal framework which works on the basis of values that underpin the policies of each individual EU member state and promote the effectiveness and transparency of national judicial systems.

Structurally, the MFF 2021–2027 in the context of Justice Programme envisages building on activities that add value on the EU-wide scale to individual actions of any individual EU member state. The spirit of the Justice programme is to continue promoting the mutual trust between the EU member states while further increasing cross-
border cooperation and networking and achieving correct, unified, harmonized, predictable and consistent application of the EU law. With that in mind, the EU proposal at the Union level cannot be underestimated as it provides for a unique role of the coordinated activities that are aimed at reaching all EU member states. The EU wide initiative to promote the rule of law, access to justice, mutual trust to national judicial systems, judicial co-operation on civil and criminal matters via Justice programme is still a much better starting position than any single EU member state trying to resolve cross-border issue on a bilateral or multilateral basis within the EU. It remains to be seen whether a new MFF in 2021–2027 will foster cohesion within the updated Justice programme but it is of particular significance that European common values and identity will benefit from continuing the journey that will result in the great degree of self-identification of citizens as EU citizens who enjoy the supremacy of the rule of law, access to justice, independence of the judiciary and a tighter and smoother co-operation in civil and criminal matters.

5 Conclusion

Bringing together Cohesion policy and promotion of common European values the EU Commission makes a clear step towards exploring untapped potential to foster further European integration by developing stronger European identity among citizens in the regions. As the Commission claims, the 2021–2027 Cohesion Policy stands for a Europe moving closer to citizens. To achieve this, it proposes a ‘more social’ allocation methodology and puts more emphasis on smaller social programs enhancing citizen interaction. Nevertheless, the outcome of the Cohesion financing allocation can be controversial in terms of achieving more positive attitude towards EU. In this aspect, smaller social programs like Justice, Rights and Values are more experience-oriented and effective in promoting European identity and thus foster European integration. Being promising, these new policy tools are not groundbreaking and represent a rather cautious but important step. However, as can be seen in case of clean energy transition measures in Cohesion policy, initially small and indecisive steps can evolve with the time to mainstream policy directions. Fostering European integration will require support and new approaches by different European policies, cohesion being one of the most significant among them.

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