

COHESION POLICY AND THE EU'S INVESTMENT STRATEGY

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The EU Structural and Investment Funds
are an increasingly important means of
achieving the Europe 2020 goals,
especially the employment and poverty
reduction targets

Commissioners' foreword to 6th
Cohesion report

The focus of the Fund should be to invest in infrastructure, notably broadband and energy networks as well as transport infrastructure in industrial centres; education, research and innovation; and renewable energy and in SMEs and middle capitalisation companies

Commission description of the €315 billion new Investment Fund

ESIF or EFSI: TWO SIDES OF A COIN?

- Confusion already in the acronyms...
- ESIF is new label for the familiar Structural Funds
 - Recast but still the same principal policy instruments
 - European Regional Development Fund
 - European Social Fund
 - Predominantly public money
 - EU plus national co-financing
- EFSI is European Fund for Strategic Investment
 - EU guarantees to leverage-in private investment
 - Reflects diagnosis of shortfall in total investment

CP AS EU'S INVESTMENT STRATEGY

- Implies EU rather than regional goals
 - Does it matter overall and, if so, how?
- The significance of priority objectives
 - Earmarking amounts of cash
 - What would be different as a result?
- Common aims, but distinctive needs
 - Can they be reconciled?
 - Who is the arbiter and under what criteria?
- Challenges for evaluation
 - Assessing mix of EU and local results

LOGIC OF INTERVENTION

- Valuable for good strategic planning
 - Needs > objectives > achievements
 - But has to encompass appropriate sequencing
 - Over time measured in stages of development
 - Completion of identifiable steps
- Agreeing on a logic in MLG setting
 - Sources of input and basis for decisions
 - Veto points and ultimate responsibility for decisions
- Implications for assessing results
 - Was the logic followed; was it appropriate?

EVOLVING COHESION POLICY

- Broadly most accepted element of EU spending
- Treaty base is fostering convergence
 - Economic, social and, now, territorial
- Has evolved in successive long run planning periods
 - Infrastructure emphasis in past
 - Gradual shift towards ‘softer’ forms of investment
 - Innovation, human capital, social inclusion
 - Now supposed to be aligned to Europe 2020 strategy
- Risk of overload: what should main policy aim be?

NEW COHESION POLICY 2014-20

- The priority areas for spending
 - ERDF: innovation, digital agenda, SMEs, low-carbon economy
 - ESF: youth unemployment, social inclusion, poverty
- Strong focus on results
- More voice for cities
- Conditionalities
 - Consistency with ‘sound economic governance’
 - Implicit threats associated with other governance tiers

THE INVESTMENT FUND

- So far only EU guarantees
- But strong hints of desirability of national input
 - Promise to take into account in macro surveillance
- Range of eligibility criteria
 - Economic viability, ready to go
 - EU added value and link to EU policies
 - Additionality
- No national or sectoral quotas
 - Riskier end of investment spectrum

EFSI APPRAISED

- Guidelines closely linked to Europe 2020
- Danger that it will accrue to those best placed
 - May be at odds with Cohesion aims
 - Hence virtuous and vicious cycles could result
- Funding diverted from Horizon 2020 after 2015/6
- Questionable claim not to overlap with ESIF
- High multiplier justified by EIB experience
 - But is it credible?

BRIEF EXAMPLES

- Overprovision of certain forms of intervention
 - Roads and airports
- Less success with some of the softer investments
 - Social inclusion
 - Human capital
- Tourism often a clear success
- Big differences in capacity
- Reveals need for effective long-term strategising

FIFTEEN REGIONS STUDY

- So called theory-based evaluation
 - Avoids the counter-factual problem: implies narrative
 - What was the assessment of need?
 - Did strategies reflect these needs at the time?
 - What were the results/achievements
 - Did they deal with the needs?
- Inevitably, very nuanced and diverse findings
 - Varied over time, programmes and regions

MULTI-LEVEL GOVERNANCE: 3 'I's

- Incentives: are they or can they be aligned?
 - Regions will often be in competition in Europe 2020
 - Development goals & national investment strategy
 - Winners keep quiet; accommodating losers
- Information flow and 'intelligence'
 - Needs, aims and potential contributions
 - Monitoring and evaluation
- Implementation obviously crucial
 - Reconciling sectoral orientation with territorial

FINAL WORDS

- Cohesion policy is now much more political & has clearly mutated beyond regional development
- The reconciliation of EFSI and ESIF will not be easy
- Co-financing constrained by fiscal consolidation
- An inevitable tension between
 - Regional responsibilities, notably for:
 - Formulating plans that reflect regional needs
 - Implementation of operational programmes
 - Top-down obligations
- OP managers must go beyond current mentalities