sjpppa.fsvucm.sk ISSN 1339-7826 (online)

Articles

DOI: https://doi.org/10.34135/sjpppa.070104

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IMPLEMENTATION OF EUROPEAN UNION STRUCTURAL AND COHESION POLICY AFTER 2020

Abstract
Structural and cohesion policy is one of the European Union's main instruments for implementing one of its main principles, and that is solidarity between the more economically developed regions and those which are lagging behind in economic and social terms. Reducing regional disparities in the European Union is achieved through individual instruments, the most important of which are the structural funds. The preparation of legislation and conditions for the new programming period 2021-2027 is currently being intensively negotiated at the level of the European Commission and the Member States. These processes are affected by the fact that the European Union is currently facing many new challenges that affect the setting of priorities as well as the new multiannual financial framework. Cohesion policy is the European Union's most powerful investment tool and currently accounts for one-third of the EU budget but cuts proposed by the Commission for the years 2021-2017 would reduce its share considerably.

Key words: cohesion, European Union, programming period 2021-2027, legislative

1 INTRODUCTION

Structural and cohesion policy is one of the key areas of European Union (EU) policy to which it draws considerable attention. Economic, social cohesion and solidarity among Member States it's very important (Ďureje – Imrovič – Marenčáková, 2007). In terms of the budget, approximately 1/3 of the EU's public funding is allocated to it. EU structural policy is necessary and desirable for EU countries and regions with less developed economies (Wokoun – Mates – Kadeřábková, 2011). Structural policy is therefore an expression of the EU's solidarity with its regions, based on the realization of real support for convergence.

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The foundation for the emergence of EU structural policy is linked to several aspects such as economic, social, political and environmental, which are certain part of EU regional policy in the later period (Dobrík – Rýsová, 2014). EU support under cohesion policy in the Member States has a positive impact on promoting economic growth, regional competitiveness, sustainable development and, last but not least, job creation (Kováčik – Čajka, 2019).

Structural and regional policy is therefore an instrument of the EU's economic and social cohesion. Regional policy can be understood as the management activity of the state and the institution of territorial competence, which aims to create more suitable conditions for the dynamic and comprehensive development of regions with maximum use of their geographical, human and economic potential (Rajčáková 2005). This policy brings the new Member States the benefits of cohesion, increase competitiveness and improve the quality of life of their inhabitants (Imrovič – Kováčik, 2019). Regional policy is an integral part of the state's macroeconomic economic policy and is implemented in close cooperation with sectoral policies, structural and urban policy, while complementing them with a regional dimension (Tvrdoň – Hamalová – Žárska, 1995). Different regions within the EU have different starting points in terms of economic and social conditions. In some cases, these differences between regions are significant. The role of EU regional policy is to eliminate the economic situation and social inequalities between the 28 EU Member States and their regions (Kováčik, 2018). The idea of a common regional and economic European policy has accompanied the European community since its inception. Since 1958, regional economic policy at the Community level has taken shape, its relation with other common policies becoming gradually better understood (Vanhove, 1999).

The main instruments of EU structural and regional policy are the structural funds (Bachtler, 2016). The EU structural funds are Community funds designed to support, develop and reduce disparities between EU regions. Their main objective is to support job creation, regional competitiveness, economic growth and sustainable development (Kováčik, 2019). The assumption is that structural funds will necessarily lead to `stronger regions' by building regional structures and competence at least in the short and medium terms and that this is a particular benefit of the funds (Bachler - Mcmaster, 2008). The main objective of the implementation of the EU Structural Funds is to strengthen economic, social and territorial solidarity in the EU, in particular by promoting growth and employment in regions whose development is lagging behind (Kováčik, 2020). The EU structural funds, which have several financial instruments at its disposal to achieve its objectives, namely the European Regional Development Fund and the European Social Fund, as well as the Cohesion Fund, are implemented in time-limited periods, called programming periods by the individual operational programs in Member States countries.

At present, we are currently approaching the end of the 2014-2020 programming period, with the legislative and expert preparations for the new 2021-2027 programming period running in parallel at the level of the European Commission and the Member States. For the next long-term EU budget 2021-2027, the Commission proposes to modernise Cohesion Policy, the EU's main investment policy and one of its most concrete expressions of solidarity (European Commission, 2020). However, there are also certain problematic areas that need to be addressed when preparing the new programming period.

2 LEGISLATIVE DEFINITION OF NEW PROGRAMMING PERIOD

On 29 May 2018, the European Commission published a package of new EU legislation for structural and cohesion policy for the programming period years 2021 - 2027, which sets out the rules for the use of EU funds after 2020. The European Commission allocated more than € 330 billion for economic, social and territorial cohesion after 2020. This is a reduction of 10 percent compared to the current period. This, of course, means that more countries will receive less money from EU funds than before. This includes a new allocation methodology, i.e. setting out the criteria on the basis of which individual EU Member States will know the amount of the national financial amount that they will be able to count on in the new programming period 2021-2027.

The main elements of a modernized cohesion policy after 2020 should be:

A. Focus on key investment priorities.
B. Cohesion policy for all regions and a more individual approach to regional development.
C. Fewer, clearer and more concise rules.
D. A stronger link with the European Semester to improve the investment climate in Europe.

A. Focus on key investment priorities that the EU has to offer: The vast majority of investment from the European Regional Development Fund and the Cohesion Fund will go to innovation, support for small and medium-sized enterprises, digital technologies and industrial modernization. They are also working on the transition to a low-carbon, circular economy and the fight against climate change and the implementation of the Paris Agreement.

B. Cohesion policy for all regions and a more individual approach to regional development:

Investing in all regions: Regions that are still lagging behind in terms of growth or income - these are especially the regions of southern and eastern

Europe, which will continue to receive important EU support. Cohesion policy will continue to invest in all regions, as many of them across Europe face difficulties in achieving industrial transformation, combating unemployment and maintaining their position in a globalized economy, including the richer Member States.

A more individual approach: Cohesion policy identifies three categories of regions: less developed, transition and more developed regions. In order to reduce disparities and help low-income, low-growth regions catch up; GDP per capita remains the predominant criterion for funding. The new criteria focus on better reflecting reality on the ground - youth unemployment, low levels of education, climate change and the reception and integration of migrants.

Local governance: Cohesion Policy 2021-2027 is a Europe that is transferring competences to the regions by supporting development strategies managed at local level. Local, municipal and territorial authorities will be more involved in the management of EU funds, while increased co-financing will improve accountability for EU-funded projects in regions and cities.

C. Fewer, clearer, shorter rules and a more flexible framework:

Simplifying access to finance: Commission proposes simplification of rules, less bureaucracy and more lenient control procedures for businesses and entrepreneurs benefiting from EU support in the next long-term EU budget.

Single set of rules: One set of rules now includes seven EU funds implemented in partnership with Member States ("shared management"), which will make life easier for program fund managers. It will also create better scope for synergies, for example between Cohesion Policy Funds and the Asylum and Migration Fund, in developing local strategies for the integration of migrants. The framework also allows for a more effective link with other funds from the EU budget toolbox. For example, Member States may decide to transfer some cohesion policy resources to the InvestEU program.

Adaptation to needs: The new framework also combines the stability needed for long-term investment planning with an adequate level of flexibility to deal with unforeseen events. The mid-term review will show whether changes are needed in the programs for the last two years of the funding period and that limited transfers of resources under EU-funded programs will be possible.

D. A stronger link with the European Semester to improve Europe's investment climate: The Commission proposes to strengthen the link between cohesion policy and the European Semester in order to create a favorable environment for growth and entrepreneurship in Europe to fully realize investment potential at EU and Member State level. Such stronger support for structural reforms under cohesion policy will ensure full complementarity and coordination with the new, enhanced reform agenda (European Commission, 2020).

Another legal acts of the European Commission, that define the framework of the new programming period 2021-2027 are Common provisions – Proposal for a Regulation COM(2018) 375 and annexes; ERDF and Cohesion Funds – Proposal for a Regulation COM(2018) 372 and annexes; Specific provisions for territorial cooperation – Proposal for a Regulation COM(2018) 374; Cross-border Mechanism – Proposal for a Regulation COM (2018) 373; Impact assessment on ERDF and Cohesion Fund proposals SWD (2018) 283.

3 INVESTMENT PRIORITIES OF COHESION POLICY AFTER FOR PROGRAMMING PERIOD 2021-2027

As part of the next long-term budget for 2021-2027, the Commission proposes to modernize cohesion policy, the EU's main investment policy and one of its most concrete expressions of solidarity (Kováčik – Imrovič, 2020). The new Cohesion Policy will focus its resources in the programming period 2021-2027 on 5 policy objectives, where the EU is best placed to deliver:

1) a Smarter Europe, through innovation, digitisation, economic transformation and support to small and medium-sized businesses;
2) a Greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change;
3) a more Connected Europe, with strategic transport and digital networks;
4) a more Social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare;
5) a Europe closer to citizens, by supporting locally-led development strategies and sustainable urban development across the EU (European Commission, 2018).

The majority of European Regional Development Fund and Cohesion Fund investments will be geared towards the first two objectives: a Smarter Europe and a Greener Europe. Member States will invest 65% to 85% of their allocations under the two funds to these priorities, depending on their relative wealth (European Commission, 2018).

The 'thematic concentration', i.e. the repartition of resources by policy objectives, will no longer take place at regional level, but at national level. This will allow for more flexibility in the design of individual EU funds programs, in order to better tailor them to specific regional needs.

In the line with the Commission's commitment presented in its proposal for the next long-term EU budget, the European Regional Development Fund and Cohesion Fund investments should help achieve the budget-wide target of at least 25% of EU expenditure contributing to climate action. Cohesion Policy programs' performance towards this goal will be tracked (European Commission, 2018).

Cohesion policy is the EU's most powerful investment tool and currently accounts for one-third of the EU budget but cuts proposed by the European Commission for the years 2021-2017 would reduce its share from 34% to 29% (European Committee of the Regions, 2018). Despite the reduction in the overall financial allocation, the European Commission is trying to keep the cohesion policy budget as high as possible, as it is the "most tangible policy" in the lives of European citizens.

The EU is currently facing many new challenges, which it did not face in previous programming periods, so for the first time it must allocate significant financial resources to new thematic areas such as the European Defense Fund, climate changes but also border security and protection. Despite the cuts, cohesion policy will have the highest budget of any policy in the EU budget, with 80 percent of these funds going to the least developed regions. A certain problem in the preparation of the new programming period is the fact that there is not yet a basic political agreement on the Multiannual Financial Framework, i.e. the EU budget for 2021-2027.

The cuts in cohesion policy are linked to a reduction in the overall budget of EU cohesion policy, but also to a partial change in the allocation criteria. Most EU funds are not distributed from the EU budget by Member State but by region. The decisive factor is their relative wealth. Specifically, the size of the region's population and the exact difference between its GDP and the GDP of the EU average are important for the amount of the region's allocation. A national coefficient reflecting the relative wealth of the Member State is then applied to this number. Under the new rules, the GDP indicator will not be the only allocation criterion. Part of the financial resources will be transferred to regions with high unemployment, excessive greenhouse gas emissions or higher migration. The question remains when and in what form the final version of the EU budget will be approved but the new programming period, as this will have a direct impact on the financing of individual EU policies.

3 CONCLUSION

One of the pillars of the EU is the solidarity between the regions, co called cohesion. Structural and cohesion policy is one of the European Union's main instruments for reducing disparities of the more economically developed regions and those which are lagging behind in economic and social terms. The main instruments of EU structural and cohesion policy are the EU structural funds that are being implemented in programming periods. The preparation of legislation and conditions for the new programming period 2021-2027 is currently being intensively negotiated at the level of the European Commission and the Member States. In the proposal regarding the new programming period unveiled in 2018, the Commission proposed reducing funding for cohesion policy by 10%, a separation of the European Social Fund from the other cohesion funds, the introduction of new conditionalities and links to macro-economic governance, alongside potentially centralising investment decisions. These proposals are in clear contrast with the European Union's declaration that calls for a stronger EU cohesion policy after 2020, covering all regions, preserving the role of cities and regions in delivering the policy, better integrating the different funds and tools, and not submitted to new conditionalities. The EU is currently facing new challenges, such as the fight against climate change, migration, the protection of external borders and the digital revolution, which must be funded. However, there are still significant regional differences in the Union, in which much remains to be done to reach the EU average. Such reduction proposed by the Commission risks deepening divides in Europe and making Europe's future weaker according to the EU-wide. The question remains when and in what form the final version of the EU budget will be approved but the new programming period, as this will have a direct impact on the financing of individual EU policies and priorities. However, in the current challenging situation in which the EU finds itself, further economic and political weakening could jeopardize the very existence of the EU, it is therefore appropriate to talk about reassessing priorities and financial allocations to individual EU policies after 2020.

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