

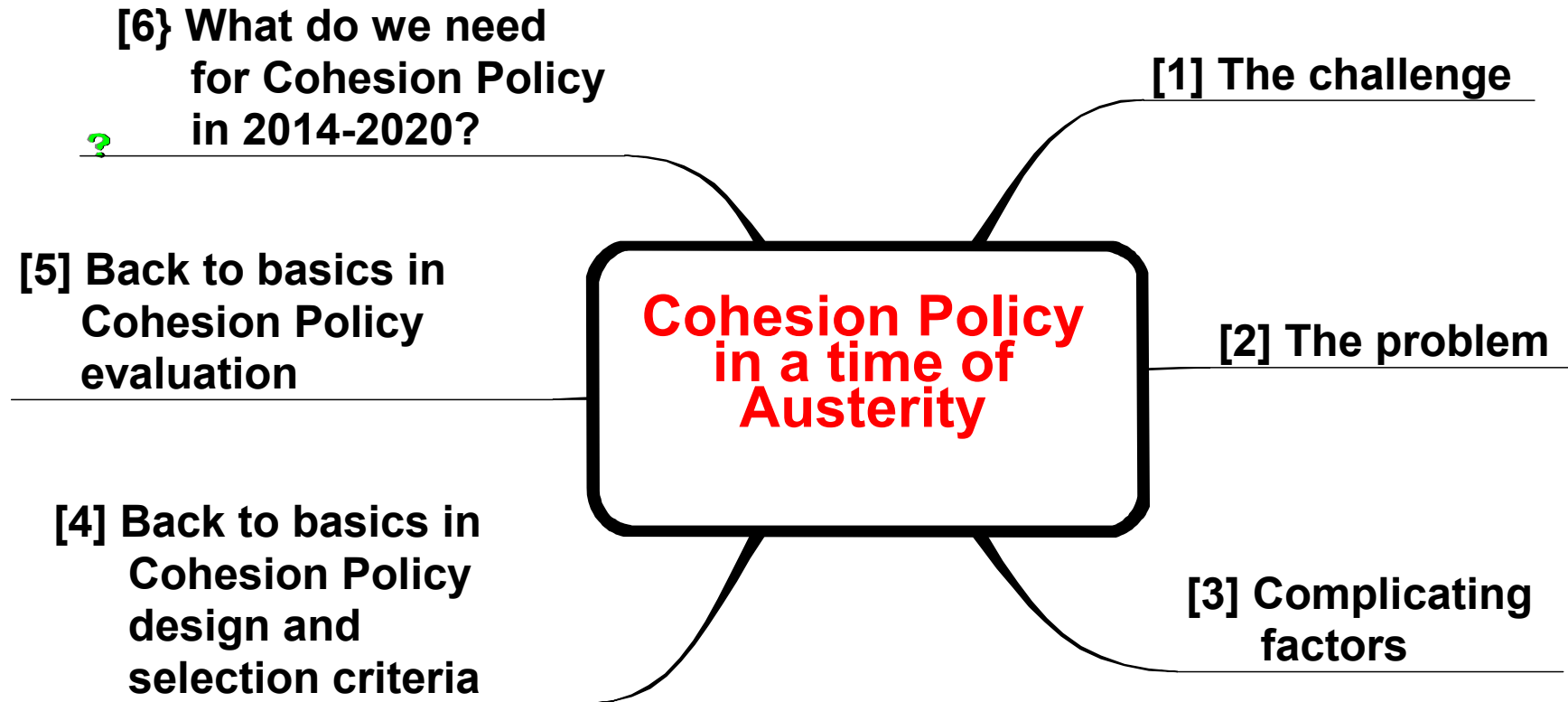
# The Future of EU Cohesion Policy in a Time of Austerity

*International Evaluation Conference Vilnius, Lithuania*  
**WHAT'S NEW AND WHAT WORKS IN THE EU COHESION POLICY 2007–2013:  
DISCOVERIES AND LESSONS FOR 2014–20**  
*March, 4<sup>th</sup> , 2011*

**John Bradley**  
**Gerhard Untiedt**

Dr John Bradley  
EMDS (Economic Modelling and Development Strategies),  
14 Bloomfield Avenue, Portobello, Dublin 8, Ireland  
e-mail: john.bradley@iol.ie

Prof. Dr. Gerhard Untiedt  
GEFRA – Gesellschaft für Finanz- und Regionalanalysen  
Ludgeristr. 56, 48 143 Münster, Germany  
e-mail: untiedt@gefra-muenster.de



# **[1] The challenge**

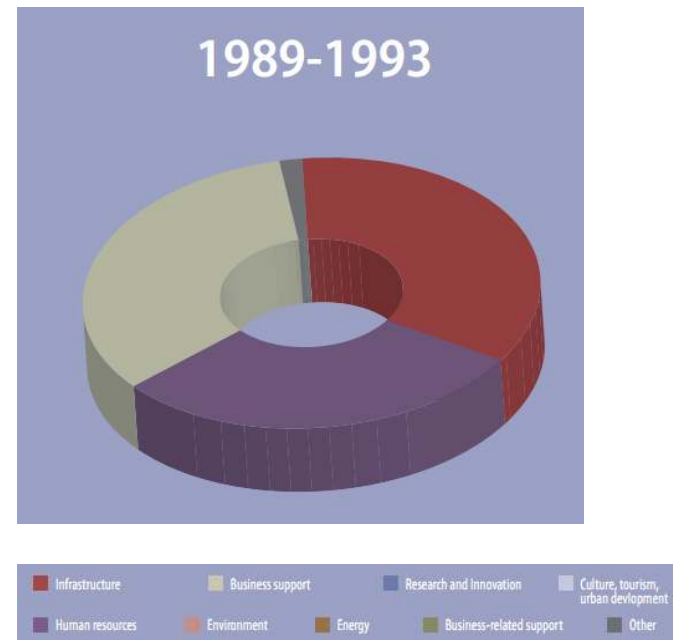
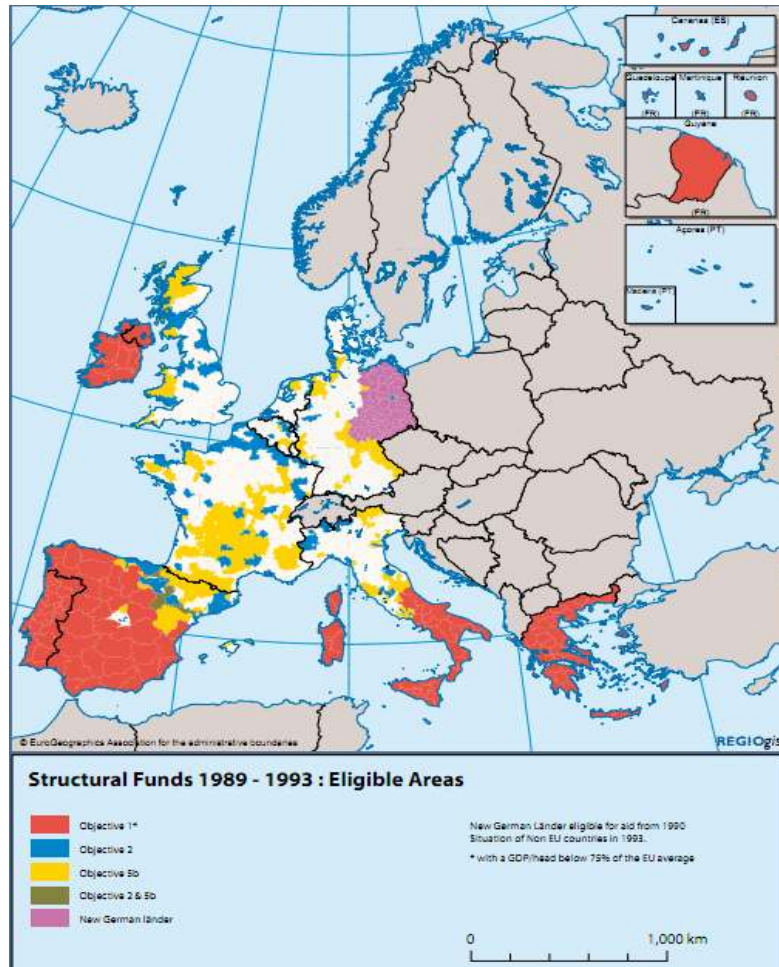
**To justify the continuation of EU Cohesion Policy funding in a time when all member states are under severe fiscal pressure requiring cut-backs in domestic expenditure programmes and higher taxes.**

## **[2] The problem**

**The direct evidence that Cohesion Policy expenditure has produced an acceptable rate of return is weak.**

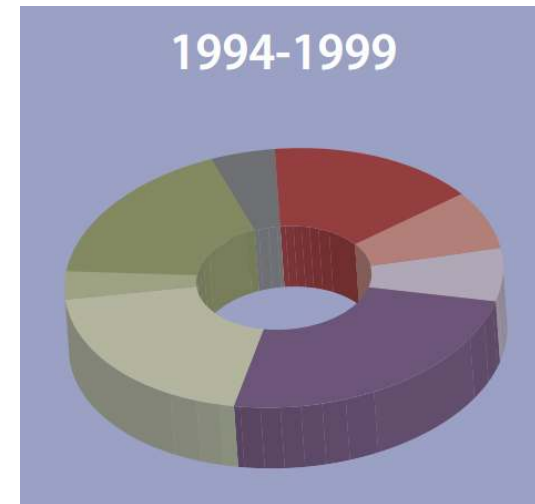
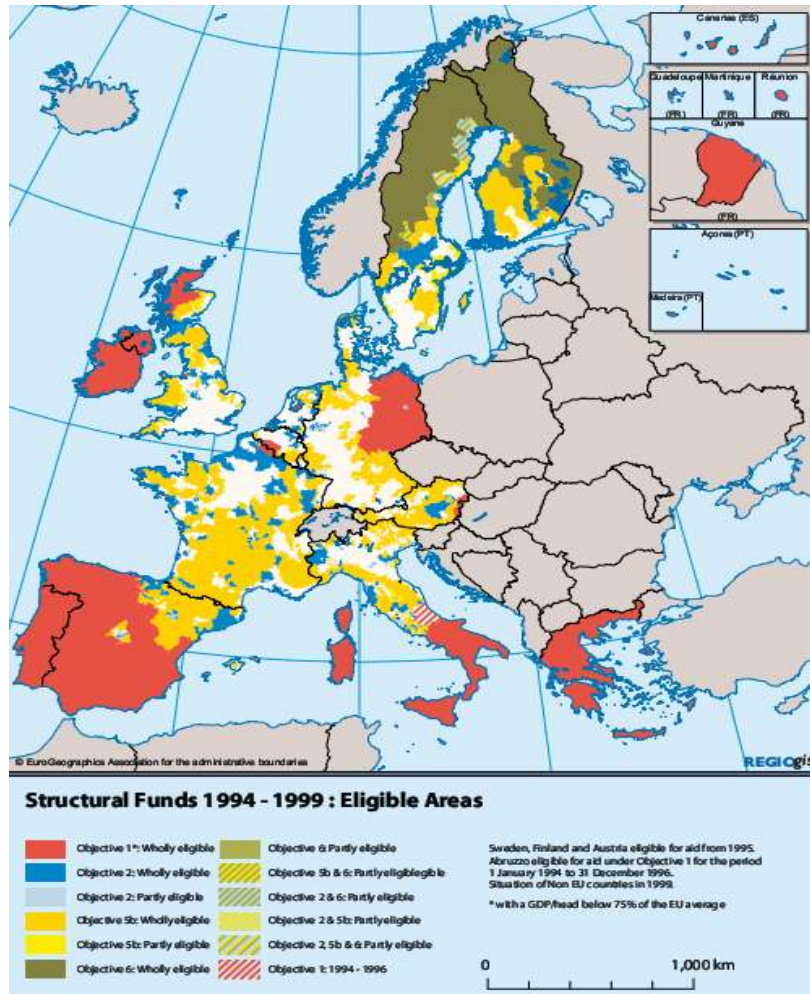
# [3] Complicating factors

## [3.1] Changing places and changing priorities I/IV



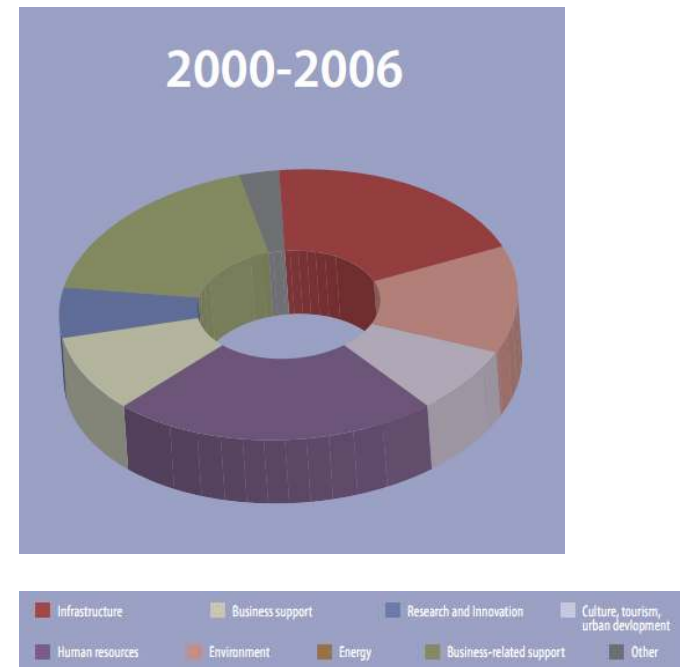
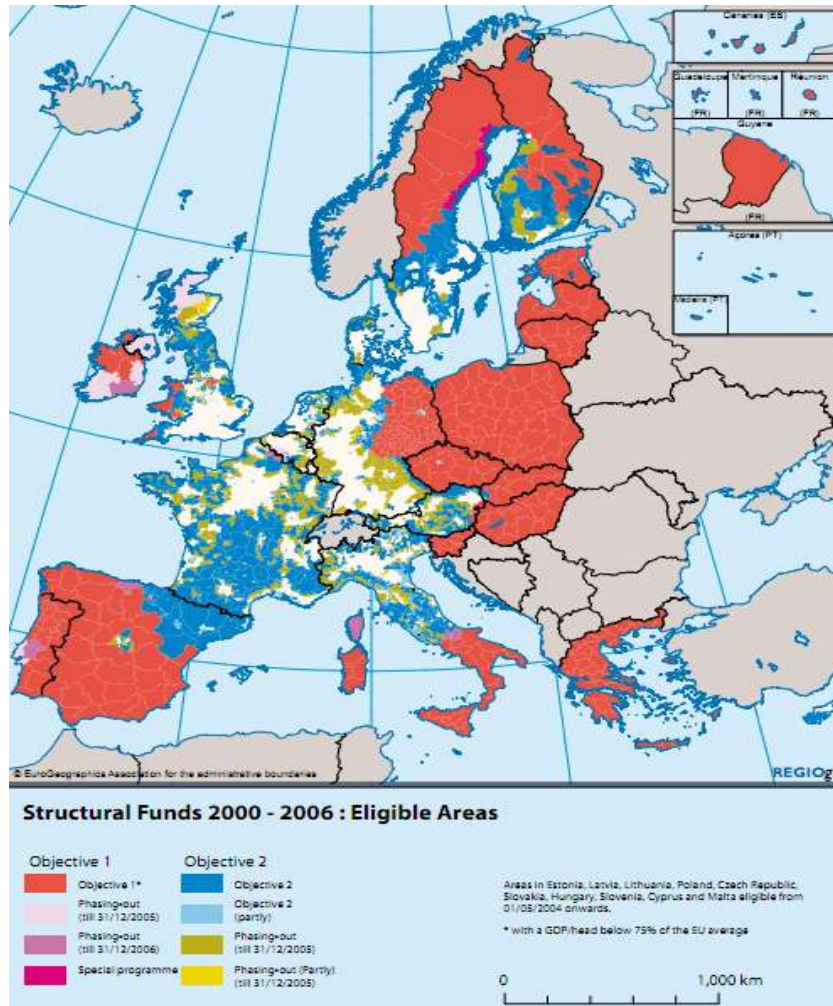
# [3] Complicating factors

## [3.1] Changing places and changing priorities II/IV



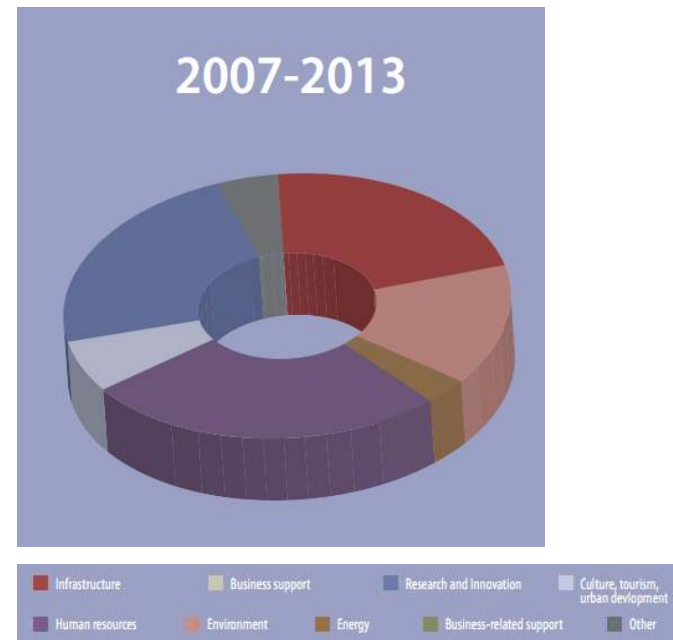
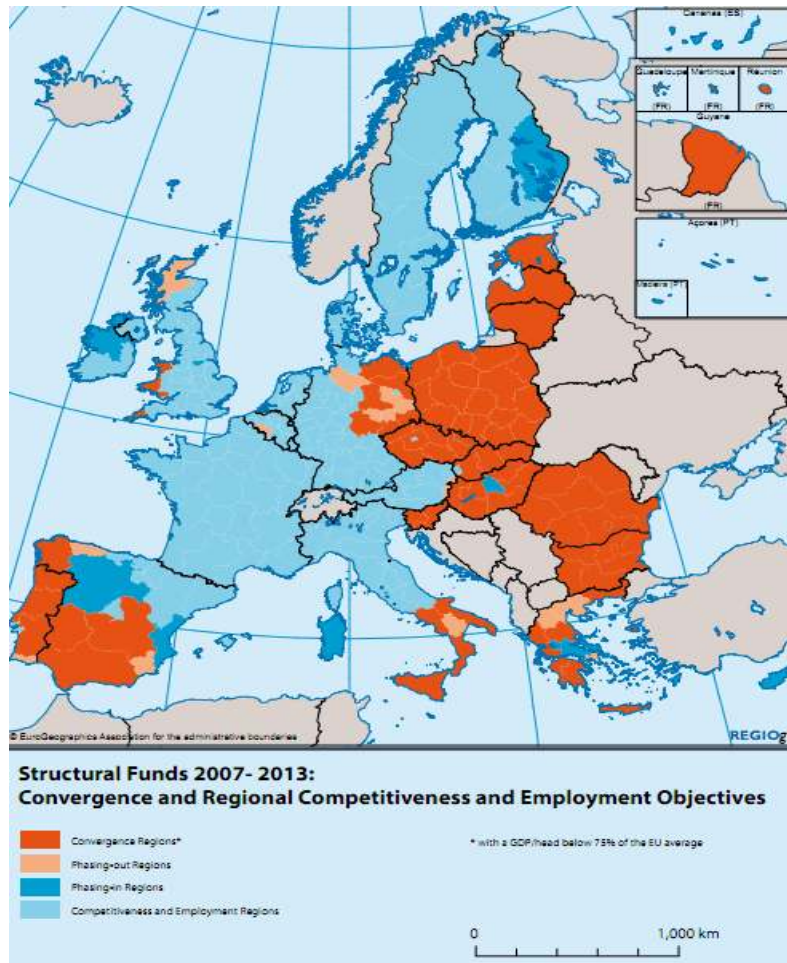
# [3] Complicating factors

## [3.1] Changing places and changing priorities III/IV



# [3] Complicating factors

## [3.1] Changing places and changing priorities IV/IV



# **[3] Complicating factors**

## ***[3.2] Uncertain knowledge***

**Knowledge of how the economies of regions develop is**

- rapidly evolving, and**
- short of robust empirical findings**

## ***[3.3] Difficulty of defining the policy “counter-factual”***

**Standard technique is to measure impacts of Cohesion Policy actions by using models to construct counterfactual “no-CP” scenarios. This is fraught with problems.**

# [3] Complicating factors

## *[3.4] Need to be realistic*

- Economic growth will be unbalanced.
- Prosperity does not come to every place at once, and to some places it does not come at all (Gill, 2010)

This poses an apparent dilemma:

*Should policymakers support lagging regions or should they instead promote economic integration of lagging with leading places (place-based vs. people-centred policies)*

## **[4] Back to basics in policy design and selection criteria**

- **Identification of Cohesion Policy priority actions has tended to become an ad-hoc “shopping list” of investment projects lacking solid rational integration with other national public policies and with overarching national and EU enterprise strategy.**
- **Ex-ante economic analysis of national performance has been inadequate, excessively macroeconomic, and lacks grounding in details of current productive structure**
- **“Lisbon”, however admirable, has deflected attention away from the need to upgrade “traditional” enterprise sectors towards excessive focus on “new” enterprise sectors.**

## **[4] Back to basics in policy design and selection criteria**

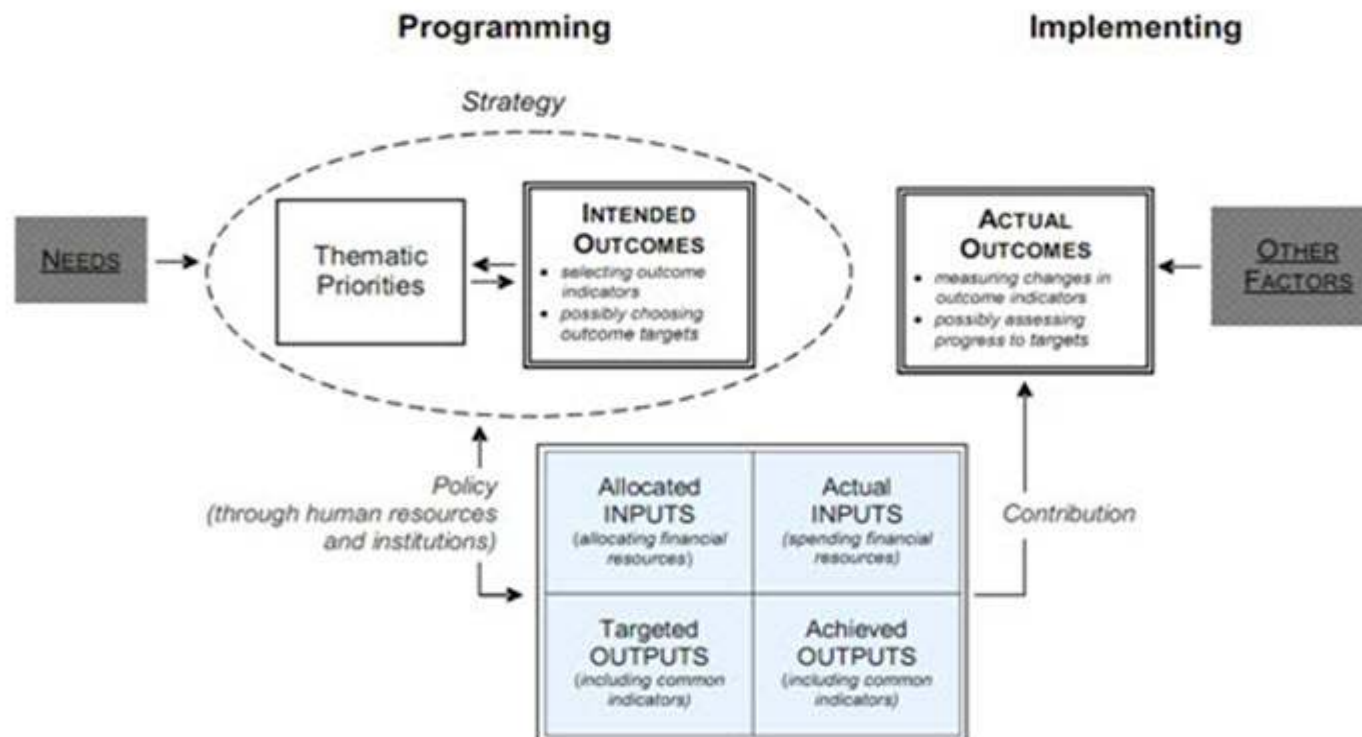
**“Any formal project evaluation of the Structural Funds needs to be able to quantify the social cost of the main distortions and the social costs of additional public funds. The impact of the programme deadweight must also be quantified.”**

*(Honohan, 1997)*

- Public goods?**
- Corrective pricing?**
- Targeted interventions?**
- Supply-side re-distribution?**

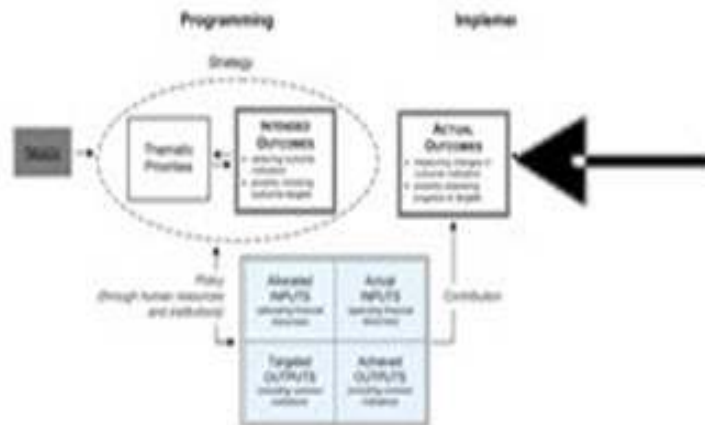
# [5] Back to basics in evaluation

Figure 2.1: Barca and McCann, 2011: Cohesion Policy - Input, Output and Outcome Framework



# [5] Back to basics in evaluation

Figure 2.2: Barca & McCann re-scaled to represent driving forces of cohesion processes



OTHER  
FACTORS

## **[5] Back to basics in evaluation**

- **Move away from analysis of impacts of each Cohesion Policy programme period in isolation (“joined-up” evaluation)**
- **Do not confuse short-term “implementation” impacts with long-term supply-side impacts**
- **Develop micro impact evaluation techniques to examine the soundness of Cohesion Policy design at the level of individual projects and measures.**
- **Improve macro impact evaluation by drawing on micro results and focus on the nature of supply-side national and regional economy impacts**
- **Integrate Cohesion Policy impact analysis with the analysis of all other relevant national and EU policy actions**

## **[6] What do we need from the next Cohesion Policy programme, 2014-2020?**

- **At the EU level, reverse the “Balkanisation” of Cohesion Policy into incoherent and incompatible policies**
- **At the EU level, clarify the benefits of EU-wide development for the “donor” states as well as for the “recipient” states. Cohesion Policy needs to be seen to be a positive sum game.**

## **[6] What do we need from the next Cohesion Policy programme, 2014-2020?**

- **At the national level, recognise that Cohesion Policy assists development, but it is by no means the major factor in development.**
- **At the national level, design and analyse Cohesion Policy in a wider framework of all relevant national policies**

## **[6] What do we need from the next Cohesion Policy programme, 2014-2020?**

- **At the regional level within any state, acknowledge that some regions are likely to develop earlier and faster than others, and design policies that work with this process in socially acceptable ways**
- **Between national and regional levels, integrate the two approaches:**
  - “place-based” (focus on regions)
  - “people-centred” (links between developed and less developed regions)