TOWARDS RE-REFORMING THE EU COHESION POLICY: KEY ISSUES IN THE DEBATE AND SOME THOUGHTS ON PERIPHERAL REGIONS

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Two years after the inception of the fourth programming period, the debate on post-2013 cohesion policy has already been launched. In fact, public consultation was launched in 2007 and considerable steps have followed since then, while others are about to start. At the same time, the new strategic guidelines and rules that guide cohesion policy have only been in place for a short period and as yet their impacts are not clear. Critical events and major political issues that concern the whole EU structure are the main factors behind this evolution. In particular, the economic recession in addition to the prospects for the new EU Treaty could be considered decisive elements in the launch of the debate on future cohesion policy.

More specifically, among the issues highlighted in this context are the distinction between efficiency and equity objectives, the need for a place-based strategy, high growth sectors and their contribution to cohesion, and the potential for creativity and innovation. Overall, it seems like old dilemmas of spatial development recur, while contemporary ones also gain ground.

The outcome of this debate is of significant importance for all EU regions not only in budgetary terms, but also in terms of strategic policy goals. This paper examines the above future policy issues with an emphasis on regions faced with particular difficulties such as less favored regions as well as those in the EU periphery.

Key words: EU cohesion policy, territorial cohesion, European high growth sectors, less favored regions, Lisbon strategy, place-based approach.

INTRODUCTION: THE REFORMS OF COHESION POLICY

In the context of the EU, growing importance has been given to cohesion policy over the last decades in both financial and institutional terms. After its launch by the Single European Act in 1986, it was officially established through the Council Regulation which put EU Structural Funds (SFs) into the context of economic and social cohesion (Petzold, 2008). This has led to a continuous strengthening and restructuring of regional policy over the four successive programming periods since 1989. Transformations are clearly illustrated in the series of rules (regulations, guidelines and so forth) governing strategic priorities, implementation rules and financing criteria for actions eligible for structural aid in each specific programming period.

Successive transformations of the EU cohesion policy have a complex origin and character. In general terms the deepening and widening process of the EU is the underlying cause for such transformations. Coping with regional competitiveness across the EU constitutes the justifying basis for the establishment of cohesion policy as such. Consequently, the nature of regional imbalances as well as changes occurring in spatial development patterns and trends, usually affect the successive transformations of the EU cohesion policy. Of particular importance is the interpretation of the above mentioned imbalances as well as the prevailing conception of the factors that determine regional imbalances and related changes.

It is widely acknowledged that the course towards establishing and strengthening EU cohesion policy is closely related to major theory and policy issues that concern the role of the state, the dilemma of liberalization versus regulation, and of equity versus efficiency. Whatever the answer to these dilemmas is, the fact remains that cohesion policy was established in the late eighties when the effects of the withdrawal of the state from its interventionist role began to emerge. In 1989, the establishment of cohesion policy was accompanied by a major transformation whose key principles continued to be in force in the three programming periods that followed.
Further to this, the fourth programming period is characterized by major changes which, while not contesting cohesion policy principles, introduce a great deal of new institutional and financial rules. What is more important is that in this way cohesion policy tries to adjust to transformations occurring in the whole EU structure.

From the view point of individual EU regions, such transformations are important in various ways. Primarily, they determine the way each region is regarded in relation to the rest of the Union’s regions. For instance, of particular significance is the cohesion policy objective which covers each region in the sense that it determines the amount of resources it can receive and, moreover the way in which these resources should be spent. The latter has to do with the prevailing strategic priorities and eligibility criteria which guide each cohesion policy objective. In addition, transformations in the EU cohesion policy usually induce institutional transformations at the regional or national level in the form of (new) Funds implementing rules and management procedures. In turn, regional and national bodies have to comply with them in order to be eligible for EU structural aid. As a consequence, the successive transformations of cohesion policy have the potential to affect the institutional social capital of the regions (EC 1999a, 138-143). More generally, this has to do with the “Europeanization” process which has often been cited as having fundamental influence on the regions’ institutional capacity (Getimis and Grigoriadou, 2004).

The transformations of EU cohesion policy express the way in which the dominant political forces in the Union prefer to channel the resources of SFs (and Cohesion Fund) which represent a considerable part of the EU budget. In this context, the positioning of the Union in the global terrain in relation to the existing or emerging geopolitical situation is not without importance. This parameter has accentuated since 2000 over the third programming period 2000-2006 in the sense that a growing interest towards achieving the Lisbon strategy goals has gradually gained ground, as expressed in the Lisbon competitiveness strategy (European Council, 2000). This trend has intensified in the fourth programming period under the influence of two major developments, namely EU enlargement and the renewed Lisbon strategy. As a result, for the current 2007-2013 programming period cohesion policy is primarily oriented towards promoting competitiveness of the whole European Union.

It could be argued that cohesion policy is currently undergoing its most important restructuring since its establishment in 1989. First and foremost, the relationship between cohesion and competitiveness is being transformed (Thoidou, 2008). Furthermore, a series of major and minor transformations have been introduced concerning both strategic orientations and contribution from SFs to help promote its commitment to competitiveness.

On the other hand, individual regions are faced with changes in both their relative position and the cohesion instruments available. While the effort is supposed to be towards improving regional competitiveness, the question arises as to the extent to which they are actually endowed with physical and human assets such as infrastructure, research and development, innovation, and human capital (OECD, 2009), or are still faced with significant inadequacies in infrastructure and socio-political configuration. This question, which is particularly pertinent to less favored and peripheral regions such as those in South East Europe gains significance in view of the debate on post 2013 cohesion policy.

In trying to address the abovementioned question, this paper focuses on the recent and forthcoming reforms of EU cohesion policy. In the second part that follows, transformations which have been introduced in the last reform for the 2007-2013 period are briefly presented. In the third part some representative topics in the debate on the next programming period are pinpointed on the basis of the most representative documents. Particular emphasis is put on regions faced with developmental challenges. The paper concludes with a few remarks on the key issues.

THE REFORM OF THE 2007-2013 COHESION POLICY

The years 2000 and 2001 saw the launch of the effort towards the Lisbon and Gothenburg strategy objectives (European Council, 2000 and 2001). As far as cohesion policy is concerned, the 2000-2006 programming period could be considered transitional with respect to these objectives. The revised indicative guidelines for the SFs and their coordination with the Cohesion Fund did stress the relationship between cohesion policy and competitiveness. In fact, a kind of “reprogramming” was necessary after the Operational Programs of the third period had started, in 2003. The intermediate revision was intended to contribute to the achievement of the new strategic objectives of the Union “through the co-financing of investments aimed at improving employment, economic and social cohesion as well as the competitiveness of the Union’s different regions”. This entailed putting more emphasis on competitiveness factors such as accessibility, knowledge society, innovation, research and development, the environment, employment, social integration, and life-long education and training, especially in a context of economic and social restructuring resulting from technological changes and a process of economic catch-up in the Union” (CEC, 2003: 5).

In the 2007-2013 programming period the enlargement of the Union was one of the key events that significantly influenced the shape of cohesion policy. At the same time cohesion policy is considered to have made an important contribution to the achievement of the Lisbon and Gothenburg strategies’ objectives. It is argued that cohesion policy must be mobilized to achieve these objectives, since on the one hand it must be seen as an integral part of them, while on the other it has to incorporate their objectives (CEC, 2004: 3). Cohesion policy was completely committed towards achieving the Lisbon strategy objectives from the very beginning, as all Community policies did. The 2005 Spring European Council declared that “Europe must renew the basis of its competitiveness, increase its growth potential and its productivity and strengthen social cohesion, placing the main emphasis on knowledge, innovation and the optimisation of human capital”. The aim being this, all resources, including those for cohesion policy, should be mobilized “in the Strategy three dimensions (economic, social and environmental) so as better to tap into their synergies in a general context of sustainable development” (EC, 2007b: xiv).

As a consequence, the Council Regulation defining the strategic guidelines on cohesion stressed that these guidelines should aim to “foster an increase in the strategic content of cohesion policy with a view to strengthening
synergies with, and helping to deliver, the objectives of the renewed Lisbon agenda." (The Council of the EU, 2006: 12). This was not only a question of the strategy’s orientation but a matter of resources. Indeed “limited resources available to cohesion policy should be concentrated on promoting sustainable growth, competitiveness and employment” having regard to the renewed Lisbon strategy (EC, 2005: 4).3

A series of changes have been introduced in the 2007-2013 period that concern both strategic orientation and the organizational structure of the Funds.4 What is important in these changes is the linking of the profile and fundamental goal of cohesion policy with both the rules and procedures which govern it and the content of the programs and projects which are funded.

A “more strategic policy” is deemed to be a key characteristic of the 2007-2013 cohesion policy, which is dedicated to supporting and further promoting the overall EU strategy which is the competitiveness (Lisbon) strategy. In turn, this is based on “more confidence placed in the MS” that lightens the role of the Commission which can concentrate on a strategic approach. At the same time this results in a higher degree of responsibility for the Member States (MS). Monitoring and control rules are characterized by simplification (e.g. reduction of the number of funds and programming stages) and harmonization of the rules governing the Funds. The structural aid may be applied to all EU regions, provided that objective Regional Competitiveness and Employment covers all EU regions which are not eligible for Convergence objective. In sum, the main elements of the reform set in the above context are: the strategic approach - linking cohesion policy to the Lisbon process, concentration and simplification, earmarking, and new instruments of cohesion policy (EC, 2007a: 6-7, EC, 2007b: 125-131).

The influence of the Open Method of Coordination, which had already been launched at a Community level, has been decisive in this respect (Faludi, 2008). Of the major transformations which concern the whole EU orientation, it is undoubtedly the exclusion of the European Agricultural Guidance and Guarantee Fund (EAGGF) from cohesion policy that to some extent revokes the integrated approach which was the epicentre of the 1989 reform (EP, 2005).5

COHESION POLICY IN TRANSITION
Towards a new reform after 2013

The debate on post 2013 cohesion policy started in 2007, while the last reform of cohesion policy had not exceeded half of its total duration and what is more, the impact of the implementation of the new strategic guidelines and rules was still not clear. From the very beginning it has been declared that it is a part of the wider debate on the budget and future priorities of the Union. Ensuring the contribution of cohesion funds to achieve overall EU competitiveness, promoting effectiveness, simplifying the procedure of policy implementation in addition to preparing future policy are the main issues of the debate. More particularly, the issues of the debate are described as follows.6

• “Improving the way regional and local resources from all territories are used, so that they contribute to the competitiveness of all Europe.
• Focusing the policy more on results so that its impact can be measured.
• Continue simplifying the process used to implement the policy, at the same time ensuring it remains effective.
• Focusing the policy towards the future and helping regions deal with future challenges.”

Important elements, are among others: ongoing public consultation regarding the budget review, public consultation on the Green Paper concerning territorial cohesion, and ministerial and high-level events (EC, 2008a). The progress of the debate can be traced through a series of successive EU documents and procedures.7 Undoubtedly, one first step could be considered the declaration of a will to continue cohesion policy after 2013 along with its strong funding capacity, in parallel with a continuous commitment to the competitiveness and sustainable development of the entire EU, while at the same time the latter is suggested to be of at least equal importance with the endeavor towards addressing regional disparities. Cohesion policy “is perceived not only as an instrument to address the significant disparities in the enlarged European Union, but also as a policy to develop the competitiveness of all the European regions and promote sustainable development throughout the European territory” (EC, 2008a: 3).

As far as the content of future cohesion policy and the main areas to be focused on are concerned, some evidence can be drawn by the main development sectors which are thought to drive growth and regional competitiveness and are characterized as “European high growth sectors”. These are identified as “those with above average employment or GVA growth” and are aggregated under three broad categories: (a) financial and business services, (b) trade transport and communication, (c) construction and (d) high and medium-high tech manufacturing (EC, 2008a: 8, 10).8 In turn,

3 The justifying basis for this is the slowing down of economic development in the Union after 2001 with the resultant increase in unemployment and related social implications. Furthermore the Union faces challenges stemming from the European and the global context. “So that the Lisbon and Gothenburg objectives might be supported by all possible means, during preparation for the fourth programming period, linkage to cohesion policy was promoted” (Foutakis and Thoidou, 2007).

4 For a comprehensive presentation and analysis of the 2007-2013 reform see Bachtel et al., 2007, and EC, 2007a.

6 4th progress report on cohesion (EC, 2008a) in which the results of the consultation launched in 2007 were summarized. This marked the beginning of discussions on the policy’s future.

7 5th progress report on cohesion (EC, 2008a) in which final results of the public consultation examining the green paper on territorial cohesion are presented.


8 It is noted that this sector cannot be identified at the regional level (EC, 2008a: 8). On the other hand, the financial, construction and automobile sector will be particularly hit by the ongoing economic recession (EC, 2009: 3).
evaluation of the situation in EU regions and countries with respect to these sectors is essential in the effort to estimate their potential in the years to come.

Following this, the Regions 2020 report identifies the main challenges which EU regions are about to be faced with. The prospective analysis of the potential impacts of the major challenges in the next decade reveals that there are significant differences in vulnerability of regions to the challenges from globalisation, demographic change, climate change (CEC, 2008b, EC, 2008b).

Furthermore, in addition to the high growth sectors, the central role of innovation together with creativity is emphasized in the Sixth progress report on cohesion. The term creativity is used here in the sense of “generating a new and useful idea, and innovation as putting a new and useful idea into practice. The regional dimension means that an idea has to be new and useful in the region”. It is argued that to boost creativity “regions need to develop their own talent, attract talent and be tolerant of diversity” (CEC, 2009: 4).

The case of less favored regions

The regions’ vulnerability to the above mentioned factors shows their relative position in the future. All of them will face a number of key challenges, including among others: adapting to globalisation, demographic change, climate change, and the energy challenge. More particularly the situation in the regions is as follows (CEC, 2008b: 17):

“For globalisation, South and South Eastern regions appear to be highly vulnerable, but considerable variations can be observed in both Germany and the new Member States. For demographic change, there is significant variation across European regions, once again with slightly greater vulnerability in South and South Eastern regions. However, it should be stressed that there is a lag in the demographic transition of the new Member States and that the effects will be very similar in the next generation to those already seen in the old Member States. For climate change, there is a relatively strong core-periphery pattern, with Southern regions faring worse. The pattern for energy is largely country specific, with a weak core-periphery pattern at a European level.”

Overall, some regions, especially those in South East Europe, appear to be vulnerable to challenges of both globalization and demographic decline, while at the same time they are not well placed or adequately endowed in order to adjust successfully to the new environment.

The analysis undertaken in the context of the Fifth progress report on cohesion (EC, 2008a: 8-9) suggests that, despite the improvements achieved in the least prosperous regions and the strong convergence among European regions in recent years, Convergence regions “still have a considerably lower GDP per head, at 58% of the EU average...” They also have relatively low employment rates and high unemployment rates. GVA growth and employment creation are positively influenced by the three high growth sectors. However, these sectors are not capable of compensating the reduction of employment in agriculture. On the other hand, GVA growth is higher in industry, which in turn is liable to the risk of decline. On a national basis the share of the GVA of high and medium-high tech manufacturing sector is still low, especially in Romania, Bulgaria, the Baltic States, Greece, and Portugal, which are also experiencing low productivity in this sector. At the same time the share of educated, skilled and knowledge workers lags in Convergence regions. Hence, they may be “vulnerable to increased global competition” (ibid.).

The challenge for less favored regions and countries is how to orientate restructuring towards the high growth sectors in which the economy of the Union has its “clearest global growth perspective”. In order that the high growth sectors “can also be powerful motors of the EU convergence process” less favored regions and countries need a “tailored policy response” (EC 2008a, 10). The issue is then, if they are capable of achieving such a restructuring and to what expense.

With respect to the major future challenges to all European regions it is argued that the policy’s framework has to be adapted “to help regions improve how they deal with globalisation, ageing populations, and climate and energy challenges... This will be an important input into the future design of cohesion policy post 2013”. More specifically the following “lessons” are drawn for cohesion policy (EC, 2008b):

- “Need for continued support for all European Regions to drive forward regions to focus on the promotion of new approaches, reorientate private and public investments.
- Continued focus on the Lisbon Agenda.
- Reinforcement of investments to address the challenges posed by the shift to the low carbon economy.
- Reinforced territorial cooperation to address common problems.”

At the same time, acknowledgement of the role of creativity and innovation and the relevant analysis has led to highlighting of the potential of Convergence regions in some particular aspects of creativity and innovation such as Foreign Direct Investment (FDI) and productivity growth. It is suggested that Convergence regions can exploit foreign firms “by embedding them in their regional economy and improving their absorption capacity. Strong links between foreign firms and local suppliers increase efficiency, local employment and knowledge transfers”. Improvements in educational attainment and participation in training could sustain their high productivity growth. Moreover, “these regions should increase their appeal to leisure and business travellers by, for example, stimulating cultural and creative activities. This would boost exchanges of new ideas and possibly increase the appeal of the region to new residents and returning migrants” (CEC, 2009: 10).

The question arises however as to the extent to which less favored regions are capable of following the path of prosperous areas. As we have argued in a previous paper (Foutakis and Thoidou, 2007), to equate the priorities of cohesion policy with those of the Lisbon strategy is not without its problems. The analysis of the 2000–2006 Structural Funds programs confirmed that overlapping between the objectives of cohesion policy and of the Lisbon strategy is “greater in regions undergoing conversion than in regions whose development is lagging behind.” In the former, 80% of the actions would coincide with the priorities of the Lisbon strategy, while in the latter this is true of 30% in cohesion countries and 60% outside (ibid., EP, 2005: 7).

The evolving environment: critical issues

While the abovementioned issues came to light during the course of the cohesion policy follow up and future planning, of critical importance in the debate are some developments which
formulate the Union’s characteristics as well as the overall socio-economic trends that dominate the global arena. In particular, the pursuit of territorial cohesion as well as the outbreak of economic recession could be considered among the critical determinants to the outcome of the debate.9

Territorial cohesion is an inherent parameter in the formulation of the EU cohesion policy that seems to be receiving increasingly greater emphasis. Its incorporation into the new (Lisbon) EU Treaty indicates the importance of its future role. However, despite the fact that it has been associated with cohesion policy since the middle 1990s10 and continuously complements economic and social cohesion, it still constitutes a complex notion with various meanings for the various actors involved in planning and implementing cohesion policy. The Territorial Agenda (Informal Ministerial Meeting, 2007) and following this, the Green Paper on territorial cohesion (Goulet, 2008) contribute to the clarification of its content. Nevertheless, its content has not yet been fully identified.

According to some contributors to the relevant debate at the EU level the inclusion of territorial cohesion in the Lisbon Treaty should not be considered new, since the former has already been integrated into cohesion policy along with economic and social dimensions (EC, 2008a: 6). More generally, according to recent EU documents in which the results of the public consultation on territorial cohesion are presented (CEC, 2009), some of the issues highlighted with respect to territorial cohesion are the following:

• The relationship between territorial cohesion and economic and social cohesion.
• The degree of its focus on territorial features.
• The emphasis on the solidarity dimension.

• The distinction between sectoral and spatial policies and the consequent need for overcoming it through a territorial approach.
• The need for an explicit approach to territorial cohesion to be adopted.
• The spatial scope and the reference unit of cohesion policy, in the sense that, if territorial dimension occupies a prominent position in cohesion policy the latter should be applied to various spatial entities irrespective of the level of their economic development.
• The procedure of territorial governance along with issues of policy coordination, citizens’ participation, and involvement of local actors.

Several questions arise in relation to the above issues. A rather rhetorical question which is posed in the context of the Green Paper on Territorial Cohesion (Goulet, 2008) is: “Do regions with specific geographical features require special policy measures?” A differentiation in the way the spatial dimension is approached is revealed by the way territorial cohesion is perceived. The term “flexible geography” seems to be differentiated from with the rigid approach to the concept of “spatial development” which prevailed in the 1990s. On the other hand, place-based strategies seem to represent the most important policy lesson drawn until now from the debate on cohesion policy and in particular on territorial cohesion.

A place-based policy approach is suggested so that the “reference to places” is stressed (Barca, 2009: 93). Such a reference could restore the concept of spatial development and promote the coherence of its three dimensions (economy – society – environment). This is compared to the weakened spatial aspect of current cohesion policy, which is said to be open to “several inappropriate interpretations”, for instance when it is perceived “as a tool for financial redistribution among regions”. In this context, while NUTS II areas are considered to be suitable for management of the programs, “almost never are the appropriate unit of intervention”. There is a strong case for place-based development policy to be the starting point and the core of the reform. More particularly, this policy that aims at both “core economic and social objectives” can be defined as (Barca, 2009: vii, 93, 5):

• “a long-term development strategy whose objective is to reduce persistent inefficiency (underutilization of the full potential) and inequality (share of people below a given standard of well-being and/or extent of interpersonal disparities) in specific places,
• through the production of bundles of integrated, place-tailored public goods and services, designed and implemented by eliciting and aggregating local preferences and knowledge through participatory political institutions, and by establishing linkages with other places; and
• promoted from outside the place by a system of multilevel governance where grants subject to conditionalities on both objectives and institutions are transferred from higher to lower levels of government.”

The launch of the debate almost coincided with the outbreak of economic crisis and the consequent efforts undertaken by the EU in response to it (CEC, 2008a, 2008c, EC, 2009). Cohesion policy is mobilized towards financing the recovery program of the EU given that it represents one of the main EU spending blocks (along with the CAP) and is characterized as “the largest source of investments in the real economy”. It is also perceived as an “expression of European solidarity” for European citizens “most in need” that at the same time strengthens growth and contributes to economic and social cohesion. Within the recovery plan, cohesion policy is said to provide some crucial assets that support people, areas and economies in need such as: “considerable support to public investment, including those at regional and local level; a stable, secure, targeted source of financing that can be used to stimulate economic recovery; much needed public investment to boost internal demand in the short term and put the economy on a sustainable development path in the medium term” (CEC, 2008a).

Acceleration of investment through cohesion policy programs and simplification of their implementation are at the core of changes. Introducing greater flexibility, giving regions a “head start” and targeting cohesion policy programs on “smart investment” are the drivers of this change (EC, 2009).

With respect to the priorities and content of 2007-2013 cohesion policy, its commitment to the renewed Lisbon strategy is materialized through the earmarking of more than 65% of cohesion funds for investment in the priority areas of the growth and jobs strategy. These
areas concern: (a) people, (b) business, (c) infrastructure, and (d) energy, and research and innovation. It is in these sectors that the European Recovery Plan organizes its proposals for the EU to undertake particular action and promote intervention by principles and recommendations, targeted legislative changes and non-legislative measures (CEC, 2008a).

However, one issue arises as to the areas and the bodies participating in this earmarking “exercise”. Moreover, for the less favored areas of the Union it is not easy to overcome shortages in physical, human and institutional capital in order to be able to follow competitiveness-based development (Foutakis and Thoidou, 2007).

It is worth mentioning that the Sixth progress report on cohesion directly addresses the abovementioned relationship between cohesion policy and the Lisbon strategy with further focus on creativity which, together with innovation “can help the Union to emerge faster and stronger from the current economic crisis. This is why the European Economic Recovery Plan together with Cohesion Policy targets investments that strengthen the EU long term competitiveness, such as entrepreneurship, access to finance for SMEs, human capital, ICT, green technology and energy efficiency” (CEC, 2009).

CONCLUSIONS

The aim of this paper was to examine the background and the key themes of the debate on cohesion policy post 2013, with a focus on less favored regions such as Convergence and peripheral regions in South East Europe, which appear to be the most vulnerable to future challenges. The effort was to highlight critical issues emerging for future cohesion policy as well as challenges regions will be faced with in the next 2013-2020 period. Overall it seems possible that the upcoming reform will be based on the 2007-2013 cohesion policy transformation, which introduced a series of changes in both the objectives of cohesion policy and the way its instruments, that is the Funds, are used. In this context, some issues emerge that could be critical in determining future cohesion policy.

Particularly important is the degree up to which cohesion policy objectives are committed to overall EU goals. The question could be if addressing regional disparities still constitutes the starting point and the final target of cohesion policy, or if it is expected to result in the fulfillment of the overall EU objectives to which it “contributes” as a significant funds repository and delivering procedure.

Since the early 2000s considerable commitments of resources and effort from cohesion policy are required to pursue various key EU policy objectives and strategies. Firstly, this has to do with the Lisbon competitiveness strategy which was complemented by the sustainability (Gothenburg) dimension. Now it seems that cohesion policy has to contribute not only to the Lisbon strategy but also to the effort to overcome economic recession. This affects both the content of interventions (e.g. intelligent investment) and the management procedure (e.g. more simplification).

The target areas of cohesion policy, while not directly disputed, seem to be under question. A considerable change has occurred in the last programming period, since all EU regions are now eligible for funding under the cohesion policy objectives. This differentiates from the strict identification of objective 1 and objective 2 regions that prevailed in all previous periods following the 1989 major cohesion policy transformation and also predisposes to “territorial flexibility”. The outcome of the debate on the meaning and content of territorial cohesion is expected to strongly affect the issue of target areas, in particular the spatial scope and the reference unit of cohesion policy.

The content of the interventions supported by cohesion policy is related to the two issues mentioned above. As has been declared with respect to the response to crisis, “Cohesion Policy programs have the potential and the necessary flexibility to ensure that targeted assistance can be delivered now to address priority needs and to accelerate spending in the areas with most growth potential” (CEC, 2008a). Cohesion policy appears to be focused on two groups of areas: the ones with “priority needs” and those with “most growth potential”. In this context the Lisbon strategy priorities are strengthened, provided that they are believed to have the greatest impulse potential for growth and jobs creation: “Maintaining focus on the “earmarked” Lisbon investment priorities is crucial as these priorities can contribute to quicker recovery and address long-term challenges such as improving competitiveness and adapting to a low-carbon economy” (ibid.).

The Lisbon strategy focus and the recovery plan prejudice knowledge intensive soft interventions together with specialized hard infrastructure as well as demanding planning and management procedures. And as Hubner (2008) suggests, “the essentials of the Lisbon strategy will continue to be relevant”, even if it is possible “that the guidelines will have to be adapted to take account of developments in the intensity of the challenges that are coming already to the fore”. Hence, it could be argued that mostly regions and countries which are already oriented towards the Lisbon strategy development path will be able to exploit the EU aid towards confronting the crisis. The question is, whether the target areas where “priority needs” are concentrated are capable of exploiting new development instruments that fit the areas with “most growth potential”.

As far as less favored regions are concerned it could be argued that while their positioning in future cohesion policy is not directly contested, their overall role and prospects are rather questionable. In addition they seem to be the most vulnerable in future challenges and threats, as the report Regions 2020 stressed. With respect to cohesion policy all the above mentioned key issues, namely the objectives, the target areas and the content of cohesion policy, are of particular significance for their future ability to overcome weaknesses and improve their relative position.

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