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Policy paper

New Cohesion and Regional Development Policy in the Period 2021-2027

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Abstract. This paper contains the main aspects and elements of the next programming period and future regional policy of the European Union. From the perspective of the next programming period, cohesion policy keeps on investing in all regions, still on the basis of three categories (less-developed; transition; more-developed). The allocation method for the funds is still largely based on GDP per capita, but new criteria are added (youth unemployment, low education level, climate change, and the reception and integration of migrants) to better reflect the reality on the ground.

Keywords: regional development, cohesion, Structural Funds

Résumé. Cet article contient les principaux aspects et éléments de la prochaine période de programmation et de la future politique régionale de l'Union européenne. Dans la perspective de la prochaine période de programmation, la politique de cohésion continue d'investir dans toutes les régions, toujours sur la base de trois catégories (moins développées ; en transition ; plus développées). Le mode d'allocation des fonds est encore largement basé sur le PIB par habitant, mais de nouveaux critères sont ajoutés (chômage des jeunes, faible niveau d'éducation, changement climatique, et accueil et intégration des migrants) pour mieux refléter la réalité du terrain.

Mots-clés: développement régional, cohésion, Fonds Structurels

Introduction

As outcome of signing the Single European Act in 1986, the Implementation Framework of European Union Cohesion and Regional Development Policy becomes operational. Subsequently, this policy undergoes continuing evolution and holds currently about one third from the total community budget. At the same time, the expansion of the Union triggered an increase in regional disparities, both economic

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and social, and this led to promoting new measures and instruments for balancing development at spatial level. Thus, with the accession of Greece (1981), Spain and Portugal (1986), structural funds are integrated into one global cohesion policy built on the following fundamental principles: concentrating efforts to supporting poorest and less developed regions, multiannual programming, and strategically directing investments, and the involvement of regional and local partners. Moreover, this process of EU expansion generated right from the beginning confidence that "achieving general economic equilibrium might be threatened strongly by structure and development differences" (Werner Report, 1970)[2]. As result, the regional development policy was designed to complement the development policies and the actions of the European Community, but also those of each of the member-states, in view of achieving territorial cohesion, in the context of the Single European Market. Thereby, it allows to all EU citizens, irrespective of where they live to benefit of the effects of a shared project that pursues economic and social solidarity.

By its nature, regional policy finances territorial development programmes proposed by the member-states that can be implemented based on partnerships between regions by the regional or local authorities, under the direct control of the European Commission. As a policy with strong horizontal character, regional policy supports other EU initiatives as well that address directly some fields regarded as strategic: education, labour force employment, energy, environment, Single Market, and research and innovation, etc.

Regional development policy is implemented over a seven years programming period and takes account of trends regarding population evolution, migration, the relative growth of the activity rate, R&D expenditures, public expenditures' trends, international trade liberalisation ensuring at the same time coherence with other community policies. It is addressed both to general identified trends, and to the regional specific context, in which it is implemented. Currently, we are by the end of the period for implementing the regional policy 2014-2020 which was characterised by a series of specific elements: post-crisis financial resilience, Croatia's integration (2013), external migration, and negotiations regarding Brexit, etc. in 2018 were initiated the discussions about the new cohesion and regional development policy, by establishing the specific instruments, objectives, and fields that will be pursued and supported.

Taking account of this general context, the present communication intends to analyse the defining elements of the future regional development policy of the European Union by presenting synthetically the novelty elements it brings as compared with the current policy.

[2] http://ec.europa.eu/economy_finance/publications/pages/publication6142_en.pdf

1. Literature review

The policies pursuing the support of regional growth are supported and substantiated by the endogenous development theory, which considers progress as a fundamental determinant of growth, while technological changes (key-aspects of human capital, scale effects, spillover, research-development, supply of public services, etc.) might contribute to achieving a certain convergence degree and to increasing cumulative polarised growth. Recent analyses realised by experts and focused on the relationships regarding economic growth, geography, and agglomerations and innovation-knowledge have proven that in certain regions the new growth models are comparable with the ones proposed for the areas of origin. The specific tools of the regional policy promoted with the help of the endogenous growth theory are directed towards increasing the educational level of the labour force, stimulating the business environment by supporting the emergence of new firms (start-ups, spin-offs), and by a sustain process of knowledge diffusion.

The marked social character of the regional policy determined some experts to take account of this fact when proposing and implementing specific actions and measures. Social capital is the common element uniting communities and contributing to achieving a high level of human welfare. These things are achieved, as rule by: stimulating information exchange and diminishing transaction costs; facilitating the adoption of collective decisions (essential factor of social cohesion); by belonging to certain social groups, etc. Frequently encountered in practice, the substantiation of regional theories based on the social capital theory has as focal point the social, cultural and political impact on economic growth, concentrating on cohesion and social networks. Promoted by Hilary Putnam (1993), this theory substantiated in a certain period Italy's regional policy, attempting to explain the high differences existing at the level of incomes between the rich north and the poor regions in the southern part. Regarded as an extra-factor of production, social capital is not taken into account by most regional policies, because even if increased interest exists for this economic area, still, the concept is much too vague and hard to use in practice.

Currently, the majority of international trade models have as basis the theories launched by Paul Krugman, that consider scale economies and the preferences of consumers for diversity. Thus, for achieving regional growth, it is necessary for regional policies to promote and exploit optimally the attractiveness of an area.

Another group of regional policies is based on the elements of evolutionary economic geography (EEG) focusing mainly on those processes that determine the change. From this perspective, the region becomes a complex adaptive system, the crucial factor being the outcome of knowledge. Technology is defined as a combination between knowledge and competences. Knowledge is divided in information (data), codified knowledge (books, websites, patents, etc.), and tacit knowledge (incorporated in persons). Information and knowledge become easily accessible, while distance turns less important as compared with technological progress. Both accumulation and the tacit use of knowledge are influenced by geographic proximity.

Promoted by Marshall A. (1920), J.S. Mills (1860), T. Veblen (1890), J. Kenneth, Galbraith (1980), Fagg Foster (1969), Ronald Harry Coase (1937), and Oliver E. Willimson (1963), these theories brought to central attention an institutional system that presupposes a functioning mechanism based on financial resources and action rules/norms.

Over the last period, regional policies and actions directed their attention to innovation and knowledge by using the concept of high-tech geographic clusters regarded as the determinant factor of the divergence between regions. The theories based on innovation have as focus an important mechanism by which firms develop and gain key-competences required for rapid growth and success (R. Lawson, 1999). In their framework, a particular place is held by the skilled labour force distributing and combining knowledge within a complex system. The regions become thus "regions of knowledge" increasing their attractiveness and development level. Urban regions represent such an example, for instance, as they are characterised by dynamic workers (the creative class) and entrepreneurs contributing to regional growth.

From this perspective, regional disparities can be explained, as well. Some theories forecast the convergence of regional disparities, while others foresee the increase of divergence at regional level. Many theories allow for the differentiation of incomes depending on the regional context.

In the recent analyses regarding regional differences within the EU, some attributes were identified that can be correlated positively with high economic performances, as follows:

- the presence within the region of a group of average-sized towns in combination with other large ones;
- human resources with high- or upper-secondary education, preferably with moderate wages;
- good accessibility of, and corresponding and varied services (consultancy, finances, etc.);
- institutional infrastructure and the support of local authorities rendered concrete in development and partnership strategies;
- the image of the region, the existence of a positive social climate;
- the presence of an industries' mix shaped by small-, or medium-sized firms that promote knowledge.

In the neoclassic theory, innovation is regarded as a multifaceted concept that can be analysed and interpreted multi- and cross-disciplinary, being influenced extensively by localisation (the territorial component) and the endogenous potential.

In the New Oxford Dictionary of English (1998, pp. 942), innovation is regarded as a process of changing products or processes by introducing the novelty, a radical or partial change achieved by large companies, entrepreneurs or private individuals. Moreover, innovation can be relevant for the public sector (hospitals, social centres, town halls, etc.) but also for the private one, it can be incremental (as compared with doing nothing), radical (do everything), or at various approach levels (organisations, management groups and departments, regions, localities, individuals, etc.).

At community level, innovation plays a particularly important role within the process of implementing the Europe 2020 Strategy and of its stated goals: smart, sustainable and inclusive growth. Thus, the future of the European Union is linked deeply and indissolubly to the power of the regions and of the member-states to innovate and to the possibility of effectively implementing initiatives that are suggestively called innovation-friendly regions (Antonescu D., 2015).

Even if the impact of localisation of the milieu is acknowledged, there is no generally agreed on definition or a list of common answer about the relevant elements regarding the regional innovation systems. Still, there are a series of common answers to the question: who are the relevant actors and the important factors influencing a regional innovative system? The answers identified in the framework of theoretical approaches in the field are the presence of large-sized companies, the presence of some scientific research and technological development institutions, the specialised and high-skilled human capital, financial resources, networks, cooperation and distribution of knowledge etc.

All these approaches have analysed a certain factor and the impact it has on the innovation process. Also, some other factors were identified which can have significant impact, from among which we mention: the presence of demographic agglomeration (population density), the influence of foreign direct investments, infrastructure, etc.

An approach requiring special attention is the one about the impact exercised by the presence of technological infrastructure on innovation (Feldman; Florida, 1994). Feldman defines geographic agglomeration from the perspective of the existence of infrastructure that influences the creation and diffusion of innovation, this being definitely an innovation and regional development factor and, in particular, a form of technologies' and industrial sectors' specialisation by supplying knowledge sources and networks, as well as technical resources/expertise.

For analysing the influence of this factor – technological infrastructure – it is necessary to define it by the presence of the following elements: an agglomeration phenomenon in certain industrial sectors, of universities and research-development institutes, and institutes of industrial research (Feldman; Florida, 1994). This infrastructure is closely correlated with a series of elements, from among which we mention: population of the region, geographical concentration and specific local characteristics, industrial sales, innovation demand, funds for research-development, management and consultancy services, brands, etc.

2. Regional policy: features, objectives, instruments

In the current programming period, regional policy is in accordance with the *"Europe 2020 Strategy"* which has interconnected priorities smart growth, by strengthening knowledge and innovation; sustainable growth – presupposing the achievement of the economy based on efficient, sustainable, and competitive use of existing resources; growth based on supporting social inclusion – involving competences' development for all citizens, full labour force employment, and poverty alleviation, etc.

Regional policy is implemented by Structural Funds supported based on the yearly contributions of the member-states to the Community budget, contribution that might represent up 70% from the total incomes to the EU budget[3]. For the period 2014-2020, the total value of the financial support the total value of the financial support of the European Union by Structural and Cohesion funds is 351,8 billion Euro[4], representing circa 33% from the European Union budget.

The budget dedicated to financing the regional development policy knew fluctuations over time. As compared with the period 2007-2013, the current budget of the cohesion policy increased by 1.53% from 351,8 billion Euro to 346,5 billion Euro[5] (Figure 1).

The regions benefit by the ERDF financing, and by the ESF ones, the allocations being in direct proportion to the level of the GDP per capita. As regards the ERDF financing, support is granted to less developed regions, with a GDP per capital below 75% of the EU-27 average, as they are regarded as the *zero* priority of the territorial cohesion policy. *Here are included*, as well, the regions in transition with a GDP per capita between 75 and 90% from the EU-27 average, and also the developed regions, for which the GDP per capita is below 90% of the EU-27 average (for the latter regions,

[3] The income sources of the EU include contributions received from member-states, import taxes applied to goods from outside the EU, and fines imposed to enterprises failing to comply with European norms. The EU countries agree over the size of the budget and the way it will be financed for the ensuing years. The EU budget is based on economic growth and job creation. Based on the cohesion policy, it finances the investments aiming to attenuate the major economic differences between EU countries and regions. At the same time, it contributes to developing rural areas in Europe.

[4] https://ec.europa.eu/regional_policy/sources/docgener/informat/basic/basic_2014_ro.pdf.

[5] https://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp1_synthesis_factsheet_ro.pdf

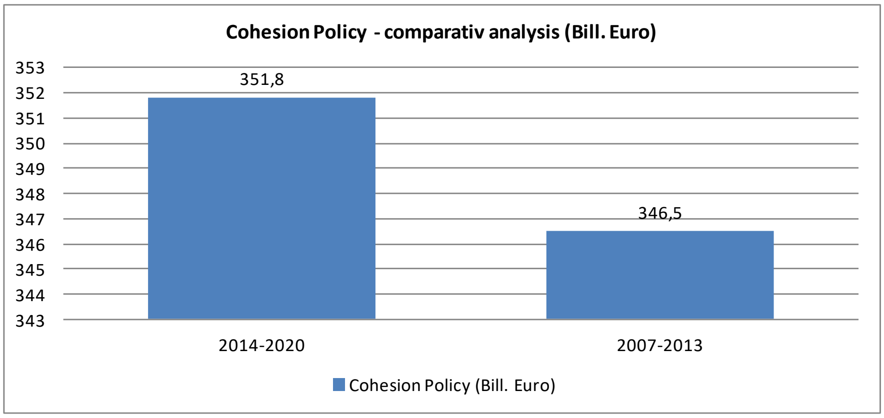

Figure 1: Cohesion policy (€ billion 2011 prices)
Source: DG Regio

the support is granted for adjustment to new challenges generated by global competition in the knowledge-based economy and for transitioning to low carbon economy). Regarding the support received from the European Social Fund (ESF0 for regions are determined minimum financing shares for each category of regions: 25 % for less developed regions, 40 % for regions in transition, and 52 % for developed regions. ESF avails itself of a global minimum share representing 25 % from the cohesion policy budget (it reaches about 84 Billion Euro).

The main objective of the cohesion policy is represented by the *regional convergence and recovering economic and social gaps between regions, the main support instrument being ERDF*.

The main instrument for implementing the current regional policy is represented by the European Regional Development Fund (ERDF[6]) that has as strategic objective to strengthen economic, social and territorial cohesion of the EU by improving existing imbalances between the regions. At the level of each member-state, the allocations by regional policy over the two programming periods are presented in the table hereunder. It might be seen that for some countries the allocations of the preceding period were maintained (Bulgaria, Poland, Romania, Greece, Austria, Belgium, Luxemburg, and the Netherlands), whereas funds' diminishments are recorded for other countries (Slovenia, Estonia, Hungary, and Malta, etc.) (Table 1).

[6] ERDF supports both regional and local development, contributing to achieving all thematic goals, as follows: • research and development - innovation; • improving access to information and their quality, as well as communications' technology; • climate changes and transition to low carbon economy; • trade support for SMEs; • general economic interest services; • telecommunications, energy and transport infrastructures; • strengthening institutional capacity and efficient public administration; • health, education and social infrastructures; and • urban sustainable development.

Table 1. Cohesion policy allocations in 2007-13 and 2014-20 (% of GDP)

	2007-2013	2014-2020
3.5-4.0%	Hungary	
3.0–3.5%	Estonia, Latvia, Lithuania	Latvia
2.5-3.0%	Bulgaria, Poland	Bulgaria, Croatia, Estonia, Hungary, Lithuania, Poland, Slovakia
2.0-2.5%	Czech Republic, Romania, Slovakia	Romania
1.5-2.0%	Malta, Portugal, Slovenia	Czech Republic, Portugal
1.0-1.5%	Greece	Greece, Malta, Slovenia
0.5-1.0%	Cyprus	
0.1-0.5%	Finland, France, Germany, Italy, Spain	Cyprus, Finland, France, Italy, Spain
<0.1%	Austria, Belgium, Denmark, Ireland, Luxembourg, Netherlands, Sweden, United Kingdom	Austria, Belgium, Denmark, Germany, Ireland, Luxembourg, Netherlands, Sweden, United Kingdom

Source: New European territorial challenges and regional policy, Annual Review of Regional Policy in Europe

The figure below shows the allocation on countries for the current cohesion and regional development policy to which was added the national contribution. Poland, Italy, Portugal, Germany, Spain and Romania are the highest net beneficiaries of funds dedicated to regional development.

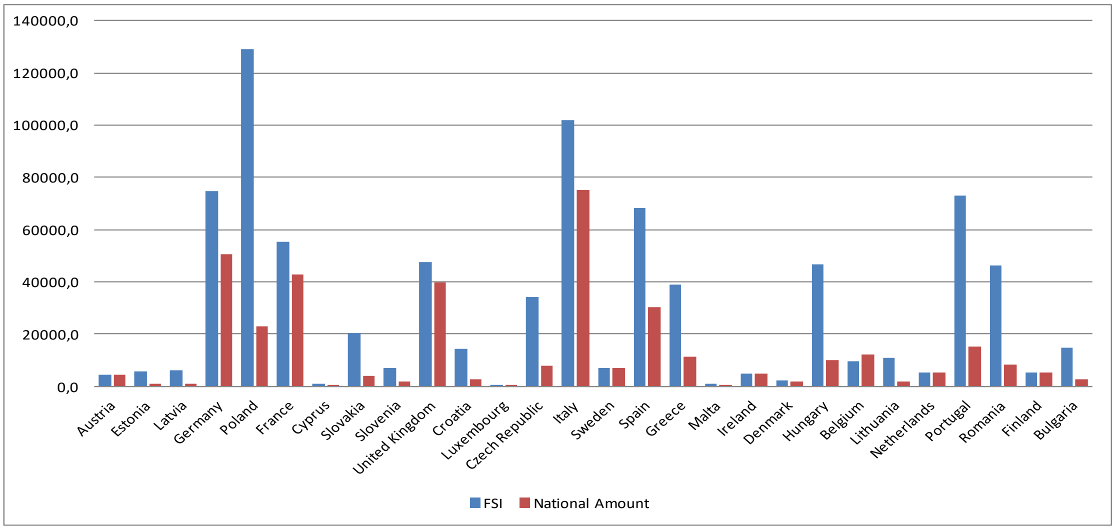

Figure 2: Structural and investment funds allocation for the period 2014-2020 (mil. Euro)
Source: Eurostat

As regards the allocation on categories of regions, an analysis was realised on the three categories mentioned before. Thus, the less developed regions benefit of 162, 6 billion Euro, the more developed regions 53,1 billion Euro, and the regions in transition about 39 billion Euro, while for territorial cooperation were allotted 11,7 billion Euro. To these was added an additional distribution of funds for ultra-peripheral regions and to those in the norther part of Europe, of 0.9 billion Euro. As compared with the preceding programming period, it is found that both less developed regions and the more developed ones have received less funds, concomitantly with increased financing for regions in transition (Table 2, Figure 3).

Table 2. Distribution of funding between categories of region, 1989-2020 (%)

	1989-93	1994-99	2000-04	2004-06	2007-13	2014-20
Less Developed	73.2	61.6	63.6	63.2	59.0	53.5
Transition	0.0	0.2	2.6	2.0	7.5	10.8
More Developed	23.6	27.4	24.3	19.1	12.9	16.5
Cohesion Fund	3.1	10.8	9.4	15.7	20.7	19.2
Less Developed and Cohesion Fund	76.4	72.4	73.1	78.9	79.7	72.8
Total	100	100	100	100	100	100
EU	EU12	EU15	EU25	EU25	EU27	EU28

Source: New European territorial challenges and regional policy, Annual Review of Regional Policy in Europe

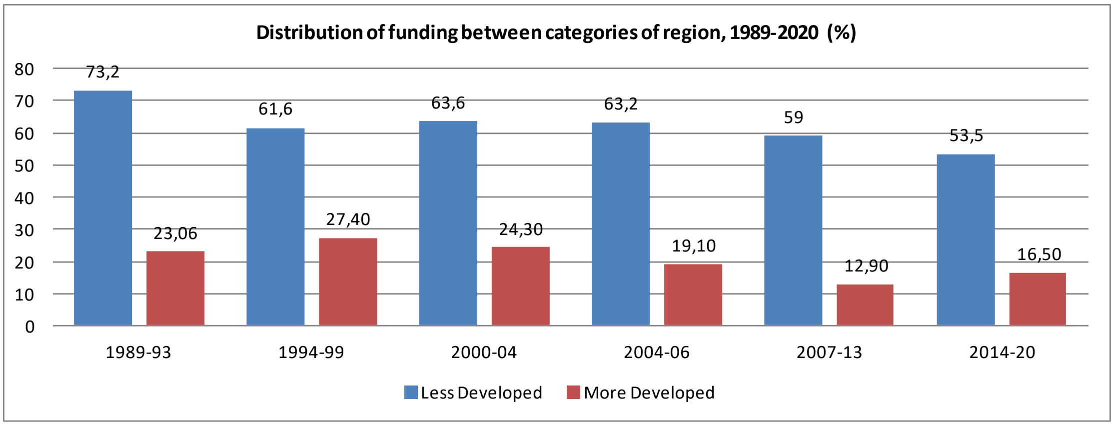

Figure 3: Distribution of funding between less and more developed regions, 1989-2020 (%)

Regarding the situation of payments realised by structural funds allotted to regional development, the existing situation by the half of 2019 is presented in Figure 4. It may be noticed that the average of the absorption degree of Community funds is by 28.3%, the first position being taken by Cyprus (42.3%), Finland (42.1%), Sweden (39.9%), while on the last positions are Croatia (17.9%), Italy (21%), Slovakia (21.1%) and Romania (22.2%).

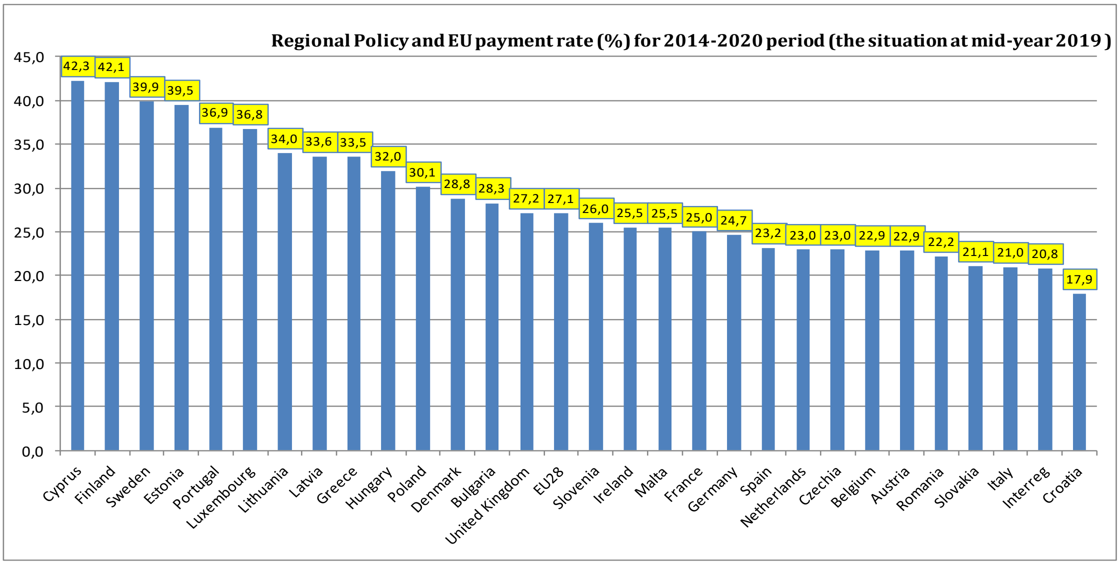

Figure 4: Regional Policy and EU payment rate (%) for 2014-2020 period (2019 situation)
Source: own computation on Annex 1

The legislative architecture of the current cohesion policy contains four important regulations that are at the basis of the general and specific implementation framework of the Community measures and actions. The general regulation establishing the common provisions regarding the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF), as well as the establishment of some general provisions about ERDF, ESF, and the Cohesion Fund, and the three specific regulations regarding ERDF, ESF and the Cohesion Fund.

Synthetically, the differences registered by the current cohesion and regional development policy are presented hereunder:

1. *A better thematic focusing* – in this respect, minimum allotments were established for a number of priority areas. The less developed regions had the opportunity to finance a wider range of investment priorities. At the same time, at least 50 % of the ERDF funds were allotted to innovation, SMEs, energy efficiency, and renewable energies.

2. *Territorial cohesion strengthening continued* – sustainable urban development benefitted by about 5% of the ERDF funds, next to promoting urban platforms dedicated to strengthening capacities, and experience exchanges. Over this period, a list existed about the cities that benefitted from integrated actions for sustainable urban development, and the areas with natural or demographic specific characteristics, along with ultra-peripheral and poorly populated regions benefitted from additional funds.

3. *The rules and norms for accessing community funds were simplified* - The ways of simplifying were diverse and easy to apply thereby supporting the more facile access of the beneficiary to financing. The norms of regional policy were harmonized with the ones of other community policy by diminishing the number of strategic documents to a single document (at EU level, respectively the national level for all structural funds). Increased flexibility was created in organising the operational programmes: the regions may plan the funds allotted within some separate operational programmes, they may change the financial allocation by up to 2% on categories of regions, and they may combine the financing of a project by several instruments financed at EU level, and may finance horizontal technical assistance activities from one fund, and may merge the various attributions of the management and certification authorities. At the same time, they may constitute joint monitoring committees, and may organise yearly common reunions for re-examining as concerns financed programmes. The eligibility of the equipment financed by ESF facilitates the integrated planning at project level. There was increased proportionality in financial and administrative terms with the level of allocated support. The Commission and the member-state might agree to waive the organisation of a yearly reunion for re-examining, and rely on legal security by clearer financing norms. There was also a simplification of the administrative procedures for the beneficiaries of structural funds (for instance, by diminishing the period of maintaining the documents for a maximum of ten to five years.

3. Premises of a cohesion and regional policy post 2020

By the beginning of 2018, the discussions are initiated as regards the future regional policy starting from the premise that the EU must play an important role at global level, and be involved in ensuring stability in a volatile society. The premises refer to the traditional aspects, and to novelty elements that together will lead to better understanding the way in which Community funds are allotted and used for to the benefit of the regions and citizens. These premises are:

1. *Identifying some strategic priorities for investments*, supported by innovation, digital technologies, and industry modernisation, and rapid transition to a low carbon economy for fighting against climate change, etc.

2. *A better adjustment to regional needs:* _ the regions in Southern and Eastern Europe will be the most important beneficiaries of the cohesion policy next to some other categories of regions grouped in the same categories as in the current period of programming (less developed regions, regions in transition, and developed regions, Table 3).

Table 3. Financial distribution of regional policy after the year 2020 (%)

COHESION FUND (CF) – GNI/CAPITA < 90% FROM THE EU-27 AVERAGE	>13%
FINANCING BY ERDF FOR LESS DEVELOPED REGIONS	62%
FINANCING BY ERDF FOR REGIONS IN TRANSITION	14%
FINANCING BY ERDF FOR DEVELOPED REGIONS	11%
Total	100%
Share by ERDF and CF for less developed regions	75%

Source: European Commission

By the new cohesion policy, is requested better cooperation between local, regional, and central authorities. At the same time, the co-financing rates will be higher for increasing the responsibility of those intending to access funds for urban projects.

3. *Setting up less and clearer, more concise norms and a more flexible framework*. The process of diminishing norms' complexity and bureaucracy will continue, along with the creation of a single regulation framework for all funds. The member-states may opt to transfer part of the cohesion policy resources to the InvestEU[7] programme. The new framework combines the necessary stability of investments with the required flexibility for mitigating unforeseen events. Evaluation is proposed at the mid-period for re-evaluating the regional policy and suggest changes if necessary.

The future regional policy will have a number of five thematic objectives, as follows:

- **Objective 1** - Smarter Europe by innovation, digitalisation, economic change and supporting small- and medium-sized enterprises;
- **Objective 2** - Greener Europe with lower carbon emissions, by enforcing the Paris Agreement and by investments in the energy transition, renewable sources, and fighting against climate change;

[7] The InvestEU Programme will bring together under one roof the multitude of EU financial instruments currently available to support investment in the EU, making EU funding for investment projects in Europe simpler, more efficient and more flexible. It is consists of the InvestEU Fund, the InvestEU Advisory Hub and the InvestEU Portal. It will further boost job creation and support investment and innovation in the EU. InvestEU will run between 2021 and 2027 and it builds on the success of the Juncker Plan's European Fund for Strategic Investments (EFSI) by providing an EU budget guarantee to support investment and access to finance in the EU. InvestEU aims to trigger €650 billion in additional investment. The InvestEU Fund will support four policy areas: sustainable infrastructure; research, innovation and digitisation; small and medium-sized businesses; and social investment and skills. InvestEU will also be flexible: it will have the ability to react to market changes and policy priorities that change over time. The InvestEU Advisory Hub will provide technical support and assistance to help with the preparation, development, structuring and implementation of projects, including capacity building. The InvestEU Portal will bring together investors and project promoters by providing an easily-accessible and user-friendly database (Source: http://europa.eu/rapid/press-release_MEMO-18-4010_en.htm).

- **Objective 3** - More interconnected Europe, with strategic transports and digital networks;
- **Objective 4 -** More social Europe fulfilling the objectives of the European Pillar of Social Rights and supporting quality jobs, education, competences, social inclusion, and equal access to health care services;
- **Objective 5 -** A closer to the citizens' Europe by supporting development strategies under local responsibility, and sustainable urban development for the entire EU.

The proposed budget for supporting the objectives of the new regional policy will be by 1.135 billion Euro (commitment appropriations, in 2018 prices), the equivalent of 1.11% from the gross national income of EU-27. The level of appropriations is by 1.105 billion Euro (1.08 % from GNI) in commitment appropriations (prices 2018). This includes the integration into the EU budget of the European Development Fund, a new financial instrument that aims to financing the cooperation with developed countries from Africa, the Caribbean Area and Pacific. The future budget is comparable with the one of the current programming period (if inflation is taken into account).

As regards support and financing by the European Regional Development Fund (ERDF) and by the Cohesion Fund (CF) these will be directed to the first two priorities. Taking account of the gross national income (GNI) per capita, the member-state would need to invest between 65% and 85% from the received allotments to the two funds for the first two priorities (innovation and environment).

The urban areas will dispose of 6% from ERDF and will invest preponderantly in sustainable development. For the financial framework 2021-2027 ***the European Urban Initiative*** will be created, a new instrument of cooperation-innovation and for strengthening the capacity of cities: migrants' integration, housing, air quality, poverty and energy transition, etc.

Allocations will be made also by taking account of the GDP per capita, but new criteria will emerge, such as *unemployment among youths, the low level of education, climate change and migrants' reception and integration*.

The distribution of funds on member states took into account the level of the GDP per capita, but also the level of territorial inequalities. Thus, countries faced with high differences between the various parts of the territory (for instance, Italy, Spain, and Romania) benefitted by more significant funds compared with the other member-states. One ranking shows that for Poland are allotted 64.4 billion Euro, followed by Italy with 38, 6 billion Euro, Spain with 34 billion Euro, and Romania with 27.2 billion Euro. The fewest funds are received by Luxemburg, Malta, Denmark, and Cyprus, as all financings are below 1% from the value of allocations. The financial allocations for the period 2021-2027 are presented on each member-state in Figure 5. In the framework of these allocations, Great Britain is no longer mentioned.

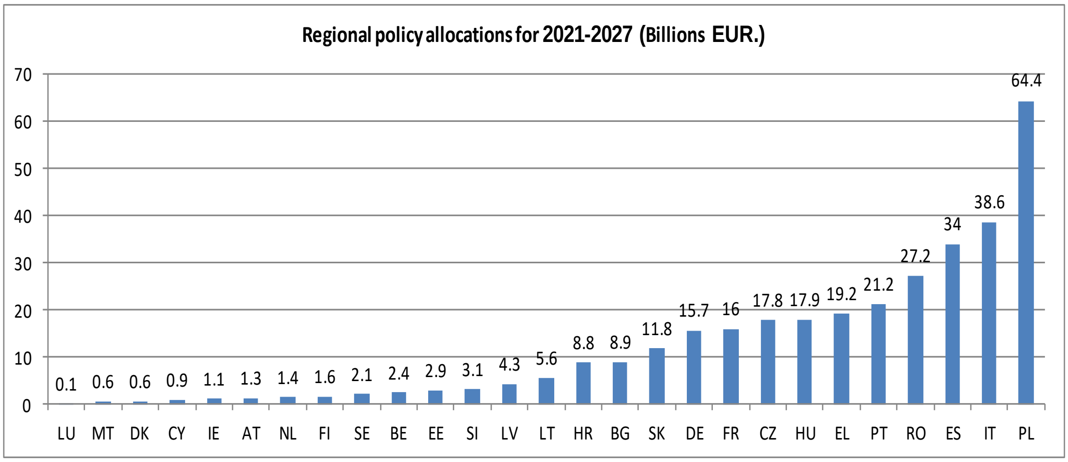

Figure 5: Financial allocations for 2021-2027 programming period

Source: http://ec.Europa.eu/regional_policy/sources/docgener/panorama/pdf/mag65/mag65_ro.pdf

As compared with the current programming period, for some countries the funds aimed at regional development were supplemented, as follows: by 8% for Greece, Romania, and Bulgaria; by 6% for Italy, 5% for Finland and Spain (Figure 6). At the same time, some countries received less: -24% for Hungary, Lithuania, Estonia, Czech R., and Malta; -23% for Poland, and -22% Slovakia. The countries that received similar allocations to the preceding period are Denmark, the Netherlands, Belgium, Austria and Luxemburg.

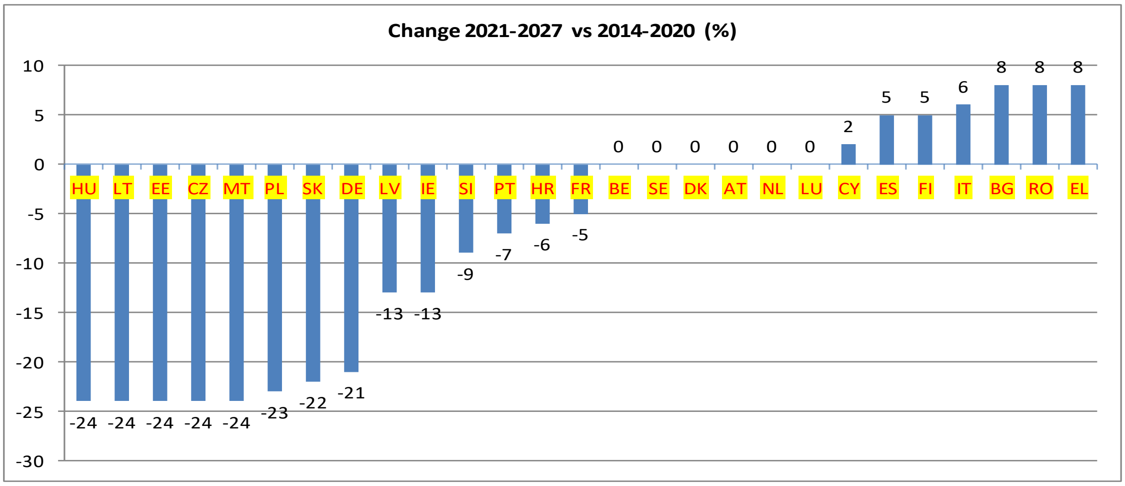

Figure 6: Change 2021-2027 vs. 2014-2020

Source: http://ec.Europa.eu/regional_policy/sources/docgener/panorama/pdf/mag65/mag65_ro.pdf

Other proposals influencing the implementation of the policy in the future programming period are:

- increasing the financing shares for investments in research-innovation, in the digital economy and in borders' management, security and defence;
- increasing the budget allocated to the Erasmus+ programme and the one for the European Solidarity Fund will be doubled;
- diminishing the budget of the cohesion policy by about 5% (a fact reflecting the Great Britain exit from the EU);
- increased role of the cohesion policy in supporting structural reforms;
- increased role in short-time integration of migrants;
- a clearer and more adjusted budget to the Union's priorities, by diminishing the number of programmes from 58 to 37 (by regrouping financing sources in new integrated programmes, by simplifying financial instruments, including by means of the InvestEU funds);
- creating a "Union Reserve" that would allow contributions for managing some unforeseen events;
- and mitigating emergency situations in fields like security and migration;
- compliance with the rule of law will be an essential preliminary condition for the proper financial management and for the financing's efficacy by structural funds. Thus, access to EU financing might be suspended, diminished or restricted proportionally to the nature, severity and amplitude of deficiencies affecting rule of law.

All these proposals will contribute to simplifying even to larger extent the mechanism of implementing the cohesion policy at regional level so that its impact will be felt in all regions and areas in difficulty.

Conclusions

The cohesion and regional development policy represent some of the essential pillars of the European Union, by which the Union enforces the principles and targets agreed on with all regions and member-states. Its goals must take account by a series of specific national and regional conditions but also by the international evolution and development context.

The cohesion policy represents the main financing source for regional development and the basis for geographic and thematic allocations at the level of regions and member-states. In the EU, the cohesion policy is a significant component of the total public expenditures and in the context of financing the economies of member-states. All EU regions benefit by the regional and cohesion policy based on the criteria established at Community level, and the principles applicable to structural and cohesion funds are similar to the ones of the programming period

2007-2014 (partnership, promoting gender equality, non-discrimination, sustainable development, compliance with EU and national legislation), to which a new principle is added *multilevel governance*.

Each programming period, next to a series of predictable factors, taken into account, is subjected to some external forces that are rather difficult to manage (the financial crisis, the increase in migrant flows, security, etc.), an aspect that presuppose coherently and effectively rapid and adequate solutions.

Actual policy of regional development attempted to take important steps as regards closeness to the regions' needs and priorities. By simplifying accessing procedures and rules, the diminishment of a relatively significant bureaucratic system at the European Commission's level was successful. Nevertheless, there are still resources for rendering this policy even more flexible and beneficial, especially for the less developed regions, and peripheral regions facing major geographic handicap (coastal, mountain, and depopulated areas, etc.).

Therefore, we consider that the future regional policy must be characterised by a high degree of adaptability to rapid changes emerging underway but, at the same time, to take account of the needs of less developed regions and the chances these have, or not, on a single and highly competitive market, such as the one within the European Community nowadays. For these regions, classified in the category *less developed*, the regional policy might be a chance for solving some issues related mainly to infrastructure, education, simply put, to basic needs and expecting subsequently that they will achieve also the innovation society, as provided for the next programming period.

Future regional policy focuses further on investing in all regions, still on the basis of three categories (less-developed; transition; more-developed). The next allocation method for the funds is still largely based on GDP per capita. Comparatively with the present policy, the new criteria are added: youth unemployment, low education level, climate change, and the reception and integration of migrants, to better reflect the regional realities. Also, outermost regions will continue to benefit from special financial EU sustain.

The next regional policy supports locally-led development strategies and empowers local authorities in the management of the funds. More, the urban aspects of regional policy is strengthened, with 6% of the ERDF dedicated to sustainable urban development, and a new networking and capacity-building programme for urban authorities, the European Urban Initiative.

Disclosure statement

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Annexes

Annex 1: Regional Policy 2014-2020 EU Payment Details by EU Countries (Euro, %)

MS	MS_Name	Year	Planned EU amount	Total net payments	EU payment rate (%)
CY	Cyprus	2019	594767585	25157112088	42,30
FI	Finland	2019	791976209	333742309,6	42,14
SE	Sweden	2019	934750041	372708588,4	39,87
EE	Estonia	2019	2922618697	1153251430	39,46
PT	Portugal	2019	13638657876	5038654723	36,94
LU	Luxembourg	2019	19502403	7169496,38	36,76
LT	Lithuania	2019	5550329393	1884999478	33,96
LV	Latvia	2019	3750667147	1262019162	33,65
GR	Greece	2019	11874174308	3983416872	33,55
HU	Hungary	2019	16810667329	5371658164	31,95
PL	Poland	2019	63418859277	19107820234	30,13
DK	Denmark	2019	206615841	59584462,5	28,84
BG	Bulgaria	2019	5845974756	1654257343	28,30
UK	United Kingdom	2019	5856532225	1591469371	27,17
EU28	EU28	2019	2,62548E+11	71176587344	27,11
SI	Slovenia	2019	2330732258	605617072,1	25,98
IE	Ireland	2019	410775098	104806173,7	25,51
MT	Malta	2019	602096106	153269423,6	25,46
FR	France	2019	8426107776	2106610955	25,00
DE	Germany	2019	10773842813	2655813202	24,65
ES	Spain	2019	20681351741	4798561813	23,20
NL	Netherlands	2019	510282703	117203049,4	22,97
CZ	Czechia	2019	18084635726	4151222761	22,95
BE	Belgium	2019	953009307	218446169,3	22,92
AT	Austria	2019	536262079	122569443,7	22,86
RO	Romania	2019	17661077676	3919887723	22,20
SK	Slovakia	2019	11459711649	2415446864	21,08
IT	Italy	2019	21660538269	4547600675	20,99
TC	Interreg	2019	9410256783	1961711658	20,85
HR	Croatia	2019	6831255232	1225497606	17,94

Source: https://cohesiondata.ec.europa.eu/2014-2020/Regional-Policy-2014-2020-EU-Payment-Details-by-Co/32e8-8e7w

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