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TERRITORIAL COHESION:

THE NEW CORE OF COHESION POLICY POST-2027

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Territorial Thinkers is an independent platform of experts, highly experienced in European, national, regional and local policy development with a territorial dimension.

Territorial Thinkers aim to support on-going policy development processes by presenting arguments, evidence, ideas, options and recommendations to policy makers.

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TERRITORIAL COHESION: THE NEW CORE OF COHESION POLICY POST-2027

The European Union is in the process of reflecting on Cohesion Policy after 2027. This reflection process is both positive and inevitable in order to be able to learn from experience and adapt Cohesion Policy to future challenges and policy ambitions.

This paper urges the Reflection Group to seriously consider making territorial cohesion the core of future Cohesion Policy. The paper argues for and promotes this major innovation, its conceptualisation and implementation.

A territorial approach to Cohesion Policy

There is a clear need to rethink and renew the concept of Cohesion Policy. The current approach has been used for decades (with some minor tweaks) and needs to be modernised to deliver efficient, cost effective and consistent policy interventions on the challenges and policy ambitions of today and tomorrow.

European policy in general and Cohesion Policy in particular would benefit substantially if territorial cohesion was very clearly articulated in future Cohesion Policy.

The current balance between economic, social and territorial cohesion does not deliver sufficiently in terms of cohesion within the EU territory. There are three main reasons for this:

- The interventions are more sectoral than territorial in their approach, often ignoring conflicts and potential synergies with other sectors, and not sufficiently explicit on where, in what places, what interventions are most needed and should take place.
- Regional and local actors who possess the best place-based knowledge seem to have little say as to when the key modalities, needs and relevant priorities are analysed and decided.
- A consistent, common understanding of long-term aspirations for the development of places, regions, countries and for the entire EU territory is missing.

A proper policy response should give more weight to the territorial dimension in development and cohesion and be more geographically precise on “what should happen where”.

A rethink of the balance between economic, social and territorial cohesion is a must. Economic and social cohesion, as well as numerous interventions supporting these aims are, for sure, key deliveries in future Cohesion Policy. However, there can be no effective economic and social cohesion in a fragmented European territory. Therefore, territorial cohesion and place-based policy should be the overarching strategy and core concept which frames interventions and the overall approach of Cohesion Policy post-2027.

The principal benefits are three-fold:

- A territorial policy approach supports consistency in policy development and decisions at all geographical levels and stimulates integrated and targeted development solutions for the territories and places in question, which again prevents place-conflicting decisions and promotes synergies between different interests.
- A territorial, place-based approach implies that relevant interests and actors within a given territory or place must work together in analysing opportunities and risks as a sound basis for formulating development aims and selecting the most adequate concrete projects. This approach delivers integrated solutions for development and cohesion within the territory or place in question.
- A territorial approach involves regional and local actors, including civic society, which again supports the implementation of the best targeted and tailor-made solutions. The EU territory entails a huge diversity of types of territories and places, all with specific characteristics, development challenges and opportunities, which requires different and individual policy responses based on local knowledge to support cohesion.

Using a territorial approach as the core in future Cohesion Policy would deliver a strengthened, integrated and more solid, transparent multi-level platform for interventions promoting economic and social cohesion, and a much improved delivery mechanism for Cohesion Policy post-2027.

Territorial Cohesion as the core concept for Cohesion Policy

Bringing territorial cohesion in the forefront of reflections on Cohesion Policy post-2027 means changing the basic mindset from a vertical, more sectoral to a horizontal and integrated perception of cohesion and the development of the diversity of the EU territory: of regions, places and member countries, and of the EU territory as such.

When preparing and deciding development policy and relevant projects, looking holistically across interests and sectors within a given geography ensures the best possible and consistent base for deciding the optimal investment mix for places and territories and for their citizens.

The new conceptualisation of Cohesion Policy post-2027 should be founded on the following pillars:

- A clear focus on geographical realities as the territorial units for place-based analysis, for policy development and for the implementation of funded projects.
- Committed and open multi-level cooperation involving Member States, regions and local authorities and the European Commission as well as other European Institutions and civic society where relevant and possible.

- The committed inclusion of relevant sector authorities, particularly at EU level, in shaping integrated place-based interventions by cohesion policy funding supported by relevant sector policy participation and interventions. Sector policies must be both aware of, and explicitly indicate, their impact on European territorial cohesion.
- Clear and transparent, consolidated long-term policy aspirations for the EU territory and its diversity of types of territories and places that would provide a reference for decisions for the entire EU territory, for Member States, regions and local areas. The benefit would be to shape a common understanding of the wishes for the EU territory to become reality for future generations which to a large extent is shaped by decisions today.
- The committed involvement of European Institutions and key actors in Member States, regions and local communities in supporting the European Commission in setting modalities and priorities of Cohesion Policy post-2027 that defines distinct priorities for different parts of the EU and for different types of territories and places around the EU. A cascade of competences and responsibilities from the EU to the local level should be established that gives each administrative level a role to play.
- An integrated approach to decisions involving a specific territory or geography including a comprehensive SWOT analysis and ex-ante considerations on territorial impacts, inspiring the cross fertilisation of relevant sectors and the public. Here it should become obligatory to explain decisions by (1) a clear understanding of European-level aspirations for the long-term development of the EU territory, (2) an analysis of strengths and weaknesses, opportunities and threats, and (3) a sound integrated territorial impact analysis (TIA) using data for the territory, region or city in question.

The development of a new legal and administrative setting for Cohesion Policy post-2027 will include considerations of multiple elements, that at the end of the day will constitute the system to be implemented in legal EU documents and their supporting documents.

To implement territorial cohesion as the core of Cohesion Policy post-2027 will require preparation and a targeted dialogue process towards the EU Regulations governing the revised Cohesion Policy.

This process, albeit demanding, calls for openness and readiness for change, and should be conducted giving all actors in the policy field the opportunity to be involved and voice opinions.

Two key elements to begin preparing without further delay

In order to define territorial cohesion as the core of Cohesion Policy post-2027, two important key innovative elements in particular need to be highlighted and worked on already now. These are:

- (1) *A common multi-level understanding of the EU territory of tomorrow: an EU reference framework for places, territories and infrastructures.*

A clear and understandable formulation of the long-term ambitions/aspirations for territorial cohesion in the EU is of key importance. Strategies/perspectives/visions for the European territory, its overall structures and types of territories and places should frame the implementation of cohesion at all levels, at national (reflected in future partnership agreements between Member States and the EC), at regional and local levels (reflected in programmes and priorities for concrete projects) as well as inside relevant European policy processes (in relevant EU sector policies).

Such an EU reference framework shaped in a multi-level cooperation process would increase consistency, boost cohesion and limit decisions hampering cohesion. The EU must avoid continuing with an incoherent patchwork of regional/local decisions when spending European money and take the lead in promoting an EU reference framework for territorial cohesion in order to maximise the impact of cohesion funds.

This reference framework should merge EU policy priorities (such as connectivity and the green deal) with characteristics of places and territorial types within the EU and make clear what aspirations the European process has for different places and types of territories, including lagging, rural, sparsely populated, metropolitan regions, larger and smaller cities, mountainous, green areas, corridors, etc., as well as for their roles, connectivity and access via main infrastructure networks within the future EU territory.

Here the existing "Territorial Agenda for the EU territory 2020" is an important starting point, with policy orientations that should be further elaborated, deepened and complemented as part of the envisaged European wider and inclusive dialogue on a territorial reference framework supporting future Cohesion Policy.

(2) *Making "territory" the core in the implementation of Cohesion Policy: a cascade with competences and responsibilities to all levels*

Implementing territorial cohesion as the core of future cohesion policy will require a devoted multilevel cooperation and a cascade of roles and responsibilities to the different administrative levels. The European Commission should be committed to policy aspirations for the cohesion of the entire European territory, focusing on its diversity and on EU sector policy compliance. Member States should reflect policy aspirations for the EU into their national policy making, but leaving room for the regional level to make more detailed cohesion decisions concerning the distribution and cohesion implementation within their territory, parts and places here within. A similar room for local development decisions on concrete projects using cohesion funds in relevant places should be ensured by regional authorities. Such a cascade of competences and responsibilities giving all levels a role would be key to create the commitment of all levels.

Therefore, forthcoming legal regulations for Cohesion Policy post-2027 must be explicit on the principle of subsidiarity and give each level a competence and responsibility for decision making for their place or territory. A cascade of competencies and responsibilities should be established for the policy implementation that with due respect to superior administrative levels makes all levels part of a coherent delivery of cohesion.

Once it is in place, Member States should apply the overall ambitions to their territorial context in their Partnership Agreements, while leaving the political competence to develop and decide regional and local strategies, details of relevant investments and the projects that would promote territorial cohesion to regional and local authorities.

The implementation of territorial cohesion would require that Cohesion Policy covers all Member States and their regions and local territories. The implementation should stimulate informed decisions in all “corners” of the EU territory based on knowledge of the particular needs, development opportunities and deficits, being it within national, regional or local territorial contexts.

The preparation and dialogue on how to set up a cascade of competences and responsibilities with EU Cohesion Policy post 2027 should start now and be conducted within a multilevel government cooperation setting, that brings in the many national, regional and local experiences, and also failures and revisions that have been gained from national cohesion policies (Sweden and its Northern peripheries, the Netherlands and its ‘decentralised concentration’, Germany and Italy with the troublesome East-West and South-North cohesion policies). The EU should draw on such experiences and not start from scratch.

Recommendations to the Reflection Group

In policy terms, territorial cohesion as the core of Cohesion Policy post-2027 will require a strengthening of the European Commission’s role, engagement and commitment in the territorial dimension of EU development.

Moreover, moving away from the old implementation system leaving internal cohesion policy to Member States, towards a system including all levels and civic society in a more active and committed way, obviously interferes with the current strong national roles in Cohesion Policy. However, mutual benefits, also for Member States, occur from making territorial cohesion the centre stage and to defining a win-win solution should be the lead in the multi-level dialogue about the future.

The European Commission performing the lead of the ongoing Reflection Group process on Cohesion Policy post-2027 should ensure that the option of rebalancing economic, social and territorial cohesion making territorial cohesion the future core, is thoroughly debated and considered in this process.