

REGIONE EMILIA-ROMAGNA

POSITION PAPER ON THE FUTURE OF EU COHESION POLICY

The Cohesion Policy we need for Europe

1. A citizen-focused policy as a cornerstone of the EU integration

- 1.1. The strengthening of the **EU identity and legitimacy** is a pressing matter, intimately connected to future of the EU. The Lisbon Treaty raised expectations towards an EU getting closer to its citizens, promoting social, economic as well as territorial cohesion. These expectations have remained largely unattended. The strategic arena where EU decisions are taken continues to be distant to the EU citizens, fuelling centrifugal forces that mine the stability in Europe.
- 1.2. We firmly believe that **“A growing Europe is a Europe for all”** and the future EU Cohesion policy must restart from this value. The regional and local levels represent the EU citizens and are the ones, where development priorities should be established and pursued in full adherence to the principle of subsidiarity. Instead of a *multi-speed* Europe, what we need is the **“Europe of the Regions”**: a vision that bridges the gap between the EU and the EU citizens.
- 1.3. Emilia-Romagna views the EU Cohesion policy as a crucial instrument to increase **the sense of EU citizenship** and expresses its support to a reform of the policy, aiming at strengthening its effectiveness, so that to provide tangible evidence of the added value of the EU to citizens and give new momentum to the process of EU integration.

2. Interregional cooperation networks to reduce territorial disparities

- 2.1. EU Cohesion policy needs to be seen as **much more than a purely redistributive capacity mechanism**. It rather holds the potential to engender significant structural transformations, thus spurring innovation and maximizing efficiency in the local economic systems across Europe.
- 2.2. Through the EU Cohesion Policy, less developed regions may gain from cooperating with more advanced regions. The contrary is also true, as gains from cooperation may arise in both directions. A necessary condition for this to happen is the creation of **interregional cooperation networks** where several regions join efforts and resources to reach common objectives and to create new value for their local economies as well as mutual benefits arising from the established **linkages**. This leads indeed to the generation of positive externalities to the benefit of whole Europe.
- 2.3. Regional cooperation networks can play a crucial role in driving down territorial disparities. Their role must be strengthened not only because it embodies the principle of **multilevel governance**, but also as regions ensure a **territorial approach** to the programming and implementation of the

cohesion policy and pursue complementarities with other European regions, in order to capture and exploit the positive spillovers deriving from this contamination.

2.4. The **knowledge of the territory and its socio-economic dynamics** and the **engagement of local and regional authorities** in programming and implementation of the EU cohesion policy have been crucial to achieve maximum territorial impact. There is substantial evidence supporting this view. Research and Innovation policies, for instance, have demonstrated the importance of the territorial dimension: regional research networks have managed to actively involve local value chains and to create new opportunities for the local business to raise their standing, both at national and EU level, and grow internationally.

3. Support to Local Development in an Open Economy

3.1. The EU Cohesion policy comes at support of the EU facing with a rapidly changing and uncertain global context. It can enhance **the resilience of the EU economy** at all levels (local, national and EU levels) by delivering policy interventions to promote a shift of technological parameters and the reinforcement of the “capabilities” of the local economic systems, while keeping **local economies open to international trade on fair basis**. In this way it allows the benefits of globalization to be shared more equally and improves long-term competitiveness and prospects for the territories across Europe.

3.2. We believe that EU growth prospects will depend on the ability of enhancing the territorial assets and competitive advantages of local economic systems by adopting **“comprehensive” regional development policies**. Such comprehensive policy approach may ensure the strategic positioning of local economies globally. In that, it aligns the policy objective of reaching higher competitiveness to the one of fostering social, economic and territorial cohesion.

3.3. In this sense the EU Cohesion policy can act **in synergy with other EU policies**, for instance, supporting free trade under fair competition and contrasting the upsurge of protectionism. Policy interventions tailored on territorial needs can integrate different private and public funds and channel investments in the levers of territorial competitiveness and development. Regions should contribute to achieve a greater consistency of the EU policies by actively engaging as key Stakeholders in the definition and assessment of the impact of a broader range of EU policies, to which Cohesion policy is ultimately linked.

4. A Cohesion Policy with an added value

4.1. The **added value of the EU Cohesion** policy must be acknowledged. It lies in the place-based territorial dimension approach, the multilevel governance, the multiannual planning and shared and measurable objectives, the integrated development approach and the convergence towards European standards in administrative capabilities.

4.2. On the other hand, experience has shown some flaws in the current setting of the EU cohesion policy, which undermine its effectiveness and perception by the public; among those, the high

complexity determined by the multiple regulations and guidelines, administrative and regulatory burdens on both the Managing authorities and the beneficiaries, difficulties in measuring policy impact and in making it evident to the citizens.

5. Our proposals for a Cohesion policy of greater effectiveness and impact

5.1. Strategic principles and programming: *a greater role for Regions, strong focus on solidarity*

We see as crucial that EU decisions are made as close as possible to citizens, in full adherence to the principle of subsidiarity and the treaties. To this end, **the role of the regions in EU policy making** should be strengthened and regional authorities should be more involved in the definition of strategic priorities, not ultimately regarding the future cohesion policy. The focus should remain on the Strategy for Sustainable development and the 2030 Agenda, placing greater emphasis on the social pillar. The **principle of solidarity** should be central. We recall that “Solidarity is not only a fundamental value of the EU, but is also essential for social cohesion in an open economy” as stated in the EC Reflection Paper on Harnessing globalisation. It follows that territorial solidarity should inform the future cohesion policy, requiring full respect to what prescribed in the EU treaties.

5.2. A Smart complementarity approach, oriented towards results: *flexibility, impact evaluation and better communication of results*

We call for an increased **flexibility** of the Cohesion policy, enabling strategic priorities to be tailored to the local needs, in line with the principle of subsidiarity contained in the EU treaties. More flexibility should be granted through simplified procedures for re-programming of funds, that will enable territories to be more resilient facing with unforeseen challenges (e.g. social and economic crisis or natural disasters, etc.). We also wish to stress the great contribution provided by the **ex-ante conditionalities - such as the Smart Specialisation Strategy (S3)** - in triggering, for instance, structural and administrative reforms at the local level. Beyond S3, however, we highlight that it is time to look at “**Smart Complementarities**” and to adopt a policy approach that fosters interregional cooperation and functional aggregations along the lines of smart specialization. This **Smart Complementarity approach** can boost the overall efficiency of the system, enhancing the effectiveness of the EU Cohesion policy. It will stay crucial the need to strengthen the Ex-post evaluation system and give greater visibility to the results of the EU cohesion policy, in order to promote a better understanding of the policy impact by citizens and stakeholders.

5.3. EFSI and other financial instruments: *exploit synergies with ESI*

We appreciate the importance of financial instruments, stressing that their use should be **complementary** to grants. The combined use of the European fund for strategic investment (EFSI) and the EU structural and investment (ESI) funds can be functional in case of market failures, and non-bankable projects of public interest. Cohesion policy instruments should maintain different functioning modalities and targets, focussing on achieving the strategic objectives related to the local development and competitiveness.

5.4. Simplification: harmonisation of the rules, easing of the administrative burden, proportionality of controls

We underline the need to substantially **reduce the complexity** of the legislation related to the different EU funds. We aspire having an harmonised regulatory system for all structural funds, including EARDF. In this context we stress also the need to maintain the **ESF under the Cohesion policy instruments**. ESF is an important instrument to deliver policy interventions tailored on the needs of local labour markets, exploiting the synergies with other funds. Actions on human capital and competences are indeed complementary to other actions enacted through ERDF; for instance, those related to fostering research and innovation and local development. We call for a simplification of procedures related to **checks and controls** and an **easing of the legislative and administrative burden**, including reporting and audit, to the benefit of both beneficiaries and managing authorities. We also hope checks and controls to be commensurate with the scale of the Cohesion policy interventions. Finally, we stress the urgency to simplify the application of state aid rules to the use of ESI funds. There is an asymmetry of treatment with respect to other directly managed EU funds (e.g. EFSI, Connecting Europe Facility, Horizon 2020). In order to avoid unnecessary administrative burden and legal uncertainty, we hope solutions will be adopted in the next programming period. In this direction, we suggest that the approval of ESIF Operational Programmes (OPs) should be occur in conformity with state aid rules, with no further notification requirements for single actions approved during the OP implementation.

5.5. Economic governance and NRP: In favour of Structural Reforms, Against Macroeconomic conditionality

The Operational Programmes can offer an important contribution to the implementation of Structural Reforms in Member States, provided that they are better aligned in terms of content and timing (annual Country Specific Recommendations versus multiannual programming of OPs). On Macroeconomic conditionality, we stress that this is based on the assumption that Regions share with central governments the responsibility in terms of stability rules, which is not always the case.

5.6. Territorial platforms and macro-regional strategies: fostering the establishment of interregional cooperation networks

We support the creation of **territorial platforms**, aiming at integrating resources coming from different EU policy instruments to implement common policies related to different strategic sectors (e.g. infrastructure development, environment, migration, blue economy, etc) and strategic geographical areas. **European Territorial Cooperation requires sufficient funds** for its transnational, cross-border and interregional programmes, in view of its contribution to the implementation of macro-regional strategies. ERDF should be allocated to programmes and not to Member state. We wish **Interreg Europe** to broaden its scope, by including investments into infrastructural pilot projects and demonstration projects with the involvement of stakeholders. We see important for the future cohesion policy that interregional cooperation is further promoted both in ECT and mainstream programmes, so that to reach out to cooperation related to the Smart specialisation strategies.

5.7. Post 2020 MFF: *need for sufficient financial resources for Cohesion*

We firmly believe in the added value of the EU Cohesion policy and we recommend that share of resources currently allocated to that will not be reduced in next MFF. To secure **sufficient resources** we suggest to explore the options of linking it to **EU system of own resources**. We also suggest that the **principle of additionality** should be revised as to boost investments, through a reduction of limitation to public spending deriving from the Stability rules.

5.8. EU Policy coherence: *support Local Development in an Open Economy*

We need greater coherence in EU policies. This can be ensured through the alignment of the EU Cohesion policy to the other EU policies and **integration** of other EU instruments (e.g. European Globalisation Adjustment Fund – EGF). **Policy coherence** is functional to the definition and implementation of policies at support of local development in an Open Economy, countering both short-term as well as longer term shocks on local economies.

Annex

The experience of Cohesion policy in Emilia-Romagna

Key facts and figures

Over the last two programming periods Emilia-Romagna has achieved remarkable results thanks to the EU cohesion funds. The experience of Emilia-Romagna is characterized by some key features.

A. Sound financial management and efficient spending of the EU funds

>> The ERDF Operational Programme

During the 2007-2013 programming period:

- **100%** allocated resources were actually used for a total of **EUR 383 million** (including resources allocated by other Italian regions as solidarity contribution to Emilia-Romagna for the reconstruction in the area hit by the Earthquake in 2012)
- the OP managed to leverage about **EUR 578 million** of public and private Investments;
- **4.042** were financed, out of which 3.855 as form of support to companies and 187 as support to territorial competitiveness

>> The ESF Operational Programme

During the 2007-2013 programming period:

- **100%** allocated resources were actually used for a total of **EUR 886 million**
- **30.818 operations** were financed;
- **312.000 beneficiaries**, out of which 54% men and 66% women;
- financed actions included retraining and **further training of employees and people who lost their job for the crisis** (Active employment policies and anti-crises measures), measures of **social inclusion** (Youth Employment Plan, integration of vulnerable groups, etc), **non-academic tertiary education** (Higher Technical Education and Training, Polytechnic Network), **higher education and research**, other measures at support of people living and working in the **areas hit by the Earthquake**.

>> Integrated programming approach

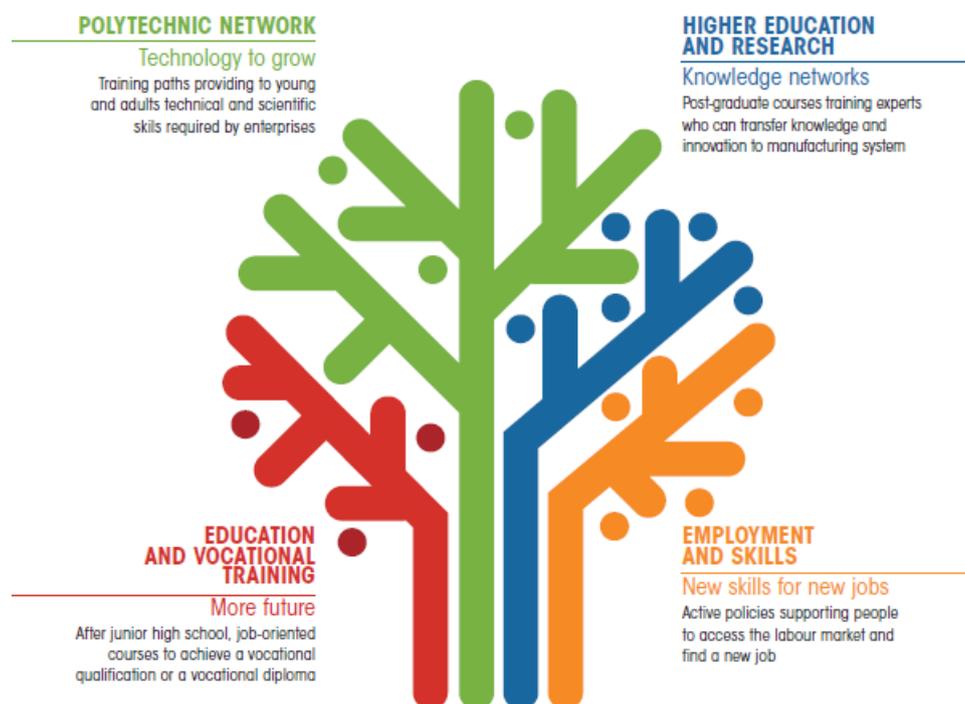
During 2014-2020 programming period Emilia-Romagna Region has adopted **an integrated programming approach**, which is contained in the Regional strategic Document ("[Documento Strategico Regionale \(DSR\)](#)"). The DSR defines the priorities and objectives of the Emilia-Romagna for 2014-2020 period, with the main purpose of integrating the different regional operational programmes (ESF, ERDF, EARDF) and, thus, channeling the resources towards a coherent and unitary approach to regional development. In the first 24 months of the programming period **EUR 1.178 million** (for the three funds) have been already programmed. The areas of integration mainly concern research, innovation, SME

competitiveness, and creativity. Integrated programmes were approved to foster: (i) **digital competences**; (ii) **start-up and value chains**; (iii) **highly qualified labour for industrial research**.

B. Generative mechanisms that benefitted the local and regional development

>> The Four branches of Emilia-Romagna Education - Research system

The ER Education and Research Emilia-Romagna is made up of four branches: **Vocational Education and Training**, the **Polytechnic Network**, **Higher Education and Research**, and **Employment and Skills**. Each of these branches has specific educational objectives and is designed to guarantee the rights of individuals to participate in the growth processes, to develop expectations and potential, and to strengthen their technical, critical and relational skills required to grow, work and compete in an increasingly internationalised world. ER consists in an infrastructure highly integrated at all level of the educational system, and which benefits of great connection with the industry. The infrastructure is made of **545 schools**, **156 Accredited training institutes**, **6 universities**, and a **High Technology Network of 96 institutes**. It offers a wide range of education and training possibilities that can address the emerging needs of professional development and skill shortage in local labour market.



>> High Technology Network and Technopoles

One of the highlights of the 2007-2013 programming period, the High Technology Network and Technopoles was created to promote knowledge and technology transfer, connecting the academia to the business community. The overall objective was that of increasing the number of joint industrial research projects that were expected to increase innovation in local business and enhance the competitiveness of the whole regional economic system. The 2007-2013 ERDF contributed with **EUR 85,6 million**, while the overall investment reached EUR 168 million.

- The High Technology Network consists in **10 infrastructures** located in **20 locations** throughout the Emilia-Romagna region, hosting and organizing activities and services for industrial research, experimental development and technology transfer;
- Technopoles are organised into **6 platforms** (agrifood, buildings, energy and environment, ICT and design, mechanics-materials, life science);
- **home to the industrial research Laboratories** equipped with state-of-the-art research tools and staff dedicated to activities and services designed to meet companies' needs, favouring also the projection at national and international level;
- include **service facilities** for dissemination, demonstration and information activities as well as premises and facilities to host private research laboratories, innovative companies, and spin-offs;

>> Multiannual Plan for Highly qualified labour for industrial research and innovation

Thanks to ESI, the Emilia-Romagna region has allocated **EUR 22 million** to Highly qualified human capital for industrial research and innovation. Through a three-year plan it set out measures to facilitate the employment of highly qualified labour (e.g. PhD researchers and students) in local enterprises and other investments in human capital favouring industrial research, innovation and internationalisation of the regional enterprises. The plan aims at matching the needs expressed by companies with the offer of competences in the labour market. For this reason, the targets of the Plan have been defined by the Regional administration in consultation with local social and economic players. It has resulted in targeted interventions on human capital for the digital economy (digital humanities, social science, e-commerce, industry 4.0, science and big data), smart specialisation, enterprise transformation, and research infrastructure. Together with regional research partners, also global leaders - such as Barilla, Kerakoll, Gd Group, Ferrari, Ducati, Maserati, Granarolo, Coop Italia – participate in this initiative.

>> Smart Specialisation Strategy S3

The **Smart Specialisation Strategy (S3)** is an ex-ante conditionality of the 2014-2020 programming period, which aims at concentrating resources around few priorities in order to magnify the impact of the policy intervention and positive outcomes for the whole regional community.

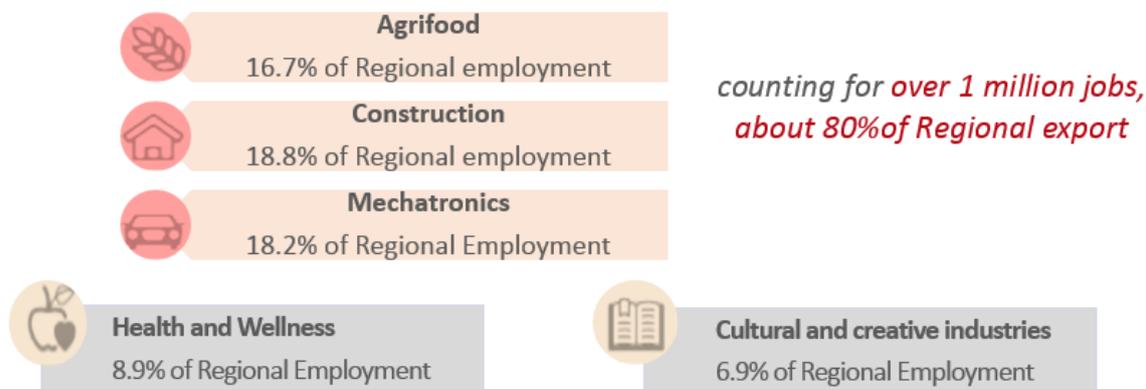
S3 Priorities are:

- Strengthening and consolidating the innovative capacity of those sectors where Emilia-Romagna has a **longstanding competitive advantage** (agrifood, construction, mechatronic and motor industry);
- Providing support to **high growth and social innovation potential industries** (health industries, cultural and creative industries);
- Increase the **resilience** of the regional system and its ability to respond to new challenges (digitalisation and ICT, green and blue economy, etc.)
- Enhance the **role of services** in the regional economy (ICT, logistics, fragmented value chains, etc).

Emilia-Romagna's experience in defining and implementing the S3 was very successful. Through the process of "**entrepreneurial discovery**" the Region fostered an inclusive process of policy definition, which engaged all the major regional socio-economic stakeholders (firms, business associations, institutions, academia, third sector, etc.) to identify the areas of specialisation and priorities for the S3. The S3 represents a "**trait-d'union**" – a link – between

the ESF, the ERDF and the rest of the regional programmes and is a virtuous element that aligns policy interventions towards the same directions.

The 5 Areas of Specialization - clusters with the highest employment potential and competitive impact to the regional economy



>> Associations S3

Associations S3 are legal entities that encompass laboratories, research and innovation centres, enterprises, enterprise networks and clusters, start-ups. They embody a form of **public-private partnership** launched in the framework of 2014-2020 ERDF programme and represent **an evolution of the governance model of research and innovation** in Emilia-Romagna. The Associations will be the target for future calls of the ERDF and ESF Regional Operational Programmes. They are tasked with the responsibility of defining regional strategic road-maps for applied research and innovation and implementing activities of technology forecasting. Their work will serve local and regional development, as they will be focal points for enhancing the competitiveness of local business on a global scale.

>> Motorvehicle University of Emilia-Romagna

The Motorvehicle University of Emilia-Romagna (MUNER) is an **experience of public-private partnership**, which has no equals in the world. It is an association, strongly advocated by the Emilia-Romagna Region, founded in March 2017 thanks to a synergetic connection between the universities¹ and automotive companies² operating in Emilia-Romagna. MUNER will offer academic degrees in Advanced Automotive Engineering and Advanced Automotive Electronic Engineering, fully taught in English. It has all the makings to be the engine that will deliver talented human capital, trained on the needs of one of the most competitive Italian industry, excellence of Made in Italy, to which Emilia-Romagna is home: the automotive.

>> Big data hub

¹Università di Bologna, Università di Ferrara, Università di Modena e Reggio Emilia, Università di Parma

² Automobili Lamborghini, Dallara, Ducati, Ferrari, Haas, Magneti Marelli, Maserati, and Toro Rosso



The Emilia Romagna region has invested remarkably in Research and technology transfer in all major domains of innovation over the last fifteen years. Thanks to resources coming from the ESIF, the region has created a sound innovation eco-system that has exploited to engender local sustainable development and employment growth. One of the key sector of the regional R&I is big data, where Emilia-Romagna ranks first in Italy. **Over 70% of the national data flows** are managed in the region, where is located a powerful infrastructure of high Performance Computing, big data and high-speed networks (INFN, CNR, GARR and CINECA). To step up the work of its big data community, Emilia-Romagna has further invested in this specialisation with resources from the 2014-2020 programming period and has approved the launch of a large infrastructure project dedicated to the reconversion of a dismissed industrial site - the ex Manifattura Tabacchi (Bologna) – into a huge Technopole that will host **public and private research centres, industrial laboratories and new supercalculus machines**. Thanks to this flourishing innovation environment, Emilia-Romagna has won an international public tender to become the host for the Data Center of the European Centre for Medium-Range Weather Forecasts (ECMWF) as of 2019.