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MANAGING CONTINOUS TRANSFORMATION AND COMPLEXITY OF THE EUROPEAN UNION COHESION POLICY. THE SIMPLIFICATION CHALENGE

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Abstract
This article provides an analysis of the continuous transformation of the cohesion policy since its establishment to present. Despite of the original aim at delivering and efficient and effective policy to address the challenges of a harmonious development of all regions and territories of the member states, revisions and changes introduced form one programming to another transformed the cohesion policy into one of the most complex EU policies and generated higher administrative burden for all participants to the management and implementation of the cohesion policy. This article compares the changes produced in the cohesion policy from one period to another with the aim of identifying the transformation produced from one period to another and the main factors contributing to continuous increasing complexity. The results of this analysis provide an overview of the cohesion policy landscape for better understanding which are the challenging areas for the simplification as prerequisites for a smother and more effective the cohesion policy.
Keywords: cohesion policy, European Union, simplification, public policy management

1. INTRODUCTION

Cohesion Policy (CP) of the European Union (EU) is one of the landmarks of the European economic integration. Subject to continuous reforms, cohesion policy transformed into the main investment policy using 1/3 of the EU budget.

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In the EU-based public rhetoric, the dimension of European solidarity associated with the CP (built on the principle of equity and redistributive mechanisms involving tax transfers from the common budget towards less developed regions and Member States) is complemented by the imperative of the efficient use of funds to support competitiveness and growth.

Asymmetries in the development (generating cumulative gaps) were attributed to the "market failures"; also, the completion of the EU single market had an impact on cohesion, due to a higher risk of increasing regional divergence and disparities by virtue of a more competitive exposures (Pelkmans J., 2006). Cohesion policy emerged as a concerted European response to these challenges.

Successive waves of enlargement (in particular, 1981-1986 and 2004-2007 enlargements that brought new Member States with significantly lower levels of development) increased development gaps between regions within EU. Since EU resources remain limited (as compared to additional needs for public funding originating from less developed regions and Member States joining the EU, in particular during 2000s), the attention of the decision-makers increasingly focused on identifying and implementing solutions to improve the programming and regulatory framework and to consolidate the management and control systems (MCS) with the view of increasing the effectiveness of economic and social cohesion policy.

Devoted primarily to mitigating regional imbalances, but also to supporting the competitiveness of EU regions and of the Union as a whole, the CP is still the subject of continuous reforms and an extensive modernization process which seeks to streamline its implementation. Despite the fact that simplification (to support sooth and effective implementation) was a leitmotif of all reforms of the cohesion policy, increased complexity, bureaucracy and administrative burden were observed.

The paper aims at conducting a synoptic analysis of the transformation and reforms of cohesion policy since the Treaty of Rome establishing the European Economic Communities (EEC) as for 1957 to present days. Cohesion policy was always trying to deliver effective policy responses to challenges generated by deeper integration and enlargement while ensuring efficient use of EU resources. There is a sophisticated conceptual framework underpinning the cohesion policy design. As the volume of resources allocated to the cohesion policy increases, the state and non-state actors involved seem to have different views on the objectives, financial envelopes and implementation mechanisms of this policy. Over time, the difference of opinion on the CP role and mechanisms of implementation has become the engine of successive reforms. The need for reform and the pillars of change specific to each new programming cycle were the subject of extensive debate each time. Equity, effectiveness and efficiency remain the common themes in the debates on CP that precede or accompany all programming periods. This analysis captures, in the succession of the reform stages undergone by this policy, issues related to: (re)configurations which occurred in relation to the evolution of EU guidelines/strategic documents, as well as objectives/resources related to other Community policies; elements of (dis)continuity observable during all this time and which can provide indications about the CP trajectory.

The remaining of the paper is structured on three sections and the Conclusions. There is a section 2 containing a synoptic review of the main theoretical concepts and approaches substantiating the cohesion policy and which are best capturing the logic of this policy. Section 3 provides a overview of the changes and reforms influencing the programming, regulatory and management framework of the cohesion policy. The simplification of the cohesion policy, and the challenges associated to the simplification of the cohesion policy are presented in the section 4 of the paper. The final part contains is summarizing key recommendations for effective simplification of the cohesion policy.

2. THE EU APPROACHES ON COHESION

2.1. A complex conceptual framework of the EU cohesion policy design

The Treaty of Rome establishing the European Economic Community (EEC), in the preamble, highlighted the preoccupation of the Member States to „strengthen the unity of their economies and to ensure harmonious development, reducing the gaps between regions and the delays on the part of the least favored", but it lacked provisions to establish mechanisms or to create the legal and financial framework for the proper implementation of any policy to support unity, convergent and harmonious development or reduction of existing disparities (Miron D. et. al, 2002; Barca F., 2009). The founding fathers of the European Union considered that "regional disparities in the EEC would be mitigated, without the need for Community authorities to intervene automatically, as a result of the process of creating the Common Market" (Miron D. et al, 2002). The creation of the European Social Fund (ESF) to finance member states' projects for training and retraining of the labour force, together with the establishment of the European Investment Bank (EIB) to provide financial resource, in particular by granting loans under more favorable conditions, to finance projects for least developed region, were considered to be the sufficient to address the goal of the balanced development of the Member States within EEC. In the formulation of the art. 130 of the Treaty on the establishment of EIB, it was only at the request of Italy that a clear reference to the "least development regions" and the existence of high disparities in welfare among the member states was acknowledged (Miron D. et al, 2002). This vagueness is mainly associated with the political context at the start of the integration process and with the belief that the advancement of the process would naturally diminish the disparities (Manzella, G.P. & Mendez C., 2009).

The accession of United Kingdom (facing economic and social difficulties driven by industrial restructuring in mining and steel dependent regions), Ireland and Denmark (confronted to serious problems of poorly developed rural areas) (Miron, D. et al. 2002; Prioteasa E., 2020), will draw attention to the specific problems of the regions, in particular the least developed regions, and to the regional development (Keating M., 1998; Keating M., 2017). It is the United Kingdom which coagulates the efforts within EEC to shape a more coherent policy response to regional development challenges: the regional policy was conceived both as a component of Community financial aid, designed to complement national efforts to correct regional inequalities, as well as a component of a redistributive financial transfer mechanism from the Community budget to Member States and to less developed regions (Cristureanu C. coord., 2000; Eiselt ,I, 2006; Marinas, L. & Prioteasa E., 2016). By 1975, the creation of the European Regional Development Fund (which will later become the core element of the cohesion policy) was the EEC first consistent response to the asymmetric effects of the economic integration process, designed to correct market imperfections and to integrate lagging regions (Keating M., 2017), in line with increasing interest for the management of the territory and for the integration of peripheral areas in the national economic systems (Rokkan S.& Urwin D., 1983; Keating M., 2017).

The accession of Greece, Portugal and Spain during the '80s led to increased disparities between regions together with a doubling of the population in less favored areas (Bachtler J., 1998; Prioteasa E., 2020). Because of this, the process of completing the single market seemed to increase the risk of worsening the regional imbalances (Miron D. et al, 2002), therefore reducing the efficiency of funds in supporting the objective of a harmonious development of the regions of the Member States claimed in the Treaty of Rome. At the time, there was widespread the view that the economic integration cannot be achieved if economic cleavages appear or persist within the nation-state, social or political (Keating M., 2017). The fair distribution or perception of an fair distribution of the positive welfare effects is a key success factor of regional integration schemes, respectively for motivating the nation states to participates to these schemes (Cristureanu C., et. al, 2000; Miron D. et al, 2002). Thus, the equitable distribution of the positive effects of regional integration and its implications for the unity of the group (Barca F, 2009; Miron D. et al, 2002) were considered in all stages of deepening European integration, in particular in the achievement of the single market stage, and represented the core part of the regional development policy.

The European Commission (EC) response to the negative effects of industrial restructuring in the member states, also associated to the EEC's deeper integration and enlargement of the '70s and '80s was to deliver a regional policy support faster development of the lagging regions (Marinas L.& Prioteasa E., 2016). Due to the historical conditions of the period, the regional policy was rather built as a compensatory mechanism (Eiselt I., 2006) based on the redistribution of Community budget resources through a complex system of fiscal transfers in favor of poorer regions (Allen D., 2000; Eiselt I., 2006; Barca F., 2009; Begg J., 2010; Becker S. et al., 2012) to address inequalities between regions in the Member States (Novosák J. et al., 2017). The Treaty of Maastricht, adopted in 1992, reinforces the European Union commitment to „to act to reduce development disparities between Member States' regions" (art. 130 of the Treaty of Maastricht)

The EU regional policy developed around the need to address the development disparities between different regions of the Member States (Cristureanu C. et al., 2000) as a redistributive policy (Eiselt I., 2006; Marinas

L.& Prioteasa E., 2016) to reverse any regional divergence trend (Miron D. et al., 2002). Disparities in the development of the regions can be defined as differences in terms of income or employment or labor productivity (Tsoukalis L., 1993) or in terms of differences in the availability and accessibility of natural resources, capital or infrastructure (Molle W., 1990). Disparities in the development of the regions can be quantified by using macroeconomic indicators (GDP and GDP/inh.) adapted to regional level (Iammarino S. et al, 2018, Manea G.S., 2019): deviation of the regional indicator from an EU average and against other regions reflects the size of the regional divergences.

Enlargement waves and deeper integration contributed to the increase of regional development disparities within European Union. Thus, due to the regional divergence trend, main policy actions will focus on mitigating the regional development gaps and achieving regional convergence (Cristureanu C. et. al, 2000; Farolle T. et Al., 2018), in particular during the first programming periods of the cohesion policy. Under these conditions, convergence is a concept deeply embedded in the EU cohesion policy. Regional convergence is foreseen as a process (natural or driven by specific policy measures) throughout which the levels of development of various regions, measured in terms of GDP/inh. and employment rate (Farrole T. et al, 2018), tend to equalize and to get closer to EU average and, therefore, interregional development gaps are reducing (Dumitrescu N., 2015) accordingly.

In a broader sense, the regional development, placed at the very heart of EU cohesion policy, involves a complex process of transformations perceived as positive (Przygoda M., 2014) of which magnitude is the result of the conditions specific to each region (Crescenzi et al., 2016). Consequently, the development of the region is usually equivalent to its economic development and it is presented as long-term process pertaining to quantitative (capital inflows, employment increase, production growth, revenue increase, economic growth) and qualitative (technology update and progress, increased levels of education and training, increased productivity) positive transformations (Przygoda M., 2014) whose final results are expected to materialize in the form of increasing the quality of life / living standards of the population of the respective region (Sabic D. & Vujadinovic S., 2017; Przygoda M., 2014). Economic growth as a positive quantitative transformation which is measured by the GDP increase is an essential condition for the economic development of the respective region (Farroe T. et al., 2018; Przygoda M., 2014).

From the perspective of the regional (later cohesion) policy, the region became the territorial unit receiving additional resources from Community budget to support its economic and social dimension. Thus, the spatial dimension is embedded in the concept of the “region”, as key component for the delivering the cohesion policy. The region was conceived as territory or space, geographically delimited, defined by distinctive and consistent internal characteristics (Pascariu G. et al, 2018), with its own institutional system organized as part of the system of government or as a set of institutions acting in a certain territory (Keating M., 1998). Administrative perspective was also important when designing the cohesion policy: the region represents a delimited territory which is integrated in a formalized system of administration and governance; this approach has proved its limitations for the design and implementation of the public development and growth policies given the increasing inter-regional interdependencies due to the completion of the single market (namely, the mobility of goods, services, persons and capitals) and to the globalization of environmental and demographic challenges (Ferao J. et. al., 2013). Homogeneity, as the result of the unique combination of physical, economic and social conditions of a territory allowing the same categories of economic activities (Ambroziak A., 2014) and differentiating them from other areas (Parr; 2005), has grown in importance in shaping a consistent definition of the region under cohesion policy. Consequently, the concept of “functional region” (Ferao J et al., 2013, Ambroziak A., 2014; Farrole T et. al, 2018) seems to better respond to the specific requirements for the formulation of effective territorial development and growth policies. Under cohesion policy, the functional region was associated to: a) territories delimited on various objective criteria (geographic, socio-economic, population, etc.) which ensures the cohesion and nature of internal and external interactions and b) urban centers and surrounding territories that concentrate systemic exchanges and economic or social relations (at least migration and commuting relations, due to geographical proximity (ESPON, 2019). In the EU functional approach, the region represents a territorial programming unit for the development policy and which ensures the conditions for developing an effective institutional framework for the implementation and administration of those policy measures. This functional region approach was formalized through the establishment of the NUTS system -

Management Research and Practice
Volume 15, Issue 4 / December 2023

Nomenclature of Statistical Territorial Units, which subdivides the economic territory of the Member States by structuring it on three levels and which does not necessarily overlap with the geography of administrative units, cohesion policy interventions aiming at, mainly NUTS II regions which are defined at sub national level (0.8-3.0 mill. inh.) it is also worth mentioning that the logic of functional regions or functional area was promoted in the cohesion policy, in particular, after 2013, by encouraging and stimulating investments and activities in functional urban areas.

The logic of the regional policy, respectively of the cohesion policy, will evolve around the concept “lagging regions” (also referred as “regions lagging behind” in the public discourse and official documents). In case of the lagging regions, the distinction between “low income” regions (poor regions of which accelerated economic development is possible through additional financial support) and “low growth” regions (facing structural problems which are limiting their growth potential and deepening development gap) is important when selecting policy measures (Farolle T., 2018) to address the regional disparities. The GDP/inh remained, since early stages of the cohesion policy, the key indicator to measure the level of development of a region, while the distance to average EEC/EU GDP/inh. reflected the lagging status of the regions. According to this approach, the cohesion policy continued to focus on regions lagging behind which were defined as NUTS II regions whose GDP/inh. is below 75% of the EC/EU average GDP/inh. At early stages, measures funded under regional (latter cohesion) policy were aimed to increase regional convergence (approximation the levels of development measured by GDP/inh.) and to reduce the development disparities between regions (Barca F, 2009; Constantin D. et al., 2010; Dragan G., 2010), therefore “low income” regions were mainly targeted. The distinction between low income and low growth regions will be considered in the CP development starting with 2014-2020 programming period, when the objectives of the cohesion policy will be gradually shifting from convergence objectives to the maximization of regional growth potential which is quantified not only by GDP/inh. indicator, but also by the regional capability to create quality jobs and to be attractive for business (Farolle T. et al., 2018). This approach is likely to provide the specific framework for the cohesion policy to deliver tailored measures addressing the needs for each category of regions lagging behind.

Gradually the regional policy will be embedded into the broader logic of cohesion policy. Within the context of the completion of the single market stage, the Treaty of Maastricht will refer to the “cohesion policy”. Both the economic and the social dimensions, as well as the territorial dimension of the cohesion are considered by the Maastricht Treaty: strengthening the economic, social and territorial cohesion is introduced among the objectives of the European Union. The cohesion policy is aimed at promoting the harmonious development of the Union (Maastricht Treaty, 1992) and to strengthen economic, social, and territorial cohesion, notably by reducing disparities in the levels of development between regions (Crucittia F. et al., 2023). Accordingly, the cohesion policy supports “interventions aimed at enhancing the structure of the regional economies, fosters social inclusion, and promotes sustainable development” (Crucittia F. et al., 2023). Thus, economic cohesion in EU is strongly linked to economic convergence and to the reduction of economic development disparities (measured in terms of GDP/inh., employment rate, unemployment rate)(Garcia I.P., 2003; Begg I. et al., 2003) and to technological and innovation convergence (measured in terms of labor productivity, share of the research and development expenditures in GDP) (Rakauskienė A. & Kozlovskij V., 2014). Social cohesion is associated to an equitable distribution of revenues, high rates of employment, living standards, equal opportunities and social inclusion, while territorial cohesion aims at preventing the polarization of economic and social development (Begg I. et al., 2003).

Regions continues to remain at the center of the cohesion policy and member states are asked to take the necessary actions to reduce the existing the disparities in the development of the regions, with a particular focus to the least development regions (Maastricht Treaty, 1992). In addressing the regional economic convergence, cohesion in the EU focuses on two major policy objectives (Begg I et al., 2003; Barca F., 2009; Prioteasa E., 2020): strengthening regional competitiveness to correct supply-side deficits experienced by low economic performance regions, on the one side, and counteracting the negative effects that may occur due to ”lack of cohesion”. Accordingly, most interventions financed under cohesion policy will be productivity enhancing support measures and will consist of public investments in physical infrastructure and human capital development, research and development, knowledge and competencies, intellectual capital, employment, entrepreneurship and innovation. Regional convergence is associated to the catching up: cohesion policy is

Management Research and Practice
Volume 15, Issue 4 / December 2023

supporting the least developed regions to catch up with the more developed regions of the EU. Catching up is possible if the rate of economic growth (measured by GDP/inh.) in the regions lagging behind is higher as compared to other (more developed) regions, leading to regional convergence (Barro R. & Sala-i-Martin M, 1991). Faster economic growth of least developed regions needs additional financial resource for investments. Accordingly, most of the EU resources allocated of the cohesion policy will be used to finance investments in least development regions, but these resources are mainly provided by the most developed member states and regions. This mechanism is transforming the cohesion policy into a complex system of fiscal transfers from more developed member states to less developed member states (Allen D., 2000; Eiselt I., 2006; Marinas L.& Prioteasa E., 2016). Consequently, "solidarity" will also be associated to cohesion policy (Barca F., 2009).

After 2006, the EU cohesion policy will be built around the concept of regional competitiveness (Prioteasa E., 2020). Regional competitiveness is used in relation with the capabilities of a particular region to attract and keep, within its territory, activities and businesses able to successfully compete on the market and to generate added value (Storper J., 1997) which is kept (Huggins R. et al, 2014; Begg J., 2009) and exploited in the respective region (Begg J., 2009). Regional competitiveness is also assessed in relation with the capability of a region to provide an attractive environment to invest and to work (European Commission, 2000). The capability of a region to efficiently use the available tangible or intangible resources (physical capital, technology, knowledge, competences) that it possesses or it may attract is essential for the competitiveness of a region (Sanchez de la Vega J.C. et al., 2019). A new "regional competitiveness and innovation" objective will be added to the "convergence" objective and will be pursued in the cohesion policy during the 2007-2013 programming period. Starting with 2014-2020 the regional competitiveness and convergence objective will merge into "investment for economic growth and employment" objective to address the specific investment needs of both less developed and more developed regions. It indicates that EU strategic goals cannot be achieved if the competitiveness challenges and investment needs of more developed regions are ignored.

Elements of the "new economic geography" (Krugman P, 1993; Baldwin et. al., 2003) may be observed in the logic of the later stages of the cohesion policy. This new approach is introducing the "spatial" location of the economic activities as a key element of the regional development (Haris R., 2008). Regional clusters are considered the main effect of the agglomeration of economic activities on those particular territories ("spaces") where interdependencies are observed (Manea G. S., 2019). These interdependencies contribute to the development of a community ("cluster") where most of the economic activities are concentrated and within which economies of scale and competitive advantages shall be encouraged (McDonald et al., 2007; Bogdanski M., 2012); consequently, the increase of productivity and economic growth are associated to clusters (Rauhut D. & Humer A., 2020) and clusters become poles of economic growth and development within a specific territory. Since clusters are usually located in the center of territory (Krugman P., 1993) in detriment of the periphery, development disparities between the center and the periphery are frequent adverse effects (Baldwin R. & Martin P., 2004). Elements of the new geography theories will be included in the logic of the cohesion policy. In order to limit the asymmetry of development between center and periphery, avoiding thus the increase of regional divergence, European Union will promote the polycentric development of the regions (Barca F., 2009; Rauhut D., 2017): the creation and development of several growth poles around urban areas (Meijers E et al., 2018) within a region to benefit of the positive effects associated to economic agglomeration and to counterbalance the negative effects of concentrating the economic activity around a single pole (Rauhut D., Human A., 2020). After 2013, the focus on urban areas as growth poles within regions is visible and minimum ceilings for resources to be allocated to urban development will be established.

2.2. Continuous transformation of the EU cohesion policy

The Treaty of Rome establishing the European Economic Community (EEC) is referring to the goal of strengthening the unity of economies of the member states by ensuring their harmonious development and reducing the gaps between regions. These references remained declarative since there are not substantiated by consistent measures.

By 1957, at the time of adoption of the Treaty of Rome, disparities between the 6-member states were quasi-inexistent as compared to those of an Union with 9, 12, or 27 Member States (Miron D. et al, 2002; ; Manzella

G.P & Mendez C., 2009); since disparities were low, the founding fathers seemed to consider that the advancement of the European integration process would naturally diminish any existing disparities. At that time the education, training and retraining measures) as part of the measures to reduce regional development disparities, contributing to the objective of increased economic and social cohesion. As for 1957 and onwards (early 1970s'), measures funded from the European Social Fund (under the form of reimbursements of 50% to the Member States of 50% of the costs of vocational training and retraining and of and resettlement allowances) for workers affected by economic restructuring were considered sufficient for addressing the problems of regions affected by industrial restructuring with a view of promoting the harmonious development of the regions goal as stipulated in the Treaty of Rome.

The first enlargement of the European Community (in 1973) brings with it the problems of declining regions and rural areas, which means that the problems of regions lagging behind and disparities between regions can no longer be ignored, while the solution can no longer be expected to naturally evolve from deeper integration within EEC. EEC will be confronted with new challenges after the enlargement waves of the '80s. After Greece, Spain and Portugal (with levels of development below the Community average) joined EC, the development gaps between the member states or their regions grew and the population living in less developed areas doubled (Bachtler J., 1998). The situation calls for a Community coherent mechanism to address the challenges of increasing development disparities between regions of the member states. The response of the Community was the establishment of the European Regional Development Fund (ERDF) aiming to contribute to reducing disparities of development between the European regions. Since its establishment (as for 1975), ERDF was intended to help to redress the main regional imbalances within EEC. Also, at the time, the scope of ESF was extended to the funding of measures to fight against unemployment and to provide resources to support the adaptation of workers and companies to production systems and industrial change to better address challenges of industrial restructuring for convergent regional development. t.

The measures adopted for the completion of the single market, mainly consisting of the removal of barriers and market liberalization, seemed to aggravate the inter-regional development imbalances (Miron D. et al., 2002) and to jeopardize the harmonious development goal stated in the Treaty of Rome. Therefore, after the enforcement of the Single European Act (1987), there will be set the basic framework components and principles of a regional policy able to deliver the instruments for diminishing development gaps between the regions.

Consequently, a regional development policy containing clear definition of objectives, principles, tools and financial allocations deployed on multi-annual financial framework. The first version of the regional policy will cover a five-year programming period (1988-1993) and will be followed by a six-year (1994-1999) programming period. Then, EU opted for a seven-year programming period of the resources of the cohesion policy, for reasons of efficiency and effectiveness.

The importance of the cohesion policy for European construction is explicitly stated in the Maastricht Treaty, through art. 130 which enshrines economic and social cohesion as a fundamental goal of economic integration into the European Union and re-enhances the Member States' commitment to act for reducing development disparities between the regions of the Member States.

In the perspective of future large enlargement (set up for 2004 - 2007) towards Eastern and Central European countries, new challenges arise for the cohesion policy: future member states were mostly young democracies with economies in transition whose level of development was much lower than the EU average. It was expected that this enlargement to led to the growth of EU population by 20% and of GDP by just 5% (European Commission, 2008). Since GDP/per capita in the new member states was below 50% of the EU-15 (European Commission, 2008) regional disparities increased. Agenda 2000 was adopted in 1997 in the context of EU enlargement towards Eastern and Central European Countries whose pattern was that of strong regional polarization (Kühn M., 2015; Lang et al. 2015).Thus, together with other ambitious objectives (EU enlargement, completion of the internal market and adoption of the euro), Agenda 2000 also promoted an improved logic and mechanisms of the cohesion policy by introducing coherent strategies "*for tackling regional problems of industrial restructuring by way of technology infiltration, human skills development and SME support*" (European Commission 1997). To this end, the strategy was accompanied by substantial financial resources.

Management Research and Practice
Volume 15, Issue 4 / December 2023

The financial effort to support the caching up effort of the new Member States was significant amounting approx. EUR 22 bln. out of the total volume of over 234 EUR bln. for the entire 2000-2006 programming period.

Since the begging, the cohesion policy was designed as a solidarity policy. Despite this, at European Council held in Berlin in 1999, it seemed that the limits the mechanism of fiscal transfers of the cohesion policy became visible and discussions on the EU own resources and the 2000-2006 financial framework revealed totally opposite positions of the member states. On the one hand, countries like Germany, Austria, Netherlands and Sweden (which were net contributors to the EU budget) considered that their contributions were excessive and therefore asked for compensations (Ghergina B.M., 2016) similar to those granted (under common agricultural policy) to United Kingdom so that to compensate their effort to finance faster growth in the lagging regions from other member states. On the other hand, countries like Greece, Spain, Portugal, in order to maintain their positions of beneficiaries of fiscal transfers under cohesion policy, advocated in favor of a system of "progressive resources" guaranteeing the correspondence between the contribution of each Member State and its relative prosperity, in order to maintain their positive balance of the funds received. Under these circumstances it was evident that, in case of the cohesion policy, it had become imperative to combine the solidarity elements with elements of economic rationality for an efficient and effective use of CP funds following the principle of the "efficient investor".

The conclusions of the European Council of 1999 represented a turning point in the development of the cohesion policy: starting with the 2000-2006 programming period, the paradigm of the cohesion policy will shift from a purely regional policy of solidarity (mainly focused on the specific problems of poorer regions and reduction of regional disparities) towards an investment policy (to support balanced economic and social development and competitiveness for all regions of the member states) (Marinaș L. & Prioteasa E., 2016). Consequently, existing mechanisms for allocating the funds of the cohesion policy were revised: the allocation of funds will no longer depend exclusively on the level of development a region and new criteria such as efficiency, impact, absorption capacity are gradually introduced. After 1999, the simple classification of a region as a less developed region was no longer enough for the allocation of a higher volume of financial resources (Marinaș L & Prioteasa E., 2016).

Starting with the 2007-2013 programming period, the cohesion policy has been reformed to better meet EU strategic development goals of the Lisbon Strategy of transforming the EU in the most development competitive knowledge-based economy by 2010. Knowledge based economy, competitiveness, quality and sustainable employment, research and development of technology and sustainable development are embedded into the logic of the cohesion policy. This is the turning point when the cohesion policy is transformed into a genuine and consistent investment policy aimed at contributing to the competitiveness goals of the European Union. The transformation of the EU into the most competitive economy in the world was not possible if development disparities within EU persisted nor in the absence of support measures to strengthen the more developed regions and to increase their competitiveness. To this end, investments under the cohesion policy continued the traditional approach of supporting measures to reduce disparities and to accelerate the convergence within EU under the "Convergence" Objective of 2007-2013. Additionally, under the new "Regional competitiveness and employment" Objective, investments under CP were also directed to more developed regions (whose GDP/inh. was above the 75% of EU average threshold) with the aim to strengthen their competitiveness and attractiveness, as well as their employment capacity. Even if EU continues to allocate most cohesion policy funds to the regions eligible under Convergence Objective, the introduction of the Regional Competitiveness and Employment Objective is reflecting the new approach: cohesion policy transformed into an investment policy delivering tailored interventions to address the specific needs of all regions of the European Union.

The consolidation of the cohesion policy as the main EU investment policy progressed during 2014-2020 and 2021-2027. The financial resources are being oriented for investments in economic growth and employment aiming to consolidate the labour market and regional economies, in particular in less developed regions. Under the European territorial cooperation Objective, the cohesion policy will continue to invest to enhance the cross-border, trans-national and inter-regional cooperation within EU territories.

Since its creation, the cohesion policy was subject to fundamental changes. Since 2007, the cohesion policy is aiming at creating development opportunities for the future, rather than providing compensations (Constantin

Management Research and Practice
Volume 15, Issue 4 / December 2023

D. et al, 2010) to less developed regions confronted with the negative effects of liberalization and integration processes. As investment policy, the financial support provided under CP is no longer aid, but an investment for competitiveness and faster economic development of the regions (Marinaș L., Prioteasa E., 2016); thus, the former antinomy "competitiveness – cohesion" becomes a tandem of interdependent objectives (Constantin D., et al, 2010). The two objectives of reducing the inter-regional development disparities within EU and of strengthening economic growth and competitiveness, apparently incompatible, have been reconciled by integrating the objectives of competitiveness of the Lisbon Strategy respectively of smart, sustainable and inclusive growth of the Europe 2020 Strategy, into the logic of the cohesion policy (Marinaș L., Prioteasa E., 2016).

The "Lisbonization" of the cohesion policy is a key element of reform marking gradual shift from the traditional approach centered on the reduction of regional disparities to the new approach of delivering resources for investments in intellectual capital and knowledge to increase economic competitiveness (Kalman & Tiits, 2014). The continuation of alignment with the Europe 2020 Strategy during 2014-2020 consolidated the role of the cohesion policy in supporting structural reforms and its contribution to the increase of EU competitiveness (Andreou G., 2017). It is also worth mentioning that due to its reforms of 2007 and 2014, the cohesion policy has shifted in its overall aim from a purely regional approach, to a more consistent and comprehensive approach integrating the competitiveness and growth (set up in the Lisbon Agenda) and innovation (contained in the Europe 2020 Strategy) objectives (Loewen B, Schultz S., 2019) into the logic of the cohesion.

For the 2021_2027, modernization was the key pillar of the cohesion policy to address the challenges and priorities of the EU. The medium- and long-term objectives of the EU were clearly defined: it is the European Union who must lead the transition to climate neutral economy and society and a new digital world. These twin (green and digital) transition, together with the challenges posed by COVID 19 pandemic (calling for mechanisms to increase the resilience of the EU economy and society) and by demographic aging trends, are "at the center of significant structural changes that, while providing immense benefits and opportunities, risk aggravating existing disparities or creating new ones" (European Commission, 2023). Cohesion policy was called to make a significant contribution across EU for reducing disparities and effective use of opportunities through its territorial approach, if a stronger focus on the green and digital transitions was integrated in the logic of the 2021-2027 programming period Cohesion policy it is expected to deploy the capacity and to integrated the knowledge and know-how accumulated during past periods to support the EU regions to adjust to the changes arising from the twin digital and green transition and support them in promoting economic, social and territorial convergence while increases their resilience to external shocks.

These continuous transformations of the EU through deeper integration together with successive waves of enlargement were reflected in the volume of the financial allocations of the Cohesion Policy which represent 1/3 of the EU total available resources for the last three multiannual financial frameworks (MFF). The increasing of the budget for cohesion raised concerns, in particular among the more developed member states (as net contributors to EU budget), about the efficiency and effectiveness of the money spent by less developed regions and member states as net beneficiaries of these funds. Consequently, the allocation mechanism, monitoring and control system will be scrutinized and revised at the beginning of each programming period. Also, various categories of conditionality (e.g. ex ante conditions in 2014-2020, enabling conditions for 2021-2027) and stronger links with the economic governance, namely with European Semester, will be introduced into the design of the cohesion policy.

It is important to mention that the cohesion policy proved to be adaptable to exceptional conditions; it recently proved both maturity (by delivering adequate responses) and flexibility (by the fast and articulated response to the exceptional conditions of the COVID 19 pandemic). The cohesion policy has been in the forefront of the EU response to the challenges of the twin (health and socio-economic) crisis generated by COVID 19, in particular, for addressing the immediate effects: (a) the major strain on the healthcare sector; and (b) the substantial liquidity risk to businesses, in particular for SMEs which had to cease their business and jobs were jeopardized. Almost immediately, CRII[1] Regulations were adopted for enlarging the eligibility of expenditure under cohesion policy and for increasing the flexibility for the Managing Authorities for reprogramming and

[1] Coronavirus Response Investment Initiative (CRII), as adopted in 13 March 2020 and improved as CRII+ (as for April 2020)

redirected available resources under CP funded programs for new priorities relevant to address the COVID 19 pandemic challenges and to reverse its effects (or, at least, to diminish their negative impact) in the health sectors and for business sector. The recovery and resilience have been further consolidated through the introduction of the REACT-EU initiative, which was mobilizing resources of the cohesion policy to target all geographic areas and cities most affected by the impact of the COVID-19 pandemic. In the 8th Report on Economic, Social and Territorial Cohesion (European Commission, 2022), the European Commission made an overall evaluation of the cohesion policy which proved to be "*agile and effective in adapting rapidly to the crisis, providing Member States, regions and cities with a comprehensive and tailored toolkit to address the uneven territorial social and economic effects of the pandemic.*

During time, the goals, the mechanisms as well as the regulatory and management framework of the cohesion policy have been subject to both radical and incremental reforms, in particular, the shift from purely catching up processes to objectives addressing economic competitiveness and growth (Loewen, B. & Schulz, S., 2019), and more recently, towards supporting the green and digital transition and the resilience as part of the new cohesion policy.

3. THE INCREASING COMPLEXITY OF THE COHESION POLICY FRAMEWORK

3.1. Cohesion policy framework of priorities and instruments

The cohesion policy can be described as one of the EU's most dynamic policies, undergoing significant transformations from one programming period to another, driven by deeper integration and enlargement waves. The historical context, specific challenges and priorities of each period influenced the design, regulatory framework and budget of the cohesion policy (as shown in Table. 1).

TABLE 1 - BUDGET OF THE COHESION POLICY

Period	*EU Priorities and challeges*	*Main elements of CP*	*CP Allocations (EUR bln.)*
1989 - 1993	Budget crisis; Common Agricultural Policy reform; creation of Single Internal Market; accession of Greece, Spain and Portugal	Common goals and principles for Structural Funds and Community Initiatives (CI); multiannual programming	69.00 (incl. aid for Eastern Germany) (p1988), 69 (incl. Aid for Eastern Germany)
1994 - 1999	Creation of EMU	Cohesion Fund creation; multi-fund programs	152.219 (incl. Community Initatives) (p1994)
2000-2006	2000 Agenda; enlargement (EU25)	Increasing efficiency; decentralisation; concentration; audit and control rules; multi-fund programs	234.70 (EU-25) (p1999)
2007 - 2013	Lisbon Strategy; enlargement (EU28); financial crisis	Lisbon earmarking; mono-fund programs	308,041(p 2004)
2014 - 2020	Europe 2020; European Semester	ex ante/macro conditionalities; performance framework	351.8 (p2014)
2021 - 2027	European Strategic Investment Fund; Brexit; COVID-19 pandemic	Result-oriented; simplification; enabling conditions; correlation with European Semester; green and digital transitions; resilience	377.768 (p2018)

Source: Adapted from European Commission available data

Prior to 1988, the European Commission response to the specific needs of the least developed region took the form of providing additional funding for individual project at regional level through the existing structural funds: the European Social Fund (ESF) since 1958, the European Agriculture Guidance and Guarantee Fund (EAGGF) since 1962 and the European Regional Development Fund (ERDF) since 1975. Following the budget procedure and national quota allocated, structural funds were used as part of a system for re-funding projects selected and introduced by the Member States (European Commission Infopanorama 2008), but a key transformation in the logic of funding regional development became necessary when territories affected by interregional disparities almost doubled after the enlargements in the 1980s'.

In order to ensure positive impacts of the EU funding on the development of regions lagging behind, EC developed, since 1988, a coherent cohesion policy whose design and core patterns remain faithful to the values

Management Research and Practice
Volume 15, Issue 4 / December 2023

of solidarity (Marinas L. & Prioteasa E., 2016), but whose mechanisms should ensure the efficient use of funds to achieve the purpose and objectives for which they were granted (Prioteasa E., 2020). Thus, starting with 1989-1993 programming period, the cohesion policy will fund national or regional programs developed within the coherent strategic national and/or regional development plans and strategies (Prioteasa E., 2020).

Since its early stages, Member States agreed that financial resources for cohesion and regional development should be planned in a multi-annual perspective. Initially, allocations for regional policy were planned for a 5 year-period (1989-1993). After the completion of the single market stage, the programming of the cohesion policy will be considered within a 7 year-period so that to ensure more predictability and sufficient time for the medium- and long-term investments to be implemented.

Cohesion policy evolved following the historical context and continuous transformation of the European Union. Reforms the cohesion policy were aiming at both addressing challenges specific to each period as well as a more effective management of the financial resources available for cohesion. A complex conceptual framework was embedded into the design of the cohesion policy so that to be able to deliver effective solutions to the challenges of each of the stages in the EU evolution. Consequently, priorities and of the cohesion policy evolved from one period to another and new instruments were operationalized in order to better promote economic, social and territorial cohesion within EU (as shown in Table 2.).

As for 1989-1993 and 1994-1999 programming periods, the cohesion policy developed around the logic of catching up; additional financial resources were an aid for less developed regions supporting them to implement structural adjustments and to reduce the negative effects of industrial decline. The cohesion policy focused on specific problems of the least developed regions (regions “lagging behind”) and regions affected industrial decline by promoting their development, structural adjustments and economic reconversion. NUTS II region will be the main territorial unit for the implementing CP (respectively, NUTS III for some of the objectives, as shown in Table 2). The “less developed region” label is defined by a lower level of development which is determined by comparing the GDP/inh. of the region to the EEC/EU average. GDP /inh. is used as the synthetic indicator to measure the level of development: NUTS II regions with GDP/inh. below 75% of the EU average will be categorized as less developed regions and will receive most of the funding under CP. This classification of less developed region will be preserved to present. Rural areas were also targeted with the aim supporting their structural adjustments and development within the same logic of catching up. It is only during these programming periods that the rural areas will be subject to cohesion policy; after 1999, the rural areas and rural development will fall under the scope of the rural development pillar under the Common Agricultural Policy (CAP) and will receive most of the funds for development and their economic diversification under CAP heading. Reducing unemployment caused by industrial decline, job creation, as well as investments in human resources through professional reconversion and training and retraining were integrated into the logic of the cohesion policy since the beginning.

With the view of a more effective use of the funds, the resources available under cohesion policy will concentrate on a small number of objectives. Development and structural adjustment of the regions lagging behind together with the reconversion of the areas facing structural difficulties will remain the core objective of the cohesion policy and will be complemented, during 2000-2006 programming period by the new objective (Objective 3) of modernization of policies and systems for education, training and employment. The introduction of this “Objective 3” into the CP logic indicates that human capital was considered a critical contributor to the regional development and growth. The specific focus of the Objective 3 on policies and systems it is a clear indication that the aims and the measures of cohesion policy should be integrated in the policy framework (sectoral and or horizontal policies) of the Member States and it should go beyond the scope of the regional development strategies and plans. The 2000-2006 programming period will continue to focus on least developed regions. Rural and fishery dependent area under 1994-1999 Objective 5 (as shown in Table 2) will continue be eligible for support under 2000-2006 cohesion policy and specific measures for these areas will be deployed in complementarity with measures for rural development under second pillar of common agricultural policy. The specific problems of poor urban area (confronted with high unemployment, high criminality rate, high poverty rate) will be specifically targeted under Objective 2, as shown in Table. 2.

TABLE 2 - OBJECTIVES AND FUNDS UNDER COHESION POLICY

Period	Objectives	Main Funds	Eligible regions
1988-1993	Ob.1. Promoting the development and structural adjustment of regions whose development is lagging behind	ERDF, ESF, EAGGF	NUTS II (least developed, GPD/inh.< 75% of average EC GDP/inh.)
	Ob. 2. Converting regions seriously affected by industrial decline	ERDF	NUTS III (high unemployment, high employment in sectors in decline, above EC average)
	Ob. 3. combating long-term unemployment;	ESF	All regions
	Ob. 4. Facilitating the occupational integration of young people;		
	Ob. 5. (a) speeding up the adjustment of agricultural structures	EAAGF	Rural areas
	Ob. 5. (b) promoting the development of rural areas		
1994-1999	Ob. 1. Promoting the development and structural adjustment of regions whose development is lagging behind	ERDF, ESF, EAAGF, Financial Instrument for Fisheries Guidance	NUTS II (least developed, GPD/inh.< 75% of average EC GDP/inh.)
	Ob. 2. Converting regions or parts of regions seriously affected by industrial decline	ERDF, ESF	NUTS III (high unemployment, high employment in sectors in decline, above EC average)
	Ob. 3. Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market, promotion of equal employment opportunities for men and women;	ESF	All regions
	Ob. 4. 4: Facilitating adaptation of workers to industrial changes and to changes in production systems;		
	Ob. 5. (a) Speeding up the adjustment of agricultural structures in the framework of reform of common agricultural policy and promoting the modernization and structural adjustment of the fisheries sector	EAAF, FIFG	Rural areas Areas dependent on fishery
	Ob. 5. (b) Facilitating the development and structural adjustment of rural areas	EAAGF, ERDF, ESF	Rural areas
	Ob. 6. development and structural adjustment of regions with an extremely low population density[2]	ERDF	Outermost regions
2000-2006	Ob. 1. Promoting the development and structural adjustment of regions whose development is lagging behind	ERDF, ESF, Cohesion Fund (CF)	NUTS II (least developed, GPD/inh.< 75% of average EC GDP/inh.) Outermost regions eligible under 1994-1999 Ob. 6
	Ob. 2. Supporting the economic and social conversion of areas facing structural difficulties, hereinafter;	ERDF, ESF	NUTS III eligible under 1994-1999 Ob. 2 rural and fishery dependent area under 1994-1999 Ob. 5 poor urban areas (high unemployment, high criminality rate, high poverty rate)
	Ob. 3. Supporting the adaptation and modernization of policies and systems of education, training and employment	ESF	All regions
2007-2013	Ob.1. Convergence (speeding up the convergence of the least-developed Member States and regions)	ERDF, ESF, CF	NUTS II (least developed, GPD/inh.< 75% of average EU GDP/inh.) NUTS II (in transition, phasing out) – transitory support
	Ob. 2. Regional competitiveness and employment (strengthening regions' competitiveness and attractiveness as well as employment)	ERDF, ESF	NUTS II (more developed which are not eligible under Convergence, with (GPD/inh. > 75% of average EU GDP/inh.) NUTS II (in transition, phasing in) – transitory support
	Ob. 3. European Territorial Cooperation (cross-border, transnational and interregional cooperation)	ERDF	NUTS III (cross-border cooperation) All regions (interregional and transnational cooperation)

[2] As for 01 January 1995

Period	Objectives		Main Funds	Eligible regions
2014-2020	Ob. 1. Investments for growth and jobs	TO[3]1 . Strengthening research, technological development and innovation	ERDF	NUTS II (least developed, in transition, more developed)
		TO 2 Enhancing access to, and use and quality of, information and communication technologies		
		TO 3 Enhancing the competitiveness of SMEs		
		TO 4 Supporting the shift towards a low-carbon economy		
		TO 5 Promoting climate change adaptation, risk prevention and management	ERDF CF	
		TO 6 Preserving and protecting the environment and promoting resource efficiency		
		TO 7 Promoting sustainable transport and improving network infrastructures		
		TO 8 Promoting sustainable and quality employment and supporting labour mobility	ESF	
		TO 9 Promoting social inclusion, combating poverty and any discrimination		
		TO 10 Investing in education, training and lifelong learning		
		TO 11 Improving the efficiency of public administration		
	Ob. 2. European Territorial Cooperation (cross-border, transnational and interregional cooperation)		ERDF	NUTS III (cross-border cooperation) All regions (interregional and transnational cooperation)
2021-2027	Ob. 1. Investments for growth and jobs	PO 1 A smarter Europe	ERDF, ESF Plus	NUTS II (least developed, in transition, more developed)
		PO 2 A greener carbon free Europe	ERDF, CF, ESF Plus	
		PO 3 A more connected Europe	ERDF, CF	
		PO 4 A more social Europe	ERDF, ESF Plus	
		PO 5 A Europe closer to the citizens	ERDF	
		SO[4]. Just Transition Objective	Just Transition Fund (JTF)	NUTS III (most affected by the climate neutrality objective)
	Ob. 2. European Territorial Cooperation (cross-border, transnational and interregional cooperation)		ERDF	NUTS III (cross-border cooperation) All regions (interregional and transnational cooperation)

Source: adapted from EU Regulations.

The goal of making more effective use of funds called for a new logic. With a view of efficiency and effectiveness, the EU cohesion policy will turn into the most consistent investment policy starting with 2007 – 2013 programming period. The funds under cohesion policy do no longer have the significance of an aid but rather of an investment: the use of fund under cohesion policy should contribute to make sure that all regions can contribute to and benefit from the internal market and no one is left behind. Resources under the CP are aimed to support all regions to develop their competitiveness, allowing them to fully participate in the internal market.

Earmarking5 of Lisbon Strategy is substantially reforming the cohesion policy by transforming it into a genuine investment policy to contribute to the competitiveness, smart and inclusive growth of all regions. For making it more effective, the number of objectives will be reduced. A new objective will be introduced to support cross-border, as well as interregional and transnational cooperation within regions of the member states (as shown in table 2). Regional convergence will remain at the core of the cohesion policy, as long as less developed regions continued to attract the majority of the funds, but also the more developed regions (whose GDP/inh. is above the 90% of EU average threshold6) will be eligible for funding and their specific needs to be addressed under cohesion policy. For more tailored support, a new category of region will be introduced, namely the regions in transition (whose GDP/inh. was between 75% and 90% of EU average) falling into two categories:

[3] Thematic Objectives
[4] Specific objective
[5] Member States were asked to allocate resources under CP for priorities and projects contributing to the achievement of the targets of the Lisbon Strategy
[6] The threshold will be established at 100% of the EU averaged GDP/inh. for 2021-2027 programming period.

Management Research and Practice
Volume 15, Issue 4 / December 2023

phasing out (former less developed regions whose GDP/inh. was slightly above the 75% reference threshold for 2007 -2013 due to statistical effect of EU enlargement) or phasing in (regions whose GDP/inh. was slightly above the 90% reference threshold for 2007 -2013 due to statistical effect of EU enlargement).

During the 2014-2020 programming period, the cohesion policy will have defined its priorities within the strategic framework of the Europe 2020 Strategy. This period will consolidate the positioning the CP as the main investment policy of EU whose funding available will be directed to a small number of objectives, namely "Investments for growth and jobs" objective and "European territorial cooperation" objective. The overarching aim of the cohesion policy was to increase competitiveness of the regions and cities of the European Union, to foster growth and to create more and better jobs. For efficiency and effectiveness reasons, funding will be directed to 11 thematic objectives (TO) which basically defined the priority domains for investments under cohesion policy integrated into the EU strategic priorities framework of Europe 2020 strategy (as shown in table 2). All regions (less developed, in transition and developed regions) will be eligible under Objective 1, but most of the funds (approx. 80%) will continue to be allocated to less developed regions).

As for the 2021-2027 programming period, the funding of the cohesion policy will be distributed to the same "Investments for growth and jobs" and "European territorial cooperation" (the 2 main objectives of the 2014-2020 programming period will be maintained). There will no longer be an overarching EU strategic framework (as the former Lisbon and Europe 2020 Strategies), but the priority domains will be structured around 5 policy objectives (PO) (PO1 - a more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity, PO 2 - a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility, PO3 - a more connected Europe by enhancing mobility, PO4 - a more social and inclusive Europe implementing the European Pillar of Social Rights, PO5 - a Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives) by a more effective oriented regrouping of the former 2014-2020 thematic objectives. Climate target is introduced to support EU green transition (at least 30% of the funding should be used for climate change related measures). In order to properly implement the principle "no one is left behind" during the process of transition to climate neutrality, a specific Just Transition objective is added to the 5 POs to fund specific measures to support the people, economies and environment in the territories which face serious socio-economic challenges stemming from the shift towards a climate-neutral economy and society.

Structural funds (also called European structural and investment funds after 2014) remained the main instruments for funding the cohesion policy.

European Social Fund (ESF), established in 1958, is the main instrument of the EU to support job creation and inclusive labor markets (better jobs and fair job opportunities for all European citizens). The ESF (called ESF Plus starting with 2021-2027 programming period) remains a "soft fund" targeting used for human resources development. Social inclusion, employment, education, training and retraining, health and governance are key areas falling under the scope of ESF/ESF Plus. Measures funded under ESF/ESF Plus are targeting workers, young people, job seekers, deprived population. Thus, ESF/ESF Plus remains the European Union's main financial instrument for human capital development.. It is considered a key tool at EU level to support the policy agenda setting and to promote innovation and policy change in areas falling under its scope. At present, Better education and training, better employment,. It works by investing in Europe's human capital – its.

European Regional Development Fund (ERDF), established in 1975, aims to strengthen economic and social cohesion by reducing development disparities and addressing imbalances between EU regions. It targets productive investments, infrastructures, entrepreneurship, innovation and research ITC, low-carbon economy, environment.

Together ESF and ERDF, European Agriculture Guarantee and Guidance Fund (EAGGF) was also contributing to the development of rural areas during the 1989-1993 and 1994-1999 programming period, but starting with 2000-2006 programming period it will no longer fall under the scope of the cohesion policy. It will continue to contribute to the development of the rural areas under the Rural Development pillar of the Common Agricultural Policy. Similarly, the Financial Instrument for Fisheries Guidance (FIFG), established in 1993 and renewed in

Management Research and Practice
Volume 15, Issue 4 / December 2023

1999 as European Fishery Fund (EFF), was one of the Structural Funds and used to share its delivery mechanism with the other Funds (ERDF and ESF). Starting with the 2007-2013 programming period, the EFF had a separate set of delivery mechanisms within the scope of EU maritime and maritime and fishery policy.

Cohesion Fund (CF), established in 1999, provides support to EU Member States with a gross national income per capita below 90% of the EU average. Support under CF is aimed to strengthen the economic, social and territorial cohesion of the EU. It mainly contributes to large investments in the field of environment and trans-European networks in the area of transport infrastructure made by public authorities in the eligible Member States.

Just Transition Fund (JTF) was established in 2021, in the context of the European Green Deal, to support fair transition for all territories towards the achievement of the EU climate-neutrality objective by 2050. The JTF focuses on the territories most affected by the transition towards climate neutrality to avoid regional inequalities growing, in line with EU cohesion policy's aim to reduce regional disparities and to address structural changes in the EU.

During time, the cohesion policy has been under a permanent transformation and improvement so that to continue to adapt to socio-economic changes and to deliver the adequate policy framework and tools to tackle the challenges of each period as well to enhance the competitiveness of all regions. This also led to an increasing complexity of the regulatory and management framework. As a consequence, administrative burden will increase and simplification measures will become necessary to defend the CP effectiveness.

3.2. Cohesion policy regulatory and management framework

Programs of the cohesion policy are implemented under the shared management between the European Commission (EC) and Member States. It means that the Member States are responsible for programming and managing the EU funds allocated under cohesion policy, while the European Commission is supervising, monitoring and controlling the Member States to make sure the CP funds are correctly and effectively spent.

Since the beginning, as for 1988, the cohesion policy was based on clear definition of tasks of the actors involved (EC and authorities in the Member States) and as well on continuous development of mechanisms for coordinating the specific activities and tasks of the various structural funds between them and with other programs under direct or indirect EC management, as well as with the operations carried out by the European Investment Bank and other financial instruments (European Commission, 1989; Miron D. et al., 2002).

To ensure the efficient use of these funds, and in order to respond to the growing concerns of the Member States which were net contributors to EU budget about how the money is spent, since 1988, the cohesion policy is delivered within a EU regulatory *f*ramework for the implementation and management of the funds. This CP regulatory and management framework includes: a) multi annual framework for planning CP funds; b) an EU set of strategic, thematic and/or policy objective and priorities for programming CP funds; c) a set of criteria for the adequate allocations of funds across member states and type of regions; d) common rules and requirements for the management and control systems (MCS) established by the Member States and for their functioning so that to ensure that CP funds are correctly and legally spent and the financial interest of the EU are protected.

Following the reforms and specific contexts of each programming period (as presented in the previous sections), it should be noticed the continuous increasing complexity of the CP regulatory and management framework (as shown in Table 3).

Aimed at supporting faster development and growth of the regions, the cohesion policy was designed to provide additional funding to implement solutions tailored to the specific needs and challenges of all categories of regions. Funding is available on national or regional program basis. National and/or regional programs are presented by the Member States and approved by the European Commission under the share management rules. In order to substantiate the effectiveness of the funding, interventions foreseen in the national and regional programs should target objectives and priorities which are both integrated into a coherent common EU overarching priority or policy framework and aligned with national and regional development policies and strategies. This, together with the continuous update of objectives and priorities at EU level, challenged the member states in performing the programming tasks of the CP funds.

Management Research and Practice
Volume 15, Issue 4 / December 2023

TABLE 3 - COHESION POLICY REGULATORY AND MANAGEMENT FRAMEWORK

Programming period	CP regulatory framework	CP programming requirements				Management and control systems and requirements		
		Alignment with EU priorities	*Alignment with MS[1] Priorities*	*CP programming documents*		*Program Evaluation*	*Monitoring and reporting*	*Management verifications and control*
1989-1993	5 Community regulations (general coordination regulation, general regulation implementing rules of the structural funds, 3 specific ERDF/ESF/EAGGF-guidance component) regulations	EC[2] prepares Community Support Framework (ob. 1, 2, 3, 7, 5(b))	National regional development plans (for the entire territory) Regional Development Plans (at regional level) Plans for regional development and social reconversion (at regional level National Sectoral Plans (for education and training, for employment, for rural development)	Operational programs (OP), national or regional	Prepared by MS: Approved by EC	MA[3] (MS)	MA (MS)	MA (MS)
				Major projects or global grant schemes ERDF grants entrusted by the EC to bodies in MS				
1994-1999	7 Community regulations (general coordination regulation, general regulation implementing rules of the structural funds, 5 specific ERDF/ESF/EAGGF-guidance component, EFGF, CF) regulations	EC prepares Community Support Framework	Development plans (national or regional) - MS decided the appropriate territorial level	OP (national or regional)	Prepared by MS: Approved by EC	Ex ante evaluation (MS) together with EC)	MS: MA, Monitoring Committee (MC) Reports to MC and EC EC: Annual Report to European Parliament	MS: MA performing administrative and on the spot checks, irregularity management EC: on the spot checks
				Major projects or global grant schemes ERDF grants entrusted by the EC to bodies in MS				
2000-2006	6 Regulations of the Council of EU (general regulation + 5 specific ERDF/ESF/FC/EAGGF/EFGF) 5 European Commission ERDF/ESF/CF/EAGGF/EFGF implementing regulations	EC prepares the Community Support Framework (Ob. 1)	National development plans Regional development plans	OP (sectoral or regional) and Program Complement for implementing the OP (Ob. 1) Major projects	Prepared by MS Approved by EC	Ex ante evaluation (MS together with EC)	MS: MA, Monitoring Committee (MC) Reports to MC and EC Monitoring indicators, Annual implementing reports EC: Annual Report to European Parliament	MS: MA performing administrative and on the spot checks, irregularity management, Certification Authority (CA): payment certification National eligibility rules in addition to EU rules EC: supervision of MS management and control systems, management of financial corrections
		EC prepares the Single Programming Document (Ob. 2 and Ob. 3)		Program Complement (Ob. 2 and Ob. 3)	Adopted by MS			
2007 - 2013	4 Regulations of the Council of EU (general regulation + 3 specific ERDF/ESF/CF) Regulation of the Council of EU on European Territorial Cooperation (ob. 3)	Lisbon Strategy/Europe 2020Strategy	National Development Plan	MS: National Strategic Framework, OP (national or regional), OP Single Implementing Document[4]	Prepared by MS Approved by EC	Ex ante (MS together with EC) Intermediate (MS upon EC request) Ex post (MS together with EC	MS: MA, Monitoring Committee (MC) Reports to MC and EC output and result monitoring indicators, Annual implementing reports EC:s Annual Report to European Parliament	MS: MA performing administrative and on the spot checks, irregularity management, CA: payment certification Audit Authority(AA): system and operations audit National eligibility rules in addition to EU rules EC: accreditation of MA, CA, AA; supervision of MS management and control systems, management of financial corrections
				EC: Strategic Guidelines for Cohesion				

Programming period	CP regulatory framework	CP programming requirements				Management and control systems and requirements		
		Alignment with EU priorities	Alignment with MS[7] Priorities	CP programming documents		Program Evaluation	Monitoring and reporting	Management verifications and control
2014-2020	4 Regulations of the Council of EU (general regulation + 3 specific ERDF/ESF/CF) Regulation of the Council of EU on European Territorial Cooperation (ob. 3)	Europe 2020 Strategy Ex ante conditionality	National and regional development strategies National Reform Plan (EC approved) Country Specific Recommendations under European Semester	MS: Partnership, OP (national or regional)	Prepared by MS Approved by EC	Ex ante (MS together with EC) Interim (MS upon EC request) Ex post (MS together with EC	MS: MA, Monitoring Committee (MC) Reports to MC and EC Performance Framework, Annual implementing reports EC: Annual Report to European Parliament	MS: MA performing administrative and on the spot checks, irregularity management, CA: payment certification AA: system and operations audit Designation of MA, CA, AA National eligibility rules in addition to EU rules EC: verification of the designation of MA, CA, AA; supervision of MS management and control systems, management of financial corrections
				EC: Common Strategic Framework,				
2021-2027	4 Regulations of the EU (Common provision regulation setting up general rules for 8 funds + 3 specific ESF/ERDF and CF/JTF) EU Regulation of the Council of EU on European Territorial Cooperation	5 policy objectives Just Transition specific objective Enabling conditions	National and regional development strategies National Reform Plan (EC approved) Country Specific Recommendations under European Semester	MS: Partnership, OP (national or regional)	Prepared by MS Approved by EC	Ex ante (MS together with EC) Interim (MS and EC) Ex post (MS together with EC	MS: MA, Monitoring Committee (MC) Reports to MC and EC Performance Framework, Annual performance review EC: Annual Report to European Parliament	MS: MA performing administrative and on the spot checks, irregularity management, CA: payment certification AA: system and operations audit, audit of accounts National eligibility rules in addition to EU rules EC: supervision of MS management and control systems, management of financial corrections

Source: adapted from EU Regulations

[7] MS – Member State
[8] EC – European Commission
[9] MA – Managing Authority
[10] [10] Former Programme Complement

Management Research and Practice
Volume 15, Issue 4 / December 2023

As compared to other periods, the 2014-2020 programming periods is defined by a stronger focus on the implementation of mechanisms and tools to provide the necessary framework for the efficient use of PC resources. The introduction of the performance frameworks (starting with 2014-2020 programming period) will transform CP into a more result-oriented policy as compared to other periods and calls for a more rigorous and effective planning of funds across objectives and regions. Stronger connection of CP with economic governance may be observed, in particular starting with 2014 – 2020 (when EC approval of the programs was conditioned by the fulfillment of the macroeconomic and ex ante conditionalities by the Member State in case) and 2021-2027 (when disbursement of the funds, throughout the entire programming period, is conditioned by the fulfillment of enabling conditions and the capability of the Member State in case to maintain them as fulfilled during the entire period).

The management and control systems established by the Member States under cohesion policy will have the Managing Authority (MA) as a key institution. MA will be held responsible to EC for programming, implementation and monitoring of the programs under CP as well as for the management and control of the funds in compliance with EU rules and requirements. The MA had the option to delegate its tasks (or some of the task) to Intermediate Bodies (IB).

Since the 1994 – 1999 programming period to the current 2021-2027 programming period, a continuous effort for defining and consolidating the management and control systems should be noticed. During 1994 – 1999 programming period, there were adopted specific rules for the ex-ante evaluation of the programs and for enhanced monitoring. Member States, together with EC, are asked to perform the ex-ante evaluation of the programs to assess their relevance and expected impact for development. The monitoring function is strengthened by the establishment of the Monitoring Committee with responsibilities for monitoring and assessing the progress in the implementation of the programs, based on regular evaluations and annual implementation reports presented by MA. The European Commission will act as observer in the Monitoring Committees since 2000-2006 programing period.

With a view of effectiveness, result oriented programs and management systems are required. Elements of a performance framework will be first introduced since 2000-2006 programming period, as a framework of output indicators to measure the outcomes of the programs. Consolidation of the performance framework continued by adding result indicators since 2007-2013. At current 2021-2027 programming period, the performance framework is a complex tool used for monitoring, reporting and assessing the performance for each program; it contains the output and result indicators, milestones to be met by 2024 and targets to be met by 2029 at program level. Performance of the programs is becoming critical for allocating CP resource to the member states: low performance in achieving the agreed targets and low absorption will have a negative impact of future allocations for the Member State in case.

Following significant increase of the budget of the cohesion policy, for better controlling how CP money are spent, the management and control systems were strengthened starting with 2000-2006 when there were established a Certification Authority (CA) and an Audit Authority (AA) as part of the MCS of the Member States. CA had the responsibility to certify that payments declared to EC are meeting the regularity, legal conditions and eligibility rules set up at EU level. AA is responsible for auditing expenditures and MCS so that to provide assurance that MCS are functional and there are sufficient guarantees that CP funds are properly spent according to EU rules and, therefore, the financial interests of the Union are protected. Efforts for preventing and sanctioning irregularities and frauds will continuously be enhanced throughout the 2007-2013, 2014-2020 and 2021-2027 programming periods. Financial corrections will be introduced to better protect the financial interests of the European Union. MCS are essential for effective implementation of the programs under cohesion policy. To this end, by 2007-2013 programming period, there was introduced a complex process for the accreditation of the Member States' MCS by the European Commission. The accreditation procedure was replaced by the designation procedure (institutions in the MCS were designated by the Member State in case and the conformity of the MCS established with EC requirements was audited by Audit Authority and checked by EC) for 2014-2020 and with early preventive audits (maintaining the MCS if continuity with 2014-2020 and auditing for assessing the compliance with EC requirements only for newly established MCS through early preventive audits performed by national Audit Authorities) for 2021 – 2027 programming period.

Management Research and Practice
Volume 15, Issue 4 / December 2023

The CP regulatory framework continuously developed after 1989 (as shown in Table 3). At EU level, it basically consists of EU regulations and EC implementing decisions setting up the common rules and requirements (covering programming, monitoring, management and control, eligibility rules etc.). During time, the complexity of the regulatory framework continued to increase. Compliance with EU rules is an eligibility condition and a key factor influencing the amounts effectively disbursed by EC to the Member States (and, consequently, the absorption of the funds under cohesion policy). Controls and management verifications (consisting of administrative and on the spot checks of the expenditures incurred within programs) were reinforced to assure conformity of the expenditures with EU requirements: following the conformity logic, from the first programming period to present, these verifications transformed into a formal administrative check to the detriment of effectiveness and result oriented checks. Bureaucracy and administrative burden increased form one period to another.

The dynamic perspective on the cohesion policy is revealing a specific framework for the allocation and management of CP funds whose complexity continuously increase from one programming to another and simplification becomes the constant priority for the a smoother and more effective implementation of the cohesion policy.

4. COHESION POLICY AND THE SIMPLIFICATION CHALLENGE

Continuously increasing complexity made the CP's implementation and management a more difficult task for the Member States (for both the institutions of the management and control systems and the final beneficiaries). Therefore, since the preparation phase of the 2007-2013 programming period, the issue of simplification was addressed in all debates and proposals for the reforming of the cohesion policy.

The experience of 2007-2013 and 2014-2020 programming periods reveals a significant administrative burden, on the detriment of quality and effectiveness, which requires immediate actions for the simplification of the cohesion policy. Incident factors may be structured into two categories, namely: a) factors related to EU regulatory and management of the cohesion policy and b) factors which are specific to each member state. The most relevant factors include (Bachtler J. & Ferry M., 2018; Davies, 2019): a) complexity of the regulatory framework, complex requirements for the CP management and implementation, including elements of institutional efficiency, quality of regulatory framework, incidence of corruption; b) stability and administrative capacity implement programs; c) MS specific institutional arrangements, such as the degree of centralization, elements of administrative reform; d) external factors, especially the economic and financial crisis of 2008-2009 (which limited the availability of member state resources to co-finance projects and programs) and the COVID-19 pandemic (triggering the double economic and health crises and involved additional funding and reprogramming exercise to address pandemic effects and to increase resilience).

Regulatory and management framework (Bachtler J. & Ferry M., 2018; European Commission, 2016) is a critical area influencing the smooth and effective implementation of the cohesion policy. The regulatory framework and procedural requirements consist of a high number of regulations that require Managing Authorities (and Intermediate Bodies, if the case) to allocate their resources for administrative and bureaucratic tasks (controls, management verifications, audit) to the detriment of strategic management tasks or activities to the generation and implementation of high quality projects; at the same time, numerous and complex bureaucratic procedural requirements become discouraging factors for accessing CP funds, even more evident as beneficiaries could access other sources for funding their development projects. Diversity of financial instruments contributing (directly or indirectly) to the achievement of the cohesion policy aims: despite the efforts made to harmonize rules governing European structural and investment funds (ESIF) and to grow synergies between them and with other financial instruments addressing similar needs, areas and/or domains, each of the ESIF continues to fund its own typology of projects and maintain specific implementation pattern, including their own specific administrative and procedural requirements.

If comparing the most recent programming periods (as shown in Table 4), it is to notice that despite the public discourse and ambitious objectives, there is little progress in achieving the simplification goals. As for the cohesion policy, simplification continues to remain a real challenge for EU and Member States policy makers.

TABLE 4 - EVOLUTION OF THE REGULATORY FRAMEWORK UNDER COHESION POLICY

Documents and rules/regulations	**Programming period**					
	2000-2006		**2007-2013**		**2014-2020**	
	No. of documents	**No. of pages**	**No. of documents**	**No. of pages**	**No. of documents**	**No. of pages**
EU Regulations and EC decisions/implementing decisions						
Horizontal	6	61	6	93	6	228
Programming	6	23	14	57	6	166
Implementing	7	54	1	163	16	380
Closure	0	0	0	0	0	0
Sub-total	*19*	*138*	*21*	*313*	*28*	*774*
Guidance documents						
Programming	4	76	5	76	49	1413
Implementing	5	72	54	1205	34	1599
Closure	4	226	1	138	5	103
Sub-total	*12*	*374*	*60*	*1419*	*88*	*3115*
TOTAL	**31**	**512**	**81**	**1732**	**116**	**3889**

Source: European Court of Auditors, (2018), Simplification in post-2020 delivery of Cohesion Policy – Briefing Paper, May 2018, Luxembourg

The complexity of regulations and procedures continuously grew since the 2007-2013 period, despite of attempts towards their simplification. The newly adopted conformity audit procedures for the MS management and control systems, as well as EC accreditation procedures based on conformity audit performed by Audit Authorities generated a series of delays in the process of approval of the programs; together with the delays the accreditation of MAs generating further delays in all Member States in the start of programs funded under cohesion policy. These delays together with the prevented Member States from achieving high absorption rates, since their SMC concentrate efforts to meet the accreditation criteria to the detriment of efficiency elements and the impact of CP programs.

The introduction of conformity audit (starting with 2007-2013) has significantly contributed to development of conformity principles for MAs and final beneficiaries, but also increased in the number and complexity of management verifications which further led to more bureaucracy and increased administrative burden. Both MAs and beneficiaries concentrated their efforts to meet the conformity requirements at the expense of actual programs implementation, with negative effects on cohesion policy effectiveness and impact. The ex post evaluation of management and implementation systems carried out by the EC during the 2007-2013 period showed the administrative inefficiency attributed to multiplication of controls, different interpretation of the same rules of the EC (since responsibilities for different funds were assigned to different DGs) by some member states or within the same member state (European Commission, 2013).

Also, the complexity of rules is rising (as shown in Table 4), in case of the cohesion policy, from one period to another, we are witnessing a continuous growth in the number of mandatory regulations and recommendations from “top-down” (from the EC to the Member States) completed by Member States national regulations which go over the common regulatory framework, create additional bureaucracy, administrative burden and raise the risk of errors. If we add to this contradiction and overlapping, it becomes clear that this complexity of rules is a source of new errors. The size of regulatory framework is a real burden (over 600 pages of legislation and 5.000 pages of guideline during 2014-2020), which doubled compared to the multiannual financial perspective of the 2007-2013 period, making almost impossible the task of effective absorption of the CP funds.

Collaboration/subordination relations between different levels of control generated, during the 2007-2013 and 2014-2020 periods, a highly bureaucratic system of management and implementation, dominated by logic of conformity (compliance to the rules) with less concern for effectiveness and impact. As such, rooted into the “logic of conformity”, and in order to prevent the risk of errors and corrections being applied by the EC, in all member states it may observed an increasing number of verifications, controls and auditing missions (having as immediate effects the following: a) overburden of management systems; b) increasing complexity of management verifications and control procedures with MA focusing almost exclusively n compliance with the rules; c) administrative burden transferred to beneficiaries due to increase of management verifications made by authorities, focus on reaching objectives instead of results etc. Therefore, the experience of previous periods called for the operationalization of single auditing principle during 2021 -2027. Simplification and single audit could be effective if subsidiarity and proportionality principles associated with more trust in national control systems (limiting the overlapping controls and audits conducted by EC and Member States).

The modification of the programming logic during the 2014-2020 period (focusing on the 11 thematic priorities of the Europe 2020 Strategy and on the results required common indicators and a high degree of details provided for indicators for investment priorities and operations) augmented programming complexity with a strong impact on the administrative burden, requiring higher effort compared to the previous period for monitoring and evaluation activities (especially in what regards the collection and interpretation of data for calculating indicators.

The ex-ante conditionalities were the main element of novelty during the 2014-2020 period, adding new duties to member states. On the one hand, meeting these conditionalities involved a great effort for authorities in mobilizing all relevant state and non-state actors, which could not be made on time (Bachtler J. & Ferry M., 2018). In some member states the compliance with conditionalities required changes in national legislation, exceeding the scope of MA, the entire process was protracted (Bachtler & Ferry, 2018; Vironen & Lehuraux, 2016).

The introduction of a coherent and complex performance framework (to increase efficiency of the cohesion policy) starting with 2014-2020 programming period required additional efforts for MAs (Bachtler J. & Ferry M., 2018). On the one hand, it involved an additional effort in the programming phase in collecting data, making ex ante evaluations, selecting indicators (McMaster I. & Kah S., 2017), on the other hand, in the implementation phase, the authorities faced additional difficulties in collecting “reliable” data, making them see the system of indicators as being more complex and complicated (McMaster I. & Kah S., 2017). The delayed start of the program implementation phase was reflected in the low achievements of the target result indicators of the performance framework (McMaster I. & Kah S., 2017). Setting too ambitious mid-term objectives and targets or flawed setting of indicators without a link to the thematic goal, prove to be a challenge for the member states and program amendments and revisions became necessary since half part of the programming period (McMaster & Kah, 2017).

5. CONCLUSIONS

The CP’s simplification is a rather vague concept, often being defined in opposition with bureaucracy and the administrative burden. Despite broadly accepted definitions (Davies S., 2015), we believe that any an effective simplification processes should consider in depth analysis covering, at least, the following aspects: a) the number of rules/regulations and procedures; b) the clarity, coherence and consistence of various regulations/rules and procedures; c) the institutional actors – their number and relations; d) the number of verification and control levels; e) relevant beneficiaries of simplification.

Simplification is the key pillar of the cohesion policy. As part of the implementation framework of 2021-2027 programming period, simplification measures were considered and adopted, in line with the recommendations contained in Simplification Handbook (European Commission, 2018), targeting, in particular, the following areas: a) legal framework (shorter and more unified regulatory framework, legal certainty); b) policy framework (more efficient framework for simpler programming); c) enabling conditions (a reduce number of strategic relevant requirements for growth and effectiveness of the policy); d) management, control and audit (simpler and more balanced management and control system, mainly based on national systems); e) monitoring and evaluation (more frequent and easier reporting) etc. Simplification (which is a key pillar of the 2021-2027 programming period) is continuous to face many challenges related to: a) maintaining a low rate of errors for management verifications (it still persists the need for detailed instructions related to the way resources are used, monitored, controlled and audited, including “post-simplification”, and for additional mechanisms that would verify/confirm financial compliance with the updated EU and national regulatory framework); b) legal security (it generates multiplication of regulations and instructions at EU level to avoid the difficulties caused by strict auditing, finalized with the application of suspension/interruption of programs and financial corrections);c) equal treatment (it might generate contradictions with the “proportionality principle”, which takes into account national/regional differences in terms of administrative capacity); d) focus on the strategic impact of interventions (it involves the adoption of new rules regarding thematic concentration, the intervention logic, performance framework, enabling conditionalities, evaluation, monitoring and reporting).

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