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European Union

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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	8th report on economic, social and territorial cohesion: Council conclusions on the Communication on the 8th Cohesion Report "Cohesion in Europe towards 2050" – <i>Approval</i>

1. On 4 February 2022, the General Secretariat of the Council received the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the 8th Cohesion Report: Cohesion in Europe towards 2050¹.

¹ Doc. 5989/22.

2. Draft Presidency conclusions were examined at the meetings of the Working Party on Structural Measures and Outermost Regions of 27 April 2022², 5 May 2022³ and 12 May 2022⁴. Delegations agreed to the draft Council conclusions as set out in the Annex to this note.
 3. The Permanent Representatives Committee is asked to advise the Council to adopt these Council conclusions as set out in Annex to this note.
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² WK 5643/22.

³ WK 5643/22 REV 1.

⁴ WK 5643/22 REV 2.

Draft**Council Conclusions on the Communication on the 8th Cohesion report****“Cohesion in Europe towards 2050”**

THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLS that cohesion policy aims at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions, and at promoting its overall harmonious development;
2. WELCOMES the 8th Cohesion Report as a valuable stocktaking of the developments in the economic, social and territorial cohesion of the European Union, and its analysis of the contribution of cohesion policy in terms of integration, convergence and competitiveness, on the basis of the most up-to-date statistics available;
3. ACKNOWLEDGES:
 - that the 8th Cohesion Report comes in the context of different crises affecting the European Union (pandemic, natural disasters, military aggression) and long term challenges (such as climate and demographic changes), with major economic, environmental and social consequences for the cohesion of the European Union;
 - that these challenges and crises have an asymmetric impact on EU Member States and regions and, as a consequence, may increase disparities and inequalities, creating diverse challenges for cohesion policy;

4. TAKES NOTE of the significant developments in the last ten years:
- Economic and social cohesion at Union level has improved, but convergence has been mainly due to the relatively strong growth in many less developed regions, while some middle income regions are stagnating;
 - Significant progress has been made in improving employment, but regional disparities remain larger than before the 2008 financial crisis;
 - Gaps between and within certain regions remain and are sometimes even widening, and some regions seem to be caught in a development trap;
 - The regional innovation divide in Europe has grown. Moreover, some regions are still experiencing connectivity gaps which affect their capacity to fully grasp the benefits of the internal market;
 - Innovation, entrepreneurship, digital development, but also good governance and, where needed, investments in infrastructure, are important elements for long-term economic growth and development of territories, for improving access to services and for the quality of life of citizens;
 - The effects of demographic change (internal and external migration, ageing, depopulation and brain drain) are felt in all Member States, but more particularly in less developed, rural and peripheral regions;
5. RECALLS its attachment to a cohesion policy which contributes to structural reforms and investments in order to achieve better economic and social results in all regions, and which develops over a long-term programming cycle, and HIGHLIGHTS that the Report states that in the long run the policy gives rise to benefits for all regions;

6. UNDERLINES that cohesion policy, as a place-based policy underpinned by shared management, partnership and multi-level governance, should take proper account of the needs and potential of territories, enabling them to target the most relevant investments locally, for example through their local development strategies or their smart specialisation strategies, and should seek to jointly develop integrated solutions at regional, sub-regional or inter-regional level, also taking stock of the cooperation experience developed through INTERREG programmes, for a greater ownership of European priorities on the ground;
7. CALLS FOR a general awareness of doing no harm to cohesion in all Union policies and initiatives, and in the implementation of the internal market, including State Aid rules, in accordance with Article 175 of TFEU, and ENCOURAGES the European Commission to consider including territorial impact assessments (regional proofing) in relevant EU policies at both their conception and evaluation stages.

I - More focused priorities for structural responses to the major challenges by drawing on new sources of growth

CONSIDERS that:

8. The green and digital transitions are major challenges which offer new opportunities for European growth towards which we should orient our investments and ensure fair adaptation, to avoid new disparities arising from these transitions;
9. Innovation, entrepreneurship and economic diversification as well as good governance can be key determinants of long-term regional economic growth and of a greater resilience to asymmetric shocks;

10. In order to help people, businesses and territories, especially municipalities, but also small and medium sized enterprises, to advance the green transition in a socially just manner, it is necessary to support them in their efforts to address climate change, the energy transition, and to strengthen resilience to climate risks, to provide for a sustainable, circular economy and a clean, biodiversity rich environment, and to encourage them in implementing nature-based solutions;
11. The European Pillar of Social Rights supports and complements the actions of Member States for a more just and inclusive society;
12. In order to better prepare citizens to cope with the transitions in our societies, adaptability and the development of new skills should be supported, including by strengthening education, lifelong learning and vocational training;
13. In order to reduce socio-economic vulnerability and exclusion, cohesion policy should support the integration of the most vulnerable people through quality employment and high standard social and health services;
14. In order to better take into account the major challenges posed by demographic change, particular attention should be paid to the needs of ageing populations, to the consequences for our health and social systems, to territories with a declining population, and also to territories facing multiple challenges linked to youth.

II - Deepening cohesion by anchoring it more firmly in the territories

15. RECOMMENDS that cohesion policy continues to have a strong place-based focus;

16. UNDERLINES that cohesion policy is one of the most important tools in fostering development in less developed regions, as well as a major investment policy of the EU, which should continue supporting investments necessary for convergence and to avoid development traps for all regions;
17. RECALLS the fundamental principles of Article 174 of the TFEU, which promotes the harmonious development of all regions and pays particular attention to rural areas, areas affected by industrial transition and regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions, with very low population density, and island, cross-border and mountain regions;
18. RECALLS also Article 349 of the TFEU, which should be used to support the development of the outermost regions and to promote a cohesion policy that meets their specific needs, with differentiated solutions, that strengthens their outreach, and that capitalises on the innovations carried out by these territories;
19. IS OF THE VIEW that islands, peripheral and remote territories, including outermost regions, are facing particularly serious challenges, also due to increased transport costs, and STRESSES the need for an inclusive and specific approach towards them, in order to support them in their transitions;
20. CALLS FOR the concept of regions in a development trap to be further investigated and developed in order to overcome the challenges faced by these regions, to better understand the structural factors that lead to the development trap and arise from it, and to prevent new regions falling into this trap;

21. Echoing the long-term Vision for the EU's Rural Areas, ENCOURAGES the development of integrated local strategies, access to technical support and capacity-building at local level, as well as the cooperation and networking at European level between rural territories as promoted in the development of the EU Rural Pact;
22. REAFFIRMS the importance of sustainable urban development, as cities are drivers of transition but also concentrate high socio-economic inequalities, and SUPPORTS urban-rural linkages, which makes it desirable to have development strategies based on functional areas, and to pay attention to the “anchoring” and “catchment” roles that small and medium-sized cities play in preventing rural areas from shrinking;
23. SUPPORTS the capitalisation and widespread sharing of the cooperation experience of European Territorial Cooperation programmes, and of the macroregional and sea-basin strategies, to meet the challenges related to the green and digital transitions and to the integration of local economic systems;
24. UNDERLINES the great potential of well-established structures of European territorial cooperation, not least in crisis situations such as the COVID-19-pandemic, and SUPPORTS the continued efforts to strengthen cross-border, transnational and interregional co-operation between Europe's regions;
25. POINTS OUT that regions bordering Russia and Belarus, as well as those bordering Ukraine and the Republic of Moldova, are facing a specific set of economic and social challenges, due to Russia's aggression against Ukraine;
26. UNDERLINES that this situation has important consequences for regions confronted with inflows of refugees and for the EU as a whole, including the energy and inflation implications for regional development.

III - Proposals to improve the effectiveness of the implementation of the funds and their access in the territories

27. UNDERLINES that cohesion policy is not a crisis instrument; however, it has helped regions in mitigating the effects of the recent crises, and CONSIDERS that the policy needs to be able to adapt to new developments, without harming its structural and long-term objectives, notably by first exploiting the relevant provisions in the current legal framework;
28. CONSIDERS that the stability of management, control and governance rules between programming periods, but also a more homogeneous and consistent application of rules, can contribute to simplifying the implementation of the funds;
29. CALLS FOR greater efforts on communication to the wider public, for further simplification and for continuous support and training for potential beneficiaries or partners, in order to bring cohesion policy closer to EU citizens, in particular through its new Policy Objective 5;
30. UNDERLINES the importance of capacity building, evaluating and conducting lessons learned, in order to continuously improve the effectiveness of cohesion policy and to promote high yield programmes;
31. CALLS FOR ensuring that EU support is implemented effectively, under good governance, in a transparent manner and in accordance with the Charter of Fundamental Rights of the European Union.

IV - Avenues of reflections for the future

IS LOOKING FORWARD to:

32. OPENING the reflections on the future of cohesion policy after 2027, in order to design a simpler and effective set of rules and to avoid the tendency to multiply the funds;
 33. EMPHASISING the complementarities and synergies that need to be strengthened with other relevant European policies and initiatives from their design phase in order to increase the effectiveness of these policies, and to reduce administrative burden on Member States, regions and beneficiaries;
 34. HOLDING regular exchanges on cohesion policy in the 2021-2027 programming period with a view to designing the policy post 2027.
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