# Chapter 8
# The social impact of EU cohesion policy

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## Introduction

EU cohesion policy has been on the European policy menu for over forty years, if we consider the 1975 creation of the European Regional Development Fund (ERDF) as the starting point. While the Treaty of Rome set for its signatory countries the goal 'to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions' (European Economic Community 1957), the three instruments that it foresaw to this end – the European Social Fund (ESF), the European Investment Bank (EIB) and the Guidance section of the European Agricultural Guidance and Guarantee Fund – were small-scale. The ESF, in particular, was at that time mainly a tool to support labour mobility through education and training measures for workers in areas facing industrial decline (Brunazzo 2016: 18).

Over the four decades since 1975, several modifications have been made to the policy. The most important was the 1988 reform which increased the funds available, introduced specific policy principles and made cohesion policy the second most funded item in the EU budget, after agriculture. Over the years, EU cohesion policy has increased in importance, in parallel with the expansion of the European Union. It has become a flagship policy in terms of the attractiveness of the European Union political project, with acceding countries (especially the Central and Eastern European states which joined the European Union between 2004 and 2007) identifying these funds as one of the key reasons to join (Grabbe 2002). In the wake of recent Eurosceptic discourses, cohesion policy is increasingly viewed as a key political tool for creating and strengthening a European identity (Borz *et al.* 2018; Capello and Perucca 2019, 2017) and as a lever to counteract rising levels of Euroscepticism (Bachtler *et al.* 2019).

*What are the results of EU cohesion policy after forty years*? Over the past decades, several attempts have been made to assess the impact of this policy (for an overview, see Davies 2017 and Fiaschi *et al.* 2018). However, most of the studies have analysed its impact in terms of regional economic growth, rather than its direct social impact (for example in terms of unemployment reduction, employment promotion, poverty alleviation and social inclusion). We will be looking at these aspects in the following sections.

Since the early 1990s, funds have been allocated on the basis of specifically identified employment structure weaknesses. This was for example the case with the 1994–1999 and the 2000–2006 Objective 2 regions, designated as regions of 'industrial decline' or with 'structural difficulties', *inter alia* on the basis of their unemployment rates. In other words, the growing social embeddedness (i.e. the growing social relevance) of cohesion policy has become undisputable.

Over time, European Commission officials, practitioners and experts have highlighted the need for greater policy convergence and coordination between the EU's emerging employment and social goals (which have become increasingly important since the launch of the European Employment Strategy in 1997) and cohesion policy. For example, the European Social Fund (ESF) has become the most visible interface between regional development policy and multi-level vocational training policy. To date, however, only a limited number of scholarly contributions have tried to assess the direct impact of cohesion policy on employment and poverty alleviation. While we have estimates of the aggregate impact of the policy in terms of gross jobs created, not much is known about indirect and net job creation; furthermore, there is virtually no aggregated data on the impact on poverty alleviation – especially from a diachronic perspective – partly due to the fact that indicators on poverty have only been used systematically at EU level since 2010. Past evaluations have also provided evidence of the impact of cohesion policy on social infrastructure (e.g. Applica *et al.* 2016). However, data collection and analysis, even in *ex post* evaluation exercises, tend to be primarily focused on the economic impact of cohesion policy and less on (direct and indirect) social impacts. In light of these gaps, the objective of this chapter is to shed light (also from a historical perspective) on the social impact of cohesion policy, on the existing data shortcomings hampering its appraisal, and on the lessons that can be learnt for the forthcoming programming period, with a view of ensuring that cohesion policy can indeed become a key tool for a more 'Social Europe'.

The remainder of the chapter is structured as follows. Section 1 briefly introduces cohesion policy and its importance within the overall European Union public policy framework. Section 2 focuses on its economic impact, while Section 3 looks at its (direct) employment and social impact. The last section concludes with some policy recommendations and reflections on the future of the policy.

## 1. Cohesion policy: what is it?

Cohesion policy is one of the most significant EU policies in terms of scope, funding and ambition. While historically its aims have primarily been linked to economic growth, it can also be considered as the closest thing that the Union has to an active employment and social policy, since 'the most important financial instrument [for this] was and continues to be the ESF' (Graziano 2013: 109).

## 1.1. Goals

The key goal of cohesion policy is to support the growth and catching up of lagging regions and, through this, to achieve 'harmonious development' in the Union. At the time of the Treaty of Rome (European Economic Community 1957)[1], the Community's efforts towards economic and social cohesion were still limited. National governments were reluctant to give up competences in a policy area that touched upon the delicate relationship between the State and the economy, and by and large conformed to a liberalist view trusting that interregional trade would eventually iron out the imbalances between regional economies (Manzella and Mendez 2009; Brunazzo 2016). Over time, however, the policy gradually expanded on the back of successive enlargements[2] and the progressive deepening of European integration. Coming in the wake of the accession of Spain and Portugal in January 1986, the Single European Act (SEA)[3] introduced the goal of social and economic cohesion as a counterbalance to the forthcoming single market, paving the way for the first landmark reform of the policy in 1988. This reform significantly boosted the resources assigned to cohesion policy, raising them, for the period 1989–1993, to about one-third of the Community budget, de facto setting a benchmark that continues to apply till this day. Figure 1, below, shows the financial allocations of the three cohesion policy funds – namely the ESF, the European Regional Development Fund (ERDF), and the Cohesion Fund (CF) – from 1989 to date.[4]

**Table 1** The resources allocated to cohesion policy 1989-2020 (2011 prices, EUR billion)

| Programming period | ESF | ERDF | Cohesion Fund | Cohesion policy Total* |
|---|---|---|---|---|
| 1989-1993 | 24.0 | 39.0 | 2.2 | 65.2 |
| 1994-1999 | 67.0 | 119.0 | 20.0 | 206.0 |
| 2000-2006 | 79.0 | 150.0 | 32.0 | 261.0 |
| 2007-2013 | 78.0 | 205.0 | 71.0 | 354.0 |
| 2014-2020 | 71.0 | 181.0 | 56.0 | 308.0 |
| **Total 1989-2020** | 319.0 | 694.0 | 181.2 | 1,194.2 |

Note: * This total does not include the rural and fisheries funds that, in past programming periods, were part of cohesion policy.
Source: European Commission (2014: 188).

The 1988 reform also established some key principles – concentration, multi-annual programming, partnership and additionality. These principles are still at the heart of

1. Treaty of Rome, 25 March 1957.
2. Particularly the accession of the UK in 1973, of Greece and the Iberian countries in 1981 and 1986, and of the Eastern bloc in 2004-2007.
3. Single European Act (1986) OJ C L 169/3, 26 June 1987. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:11986U/TXT&from=EN
4. The ESF supports employment and labour mobility, education, skills and lifelong learning, tackles poverty and social exclusion, and invests in measures for the enhancement of institutional capacities. The ERDF promotes the balanced development of EU regions thorough investments in innovation and research, digital agenda, SME competitiveness, and low-carbon economy. The Cohesion Fund, operational since 1993, promotes sustainable development in Member States with a Gross National Income (GNI) below 90% of the EU average. In 2014–2020 these countries are Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

today's cohesion policy (Piattoni and Polverari, forthcoming; Brunazzo 2016; Manzella and Mendez 2009; see Box 1 below).

**Box 1** The key principles of EU cohesion policy[3]

**Concentration** – Investments are concentrated in the least developed regions and countries (70% in the 2014-2020 period) and in selected investment priorities (in 2014–2020 the 11 Thematic Objectives derived from the Europe 2020 strategy, discussed later in this section).

**Programming** – Support is provided through multi-annual programmes based on *ex ante* analyses of need, strategic planning and evaluation.

**Additionality** – EU funds should not replace domestic funding. Member States agree with the European Commission the level of eligible public (or equivalent) spending to be maintained throughout the programming period. Compliance with this principle is checked by the Commission in the middle (2018) and at the end (2022) of the period.

**Partnership** – The development and implementation of programmes is undertaken with the active involvement of public authorities from different levels of government, of social and economic partners, and of civil society organisations.

Source: European Commission 'Regional Policy' website[4].

Nevertheless, while the financial volume (relative to the EU budget) and main principles have remained largely stable over time, there have been many adjustments to the goals and operation of the policy over the decades. Introduced at the beginning of each seven-year programming cycle, these reforms have marked a progressive expansion of the policy's remit (Begg 2010). The last such reform, in 2013, was introduced on the back of the economic crisis and was particularly significant in that it sought to align cohesion policy with the goals of the Europe 2020 strategy, while also enhancing the linkages with Member States' National Reform Programmes established as part of the European Semester[7] (Huguenot-Noel *et al.* 2018). As such, currently, cohesion policy aims to deliver on 11 'Thematic Objectives' (TOs):

- the *European Regional Development Fund* primarily targets the TOs 1-4 (innovation and research, the digital agenda, SME competitiveness and the low-carbon economy);
- the *European Social Fund* focuses principally on TOs 8–11 (employment and labour mobility, social inclusion including combating poverty, human capital, and institutional and administrative capacity);
- the *Cohesion Fund* mainly supports transport and environmental infrastructure projects (TOs 5–7).[8]

**5.** Further principles relate to implementation, such as the 'shared-management' principle, under which the policy's implementation is shared between European Commission and Member State authorities (see https://ec.europa.eu/regional_policy/en/policy/what/glossary/s/shared-management), and to sound financial management and transparency (general principles that apply to the EU budget as a whole).

**6.** See https://ec.europa.eu/regional_policy/en/policy/how/principles/.

**7.** The linkage between cohesion policy and the European Semester is likely to be further strengthened in the 2021–2027 programming period, as the European Commission, in its 2019 Country Reports, has added a new Annex dedicated to 'Investment guidance on cohesion policy funding 2021–2027' which provides the preliminary view of Commission services on the priority investment areas and framework conditions for effective delivery of the 2021–2027 Cohesion Policy in each Member State.

**8.** For the 2014–2020 period, the ERDF has a total allocation of €278.9 billion, the ESF has an allocation of €120.7 billion (and the Youth Employment Initiative an additional €10.3 billion), the Cohesion Fund €74.8 billion. Source: https://cohesiondata.ec.europa.eu/funds.

## 1.2. Structure and implementation

Cohesion policy implementation takes place through 'shared management' between the European Commission and Member States, whereby responsibility for the management and delivery of the funds lies principally with Member States. They are called upon to establish overarching national strategies, agreed with the Commission (so-called Partnership Agreements) and, based on these, regional or national programmes. Both the Partnership Agreements and the individual programmes have to demonstrate coherence and synergy with other European policies and with the domestic policies of Member States.

The latest reform, for the 2014–2020 programming period, also introduced considerable operational innovations, intended to strengthen the effectiveness and strategic coherence of the policy, and to 'shift the focus of programming and programme management from financial absorption to the achievement of results' (Bachtler *et al.* 2016b: 20). Changes included the introduction of '*ex ante* conditionalities' to ensure that the necessary conditions for successful programme delivery are in place; a new performance framework, under which programmes are required to establish measurable intermediate milestones and end-of-period targets; the strengthening of evaluation provisions and management systems; and, as already noted, the enhancement of strategic coherence with the Europe 2020 strategy through a Common Strategic Framework agreed at EU level, Commission-produced country-specific Position Papers (to guide the preparation of the Partnership Agreements), and consistency with the applicable Country-specific Recommendations (CSRs) and National Reform Programmes (Bachtler *et al.* 2016b).

## 1.3. The strengthening of the social dimension

The latest reform also marked an expansion of cohesion policy's social remit. The economic crisis exacerbated not only interregional but also interpersonal disparities (i.e. disparities between individuals and groups of individuals, rather than across regions), leading to a renewed awareness that growth on its own is not sufficient to fight poverty and marginalisation. In addition, it was recognised that the latter, in turn, can have adverse political consequences for the EU and its Member States. As a response (discussed below), the 2014–2020 cohesion policy framework brought the social inclusion goals more overtly to the fore compared to previous programming periods. By contrast, in past policy cycles, social goals had been confined to the reduction of unemployment and the development of human capital (Fargion and Profeti 2016), somewhat secondary aspects compared to the goals of economic competitiveness and growth (Begg 2010).

The 2013 Common Provisions Regulation[9] strengthened the social dimension in a number of ways. First, as already stated, it introduced a Thematic Objective

**9.** The reform for the 2014–2020 period rests on a number of EU Regulations. The Common Provisions Regulation is the main one (Regulation (EU) No. 1303/2013). In addition, there is also one regulation for each fund, and there are additional regulations on European Territorial Cooperation and the European Grouping of territorial cooperation. See (Regulation (EU) No. 1301/2013 covering the ERDF; Regulation (EU) No. 1304/2013 covering the ESF; Regulation (EU) No. 1300/2013 covering the Cohesion Fund; Regulation (EU) No. 1299/2013 on European Territorial Cooperation, and Regulation (EU) No. 1302/2013 on a European Grouping of territorial cooperation.

dedicated explicitly to the promotion of social inclusion and to combating poverty and discrimination (TO9). Second, it earmarked 20% of the ESF (as a minimum) for social inclusion initiatives. Third, it set specific *ex ante* conditionalities on poverty, healthcare, Roma inclusion and early school-leaving, requiring Member States to adopt national or regional strategic policy frameworks on these policy themes.[10] Lastly, it included new (or reformed) instruments such as the Youth Employment Initiative (YEI), the European Employment and Social Innovation Programme (EaSI), and the Fund for European Aids for the most Deprived (FEAD).[11] Greater attention was also paid to the integration of vulnerable groups, especially migrants, in synergy with the Asylum, Migration and Integration Fund (AMIF), with AMIF intended to tackle the shorter-term needs of migrants and asylum-seekers (e.g. reception) and the European Structural and Investment (ESI) Funds targeting their social and economic inclusion in the long run (European Commission 2015; Polverari 2019).[12]

The jury is still out on the success of these recent reforms. Nevertheless, the proposals made by the Commission for the next programming period (2021–2027) appear to continue along the course set in 2013: a new ESF+ that is even more aligned with the European Semester; greater earmarking of measures fostering social inclusion (25%); and minimum investment thresholds for actions that support youth employment and the activation of young people (10% in those Member States with substantial numbers of youth not in employment, education or training, commonly referred to as NEETs) and the most vulnerable (4%). Enhanced strategic coherence is also pursued by merging the above-mentioned previously separate instruments – notably the ESF, YEI, EaSI and FEAD, and also the EU Health programme – under the new ESF+ (Lecerf 2019; European Commission 2018b).[13]

## 2. The economic impact of cohesion policy

Every three years, the European Commission produces a report that takes stock of the key achievements of cohesion policy, with a particular focus on progress towards the Treaty goal of achieving economic and social cohesion. The most recent report, published in 2017, looks at the policy's impact in relation to three key dimensions: a) the Treaty objective, mentioned above, of reducing regional disparities; b) the creation of 'European public goods' (e.g. different types of infrastructure, improved levels

**10.** This is in addition to 'general *ex ante* conditionalities' on the creation of the administrative capacities necessary to implement applicable anti-discrimination, disability and gender legislation (see Annex XI, Part 2, CPR).

**11.** The Fund for European Aid to the Most Deprived (FEAD) was established in 2014 to support EU countries' measures relating to the provision of food and/or basic material assistance to the most deprived. For more detail, see https://ec.europa.eu/social/main.jsp?catId=1089.

**12.** The AMIF has four strands: strengthening a common asylum system; legal migration and integration; return strategies; and specific actions and emergency assistance. Within the integration strand, which must account for at least one fifth of the AMIF allocation of each country, the Fund focuses particularly on short-term integration measures and is explicitly intended to be synergistic with the ESI Funds, especially with the European Social Fund.

**13.** The merger of the ESF with a range of previously separate instruments (YEI, EaSI, FEAD and the EU Health programme) was considered as the preferred option among different possible scenarios in order to maximise the usefulness of EU-level support and improve synergies between different instruments, especially 'with the aim of better delivering on the principles of the European Pillar of Social Rights' (European Commission 2018b: 10).

of education and skills, environmental protection, disaster risk reduction and social investments); and c) the positive spill-over effects generated through increased trade and territorial cooperation programmes (European Commission 2017a: xxiii).

The Commission bases its periodic assessments on studies and evaluations that are mostly contracted out to independent experts, notably the *ex post* evaluations undertaken at the end of each programming cycle. The last such evaluation, completed in 2016, related to the 2007–2013 programming period. The evaluation of the European Regional Development Fund and Cohesion Fund (Applica *et al.* 2016; European Commission 2016a), in particular, emphasises the magnitude of the policy's achievements over this period in terms of:

– *jobs created:* 1+ million throughout the EU;

– *growth:* €2.74 additional GDP for each € spent by the end of 2023 (equivalent to c. €950 billion), with the most significant impact in the EU12 but a positive and significant effect, albeit smaller, also found in net contributor countries;

– *additional public investments:* +6.5% of government capital expenditure on (EU) average, but reaching values above 50% in some EU12 countries; particularly crucial during the recent economic crisis in enabling Member States to continue investment programmes despite reduced government funding;

– a variety of *policy fields of intervention:* these include the modernisation and creation of different types of infrastructure, improvement of the urban environment and quality of life in cities, environmental and sustainable energy investments, research and development jobs, new company start-ups and many others (European Commission 2016a).

The *ex post* evaluation of the ESF, on the other hand, shows that 9.4 million recipients secured employment in the 2007–13 period, 8.7 million gained qualifications, and 13.7 million obtained other positive results, such as improving skills and competences (Panteia *et al.* 2016:50).

The impact on regional disparities is much lower compared to previous periods, due to the effects of the economic crisis. According to the Commission, cohesion policy delivered 'a steady process of convergence' over the 1994–1999 and 2000–2006 periods. While convergence during 2007–2013 was much smaller, it is argued that 'there would have been divergence without cohesion policy' (European Commission 2016a: 4).

To be sure, there are further studies other than those undertaken by or for the European Commission: the literature on the impact of cohesion policy is vast,[14] and conclusions vary to such an extent that '[o]ne of the major challenges for EU cohesion policy is that, after 25 years of implementing the policy, the evidence for its effectiveness is so inconclusive' (Bachtler *et al.* 2016a:11). These studies take various approaches to

**14.** For a comprehensive review of this literature see Davies 2017 and Fiaschi *et al.* 2018.

evaluating the achievements of cohesion policy. Assessments can focus on the micro-level of intervention, i.e. on recipients such as firms assisted or people trained; on the meso-level, i.e. on the policy's impact in a given recipient region (on growth, jobs and specific policy fields); and on the macro-level, i.e. on EU-wide growth, employment and regional catching-up.

As illustrated in a contribution which is probably the most comprehensive meta-evaluation to date (Davies 2017), methods and techniques vary in their level of observation and focus of enquiry, as do the conclusions reached: while macro- and microeconomic studies tend to agree that the policy delivers a positive impact, econometric studies present a marked diversity in their findings, largely depending on the technical choices made and datasets used.[15]

While cohesion policy seems to be successful in driving improvements in key indicators and supporting a better quality of life in recipient regions, it has not always been effective in helping regions in their economic transformation. Restructuring processes are often incomplete, infrastructure provision is sometimes hampered by a lack of resources for running and maintenance costs, and job creation is sometimes transient, for example because support to companies allowed some to remain market-viable in the short term, rather than innovate in the longer term (Bachtler *et al.* 2016a). The most recent literature is now turning its attention to structural transformations, productivity and ecosystems, to the need for cohesion policy to be place-sensitive, and to the context conditions that can support regional development policies in achieving their goals (Bachtler *et al.* 2019; European Commission 2017a; Rodríguez-Pose 2017).

## 3. The impact of cohesion policy on employment and social inclusion

As stated in the previous section, most of the studies conducted over the past years on the (controversial) effects of cohesion policy have focused on regional and local economic development, with the social dimension rarely autonomously scrutinised. Furthermore, beyond the mere consideration that EU cohesion policy has created jobs, until recently only limited specific attention has been paid to the impact on subcategories of unemployed and economically deprived people.

Before we start analysing specific subsets of unemployed people, we should recall that cohesion policy stems from an overall vision that employment and economic development go hand in hand; jobless economic growth (i.e. economic growth not supported by similar job growth) was considered to be, if not impossible, very rare.

15. Assessments on growth or convergence in this type of study range from positive and statistically significant (e.g. Di Cataldo and Monastiriotis 2018; Becker *et al.* 2010; Mohl and Hagen 2010) to positive but very small or statistically not significant (e.g. Esposti and Bussoletti 2008; Rodriguez-Pose and Fratesi 2004), to not statistically significant (e.g. Breidenbach *et al.* 2016; Dall'erba and Le Gallo 2008; Boldrin and Canova 2001), or conditional on factors such as local context, institutional quality, type of region, and geographical and economic structure (Bachtrögler *et al.* 2019; Percoco 2016; Rodríguez-Pose and Di Cataldo 2015; Rodríguez-Pose and Garcilazo 2015; Rodriguez-Pose and Novak 2013).

While attention has been paid to social issues ever since the introduction of the ESF, it has always been within the context of the overall rationale of cohesion policy, i.e. reducing regional disparities. The ESF was primarily aimed at making regional markets work better and making employability easier. Over the years, with the expansion of the Structural Funds (see Section 1), the ESF has expanded, too, becoming increasingly important for employment policy at national, regional and local levels. As a matter of fact, it has become a main point of financial reference in terms of vocational training and job search support for the EU countries, since some ESF resources are available to all Member States (yet in different proportions). Even more so in 2010, in the wake of the 2008 economic and financial crisis, European policies started to follow a transversal principle of 'inclusive growth', identified and supported in a Communication from the Commission (European Commission 2010). This also applied to cohesion policy, which, at the time, was in the middle of its 2007–2013 programming period.

## 3.1. Substantive impact

In the 2014–2020 programming period, the impact of the crisis was still very visible and debated, resulting in calls for greater involvement of European resources (particularly the ESF) to facilitate inclusive growth. As already noted, the ESF was explicitly linked to three Thematic Objectives: promoting sustainable and quality employment and supporting labour mobility; promoting social inclusion, combating poverty and any discrimination; and investing in education, training and life-long learning.[16] The three objectives were more specific than the previous ones and continued the strategic approach already adopted in the previous programming period (2007–2013). All countries were supposed to focus more specifically on the above-mentioned objectives, with mid-term evaluation exercises conducted in a number of countries. Nevertheless, most evaluations primarily considered the 'absorption rates', i.e. the capacity of the countries or regions to spend the EU funds, with less attention paid to the actual capacity to create new jobs (especially in an indirect manner) and to the types of jobs which could be created.

Focusing on the data provided by the European Commission, the figures look impressive: some 1.5 million jobs were created between 2007 and 2015 (considering both the ERDF and ESF projects, and assuming that the projects were not the same), while around one hundred million people were involved in ESF-funded activities (European Commission 2016a; Panteia *et al.* 2016).

Figures clearly vary among countries, but the issue of greatest concern is not the *variance* but rather the *reliability* of the data. In this regard, while the European Commission provides substantial crude data, it is more difficult to find reliable research capable of verifying whether and how the somewhat triumphalist reading of the Commission can be challenged – or made even more triumphalist.

**16.** In addition to TO11, which relates to improving the efficiency of public administration.

Focusing on Commission data, the *ex post* evaluation study devoted to the ESF Social Inclusion theme (European Commission 2016b) provides the following results for the 2007–2013 programming period:

- 6.1 million ‘participations’[17] were reported, of which 53% were women. Another 53% had a low level of educational attainment (ISCED 1–2);

- 47% of participants were unemployed – of whom 22% were long-term unemployed and 34% inactive;

- 24% were classified as young people, 11% as migrants, 9% as minorities, 16% as disabled and 21% as ‘other disadvantaged’ (covering a broad range of disadvantages defined at national or regional level);

- when calculated as a share of the overall population of disadvantaged groups in the EU, coverage of this population in ESF social inclusion priority areas ranged from 2.1% for the long-term unemployed to 0.3% for disabled individuals;

- at least 1.3 million positive results in ESF social inclusion activities in 27 Member States had been reported up to December 2013. Of these, 499,000 secured employment and 244,000 achieved a qualification, while 557,000 achieved other positive results.

As for scholarly research, one of the most interesting studies attempting to evaluate the impact of EU structural funds on unemployment focuses on youth unemployment (Tosun *et al.* 2017). The authors were particularly interested in understanding the net impact of the absorption of EU funds (particularly the ESF and ERDF) on youth unemployment rates. Their findings, although exploratory, are of great interest since they ‘show that the cumulative absorption of structural funds – irrespective of whether the ESF, the ERDF or the structural funds in total – does indeed have a significant effect on youth unemployment’ and, interestingly, ‘in terms of the magnitude, the effect of ESF absorption is greater than for ERDF and total funds absorption’ (Tosun *et al.* 2017: 159).

Youth unemployment – which has become particularly important since the launch of the Youth Employment Initiative in 2014 (e.g. European Court of Auditors 2017) – has also been studied by other authors. However, the focus is on single countries and therefore, although detailed and informative, of little help for us to draw general conclusions. For example, a study of the UK (Sanderson *et al.* 2016) showed that, at the individual level, a youth unemployment scheme (Talent Match) had only partially achieved the expected results. Clearly, youth unemployment is an extremely challenging issue in all EU countries, and it seems particularly problematic to assess the specific impact of EU intervention, since this is strongly intertwined with national, regional and even local levels of government, making any sort of evaluation very difficult.

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**17.** This is the wording used by the evaluators, implying that one individual could have participated in more than one ESF-funded initiative.

From a methodological perspective, the most innovative studies are those focusing on counterfactual reasoning – a methodology strongly supported by the European Commission's Centre for Research on Impact Evaluation (CRIE, within the Joint Research Centre). In one of the first studies supported by the Centre, eight pilot projects were selected in 2013 for a counterfactual analysis. The cases selected were in different European countries where social conditions were particularly problematic – Portugal, Italy, Spain, Estonia and Lithuania. Although quite uneven, the results presented in the Synthesis Report (Elia *et al.* 2015) showed how much the outcomes of the funded activities[18] depended on conditions such as policy coordination and integration, network building, and programme duration.

## 3.2. Procedural impact

So far, we have focused primarily on *substantive* effects in terms of job creation or activation. Similar to other strands of EU employment policy research (such as the Open Method of Coordination; see Zeitlin and Pochet 2005), it should be underlined that some of the most important challenges are *procedural*, i.e. relating to national, regional and local decision-making and – more generally – to the multilevel governance of employment policy. Catalano *et al.* (2015), for example, show that in Italy the limited impact of ESF-funded projects at local level was due to the lack of administrative capacity and the 'compartimentalisation' policy characterising the Italian institutional context. In a piece of comparative research devoted to local German and Italian cases, Aurich-Beerheide *et al.* (2015) show that policy integration (i.e. the organisational links among different policy areas) is unevenly present, with more governance failures in Italy than in Germany.

In general, it seems that the findings with regard to the ESF and the impact of EU cohesion policy on national and regional employment policies are in line with the broader findings regarding the impact of EU cohesion policy overall. These, according to Fratesi and Wishlade (2017), underline the

> importance of the context in determining the impact of cohesion policy, especially in relation to economic and geographical structure, as well as administrative capacity. Such assessments, which link the impact of cohesion policy to specific determinants, are more useful than those that limit themselves to the quantification of impacts (Fratesi and Wishlade 2017: 820).

Finally, looking at how poverty has been affected by EU cohesion policy, the picture becomes even more difficult to assess, since to our knowledge no study focuses explicitly on its impact on poverty rates. The reason may be the shared assumption that, if growth is guaranteed and regional disparities are reduced by virtue of EU cohesion policy, then poverty rates should also drop. But there is virtually no empirical evidence which may be called upon to make this claim empirically sound.

**18.** Post-secondary vocational training courses in Italy, training interventions for employment in Spain, adult vocational training activity in Estonia, hiring incentives in Italy, active labour market measures in Portugal, a large activation programme in Portugal, self-employment and graduate practice in Slovakia).

One of the reasons for this research gap is that poverty as such only gained prominence following the launch of the Open Method of Coordination regarding social inclusion (late 1990s); it was only in the European Commission's Communication (2010) on Europe 2020 that poverty goals – measured in terms of *people at risk of poverty*, AROPE – were included in the overall 2010–2020 strategy. One of the objectives of the Europe 2020 strategy was to reduce poverty by 20%, whereas the most recent data shows that, while the situation has not improved since 2010, it has at best remained the same (with about 118 million AROPE in 2016 and 113 million in 2017).

Taking a closer look at the national data provided by Eurostat (2019), we see that some of the countries benefiting most from EU cohesion policy are also among those where poverty is particularly high (such as Bulgaria and Romania, but also Italy). The same can be said when comparing EU regions according to their performance in terms of 'social progress', as measured by the recent EU-SPI index:[19] 'social progress in the EU is highest in Nordic and Dutch regions and lowest in Romanian and Bulgarian regions' and appears to be, in very broad terms (and with exceptions), inversely proportional to the regions' cohesion policy eligibility status (European Commission 2017a: 91-94). This is not surprising, given the focus of EU cohesion policy on those countries considered 'poor' under the per-capita-GDP indicator. Nevertheless, what seems particularly striking is that, over the past ten years, poverty has been reduced only to a limited extent. In all probability, the Europe 2020 target will not be achieved (Atkinson *et al.* 2017), and current EU cohesion policy seems *per se* insufficient to achieve substantial results, even in those countries and regions particularly targeted by EU funds – such as Romania, Bulgaria, Lithuania and Italy. In other words, while the links between cohesion policy and poverty reduction still need to be systematically explored, the limited evidence currently at our disposal (European Commission 2017a: 192-194) suggests that, so far, EU policy has had a negligible impact on reducing poverty. Finally, new spatial analyses of poverty are making a number of innovative instruments available to policymakers, allowing a much more precise mapping of poverty – as highlighted in the fairly recent World Bank publication (Simler 2016) with its monetary poverty maps. These promote knowledge and policy action aimed at alleviating poverty; they go beyond averages, pinpointing where poverty is geographically located.

The relationship between cohesion policy and social inclusion or poverty alleviation is set to be particularly important in the coming years, and therefore requires greater attention. In the near future, more targeted research is needed on this impact.

**19.** The EU-SPI is an index built to measure social progress rather than economic performance based on a score for various aspects related to three dimensions: basic human needs, the foundations of well-being and opportunity (see European Commission 2017a: 91-94).

## Conclusion

Cohesion policy is arguably the most tangible manifestation of solidarity among European regions and Member States (and, where it invests the most, it is also recognised and perceived as valuable by European citizens).[20] As such, it is also increasingly viewed as a key political tool for creating and strengthening a European identity in the face of globalisation (Borz *et al*. 2018; Capello and Perucca 2019, 2017) and is increasingly considered to be one of the key levers to counteract rising levels of Euroscepticism (Bachtler *et al*. 2019).

Studies on the impact of cohesion policy have focused primarily on regional growth, with generally positive impacts noted. The same may apply to job creation, whereas a clear picture of the policy's direct impact on social inclusion and poverty alleviation is still to emerge. For this reason, European and national institutions and academics alike need to devote more specific attention in terms of policy evaluations.

Finally, if we look at the impact assessments, it seems particularly difficult to conduct an overall assessment since the *ex post* evaluations are undertaken in a segmented manner, with a distinction drawn between the impact of the ERDF/Cohesion Fund and that of the ESF. In the future, more comprehensive forms of evaluation should be encouraged, with a view to providing a broader picture of the economic and social impact of EU cohesion policy. The gathering of more specific data on the impact on poverty alleviation should also be supported.

Looking to the future, the European Commission's proposal for the 2021–2027 programming period puts a greater spotlight on social Europe, since one of the five new policy objectives is to support the implementation of the European Pillar of Social Rights (European Commission 2018a: 7).[21] Nevertheless, in order to attain greater social impact, more resources should be directly used to systematically fund social inclusion and poverty alleviation measures (such carefully designed basic or minimum income schemes or the European child guarantee for vulnerable children advocated by the European Parliament).[22] There should also be an even greater focus on inclusive growth, with further support given to the administrative capacities of national and regional institutions in order to increase absorption rates, timely policy implementation and, crucially, results orientation. Of course, the social dimension can – and should – not be confined to cohesion policy: many other policies may be conducive or detrimental (such as 'austerity packages', i.e. policies aimed at imposing tough fiscal constraints on EU member states) to social inclusion. Nevertheless, EU cohesion policy funds could and should become, in the near future, an important financial factor in the reorientation of EU policies towards a more social Europe.

**20.** More than one third of EU citizens have heard of the policy, with peaks of 80% and almost 70% in Poland and the Czech Republic respectively. Those who have heard about it overwhelmingly consider that it has had a positive impact on the development of cities or regions (78%) (European Commission 2017b).

**21.** For a recent discussion, see Sabato *et al.* (2019).

**22.** For more detail and documentation on this new initiative, see https://ec.europa.eu/social/main.jsp?catId=1428&langId=en.

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