

## PRINCIPLES AND OBJECTIVES OF TERRITORIAL COHESION POLICY

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**Abstract:** The study presents the importance and principles of EU cohesion policy. In the literature, territorial cohesion is regarded as a complex process in a continuous evolution and transformation. Achieving and developing regional cohesion policies has been a response to the different types of issues that the Community space faces and needs to be tackled through direct intervention by the actors involved, providing, in time, for a framework that allows for better functioning and implementation.

Cohesion policy is an important and complex policy, a policy of controversy in terms of implementation and efficiency, but also because of the global context where the economic crisis, climate change and the many challenges of globalization are pressing the Union and emphasizing the need for effective results. It acts in favor of development in the various fields and has seen numerous changes over time.

**Keywords:** cohesion policy, development, principles, financing, economic, social and territorial cohesion.

### 1. Cohesion Policy of the European Union

One of the most competitive areas of the world at the economic level and the development potential is the European Union. There are, however, elements of weakness – such as regional disparities and welfare levels among Member States – that require policies and measures the result of which is positive. Elements of weakness come from the levels of development that the community space faces. Without the same economic, social, geographical, historical, political or cultural conditions, the regions of the Union can not compete on the same footing, resulting in increased existing disparities or the emergence of new disparities. Thus, over time, greater and greater importance has been attached to cohesion in all its aspects. The expansion of the community space has made the realization of economic and social cohesion more difficult due to the increasingly heterogeneous supranational structure.

The EU's cohesion policy is constantly undergoing transformation and, while contributing to the socio-economic community's homogeneity, is facing a rather complex implementation. Since 2000, when the seven-year programming period

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was over, Cohesion Policy benefits from an analysis and increased efforts to make it more efficient, especially since the expansion of the Community area to the east<sup>1</sup>.

Community and international literature has identified two points of view regarding cohesion: one refers to cohesion reports and the Commission's opinion highlighting the benefits of this policy<sup>2</sup>, and the second criticizes and doubts its effectiveness<sup>3</sup>, its followers considering that disparities have not only maintained but have even increased.

Although it is a concept without a clear definition, cohesion policy is intended to be an investment in the future of Europe. On June 24, 1988, a regulation was agreed which included provisions and the allocation of European Union funds in the context of economic and social cohesion, a term previously introduced by the Single European Act. From this point on, cohesion policy has become one of the most important and debated policies of the Community, has been the necessary framework for community actions, in a strategic approach at European, national and regional level, adapted to its central objective, balanced and sustainable development of Europe's regions, has made it possible to involve national, regional and local governments in strategies and networks that go beyond physical and national borders<sup>4</sup>.

In 2008, Danuta Hübner, Member of the European Commission responsible for Regional Policy, making a 20-year analysis of cohesion policy, was of the opinion that "Cohesion Policy makes it clear that everyone in any part of the Union has the opportunity to participate in the common market and benefit from its advantages. Cohesion policy is the *visible hand* of the market, which seeks to ensure a balanced and sustainable development, while fostering economic integration in all European Union countries in general. And it is a local policy that assigns a role to each European territory in the sense that it does not represent an obstacle to the distribution of economic activities and can instead become a source of development in itself"<sup>5</sup>.

Important and complex, cohesion policy acts in favor of development in areas such as transport, urban development, SME growth, environmental protection,

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<sup>1</sup> Gabriela Motoi, Mihaela Bărbieru, *A Comparative Analysis on the Regional Policy and Coordinating of Structural Instruments before and after Romania's Accession to EU*, in "Is There Enough Europe and union in the European Union?", Sofia, Bulgaria, 2016, p. 269.

<sup>2</sup> Among the authors who have declared themselves in favor of Cohesion Policy, we mention Iain Begg, David Allen, Dirk Ahner, John Bachtler, Claire Dheret, Grzegorz Gorzelak etc.

<sup>3</sup> The authors who have declared themselves against Cohesion Policy – Boldrin, Midelfart, Canova, Tarschys, Overman, Sapir etc.

<sup>4</sup> *Inforegio panorama. Politica de coeziune a UE între 1988–2008: o investiție în viitorul Europei*, Foreword by Dirk Ahner, nr. 26/2008, p. 1, [on-line]. Available at [http://ec.europa.eu/regional\\_policy/sources/docgener/panorama/pdf/mag26/mag26\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag26/mag26_en.pdf) [Retrieved July 20, 2018].

<sup>5</sup> Danuta Hübner, *Regiunile contează*, in "Inforegio panorama. Politica de coeziune a UE între 1988–2008: o investiție în viitorul Europei", nr. 26/2008, pp. 2–5, [on-line]. Available at [http://ec.europa.eu/regional\\_policy/sources/docgener/panorama/pdf/mag26/mag26\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag26/mag26_en.pdf) [Retrieved July 20, 2018].

education, employment and training. He has seen numerous changes over time, but the funding system and key principles have remained relatively constant. At the same time, due to its complexity, it is also a policy of controversy in terms of implementation and efficiency, but also because of the global context, where the economic crisis, climate change and the many challenges of globalization are pressing the European Union and emphasizing the need for effective results.

The reform introduced in 1988 introduced principles of cohesion policy and its instruments, which we can catalog as operating instructions<sup>6</sup>:

- focusing on a limited number of objectives that give importance to the least developed regions;
- multiannual programming based on analysis, strategic planning and evaluation;
- additionality by which EU funding does not replace nationally allocated funds;
- partnership to develop and implement programs involving actors at national, sub-national and European level, including social and non-governmental organizations, thus ensuring the ownership and transparency of interventions.

Territorial cohesion should not only be referred to European funds, nor viewed as just a segment in which European money is spent to meet certain national targets. Its meaning is much broader and should be approached as a process that coordinates the policies of the European Union in order to ensure a higher quality of life through policies funded by Union funds and national and private funds<sup>7</sup>. The key pillars of this policy are *connectivity*, *concentration* and *cooperation*.

By doing a thorough analysis of cohesion policy, it can easily be seen that it has improved over the years, in other words, it is a perfectible and necessary policy, but the results have to be analyzed in close connection with a large number of factors.

## 2. The principles of cohesion

The main objective of the European Union in terms of cohesion policy is to strengthen economic, social and territorial cohesion. In this regard, it allocates a significant share of its activities and budgets to reducing regional disparities and gives increased attention to rural areas, those affected by industrial transition, and those affected by a severe natural or demographic handicap.

In this regard, the European Union offers them increased support through the coordination of their economic policies, through the implementation of Union policies or through the use of structural funds or other existing financial

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<sup>6</sup> Vladimir Špidla, *1989–1993: From projects to programmes*, in “Inforegio panorama. Politica de coeziune a UE între 1988–2008: o investiție în viitorul Europei”, nr. 26/2008, pp. 8–13, [on-line]. Available at [http://ec.europa.eu/regional\\_policy/sources/docgener/panorama/pdf/mag26/mag26\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag26/mag26_en.pdf) [Retrieved July 21, 2018].

<sup>7</sup> Mihaela Bărbieru, *With or Without Regionalization? Realities, Challenges and Prospects in a European Union of the Regions*, in “Revista de Științe Politice”, nr. 47/2015, Craiova, Universitaria Publishing, p. 73.

instruments. An example of this is the EAGGF Guidance Section, which aims to support rural development as well as the improvement of agricultural infrastructure. Measures to prevent and combat unemployment are supported by the European Social Fund as the main instrument. This fund provides serious financial support for human resources development, promotes social integration in the labor market, funds initiatives that focus on employment, gender equality, sustainable development, and economic and social cohesion. The European Regional Development Fund contributes to tackling the main regional imbalances in the Community and supports regions with delays in development. The Cohesion Fund provides financial support to environmental projects and trans-European transport networks. The fund may be accessed by Member States with a gross national income per capita of less than 90% of the EU average<sup>8</sup>.

For an efficient use of Structural Funds to achieve the proposed objectives, it is envisaged (1) that the focus of the funds be on objectives and regions; (2) a fair partnership between the Commission, the EU Member States and the regional authorities with regard to the planning, implementation and monitoring of interventions; (3) programming interventions; (4) the complementary nature of Community and national contributions<sup>9</sup>.

Financial resources are allocated according to two main directives. On the one hand, it is about investing in economic growth and jobs in order to strengthen regional economies and the labor market and, on the other hand, is considering the European territorial cooperation, which supports the cohesion of the Community space through cooperation at cross-border, transnational and interregional level.

Cohesion policy is based on four principles: *the principle of concentration, the principle of programming, the principle of partnership and the principle of additionality*.

### 2.1. The principle of concentration

The principle of concentration is based on three very important aspects<sup>10</sup>:

- ✓ *resource concentration* – according to which the most important part of the resources that are made available through the structural funds is concentrated on regions or countries with a lower or poorer potential;
- ✓ *concentration of effort* – whereby investment direction is directed towards key priorities for growth such as information and communication

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<sup>8</sup> Parlamentul European. Fișe tehnice privind Uniunea Europeană. Coeziune. Coeziunea economică, socială și teritorială, [online]. Available at <http://www.europarl.europa.eu/factsheets/ro/sheet/93/coeziunea-economica-sociala-si-teritoriala> [Retrieved August 20, 2018].

<sup>9</sup> *Ibidem*.

<sup>10</sup> Comisia Europeană. Dezvoltarea regională și urbană în UE. Politică, [online]. Available at [http://ec.europa.eu/regional\\_policy/ro/policy/how/principles/](http://ec.europa.eu/regional_policy/ro/policy/how/principles/) [Retrieved August 20, 2018].

technologies, research and innovation, increasing competitiveness for SMEs and supporting the shift towards a low-carbon economy;

- ✓ *concentration of expenditures*, which requires the establishment at the beginning of each programming period of an annual financing for each program. Under these circumstances, the funds must be spent within two years of the allocation date (N + 2 rule).

The N + 2 rule is a concept that we find in the context of the financial rules applied to the annual allocation of European funding coming from the European Structural Funds and the European Investment Funds. If the funding discussed has not been spent by that date, future allocations may be *decommitted* by the European Commission, and if the funds are not spent or there are no payment requests by the end of the second year, decommitment becomes automatic<sup>11</sup>.

The way in which the Structural Funds are spent is based on the principle of shared responsibility between the European Commission and the national authorities. Thus, the Commission negotiates, approves and allocates the resources of the development programs proposed by the Member States. The countries or regions of the European Union manage the programs, select and implement projects, monitor and evaluate, and the Commission takes part in program monitoring, pays approved expenditure, checks control systems<sup>12</sup>.

The national authority shall designate for each operational program:

- (1) a managing authority, which is a national, regional or local authority, or a public / private body;
- (2) a certifying body, which is a national, regional or local authority, or a body which certifies the statement of expenditure and payment claims before being forwarded to the Commission;
- (3) an audit body that is a national, regional or local public authority or body for each operational program to oversee the smooth running of the management and monitoring system<sup>13</sup>.

## 2.2. Programming principle

According to this principle, cohesion policy does not finance individual but multi-annual national development projects, aligned with the objectives and priorities of the European Union. These are based on decisions taken in partnership with the Member State through a series of successive stages, finalizing with the assumption of tasks by public or private bodies. Regional policy does not only refer

<sup>11</sup> Comisia Europeană. Dezvoltarea regională și urbană în UE. Glosar, [online]. Available at [http://ec.europa.eu/regional\\_policy/ro/policy/what/glossary/n/nplus2](http://ec.europa.eu/regional_policy/ro/policy/what/glossary/n/nplus2) [Retrieved August 20, 2018].

<sup>12</sup> Comisia Europeană. Dezvoltarea regională și urbană în UE. Finanțare, [online]. Available at [http://ec.europa.eu/regional\\_policy/index.cfm/ro/funding/financial-management/](http://ec.europa.eu/regional_policy/index.cfm/ro/funding/financial-management/) [Retrieved August 20, 2018].

<sup>13</sup> *Ibidem*.

to certain regions but targets all regions and all the cities of the Community area where it supports job creation, economic growth, enterprise competitiveness, sustainable development, and improving the quality of life of its citizens. In order to be able to meet these needs and to achieve the proposed objectives, cohesion policy was allocated almost one third of the total budget of the Union for the period 2014–2020. Within the framework of regional policy, which has a particularly strong impact in many areas, structural and investment funds directly contribute to the investment plan and priorities of the Commission<sup>14</sup>.

### 2.3. The partnership principle

By the partnership principle, programs are developed through a collective process involving local, national or regional authorities, European partners, social partners and civil society organizations. The partnership applies to all stages of the programming process – design, management, implementation, monitoring and evaluation. This type of approach aims at adapting to regional and local needs and priorities<sup>15</sup>. The partnership principle has its beginnings in the 1957 Treaty of Rome, when the European Social Fund (ESF) was founded, and in 1988, when it was considered a common instrument for structural funds, marking a new phase of the principle. The partnership principle has its beginnings in the 1957 Treaty of Rome, when the European Social Fund (ESF) was founded, and 1988, when it was considered a common instrument for structural funds, marked a new phase of the principle. If at the beginning it focused on traditional economic and social actors, it then referred to “any other appropriate body representing civil society, environmental partners, non-governmental organizations and bodies charged with promoting equality between men and women”<sup>16</sup>.

The Partnership has been identified as a key element in achieving the Europe 2020 Strategy objectives, has transposed important principles in the implementation of the EU’s Common Strategic Framework (CSF Funds), requires close cooperation between national, regional and local public authorities in the Member States but also with the private or tertiary sector. Throughout the entire programming cycle, partners must be actively involved.

The partnership is closely linked to the principles of solidarity, proportionality and multilevel governance, which is a coordinated action of the EU, the Community member states and local and regional authorities and aims at the development and implementation of Community policies<sup>17</sup>. The partnership brings

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<sup>14</sup> Comisia Europeană. *Dezvoltarea regională și urbană în UE. Politică*, [online]. Available at [http://ec.europa.eu/regional\\_policy/ro/policy/how/principles/](http://ec.europa.eu/regional_policy/ro/policy/how/principles/) [Retrieved August 20, 2018].

<sup>15</sup> *Ibidem*.

<sup>16</sup> *Ibidem*.

<sup>17</sup> *Cartea albă a Comitetului Regiunilor privind guvernanța pe mai multe niveluri*, Bruxelles, 2009, [on-line]. Available at [http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/afco/dv/livre-blanc/\\_livre-blanc\\_ro.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/afco/dv/livre-blanc/_livre-blanc_ro.pdf) [Retrieved July 12, 2018].

a number of benefits and values to the implementation of structural funds, to the achievement of a solid community commitment, but also to the assumption of community space policies. It enhances knowledge, skills, implementation of strategies and ensures significant transparency in decision making. At the same time, multilevel governance makes an important contribution to reducing disparities in policy coordination and policy-making in different areas of activity. However, the partnership principle can not be applied equally in all Member States, with significant differences as a result of national institutional frameworks and political cultures. Its effectiveness depends to a large extent on the technical capacities of partners to contribute to this process<sup>18</sup>.

According to the *Opinion of the European Economic and Social Committee on ways to encourage effective partnerships in the management of cohesion policy programs, based on good practice in the 2007–2013 cycle* of 14 July 2010 (Brussels), the “genuine and deep partnership improves considerably the efficiency and overall success of EU cohesion policy. The partnership is an instrument of sustainable, economic and social development; it makes European funds respond to the needs of actors on the ground, increases the visibility of the EU and strengthens democracy. A successful partnership must be based on a long-term perspective of real participation, giving private partners equal opportunities to play an active role with public authorities. It is necessary for both parties to participate”<sup>19</sup>.

At the same time, the document proposed the creation at European level of a code of good practice, agreed with the European partners, to offer civil society the possibility of strong involvement in all phases of cohesion policy. In implementing the partnership principle, in the vast majority of EU countries, regions play an essential role. Thus, the document also proposes the establishment of a network of “regions of excellence in partnership”, with the Committee of the Regions being the most suitable for the guidance of this network<sup>20</sup>.

By applying the partnership principle, there are several determinant factors in the success and effectiveness of cohesion policy, which can be concluded as following<sup>21</sup>:

- ✓ contribution of views and knowledge to highlighting realities in the field;
- ✓ a qualitative response to partner needs and perspectives;
- ✓ better adaptation of interventions on the realities of businesses, workers and citizens through a local approach;

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<sup>18</sup> Comisia Europeană, *Principiul parteneriatului în implementarea fondurilor care fac obiectul cadrului strategic comun – elemente pentru un cod european de conduită în materie de parteneriat*, Bruxelles, 2012, p. 3.

<sup>19</sup> *Avizul Comitetului Economic și Social European privind modalitățile de încurajare a parteneriatelor eficiente în gestionarea programelor din cadrul politicii de coeziune, pe baza bunelor practici din ciclul 2007–2013*, p. 1, [on-line]. Available at [http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/regi/dv/ces967-2010\\_ac\\_/ces967-2010\\_ac\\_ro.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/regi/dv/ces967-2010_ac_/ces967-2010_ac_ro.pdf) [Retrieved July 12, 2018].

<sup>20</sup> *Ibidem*, p. 2.

<sup>21</sup> *Ibidem*, pp. 4–5.

- ✓ increased importance of environmental programs, gender equality and measures to combat social exclusion;
- ✓ partnership is a very important tool in collective engagement;
- ✓ contribute to increasing the efficiency of public spending and policies;
- ✓ enhanced visibility of added value of integrated policies;
- ✓ partnerships make a rapprochement between the eu's cohesion policy and its citizens.

The success rate of the partnership is closely related to the existence of consultation and participation. In the national and political culture where this tradition exists, partners are much more efficient and involved in designing and implementing programs and projects. Over time, the application of the partnership principle has had a real evolution, even if the evaluation was different from partner to partner. However, there are still varied barriers from country to country or even within them, there is mistrust between partners and public authorities as a result of different views or the difference of perspective on the partnership objective, or as a result of perceiving it by authorities as being something extra.

#### 2.4. The principle of additionality

It is a principle of the EU's cohesion policy which ensures that the Structural Funds complement the public expenditure of a Community State without replacing it. By additionality, funding allocated through the Structural Funds does not replace expenditure incurred by a Member State at national level. The Commission sets with each country the share of public expenditure eligible for programming periods and checks compliance with this condition at mid and end of the programming period, with the goal of setting realistic and ambitious targets for structural public spending<sup>22</sup>.

From a legal point of view, the first mention of additionality was made in 1975, when the European Regional Development Fund (ERDF) was established. At the Paris Conference in 1972, community institutions were invited to commit resources to a regional development fund, which, along with national aid, helped to correct the main regional imbalances in the Community. It is the period when the idea of a regional policy that is being programmed as a tool to eliminate the disparities between the different areas of the European Union is just beginning to develop. Until the ERDF was established, Member States did not reduce their own efforts in terms of regional development. The different stages of the integration process have highlighted various difficulties in the development of areas over other areas, the progressive enrichment of more prosperous regions in relation to the impoverishment of other less developed areas<sup>23</sup>. In order to avoid a dual

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<sup>22</sup> Comisia Europeană, *Dezvoltarea regională și urbană în UE. Politică*, [online]. Available at [http://ec.europa.eu/regional\\_policy/ro/policy/how/principles/](http://ec.europa.eu/regional_policy/ro/policy/how/principles/) [Retrieved August 20, 2018].

<sup>23</sup> *Politica de coeziune economică și socială în Uniunea Europeană*, [e-book], p. 39. Available at [http://www.anpm.ro/anpm\\_resources/migrated\\_content/files/ARPM%20BUCURESTI/Programe%20Proiecte/Politici/Politicaregionalasidecoeziune.pdf](http://www.anpm.ro/anpm_resources/migrated_content/files/ARPM%20BUCURESTI/Programe%20Proiecte/Politici/Politicaregionalasidecoeziune.pdf) [Retrieved July 12, 2018].



development situation, the reform of the Structural Funds has been approached by the European institutions. Even if it makes rather general references to the concept of additionality, Regulation (EEC) 4253/1988, however, refers to the opportunities that the Member States and the Commission were seeking to increase the allocations of the Funds in order to have a real and increased economic impact in regions with needs. The Regulation introduced an obligation not to discontinue the State contribution in favor of the Community contribution, and by Article 9 (2) of Regulation (EC) No. 2083/1993, the resources of the Structural Funds shall be granted only when it is confirmed that the Community State maintains its expenditure at least at the same level as the previous programming period. Since 1933, additionality has become a veritable concept, a fundamental principle in the process of managing and distributing Community funds<sup>24</sup>.

If, prior to the 1999 reform, additionality was difficult to implement as a result of the differences between the accounts of public authorities and the requirements of the European Commission, Article 11 of Regulation 1260/1999 has considerably simplified things in the sense of a geographical check of the principle of additionality distinguishing regions that were economically retarded. There was a real need to reduce the number of checks to three, which are well chosen and differentiated - the first *ex-ante* (previous) verification to provide a reference framework for the entire programming period, the second (mid-term) verification to be carried out no more than three years after the approval of the Community support framework or the single programming document (but no later than 31 December 2003) and the last one at the end of the exercise year (until 31 December 2005)<sup>25</sup>.

The Structural Funds for additionality are two – the European Regional Development Fund (ERDF) and the European Social Fund (ESF). It does not refer to the Cohesion Fund.

Article 15 of Council Regulation (EC) 1083/2006 highlights the need for the commission to carry out the verification of the additionality of the Convergence objective by the end of 2016 in cooperation with each Member State concerned and the publication of the results. A special case is that of Croatia, which has one additional year for the verification process, but the Croatian authorities have made the decision to forward the entire documentation a year earlier.

The European Commission's Report *Ex-post verification of additionality 2007–2013*, issued in March 2017, concluded the additionality check for that program and found that the principle was respected, that the average "structural expenditure per Member State over the 2007–2013 period was, in real terms<sup>26</sup>, at

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<sup>24</sup> *Ibidem*.

<sup>25</sup> Council Regulation (EC) No. 1260/1999 of 21 June 1999 on the general provisions of the Structural Funds, art. 11. Available at <http://www.fsesudest.ro/legislatie/Regulament1260.pdf> [Retrieved August 3, 2018].

<sup>26</sup> Real terms refer to estimated prices at the 2006 level.

least equal to the level set at the beginning of the period or the revised level of the 2011 and 2012 mid-term review (baseline) in order to take account of significant changes in the economic situation". The report summarized the results of the ex-post verification carried out in 2016 and found that additionality over the programmed period was fairly difficult to meet as a result of the economic slowdown the Union has undergone in recent decades but also the slowdown in public investment<sup>27</sup>.

Three important conclusions were drawn from the *ex-post verification*<sup>28</sup>:

- the aggregate level of structural expenditure for Member States in the convergence regions over the period 2007–2013 was about EUR 1.2 billion lower than the *ex ante* level and by EUR 13 billion higher than the mid-term level, even if there were some significant differences between Member States. The biggest differences were reported in Member States most hit by the economic downturn and the public finances crisis;
- the Member States, with the exception of Greece, have respected the reference level for the period mentioned above (the one initially established at the ex-ante or the one revised following the mid-term review). Of the Member States, six were below the reference level set at ex ante verification but above the final reference level (Czech Republic, Lithuania, Italy, Germany, Hungary and Portugal);
- the *ex-post* verification confirmed some weaknesses in the additionality verification method, which were also identified during the mid-term check. The volume of information was too heavy for the Member States and there were difficulties in checking the Commission as a result of problems arising from the use of different methods of verification of additionality by the Member States and official statistics available in the Union. As a result of the reported problems, the additionality check has been considerably simplified for the period 2014–2020 and has been aligned with the economic governance of the Community area. With the aim of encouraging growth-enhancing investments, additionality remains an important element of cohesion policy for the 2014–2020 period.

As part of the *ex post* addition control process for 2007–2013, there were 21 EU countries, those with at least one convergence region. There have been a number of problems that have only made the Commission burden more difficult. The table below shows the results of the verification, which compares the *ex post* level with the agreed *ex ante* or the revised mid-term reference level.

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<sup>27</sup> Comisia Europeană, *Verificare ex post a aditionalității 2007–2013*, Bruxelles, 23 March 2017, p. 1, [on-line]. Available at [http://www.cdep.ro/afaceri\\_europene/CE/2017/COM\\_2017\\_138\\_RO\\_ACTE\\_f.pdf](http://www.cdep.ro/afaceri_europene/CE/2017/COM_2017_138_RO_ACTE_f.pdf) [Retrieved August 9, 2018].

<sup>28</sup> *Ibidem*, pp. 2–3.

Table 2  
Reference levels and real structural expenditure 2007–2013.

<i>Member State</i>	<i>Ex-ante reference level, average 2007–2013</i>	<i>Mid-term reference level 2007–2013</i>	<i>Real costs 2007–2013</i>
<i>Belgium</i>	1,128	1,128	1,284
<i>Bulgaria</i>	919	919	1,108
<i>Czech Republic</i>	2,549	2,271	2,450
<i>Germany</i>	16,504	14,562	15,538
<i>Estonia</i>	1,316	1,276	1,421
<i>Greece</i>	8,661	6,125	5,628
<i>Spain</i>	13,973	13,973	16,599
<i>France</i>	1,815	1,815	2,684
<i>Croatia</i>	818	818	871
<i>Italy</i>	20,613	13,860	15,076
<i>Latvia</i>	971	770	1,023
<i>Lithuania</i>	755	598	634
<i>Hungary</i>	3,330	2,828	2,976
<i>Malta</i>	107	107	193
<i>Austria</i>	139	139	143
<i>Poland</i>	7,940	7,940	12,080
<i>Portugal</i>	3,946	2,637	3,268
<i>Romania</i>	4,773	4,773	5,077
<i>Slovenia</i>	957	957	1,103
<i>Slovakia</i>	876	876	1,723
<i>UK</i>	3,495	3,072	3,505
<b>Total</b>	<b>95,585</b>	<b>81,444</b>	<b>94,383</b>

**Note:** annual average in million euro, 2006 prices

**Source:** European Commission, *Ex post verification of additionality 2007–2013*, Brussels, 23 March 2017, p. 8, [http://www.cdep.ro/afaceri\\_europene/CE/2017/COM\\_2017\\_138\\_RO\\_ACTE\\_f.pdf](http://www.cdep.ro/afaceri_europene/CE/2017/COM_2017_138_RO_ACTE_f.pdf)

Compared to the previous programming periods, structural spending has risen by 2% despite the impact experienced by slowing economic growth. Growth has taken place against the backdrop of rising structural spending in the EU member states that joined the EU in 2004, 2007 and 2013–30% in all EU countries except the Czech Republic, Hungary and Lithuania where structural spending has fallen.

In conclusion, adherence to the principle of additionality is explained by keeping a higher level of spending in the first years of the programming period. This higher level occurred amid the financial crisis of 2008 or due to the exceptional spending made in the economic recovery packages and adopted to counter the negative effects of the economic downturn. In the second part of the programming period, structural expenditure for most Member States has declined and developments are in full consistency with trends observed in Eurostat data on public investment<sup>29</sup>.

<sup>29</sup> Comisia Europeană, *Verificare ex post a aditionalității 2007–2013*, Bruxelles, 23 March 2017, p. 10 [on-line]. Available at [http://www.cdep.ro/afaceri\\_europene/CE/2017/COM\\_2017\\_138\\_RO\\_ACTE\\_f.pdf](http://www.cdep.ro/afaceri_europene/CE/2017/COM_2017_138_RO_ACTE_f.pdf) [Retrieved August 9, 2018].

The report also highlights the fact that all Member States except Greece have respected the principle of additionality, six of them respected it due to the reduction of reference levels in the mid-term addition check in 2010 and in other countries, were above the level set at the *ex ante* verification.

From a legal point of view, failure to adhere to the principle of additionality entails a financial correction by which the contribution from the Structural Funds can be totally or partially canceled. According to art. 99 par. 1 of Regulation (EU) No. 1083/2006, the correction shall take place in the following cases: (a) the existence of a serious irregularity in the management or control system of the program which jeopardizes the Community participation already granted to the program; (b) the expenditure found in a certified expenditure declaration is not regular and has not been corrected by the Member State following the initiation of the correction procedure under this paragraph; (c) a Member State has failed to fulfill its obligations under Article 98 prior to the initiation of the correction procedure under this paragraph<sup>30</sup>.

The Commission's financial corrections are based on individual cases of irregularities, thus determining whether a flat-rate or extra-cost correction is needed. The Commission shall also take into account the gravity or nature of the irregularity, the magnitude of the irregularities and the financial implications found in the program concerned, issue its own conclusions on the financial consequences, after examining the measures taken in the Member State concerned and following its replies<sup>31</sup>.

## Conclusions

Cohesion policy is seen by regional policy specialists as the key to the progress of European construction. In achieving regional development, good governance was needed to ensure a serious involvement of socio-economic partners and civil society with the aim of increasing competitiveness and solidarity between regions of the EU space. The success of regional policy actions was closely related to the efficiency of planning and collaboration between the authorities involved and the improvement of the absorption rate of the Structural Funds.

European Economic Policy has been tackled by all the Treaties of the European Union, starting with 1957 – the Treaty of Rome, until the Treaty of Lisbon signed in 2007. However, no cohesion policy at the level of the European Union or real support for disadvantaged regions in reducing the socio-economic

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<sup>30</sup> Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999. Available at <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1083:20100625:RO:PDF> [Retrieved August 6, 2018].

<sup>31</sup> *Ibidem*.

disparities between the regions of the Community states can be discussed until 1975. For the regional development of the Community, cohesion is one of the most important pillars and the economic and social cohesion policy sums up a series of interventions at the level of the European Union on the regional development policy, aimed at reducing the gaps, combating unemployment, supporting the process education, rural development assistance, etc.

Cohesion policy implies an efficient use of funding instruments and a strengthening of the competitiveness of the European economic area, with an accelerated economic growth process. Approaches to the process of financing economic, social and territorial cohesion are sensitive to Community authorities on the one hand and to national, regional and local authorities on the other because the way funds are used determines economic and social development and reducing gaps.

At present, the transposition of economic and social cohesion at the territorial level is no longer a novelty.