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VENETO: POLICY SHAPER OR POLICY TAKER?

Analysis of the role played by the Veneto Region in the  
policy process leading to the new EU Multiannual Financial  
Framework 2021-2027

*Supervisor:* Prof. Paolo Roberto Graziano

*Candidate:* Federica Mazzanti  
Matriculation No. 1233404

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## Abstract

This dissertation project aims at understanding whether the case study in object, namely the Veneto Region, has provided any contribution to the policy process leading to the adoption of the new EU Multiannual Financial Framework 2021-2027, having an active or, rather, a passive role during the whole policy-making phase. After a preliminary presentation of the theoretical framework and of the existing literature on the topic, the study will be conducted through the analysis of reference documentation and interviews with key stakeholders which have been directly or indirectly involved in the process. A specific focus will be put, throughout the whole thesis, on the analysis of the role of regions as active players in the European arena in a Multilevel Governance perspective, as well as on the main policy features of the new European long-term budget and programming period. The main argument made in this research is that the Veneto Region has been, on the one hand, a *policy taker* at the European level with respect to the policy process leading to the whole Multiannual Financial Framework 21-27. On the other hand, the Region has also played the role of *policy shaper* towards the Cohesion Policy and related funds under shared management.

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## List of abbreviations

- AER: Assembly of European Regions
- ARPAV: Veneto Regional Agency for Environmental Prevention and Protection
- CoR: Committee of the Regions
- COTER: Commission for Territorial Cohesion Policy and EU Budget
- DPCoe: Department for Cohesion Policies of the Presidency of the Council of Ministers
- EA: European Alliance Group
- EC: European Community
- Ecofin: Economic and Financial Affairs Council
- ECR: European Conservatives and Reformists Group
- EDF: European Development Fund
- EP: European Parliament
- EPP: European People's Party
- ERDF: European Regional Development Fund
- ERDF PR: ERDF Regional Program
- ESIF: European Structural and Investment Funds
- ESF+: European Social Fund +
- ESF+ PR: ESF+ Regional Program
- ETC: European Territorial Cooperation
- ETS: Emissions Trading Scheme
- EU: European Union

- GAERC: General Affairs and External Relations Council
- GNI: Gross National Income
- IGOs: Intergovernmental Organizations
- IIA: Inter-Institutional Agreement
- III: Interregional Innovation Investments
- JTF: Just Transition Fund
- MFF: Multiannual Financial Framework
- MLG: Multilevel Governance
- NGEU: NextGenerationEU
- PES: European Socialist Party
- PO: Policy Objectives
- PR: Regional Programme
- REACT-EU: Recovery Assistance for Cohesion and the Territories of Europe
- REGI: European Parliament's Committee on Regional Development
- ROP: Regional Operational Programme
- SDG: Sustainable Development Goals
- TdP: Table of Partnership for Regional Cohesion Policies 2021-2027
- TEC: Treaty establishing the European Community
- TEU: Treaty on European Union
- TFEU: Treaty on the Functioning of the European Union
- TOR: Traditional Own Resources
- VAT: Value Added Tax

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## Introduction

The idea of writing my Master's thesis on the role of Veneto Region in the policy process leading to the Multiannual Financial Framework 2021-2027 arises from my internship experience related to the field of EU project management. In such occasion, in fact, I had the opportunity to engage contemporarily with both stakeholders from the regional socioeconomic context of Veneto and with supranational actors particularly active in the European arena. This experience led me to question myself about the modes of interaction between the two levels of governance, not only in the mere context of EU-funded projects, but especially in the making of particular and significant political decisions, such as, precisely, the allocation of financial resources through the new long-term budget of the European Union. In addition, this last topic proved to be of great relevance to me, as well as worthy of further study, given the considerable insights I had on it in the course of my job experience. Therefore, the relevance of the issue at stake in this research is also given by the recent opening of the new European programming period, which shows the political direction in which the European Union is now moving, focused mainly on increasing sustainability, digitization and European competitiveness for the next seven-year period.

In this regard, it can be considered vital to investigate and acknowledge the role of key domestic actors, such as regions, in difficult decision-making processes like the European ones, so as to understand the complex dynamics and dialogues between society and governments, institutions and public opinion, in a Multilevel Governance perspective. It is precisely this latter theory, together with Europeanisation and liberal intergovernmentalism, to be one of the main gnoseological foundations on which the assumptions that will be pursued throughout this thesis are based. The European Union, in fact, as a *sui generis* organization, is here perceived to be characterized by an interrelation of different governmental and non-governmental organizations, an entanglement of national and international levels, which cause a shift of authority from the Member States' governments to both the European and the subnational levels, radically changing the traditional policy implementation structures at all levels. (Piattoni, 2011)

Given these premises, this research is going to investigate whether the case study considered here, namely the Veneto Region, has provided any contribution to the policy process leading to the adoption of the new Multiannual Financial Framework 2021-2027, having an active or, rather, a passive role during the whole policy-making phase. In other words, what will be investigated is if the Veneto Region been a *policy shaper* or, rather, a *policy taker* in the policy process leading to the new EU Multiannual Financial Framework 2021-2027. In order to better contextualize, the terms *policy shaper* and *policy taker*, whose more precise definitions are later going to be provided in the development of this dissertation, refer here to the level of proactivity had by the regional actor during the policy-making process.

In order to tackle the topic in object from a methodological point of view, qualitative research has been chosen for this study through non-structured interviews that, together with a precise analysis of the available official documents, will be the main data collection method ensuring the gathering of precise information. The research is thus going to be conducted between February 2022 and June 2022, with the data collection phase happening between May and June 2022.

From a structural point of view, the research is going to be organized in the following way: the first chapter is going to provide a short theoretical framework, together with a detailed explanation of the chosen methodology and the exposition of the research question and hypothesis. Moving on, the second chapter is going to present a brief literature review of the topic in object, namely the role of Veneto Region in the European arena, followed by an analysis on the general role played by regions at the EU level. Here a specific focus will be on the Committee of the Regions as one of the main institutions guaranteeing regional representation in the European arena. Subsequently, in the third chapter the Multiannual Financial Framework as a whole is going to be tackled, starting with its general features and then moving on to its main facts and figures for the new 2021-2027 programming period, as well as to the main related EU policies and strategies. The chapter is going to end with a focus on the budgetary policy-making process, highlighting the main actors and their roles in the political bargaining and negotiations on the EU long-term budget. Finally, the fourth and last chapter is going to present the collected data and documents on the issue at stake in order to provide an answer to this thesis' research question. Lastly, some final conclusions will be drawn.

## Chapter 1

### Theoretical framework and methodology

Acknowledging the role of subnational authorities such as regions in complex decision-making processes like those at the European level, is crucial in order to understand the dynamic and constant dialogues between society and governments, institutions and public opinion, from the local to the wider supranational level. Moreover, investigating the role played by regions in shaping European Union's (EU) policies and legislation can provide a realistic image of the state of health of European democracy, assessing the role of citizens and other different kind of political bodies in influencing the decision making and legislative processes not only through the mere election of their own representatives.

This chapter is therefore going to provide the introductive and basic instruments aimed at giving the reader a theoretical key of understanding of such mechanisms and especially of the specific research conducted through this dissertation project. At first, a short theoretical framework is going to be set out, presenting the key EU-related theories, which are fundamental in order to understand the content of this thesis. Subsequently, in the same section, an explanation of Brunazzo's *policy shaper* and *policy taker* concepts, on which this research is based, will be provided. From the author's viewpoint, there will be an analytical theorization of such notions and, in addition, analytical definitions will be set for the purposes of this dissertation project. Finally, the methodology of this thesis will be explained, presenting the research question as well as the hypothesis and research design, and, in addition, its academic relevance will be highlighted.

#### 1.1 – Understanding the European arena through EU-related theories

As a political system, the European Union can be considered one of the most innovative and interesting experiments in the contemporary international geopolitical context. Indeed, not only does the EU present the main structural features of federal states, but it also resembles intergovernmental organizations (IGOs) in many of its decisional mechanisms. Such peculiar traits have led scholars and experts over the years to define the EU as a *sui generis* organization. The main argument in support of the *sui generis* nature of the European Union lies in the fact that Member States transfer part of their

sovereignty to the supranational level, while international organizations and confederations of states are typically characterized by a greater autonomy of Member States, which maintain their own sovereignty in all areas (Rabinovych, 2020). According to Phelan (2012), “the sui generis feature of the EU, in light of international relations theory, is that, as a self-contained regime, it imposes a stream of costly adjustments on organized interests in its Member States but rejects the use of inter-state countermeasure and reciprocity mechanisms.” The peculiarity of the EU political system and its related consequences have been the source of much controversy among scholars and policy analysts studying the European Union. However, to the purpose of this work, it is important to understand to what extent the above-mentioned peculiarities of the EU’s institutional system have influenced and still influence the creation and evolution of a distinctive typology of policy process. Moreover, it is also vital to clarify how these European Union’s specificities affect the roles played by the Member States as actors as well as how they interact and build shared decisions in such a peculiar political arena.

A full understanding of European Union’s policy-making and policy process can, in fact, be provided only through an introductory presentation of the major EU-related theories, which can be considered as crucial tools and starting points to properly analyze the case study later examined in this dissertation project.

The first current to be identified and deepened is the one of the theories of European integration that, drawing on the theories of international relations, are aimed at explaining the process through which the EU has developed and enlarged over time. As a result, such theories even contribute in providing an understanding of how European Union’s policy-making has been differently perceived from one decade to another and across issue areas, as well as how it changed over time. (Wallace et al., 2005) This work will rely specifically on one of the four dominant schools of European Integration, namely liberal intergovernmentalism, theorized by the American scholar Andrew Moravcsik in the 1990s. In his work *Preferences and Power in the European Community: a Liberal Intergovernmentalist Approach*, he defines the European Union (formerly European Community) as “a successful intergovernmental regime designed to manage economic interdependence through negotiated policy-coordination”. (Moravcsik, 1993) His theoretical reading of the Union, of its internal mechanisms and decision-making processes, is based on what he defines as a “liberal theory of how economic

interdependence influences national interests, and an intergovernmentalist theory of international negotiation.” (Moravcsik, 1993)

Moravcsik’s theory and consequent view of EU’s decision-making and policy processes has its roots in the author’s opposition to one of the oldest and most popular European Integration’s theories, namely neo-functionalism. According to the latter, the process of *functional spillover*, whereby governments’ decision to put a particular sector, like coal and steel, under the authority of central institutions, results in pressures aimed at extending that institutional authority to other related policy areas, such as taxation, exchange rates, etc. Therefore, in neo-functionalism’s view, sectorial integration would have led to an automatic but unintended trend toward further integration in an increasing number of policy areas. (Wallace et al., 2005) Such pressure in deepening and widening policy coordination introduces the consequent concept of *political spillover*, whereby both subnational actors (like interest groups, political parties, local entities etc.) and supranational actors at the European level would create additional pressure in the direction of further political integration, reinforcing an already undertaken process of institution-building. (Wallace et al., 2005) Finally, in neo-functionalism, supranational institutions, and especially the European Commission, are perceived filling a purely technocratic role since they hold an inevitable measure of autonomous initiative in administering the policy fields that Member States have been delegating to them. (Moravcsik, 1993)

According to Andrew Moravcsik, however, the theoretical framework offered by neo-functionalism and its main exponents resulted incorrect especially because of the lack of consideration given to a series of intergovernmental bargains that, in his view, characterized both the processes of Community-building and decision-making in the former EC. (Moravcsik, 1993) Liberal intergovernmentalism, in fact, draws back from the previous theory of *intergovernmental institutionalism*, although adding a focus on the theory of preferences formation. One of the main elements placed by the author at the center of attention is, in fact, the assumption of rational state behavior, whereby “the costs and the benefits of economic interdependence are the primary determinants of national preferences”. (Moravcsik, 1993) In fact, it is assumed that governments act knowledgeably in the international arena, but basing their actions on domestically defined objectives. Therefore, the different pressures exercised by domestic societal groups,

whose preferences are pooled and channeled through political institutions, represent the main factors shaping foreign policy goals. In this view, thus, national interests are the result of domestic political conflict deriving from the competition of societal groups aimed at reaching political influence. As a result, the formation of new national and transnational coalitions causes the emergence, and the following recognition by governments, of new policy options. In conclusion, according to the author, understanding domestic policy is an essential prerequisite for the analysis of States' interactions at the international level. Possible cooperation or, on the contrary, conflict among Member States is, at first, derived from the definition of domestic interests by governments, and then followed by the consequent bargaining among them aimed at finding a way to achieve their own goals. (Moravcsik, 1993)

These ideas have been taken up and adapted over time by Moravcsik, who still uses liberal intergovernmentalism as a key to understanding the complex events and political developments that have characterized the European Union in recent decades. In one of his most recent works, titled *Preferences, Power and Institutions in 21st-century Europe*, indeed he claims: "With greater diversity of national preferences and the politicization of European ideology, governments now face increasingly unresolvable contradictions between democracy and effectiveness". (Moravcsik, 2018) However, as he later explains, intergovernmental bargains based on domestic preference formations still remain nowadays the mechanism ruling the reaching of whichever solution and decision at the supranational level.

This thesis project is grounded in the abovementioned assumptions and it is aimed at investigating the complex policy and decision-making processes at the EU level on sensitive topics such as the determination of the Multiannual Financial Framework (MFF) 2021-2027. However, as it has just been seen, supranational institutions are not the only actors involved in the process, taking into account the prominent role of subnational actors such as interest groups, local actors or, like in this specific case, regions, in shaping national preferences.

In order to explain this apparently intricate multi-actor power play, it is now going to be introduced the second current of EU-related theories, namely the *governance theories* or *governance approach* to the European Union. The latter cannot be considered as a single

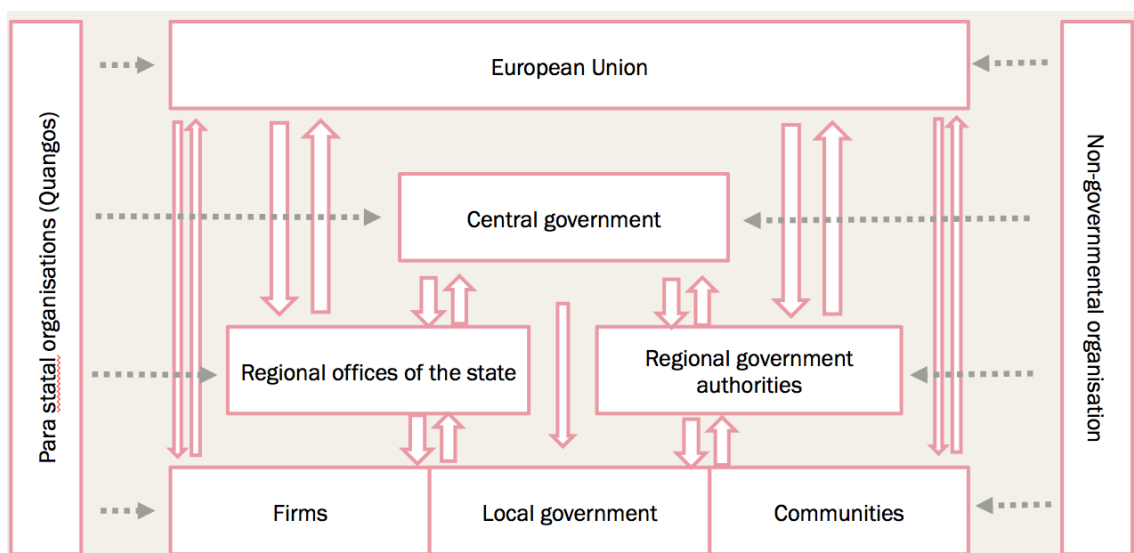
EU-related theory, but rather as a cluster of interconnected theories characterized by shared themes and common dimensions. Among them, the most important ones to be taken into account for the purpose of this dissertation are the “non hierarchical or ‘network’ character of EU-policy making; the emergence of ‘multi-level governance’ implicating subnational, national and supranational actors”. (Wallace et al., 2005)

Drawing on these elements, it can now be presented and exemplified one of the most crucial theories falling within this last theoretical branch, the Multilevel Governance’s one (MLG), which represents another fundamental assumption that underlies this thesis work. As stated by Piattoni (2011), Multilevel Governance can be defined as “a shorthand expression that indicates the complex processes through which binding decisions are made and implemented by several levels of government and by non-governmental organizations, such as functional interests, civil society organizations and voluntary associations”. Among the many other authors providing their contribution to the rich literature on Multilevel Governance, Schmitter (2004) defines it as “an arrangement for making binding decisions which engages a multiplicity of politically independent but otherwise interdependent actors – private and public – [...] at different levels of territorial aggregation in more-or-less continuous negotiation/deliberation/implementation, and that does not assign exclusive policy competence or assert a stable hierarchy of political authority to any of these levels.” One last definition worth mentioning, marking an effective recognition of this phenomenon at the institutional European level, is the one provided by the Committee of the Regions (CoR). In *The Committee of the Regions' White Paper on Multilevel Governance* (2009), the CoR “considers multilevel governance to mean coordinated action by the European Union, the Member States and local and regional authorities, based on partnership and aimed at drawing up and implementing EU policies. It leads to responsibility being shared between the different tiers of government concerned and is underpinned by all sources of democratic legitimacy and the representative nature of the different players involved”.

In this regard, given the previously mentioned *sui generis* nature of the European Union’s political system and the fact that the majority of its decisions are made and implemented through the interrelation of “different levels of government and non-governmental organizations, Multilevel Governance is particularly apt to describe the way in which binding decisions are made in the EU, a polity whose system of government conforms to

none of the canonized national models.” (Piattoni, 2011) Thus, according to Piattoni, Multilevel Governance can be considered as the core feature of the decision-making processes characterizing both the EU as a whole and its Member States too, which have been experiencing over the last decades internal civil society’s pressures in setting the goals of public action by itself. (Piattoni, 2011)

**Figure 1: Diagram showing the different links, both vertical and horizontal, among the actors, setting Multilevel Governance**



Source: van der Zwet, cited in Polverari, lecture 6 on EU-related theories and EU Cohesion Policy, Public Management and Multilevel Governance course, 15<sup>th</sup> January 2020.

The figure shown above provides a general idea of the complex interrelation between the various actors involved at different levels in the European decision-making processes. The links among them, both horizontal and vertical, show the great variety of possible relations among governmental and non-governmental actors, as well as all the possible different forms of civil society’s participation involved in the process.

The main consequence of such a dense network in terms of EU policy-making is given by an increase in the number and typology of actors, external to the central government, taking part to the policy process. Moreover, Multilevel Governance determines a process



of territorial redefinition of European states at the supranational level, which identifies the most efficient territorial scale aimed at implementing policies. Finally, the main element that can be highlighted is, as previously mentioned, an entanglement of national and international levels, which radically change the traditional policy implementation structures. (Piattoni, 2011)

Thus, a significant “shift of authority from national governments to the European arena and to subnational, regional governments in a substantial number of states” can be observed. (Wallace et al., 2005) The real novelty in the described framework is constituted by the new proactive role of regional governments, which, through their newly instituted Brussels offices, have significantly reinforced their European stance overtime. In addition, this form of governance is characterized by a strong presence of formal and informal policy networks, both public and private, whose existence highlights the newborn informal politics of the Union. (Wallace et al., 2005)

The new policy-making systems just described, moreover, have been strongly impacted by a process of Europeanisation, which is now going to be the last EU-related theory to be examined for the purposes of this dissertation project. Similarly to the previously examined Multilevel Governance theory, scholars have provided different definitions of the phenomenon over time. Generally, by the term *Europeanisation* it is intended the process by which “EU political dynamics become part of the logic and norms of domestic policy-making” (Howell, 2002). Another similar view of Europeanisation has been set out by Wallace et alia (2005), for which it can be defined as “the process whereby EU institutions and policies influence national institutions and policies within the various member states”. The literature focusing on this specific theoretical branch is particularly abundant, however it is here considered crucial to mention the formulation developed by Cowles, Caporaso and Risse (2001), which tries to seek the causes of this phenomenon, seeing Europeanisation as the result of two different elements. These are, on the one hand, adaptational pressures arising from the variable *goodness of fit* between national policies, institutions and the EU and, on the other hand, domestic intervening variables such as different levels of institutional capacities, divergent political and organizational cultures closely related to the country of reference etc.

Despite its richness, the literature related to Europeanisation is often characterized by several critiques and shortcomings as, for instance, the one related to a flawed operationalization of the just exemplified ‘fit/misfit’ concept connecting the EU policy structure to the Member States’ domestic ones. As hypothesized by Graziano (2011), however, the four dimensions of policy structure - namely, principles, objectives, financial instruments and procedures - can be used as helpful indicators aimed at verifying the actual level of misfit among the two policy structures. Consequently, if all the above-mentioned dimensions of policy structure coincide on both sides, then the EU and national levels will be characterized by a *goodness of fit*. On the contrary, if many of the four dimensions substantially differ, then there will be a high policy misfit between the national policy structure and the European one.

In the light of this and many other scholars’ criticisms to the *goodness of fit* notion, Graziano proposes a reinterpretation of the concept, which focuses on the crucial role played by domestic actors in the effectiveness or, either, on the lack of realization of Europeanisation. According to the author, “the greater the misfit between EU and national policy structures, the more we expect policy change if there is sufficient support from key domestic political and social actors.” (Graziano, 2011) Therefore, Europeanisation will occur, causing a significant policy change, only if key institutional domestic actors are characterized by shared preferences and if they jointly support European Union’s instructions and guidelines. What this means is that, even in presence of a high degree of misfit, there will be no policy changes, or very limited ones, if key domestic actors do not share EU prescriptions.

Thus, Graziano’s thesis states that “in cases of similar degrees of policy misfit, we expect Europeanization to induce relevant policy change only if there is an overall broad consensus among institutional and social actors with respect to EU guidelines, whereas we will expect limited or no policy change if there is an overall limited consensus among institutional and social actors with respect to EU guidelines.” (Graziano, 2011)

In order to sum up, it can be stated that the level of policy change determined by the European Union switches according to of the degree of preference, or either, resistance present at the domestic level, and not just on the basis of the compulsoriness of the policy approved at the EU level. (Graziano, 2011)

In the light of the significant importance given to key domestic actors' preferences and choices in this interpretation of the Europeanisation process, which stands between the theoretical bases of this dissertation, it is possible to easily reconnect to the liberal intergovernmentalism and Multilevel Governance theories previously examined. In fact, the set of theories analyzed up to this point provides a solid theoretical basis aimed at analyzing and investigating the complex policy and decision-making processes which lay behind the design and implementation of the Multiannual Financial Framework 2021-2027. The whole policy process and its outcome, in fact, are here theoretically intended as a result of the interaction of different key actors at different policy levels, which are characterized by diversified choices and preferences, arising from the assumption that political actors generally tend to behave rationally. Thus, the analysis will be conducted considering actors involved at every level, starting from those operating at the EU supranational level, such as the European Commission or the Committee of the Regions, up to those operating at a strictly local level, like the regions, on which the case study that will be analyzed during this thesis is based.

However, before proceeding to the development of the study, it is crucial to provide a definition and an operationalization of the concepts of *policy shaper* and *policy taker* which are at the core of this dissertation project. These terms have been taken and readapted from Marco Brunazzo's work, titled *From Policy-Taker to Policy-Shaper: The Europeanization of Italian Cohesion Policy* (2010), which has been the main source of inspiration for the conception of this thesis and its research question, as well as one of its main theoretical bases even for the vision of Europeanisation provided by the author. The paper in object highlights the existence of two different dynamics of Europeanisation, the *top-down* and the *bottom-up* ones. The former is characterized by a "subject of study [that] is the change of national institutions and policies brought about by the institutions and the public policies of the EU", while the latter studies "how the EU develops and what role is played by national governments, sub-national institutions and interest groups in EU decision-making processes." (Brunazzo, 2010)

Of particular relevance for the purpose of this dissertation project is the *bottom-up* dynamic of Europeanisation, which once again stresses the key role of domestic actors. Along with the definition just provided, it can even be seen as a process happening at the

national level in which formal and informal rules, institutions and public policies develop and consequently spread at the supranational level to the European political system.

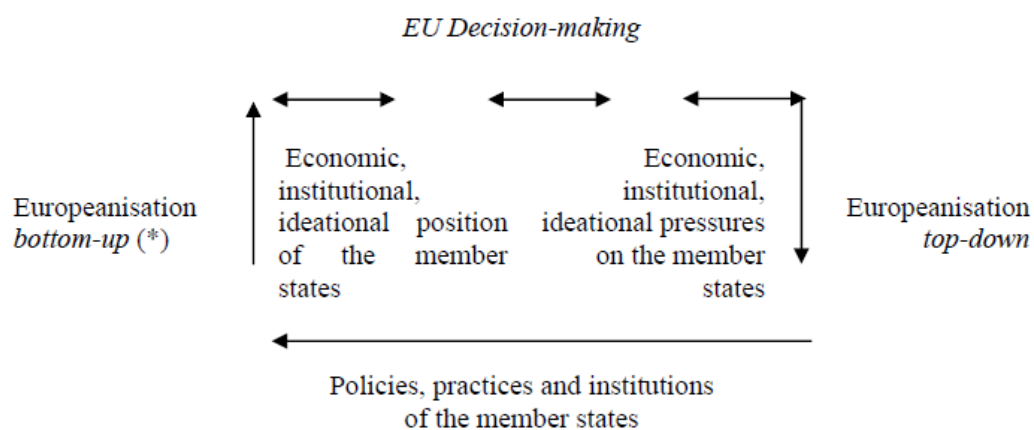
What is stressed by Brunazzo in this study is the fact that, until that moment, the two Europeanisation dynamics have always been studied separately. In the light of this, he aims at investigating how and when the two processes impact each other, namely how and when top-down Europeanisation has an influence on the bottom-up one and vice versa. Therefore, in the author's view, it is crucial to understand how the authority exercised by the European Union on Member States can influence their interest representation as well as their capacity to, in turn, directly impact the European Union's decision making and policy processes. Thus, the point of the discourse exemplified here is that it is vital "to understand how Europeanised states change their strategies, their objectives and their ways of interacting with the EU" (Brunazzo, 2010). In fact, the *bottom-up* Europeanisation dynamic has to be intended as an occasion for some specific state and non-state actors to reinforce their role in EU policy-making, as well as in the domestic one, increasing in this way their participation at the supranational level. "In other words, the national-level change induced by the supranational level may in turn affect the mobilisation of the states on the European level." (Brunazzo, 2010) The result of his study shows how some national actors have had the opportunity to take advantage of the aforementioned adaptational pressures and, in the specific case of Italy, it has been able to reshape and enhance its presence in Brussels, especially in some essential phases of the decision-making processes related to the adoption of Cohesion Policy.

Brunazzo's case study has thus proved how national governments, but more generally even other kind of key actors at the domestic level, can cover the role of both "shapers and takers of European policies at the same time." (Brunazzo, 2010) While the meaning of *policy taker* can be more easily guessed, by *policy shaping* the author refers to the aforementioned mobilization and increased participation of domestic actors at the supranational level by which they try "to maximise the benefits they derive from European policies while simultaneously minimizing its costs." (Brunazzo, 2010)

Along to the others that have been highlighted until now, the main concept at the core of Brunazzo's research, which is crucial for this dissertation project, is the fact that European policies originate from complex processes of bargaining in which domestic key actors,

such as national governments or regions, play a vital role, along with European institutions. In fact, by reacting in different ways to top-down Europeanisation adaptation pressures, national actors show a different presence at the EU level, consequently manifesting a different level of Europeanisation from a bottom-up point of view.

**Figure 2: Relations between the top-down and bottom-up dynamics of Europeanisation**



Source: Brunazzo, *From Policy-Taker to Policy-Shaper: The Europeanization of Italian Cohesion Policy*, 2010.

In the light of what has been discussed until now and given such theoretical frame of reference, in this dissertation the concepts of *policy shaper* and *policy taker* have been borrowed and readapted with the aim of analyzing our case study, namely the role played by the Veneto Region in the policy process leading to the new EU Multiannual Financial Framework 2021-2027. As it has been seen, policy-making in the European Union takes place thanks to the interaction of different actors at different governance levels, thus it is crucial to provide operationalized definitions of the roles that can be played by key domestic actors. In this way, not only it can be offered a correct and accurate analysis of their role at European level, but it can also be provided a practical quantification of the contribution they make or, conversely, of their degree of passivity in the course of the whole policy process.

Therefore, in this thesis, the regional actor inquired, namely the Veneto Region, will be defined as a *policy shaper* when its political activity at the European level is characterized by a high mobilization and an increased participation which contribute to having its interests and preferences recognized at the supranational level. Conversely, by *policy taker* we refer to a key domestic actor, in this specific case a regional one, whose political activity at the European level is not characterized by a strong mobilization or participation, leading it to just passively receive and implement European guidelines and decisions without seeing its own interests and preferences being taken into account in the supranational policy processes.

Whereas so far the main EU-related theories have been at the center of attention, providing the necessary cognitive tools for the understanding of this thesis, it may now be fruitful to explain the methodology that is going to be used for the development of the work. Thus, the research question, hypothesis, general methodological approach and academic relevance are going to be determined in the next section.

## **1.2 – Research question and methodology**

As it will be seen and explained in depth in the next chapter, the majority of researches related to the role played by Veneto Region in the European arena focus mainly on two major elements. Firstly, the twofold nature shown by the regional actor in object, which has proved in multiple occasions to be more concentrated on obtaining direct funds than on the definition and co-design of European policies through an active participation that could have uploaded its regional interests and preferences at the EU level. Therefore, it proved to be active in the European arena, even if only in those matters of its own direct interest, while more passive in its involvement in the policy-making processes. Reconnecting to the definitions previously provided, what emerged from a previous analysis of the state of the art that will be later developed is the image of a region acting more as a *policy taker* rather than a *policy shaper*. Secondly, all the data collected in the course of the literature review mainly refer to the first decade of the 2000s and to the early months of the 2010s. As a matter of fact, at the moment, there are no recent and updated researches on the topic that can offer a potentially different image, either due to an autonomous evolution of the institution in object or simply to the political events that

have taken place during the last decade. In addition, given the recent approval of the Multiannual Financial Framework 2021 - 2027 and the consequent start of the new European programming period, there is currently little or no academic literature able not only to explore in depth this last topic, but especially to link it to a multi-level governance framework with the aim of investigating the role of local actors in the policy-making process. The academic relevance of this dissertation project, thus, lies exactly in the desire to rediscover and redefine the potential and relevance of local, and especially regional, actors in European policy processes in the light of the most recent European policy developments. In such processes, in fact, according to the theory of Multilevel Governance previously analyzed, each actor plays a relevant role in the whole framework by making itself the bearer of its own instances and preferences at the supranational level so as to contribute, in its own small way, to compose that great ‘puzzle’ of different instances that are the European policies.

Therefore, in this thesis project, we aim at understanding whether our case study, namely the Veneto Region, has provided any contribution to the policy process leading to the adoption of the new Multiannual Financial Framework, having an active or, rather, a passive role during the whole policy-making phase.

In the light of this, our *research question* would be: *Has the Veneto Region been a policy shaper or, rather, a policy taker in the policy process leading to the new EU Multiannual Financial Framework 2021-2027?*

Given the literature review that will be explained in the next chapter and a preliminary analysis of some of the materials used for this thesis project, this dissertation expects to find out that the action strategy of the Veneto Region at European level has not significantly changed over the years. Thus, our *hypothesis*, which is mainly based on the findings of Messina’s work *Modi di regolazione dello sviluppo locale. Una comparazione per contesti di Veneto ed Emilia Romagna* (2012), is that *the Veneto Region has been a policy taker at the European level in the policy process leading to the MFF 21-27*. However, as it will later be seen, this thesis might also be questioned by the fact that Veneto has always proved to be very active on the front of Cohesion Policy and in the management of ESF+ (European Social Fund+) and ERDF (European Regional Development Fund) funds at the local level. Therefore, on the other hand, it could

possibly cover the role of policy shaper at the local level, considering its implementation of EU policies on the territory and their integration with local needs.

Regarding the work's methodology, qualitative research has been chosen for this study due of the fact that it is normally used when little is known about the investigated phenomenon and theories about it are not available, like in this case. A qualitative approach normally helps in documenting and describing the scarce information: furthermore, it captures the individual perceptions in its fullness, being in this way ideal for obtaining a holistic picture of the issue at stake. Another reason that led to the decision of using a qualitative approach is that it delves in-depth into complexities and processes.

Going deeper in the description of the chosen methodology, non-structured interviews, together with a precise analysis of the available official documents, will be the main data collection method ensuring the gathering of precise information. The choice of non-structured interviews, which will be addressed to key actors actively employed in the Veneto Region's EU community policies area, lies in the freedom given by this methodology to the interviewer, who is able to ask the questions he or she considers appropriate in the words retained to be the best for that specific condition.

This study is going to be conducted between February 2022 and June 2022. From February 2022 to April 2022 the study will be carried out mainly through the analysis of research papers and official documents. The latter will continue to be analyzed simultaneously with the data collection phase happening between May and June 2022, through the aforementioned interviews. Finally, a complete theoretical elaboration of what has been observed and studied will be held in June 2022, drawing some final conclusions.



## Chapter 2

### **Forms of regional representation at the EU level: Regions and regional bodies in the European arena and the state of the art on the Veneto case**

As it has been seen in the previous chapter, according to the Multilevel Governance theory, there has been a recent increase in the number and types of actors actively involved in the European arena, which have often simultaneously strengthened their role in it. This phenomenon has involved a multiplicity of different stakeholders, especially the ones other than national governments, from European institutions themselves to subnational and local actors, such as regions. In addition, another issue that proved to be crucial in the just exemplified theoretical framework, is the relevance of key actors' preferences and choices, which, if shared, can often give birth to a significant policy change at the European level. Given such premises and laying this gnoseological foundation, we can now move to the development of our thesis project.

Therefore, in order to give an answer to the research question that has been presented at the end of the previous chapter, it is vital to deepen the dimension of regional representation, especially intended as the upload of regions' interests and preferences at the European level. This can be done by exploring the various typologies and modalities in which such representation can occur, as well as by understanding how the regional and local authorities in object interact with the European political level. Finally, to fully understand the just mentioned dimension of regional representation, for each European institution and political arena of interest, Veneto's role in them should be deepened, action that will be progressively done throughout the whole development of the research.

Since, so far, only a technical theoretical framework showing the crucial cognitive tools for the understanding of this dissertation has been provided, it may now be useful to present a brief literature review of the topic in object. Thus, the state of the art on the role of the Veneto Region in the EU arena and its degree of activity at the supranational level is going to be determined in this chapter. Proceeding in order, at first a short literature review related to the case study analyzed in this thesis will be presented: therefore, the past role played by the Veneto Region at the EU level is going to be explored, relying on the works of the main scholars who deepened this matter in the recent years. In the same

section, a specific focus on the regional Brussels Office will be provided, both in its general features as an institution as well as in relation to the specific Veneto Region case.

Subsequently, the second paragraph is going to deal with the general role played by regions at the EU level, trying to highlight their historical role and the main ways and bodies through which they can make their voice be heard. A specific attention will be directed to the Committee of the Regions, intended as the main institution guaranteeing regional representation at the European level, taking in charge of the upload of regional instances to Brussels. More specifically, at first, this section will deal with the main features, mechanisms and functions of the body, followed by a brief overview of the different scholars' perspectives on the role played by the Committee of the Regions at the European level. Finally, it is going to be provided an explanation of current European regulatory framework governing the room for maneuver of regional authorities and of the Committee of the Regions in the context of the European decision-making processes, briefly outlining the mechanisms that led them in providing their contribution, and especially to the 2021-2027 MFF's policy process.

## **2.1 – Literature review, regional representation and activation and the Brussels Office: an introductive focus on the Veneto Region's role at the EU level**

The existing literature related to the role played by the Veneto Region at the European level is not particularly rich with respect to the number of authors and researchers who have written about this specific topic. However, there is a small number of authors who have carried out several comprehensive researches that proved to be particularly useful in painting a complete picture of the matter in hand until now.

First of all, it is necessary to underline how, driven by the process of Europeanisation, also Veneto, as a regional actor, has experienced over time the urgency of adapting its different institutional and cognitive models, as well as administrative styles, to the European ones. From the point of view of the representation of interests, for example, with Europeanisation, there has been a strengthening of pressure groups, which consider European institutions an important subject towards which to direct their requests and

claims (Messina, 2012). Obviously, in addition to this, as we will see later in relation to the development of the Multiannual Financial Framework 2021-2027, Europeanisation has also led to significant changes in policy-making processes and in the role played by local actors in them.

Before analyzing the specific case of Veneto, it is worth mentioning the point of view of Bolgherini (2006), for whom regions' capacity to adapt to Europeanisation is by no means an automatic process. In her work *Come le regioni diventano europee - Stile di governo e sfide comunitarie nell'Europa mediterranea*, the author stresses how the process of Europeanisation also concerns the administrative capacity of regional bureaucracy to solve collective problems. This can be done by orienting its action towards a *modus operandi* which is less focused on the formal validation of acts and increasingly directed towards the achievement of specific implementation and result objectives. In this way, the process of Europeanisation seems to really redesign the role, functions, responsibilities, competencies and also the cultural frame of the public administration, which is forced to question its way of operating by sectors, equipping itself to develop new capacities such as planning, coordination, evaluation and accountability. In addition to regions' effort in adapting to Europeanisation, Bolgherini introduces another crucial concept, which proved to be the basis for subsequent works establishing the state of the art on the role of the Veneto Region in the European arena, namely what she defines as "attivazione regionale" – *regional activation*. Therefore, as Bolgherini suggests, we can define the concept of regional activation as the set of actions, initiatives, strategies and choices undertaken by the political and administrative elites of a region to be present as an active subject in the community arenas, to interact directly with European institutions and with other territorial authorities. (Bolgherini, 2006) Thus, this concept actually refers to the representation of sub-national interests at the European level. Over the last decades, in fact, European regions have developed real lobbying strategies at the European political level, even without the obligation to establish such contacts for the co-management of EU regional policy and Structural Funds. These links or channels of access to the European Union have developed over the years, partly through treaty reforms - as in the case of the Committee of the Regions - and partly through the direct involvement of the regions in certain policies. Moreover, such contacts also derived from the specific political will and ability of the regional institutions themselves. Therefore, what can be highlighted in this

regard is the fact that regions have specific needs and preferences, and, through the available channels they have, they have the possibility to act as real interest groups (Messina, 2012).

According to Messina (2012), the aforementioned dimension of regional activation can thus be used as an indicator of a region's Europeanisation, as it allows us to understand to what extent regional elites, organizational structures and political identities have changed and adapted to use these channels of access to EU institutions and to the European political arena in general. In order to summarize these different modalities of connection between the sub-national arena and the European arena in a single interpretative scheme, we report here a table developed by Messina (2012) on the basis of the theorizations of Brunazzo (2005) and Profeti (2006). The figure shown below intersects the dimension of activation - single or collective - with the types of access - direct or mediated - , thus obtaining an overall view of the possible regional channels of access to the European Union.

**Table 1: Forms of regional activation towards the European Union**

<div> <div>Activation</div> <div>Access</div> </div>	Collective	Single
Direct	<ul style="list-style-type: none"> <li>- Committee of Regions</li> <li>- Interregional associations</li> <li>- Partnership networks</li> </ul>	<ul style="list-style-type: none"> <li>- Brussels Liaison Offices</li> <li>- Direct relations with the European Commission, European Parliament and MEPs</li> </ul>
Mediated or Indirect	State-Regions Consultation	<ul style="list-style-type: none"> <li>- Regional offices in Rome</li> <li>- Individual regional experts in the Permanent Representation in Brussels</li> </ul>

Source: Messina, *Modi di regolazione dello sviluppo locale. Una comparazione per contesti di Veneto ed Emilia Romagna*, 2012 (readapted and translated).

Therefore, in the view of Messina, regional activation and the Europeanisation process are closely linked. Identifying the channels that the regions use to access and interact with the European institutions makes it possible to analyze the eventual organizational solutions used by the regions to consequently adapt their administrative and institutional systems to their needs.

Given these assumptions, we can now pass to a more in depth overview of the role played by the Veneto Region in the European arena until now. To draw up a profile that takes into account all the various dimensions of activity of the subject of interest, Messina provides a picture of the Veneto Region compared to the one of the Emilia Romagna Region. In her view, in fact, by comparing the different paths of regional activation and organization, it becomes easier to understand whether the political and administrative class has modified its logic of action and its style of government, adapting it to the European *modus operandi*, or not (Messina, 2012). What emerges from this research, therefore, is an image of the Veneto Region that can be defined as multifaceted and certainly interesting.

In the first place, Veneto seems to have shown little interest over time in issues related to the ascendant phase of EU law, but has been, instead, more involved in lobbying activities. In fact, as far as the latter are concerned, Veneto seems to prefer single channels of activation - for example, collaboration between the Brussels Office and the Italian Permanent Representation, rather than the State-Regions Conference, MEPs, or Committee of the Regions -. Moreover, the ways preferred by Veneto to access the European Union are also the more informal ones: namely, those channels, like the Brussels Office or direct dialogues with some MEPs of reference, which do not go through institutional procedures of consultation, but rather arise spontaneously and at the discretion of the actors involved.

Before going more in depth with the analysis of our case of reference, it is worth it to briefly deepen the topic of the role of the aforementioned Brussels Office. The latter was generally conceived to represent the most evident and tangible form of regional activation within the EU, as well as the main structure of direct contact between the regional level and the European institutions. The first objective of the regional presence in Brussels is to have access, more easily and more quickly, to the greatest possible amount of data that

may be of interest to the Region and its territory, such as information on calls for proposals that are about to be issued or on the development of new programmes in which the Region may be interested in participating. The function of the Brussels Liaison Office, therefore, is not necessarily linked to the purpose of obtaining European funds, but rather that of establishing a profitable exchange of data on this subject. Local authorities or territorial economic actors, who have the possibility of using the Region's Office as an antenna in the complex institutional system of Brussels, can also request such information. Moreover, the Brussels Office even represents a stable link capable of putting European institutions, the regional authority as well as actors of the territorial governance networks into constant communication. (Messina, 2012)

Another point raised by Messina in her research (2012) is that the regions limited themselves to this information gathering activity in Brussels especially in the first years of the Offices' opening, when, due to obvious inexperience, they just used to attend the meetings of the Committee of the Regions and to dialogue with the European Parliament. Later on, more and more time has progressively been devoted to seeking out and maintaining contacts with other regions or local authorities located throughout Europe, in the search for partners with whom to carry out joint initiatives. This element highlights that the regions in Brussels are also devoted in carrying out a real political activity of lobbying, transversal to all the other functions, such as assistance, networking and information.

By analyzing Veneto on this matter, it can be stressed that, also in this case, the Region has some interesting peculiarities: in fact, the establishment of the Veneto Office in Brussels took place in 1996, using the headquarters of Unioncamere Veneto, while in 1997 there was the official opening of a shared office between the Region and Unioncamere Veneto. In addition to the latter, Veneto also offered a domiciliation service to many other related stakeholders and public actors in the area. (Messina, 2012)

As far as its relations with the regional organizational structure are concerned, Veneto Region's Brussels Office depends directly on the Presidency: it is therefore in an organizational position that is formally separate from the other services dealing with European issues or strategic planning. For the Veneto Region, thus, the Brussels Office seems to have been formally conceived more as a political branch and less as an

operational tool at the service of the entire regional structure: moreover, its director is a figure of political appointment and not a career regional manager. With regard to the staff employed internally, there are mainly young collaborators and consultants hired on a project basis. The work of the consultants in the office is fundamental to carry out the several specialized activities, such as technical assistance or Euro-project planning, but the professional resources that are formed remain in the office only temporarily, since their collaboration does not last on average more than two or three years. (Messina, 2012)

Talking about the educational training activities organized by the Brussels Office, on the other hand, Veneto Region seems to be slightly less active than the other regions. In fact, the organization of seminars and lessons related to European issues and also addressed to public bodies is delegated mainly to Unioncamere Veneto, rather than to universities, as it happens in the case of many other regions. Moving on to the activity of information supply and contact point, in the case of Veneto, this service is mainly requested by public bodies but also by private individuals, providing a specialized information service that mainly concerns calls for proposals and community programmes. (Messina, 2012)

Analyzing, instead, the relationship with the regional administrative system as a whole, there is little collaboration between the Brussels Office and the Regional Council, nor is there a significant integrated dialogue with the other actors or offices of the regional administration dealing with Europe. In fact, in the case of Veneto, there is a great difficulty of coordination on EU issues and, consequently, less recognition of the importance of the Office in Brussels at the other regional directorates, since it does not appear to be organically connected with the other offices or the Regional Council. Nevertheless, as anticipated, the political connotation of the Veneto Office is unexpectedly strong. The Office represents, in fact, the political will of the Presidency of the Region; in proof of this, as mentioned, the director is the direct intermediary between the Presidency and the Office and he is appointed directly by the President of the Region.

Another feature that deserves to be highlighted is the fact that lobbying activities are mainly focused on actions that make it possible for the Region to obtain or facilitate the arrival of funding. In fact, the Office proves to be very dynamic and competent in all the activities related to EU funding and the promotion of participation to call for proposals, both towards actors in the region and towards other regional offices. Thus, the Brussels

Office is particularly active in promoting and encouraging regional participation in EU programmes, especially in collaboration with Unioncamere Veneto. However, the intense work of planning and information on direct funds carried out by the Brussels Office is also based on the knowledge and technical skills of external consultants, who work for the regional authority only on a temporary basis. In this way, the skills acquired risk to remain exclusive to the regional Office in Brussels, rather than being professional resources to be spread across the whole regional administrative machine: thus, in such context there is often dispersion of skills and poor institutional learning. (Messina, 2012)

Finally, it is also interesting to underline the role of trade associations. The Veneto Region, for some aspects, has delegated to other actors, such as Unioncamere Veneto, the management of some priority activities linked to the European Union, while the economic categories have had a fundamental role in the promotion and information on these issues. The response on the regional territory, however, does not seem to have been very successful, also because of the widespread anti-Europeanism that has found its echo in the *Lega Nord* – now just named *Lega* -, which has been governing the Region since 2010. (Messina, 2012)

To sum up, the image of Veneto emerging from Messina's research shows a region that gives precedence to informal, individual and direct channels to access the EU arena, often based on personal knowledge networks. Lobbying activity is almost totally focused on establishing contacts and seeking information aimed at increasing the regional income in terms of EU funding. This system is certainly effective and has so far allowed Veneto to be one of the most virtuous Italian regions in terms of performance regarding EU funding, benefiting the regional budget. However, there is little investment by the Region in the communication of its institutional activities concerning the European Union and in the information and promotion of Europe and its values, both within the regional structure and outside, through twinning, partnership and networking activities. In fact, the many European projects that are carried out in the region, lacking effective regional coordination, risk not to produce any lasting institutional learning. A proof of this element of weakness is given, for instance, by the absence of a regional database on European projects and therefore on funding involving Veneto in European partnership networks. Such lack of reliable data on project funding for Veneto partners is essentially due to poor communication between the regional bodies themselves, in the first place. To all this must



be added a weak and discontinuous political input that prevents the technical bodies of analysis and research from carrying out their work of evaluation efficiently, especially since organizational and financial resources are lacking. (Messina, 2012)

Another point to be stressed in order to efficiently sum up Veneto's role in the EU arena until now, is the fact that many activities of information and institutional communication on European public policies are delegated to other actors, such as Unioncamere Veneto. The latter has been an important partner of the Region in many activities concerning the European Union, such as training for other local regional authorities, which is therefore not assigned to universities also dealing with European Studies. Thus, the Veneto Region has unconsciously renounced to a role of 'governance management', which means to set itself up as coordinator of the regional governance networks towards the European Union. (Messina, 2012)

Finally, what emerges from the research in object is that, in the case of the Veneto Region, the typically non-interventionist administrative style and the prevalence of an aggregative institutional model, on the one hand, are not consistent with the European policy style and, on the other hand, can also constitute a brake factor on the process of regional Europeanisation over time. (Messina, 2012) The overall picture that emerges from this work does not give back a very good image of Veneto, which has been seen over the years as a not very active player at EU level or, at least, it has proven to be active only in those situations that may have been beneficial to regional economic interests or political interests on a strictly local level.

Positions not particularly dissimilar to those of Messina have also been expressed by various other scholars, among which we recall here Zecchetto (2011). The author, while stressing the role of Veneto Region as one of the most prominent regions in Europe both in economic terms and in terms of administrative capacity, operates an analysis of the regional case by recalling the concepts of top-down and bottom-up Europeanisation, which have already been analyzed in this dissertation project.

As far as the bottom-up dynamic is concerned, it comes as no surprise that direct channels are preferred to indirect ones, in the case of Veneto. The degree of exploitation of the latter is, however, variable and generally of medium intensity. This result - although lower than expected - has to be considered in line with the strategic direction that has guided

the activities of the regional Office in Brussels since its establishment: namely, more concentrated on the exploitation of direct funds than on the definition of European policies through an active participation allowing the upload of regional interests to the supranational level. In addition, Veneto shows compatibility of policy instruments already prepared at the regional level with those formulated by the European Commission. However, it can be said that the influence exercised by Veneto in the European arena is better explained if one considers a sociological approach - logic of appropriateness or policy-learning - rather than a rational one. (Zecchetto, 2011)

**Table 2: Exploitation of direct channels by the Veneto Region**

CHANNELS	(+)	(-)	OUTCOME
Committee of Regions	Seat on the Commission for Territorial Cohesion	No rapporteur	Medium
Council of Ministers	Article 203 TEU never used	Article 203 TEU never used	Low
European Commission	Collaborative relationship with both the EC and DG Regio	No evidence of influence	Medium
European Parliament	Seat on the Regional Development Commission	No evidence of influence	Medium
Brussels Regional Office	Timing in the plant Diversity of activities	No evidence of influence	Medium
Associations and European networks	Membership Leadership (ex. ALDA, Enterprise European Network etc.)	Evidence of influence	High

Source: Zecchetto, *L'europeizzazione come opportunità di cambiamento: il Veneto e la politica di coesione comunitaria*, 2011 (readapted and translated).

With reference to top-down Europeanization, the Veneto Region has demonstrated effectiveness and timeliness in adapting to European rules, especially from a purely formal point of view, although this institutional set-up has not facilitated the dissemination of European principles. (Zecchetto, 2011) In addition to the latter, Zecchetto underlines other factors of potential criticality in the fulfillment of the

Europeanisation process in the Veneto case. Among these, we remember the fragmentation of the regional identity into many small provincial or even local identities, the traditional non-interventionist style of the regional political authority, the presence of a political subculture characterized by anti-state localism and finally the usual lack of attention to the assessment phase in the policy cycle. (Zecchetto, 2011)

## **2.2 – The regions in the European arena and the role of the CoR in the representation of regional interests and in the multi-level decision-making processes**

After the provision of the just seen literature review and of an introductory framework, specifically related to the Veneto case, on how a region can make its own interests be heard at the broader European level, it is crucial to provide the full picture of regions' representation in the EU arena.

Thus, moving to a more general overview of the role played by regions at the EU level and to their different modes of representation, we can start by highlighting how the valorization of regions has always been a fundamental part of the entire history of European integration. In fact, it was already present in the documents that sanctioned the formation of the European Common Market in 1957. In the 1960s, interventions were carried out in favor of the less developed regions and in 1969 a Directorate specialized in regional policy was created in Brussels. However, it was in 1975 that the creation of the European Regional Development Fund laid the groundwork for what would have become one of the cornerstones of the Community policy. All observers agree that the new regionalist course began with the relaunch of the integration program in 1982 and gained ground with the arrival of Jacques Delors as President of the Commission in Brussels in 1985. Soon after, significant steps were taken with the *Single European Act* of 1986 and the *Maastricht Treaty* of 1993. It is crucial to stress the importance of the Single European Act, which removed the regions from the protection of the States and provided the former European Community with a true regional policy, making the regional dimension a fundamental component of the European policy and officially placing the regions within the Community framework. (Caciagli, 2015)

In 1988, the Strasbourg Parliament adopted a resolution supporting the role of the regions, the so-called *Community Charter for Regionalisation*. Later on, in 1991, the three Community institutions, namely Parliament, Commission and Council of Ministers, issued a joint declaration, known as the *Charter of the Regions of Europe*. After the Maastricht Treaty, the policies of what had in the meantime become the European Union were able to exert direct influence on regional governments, and the regional ministers of some states were given the right to attend meetings of the Council of Ministers dealing with problems affecting their authorities. Finally, the definitive entry into force of the Single Market removed other powers from the States and expanded the regulatory powers of the Union, opening up further room for action for sub-state authorities. Under pressure from bodies such as the Assembly of European Regions (AER) and the Council of Europe, as well as from the strongest European regions - first and foremost the German Länder -, the Treaty also established a chamber representing the regions, the Committee of the Regions (CoR) (Caciagli, 2015). The latter represents, together with the Brussels' Offices, one of the main channels of regions' interests representation at the EU level and it is later going to be analyzed more in depth.

Therefore, regions are currently recognized political actors and, in their own way, they are active protagonists in the European arena, meaning by European arena a space that has gone, and in some cases still goes, beyond the physical borders of the Union. For at least forty years, for instance, some European regions have established relations among themselves, often going beyond the frontiers of their respective states. Furthermore, they have extended forms of collaboration and representation with sub-state entities of states that were not yet part of the Union and with others that, for now, will not be part of it, such as Norway and the Balkan states. Over the decades, the previously-mentioned regional activation has hence steadily intensified, articulating itself in the most varied and multiple forms of associations and cooperation, agreements and representation. (Caciagli, 2015)

Surely, one of the main bodies and forms of regional cooperation and representation at the European level still of significant importance today is the previously mentioned Committee of the Regions, the official regional body of the Union established in 1994. The latter was set to accomplish two main tasks: first, given that about three-quarters of EU legislation is implemented at the local or regional level, it was considered crucial that

local and regional representatives had a voice in the development of that legislation. Second, there was a widespread concern that the gap between public opinion and the European integration process was widening: one way to bridge this gap could have surely been to get the elected administrative level closer to citizens. (European Parliament, n.d.)

Thus, the European Committee of the Regions is nowadays an EU advisory body made up of local and regional elected representatives from all 27 Member States. Through the CoR, they are able to exchange views on EU legislation that directly affects regions and cities. Therefore, the Committee of the Regions gives local authorities the chance to formally express their views in the EU's legislative process in order to ensure that their opinions and needs are respected and represented. (European Union, n.d)

With regard to the type of legislation discussed by the CoR, the European Commission and the Council of the European Union are required to consult it whenever proposals are made in areas that affect regional or local authorities. For instance, some of the main topics are economic, social and territorial cohesion, structural funds, European Regional Development Fund, European Social Fund, employment and social affairs, education, youth, vocational training, culture and sport, environment, energy and climate change, transport, trans-European networks and public health. Outside these areas, consultation of the Committee of the Regions by the Commission, the Council and the European Parliament is optional. The CoR adopts recommendations on draft EU legislation and also proposes new policies based on the experience and expertise of local and regional authorities. Therefore, the Committee can also propose new legislation and introduce new topics to the EU agenda. The role of the CoR has been particularly recognized and strengthened mostly by the Lisbon Treaty in 2009, which stipulates that the Committee of the Regions must be consulted during all phases of the EU legislative process. Moreover, it also states that it can bring an action before the European Court of Justice if it feels that its institutional prerogatives or that national, regional and local governments have been ignored. As a result, the CoR's relationship with the European Commission, the European Parliament and the Council has been strengthened over time. (European Committee of the Regions, n.d.)

Talking about its composition, as mentioned, CoR members are elected representatives of local and regional authorities. Each country indicates the members of its own choice

who are appointed by the EU Council for a renewable period of five years. The number of members from each country depends on the size of its population. Committee of the Regions' members coming from a specific country make up the so-called *national delegation*, which reflects the political, geographic, regional, and local balances of their country of reference. Each member may also choose to be part of a political group within the CoR. There are currently six political groups that reflect different affiliations: the European People's Party (EPP), the European Socialist Party (PES), Renew Europe, the European Alliance (EA) Group, the European Conservatives and Reformists (ECR) Group and the Greens. Members may also choose not to belong to a political party if they wish. Moreover, the Committee of the Regions elects a president from among its members for a two-and-a-half-year term. (European Union, n.d)

Moving on to its internal operating mechanisms, the CoR appoints a rapporteur among its members who consults interested parties and drafts the opinion. The text is then discussed and adopted by the internal Committee responsible for the topic and area in question and, finally, the opinion is then presented to the plenary assembly, which votes on any changes and approves it. In the end, the opinion is made known and communicated to all relevant EU institutions. Normally, up to six plenary sessions are held each year, at which opinions are adopted regarding 50 to 80 legislative projects. (European Union, n.d.)

As regards, finally, its relation with citizens, it can be stated that the Committee of the Regions usually encourages participation at all levels, from local and regional authorities to individual citizens. In fact, local and regional authorities, associations, NGOs, experts and academics can participate online in surveys, consultations and events. In addition, the CoR has set up a number of networks to enable all EU regions and cities to exchange best practices, work together and contribute to the European debate on topics such as growth and jobs, combating climate change, cross-border cooperation, development and subsidiarity. (European Union, n.d.)

However, The Committee of the Regions has not become the third chamber that, back in the 1990s, regionalists throughout Europe had hoped for, as its participation in the works for the development of the text of the Treaty on European Union (TEU) in 2004 had led to assume. As seen, it has remained an advisory body that expresses opinions in areas that have become constantly more numerous over the years. During the work of the

Convention for the European Constitution, the Committee of the Regions exerted constant pressure and succeeded in having some of the amendments presented then adopted. Although it did not achieve its most ambitious goals since the debate's major themes overwhelmed the needs of the regions, the body was nevertheless included in the Treaty of the European Constitution. After the 2004 enlargement, the CoR grew from 222 to 317 members, 155 of whom represent municipalities, 135 regions and 27 intermediate bodies, with an equal number of alternate members. Thus, through the Committee of the Regions and its incremental development over time, regions' representation is now definitive in the architecture of the European Union, as well as the recognition of the principle of subsidiarity and the system of regional and local autonomy. (Caciagli, 2015)

However, talking about the above mentioned body from a more theoretical point of view, it can be stated that the role of the Committee of the Regions has always been object of debate in the academic world as well as in the European institutional world. Generally, the literature is divided between authors who, on the one hand, doubt the general effectiveness of the institution's action on the one hand, defining it as a Committee of no importance, and also justify their position considering the meagre literary production on the subject. On the other hand, there are also more moderate scholars of the institution, who consider that the impact of the CoR depends on its ability to respond to the needs and requirements of the European institutions in the pre-legislative phase. (Spera, 2020) This latter opinion comes from Committee's concrete possibility of having lobbying competencies and capacities able to develop networks and coalitions with other European institutions and relevant actors, as in the case, for instance, of Cohesion Policy. Sometimes, however, it is difficult to capture the impact of the CoR's work externally. As a body recognized in the Treaty on European Union (TEU) and composed of employees of the Union, the Committee of the Regions has a level of access to and sharing of information from the other European institutions unparalleled by other organizations representing territorial interests in Europe. In fact, cooperation agreements with the European Commission and the Parliament provide the CoR with easy access to officials and Members of the European Parliament, as well as to drafts of future legislative proposals; in addition, each EU presidency agrees a schedule with the Committee of the Regions where the presiding Member State hosts a Committee meeting. (Spera, 2020)

As a matter of fact, the lobbying activity of the CoR is surely evident and, thanks to it, the regional body in object has become, over time, the main venue for aggregating and shaping the policy input of the subnational level within the framework of the Union. Moreover, the fact that many local organizations have their secretariat at their national delegations in the Committee of the Regions shows the importance for CoR's regional representatives in being the receptors of regional interests in Brussels. Indeed, local authorities state that this practice and their presence in the Committee legitimizes their broader EU work vis-à-vis their political leadership in their local context. Finally, in addition to its institutional nature and established routines, the body's human resources and budget allow the CoR to generate a certain network made of local and regional policymakers, providing, in this way, a significant window of opportunity for local authorities to actively take part into the EU's decision-making process. (Spera, 2020)

Therefore, the claims coming from the just mentioned Spera's research support that part of the doctrine attributing a certain relevance and role to the work of the Committee, especially in the light of the recent Cohesion Policy and MFF negotiations. In such a way, the author corroborates the main assumption of two very well known experts of the Committee of the Regions, namely Piattoni and Schönlaui, who state that the influence of the CoR in the EU decision-making process is greater than its formal attributions. In their paper titled *Shaping EU Policy from Below. EU Democracy and the Committee of the Regions*, Piattoni and Schönlaui (2015) state how the CoR plays a *European policy-making* role within the framework of the Union, involving many actors within and outside its institutions. The authors build on the famous notion of democracy attributed to the Committee of the Regions and developed by Urbinati (2006), whereby it can be defined as a continuous discursive process in which the possibility to influence and scrutinize decisions can be as important as being formally part of the decision-making process. In concrete terms, for Piattoni and Schönlaui, the CoR uses its privileged access to EU institutions and resources as well as its role as an arena for subnational authorities in order to guarantee itself a position of relevance in the interinstitutional dialogue, for instance by hosting about 300 events per year, or launching media campaigns such as the Multilevel Governance or Cohesion Alliance ones. Piattoni and Schönlaui (2015) also argue that the CoR's ability to shape consensus and evaluate EU proposals is actually advantaged by the fact that the Committee has no direct legislative responsibilities.



Furthermore, starting from this assumptions, the authors argue that it is preferable for the Committee of the Regions to never leave its advisory role as this would increase that responsibility, undermining the current CoR's ability to independently control EU legislation (Piattoni & Schönlau, 2015).

However, according to Spera (2020) such role of the Committee of the Regions has led to nullifying the opinions and individualism of the single European regions, which, in fact, have no voice on their own but, if united in coherent clusters, can actually have a significant role and then produce effective opinions. In this way, the other institutions, namely the Parliament, the Council and the Commission, can receive an accurate picture of the diversity and asymmetry of territorial impacts or opposition to a legislative act. However, precisely because the CoR is an advisory body, this would not block the EU's decision-making process. Thus, it seems clear in light of Spera's study that the current Committee of the Region's architecture is not appropriate in reflecting the diversity of subnational entities in Europe and their respective ambitions to have a formal channel to engage in EU decisions. In other words, the role of the CoR for Spera should not be to generate consensus but to reflect the conflict between the various European territorial realities.

Beyond the theoretical debates between the various doctrine's exponents on the Committee of the Regions' actual efficiency, it can be said that the Committee, since its establishment, has shown its aspiration to represent a privileged institutional channel able to ease synergies and connections between the European Union and the territorial authorities of the Member States. It has therefore established itself over time as a true authoritative body in the EU political system, especially thanks to its ability to convey political demand and to translate it into binding decisions taken by the European Union (Drigo, 2018).

Hence, it is necessary, at this point, to briefly outline the current European regulatory framework governing the room for maneuver of both regional and local authorities and the Committee of the Regions in the context of the European decision-making process.

This last part of the discussion on the CoR can be opened by highlighting how the action of individual regional and local authorities in the European decision-making processes is strongly limited by the room for maneuver that is granted to them by individual national

laws. For this reason, the extreme fragmentation of the rules of participation in 27 different national systems as well as the varied informal network, both political and non-political, through which the European regions operate in Brussels, weaken the impact of each individual region, leaving the CoR the role of absolute protagonist in the dialogue with the European legislative actors. (Spera, 2020)

However, referring to the EU legal context and, more specifically, to the Treaty on European Union, it can be highlighted how art.1 enhances the role of sub-state territorial authorities and art.4, par. 2, TEU promotes the regional heritage, considering it essential for the qualification of the national identity of each Member State. In addition, according to art.5 TEU, the principle of subsidiarity and proportionality is considered crucial (Consolidated version of the Treaty on European Union, 2007). Therefore, the right to regional and local autonomy is expressly sanctioned in the Treaty and the Commission is required, in view of the power of regulatory initiative it holds, to consult, if possible, local authorities if it is believed that there are local repercussions of the actions it carries out. (Spera, 2020)

As far as individual European sub-national entities are concerned, European law provides for two instruments of regional participation in the European decision-making process: namely, participation in the Committee of the Regions and participation in the work of the Council of the European Union. Since the latter participation, as already mentioned, is regulated by national institutional rules, resulting in an extreme fragmentation and diversity, the fundamental role of the Committee as gatekeeper in the involvement of the European regions in Brussels needs to be highlighted. (Spera, 2020) In fact, as already mentioned, the Lisbon Treaty has enhanced the regional instances by giving broad powers to the Committee of the Regions, allowing national parliaments to contribute to European decision-making processes, but has not substantially changed the practice within the Council. With regard to the latter, art.16 TEU - ex 203 TEC (Treaty on the functioning of the European Community) - limits itself to providing that the Council is composed of a representative of each Member State at the ministerial level, entitled to commit his/her own government and to exercise the right to vote (European Union, 2007).

The Committee of the Regions, on the other hand, has been defined, as stated by Drigo (2018), as a *sui generis* consultative body, with a political, territorial and functional

representation role. From the Treaty of Amsterdam onwards, the Committee of the Regions has been gradually granted wider and wider margins of organizational autonomy and greater competences. Subsequently, with the Treaty of Nice, the profiles of democratic legitimacy of the body have also been enhanced, requiring that its members are, as stated in art.300, par.3 TFEU (Treaty on the Functioning of the European Union), representatives of regional and local authorities who hold an electoral mandate within a regional or local authority, or are politically accountable to an elected assembly. (European Union, 2012)

With its opinion on the *White Paper on European Governance* (European Committee of the Regions, 2003), the Committee has tried to highlight its role by seeking to raise its weight in the European decision-making process. Indeed, an increase in powers has been achieved in many phases of the European decision-making process, in relation to those European policies that have a concrete impact on regions and local authorities. The Committee's objective is in fact to act as a privileged channel for creating and facilitating synergies and connections between the Union and local authorities: the CoR is therefore the sounding board for the interests of regions, cities and provinces (Spera, 2020). As already mentioned, art.307 TFEU (European Union, 2012) states the powers of the Committee of the Regions, which can express opinions at the request of the Council or the Commission and even of the Parliament. It may also do so on its own initiative on matters falling within the competence of the Economic and Social Committee, when it detects the presence of specific regional interests and, more generally, it can also express opinions on its own initiative whenever it deems it appropriate. In addition, consultations are mandatory, but not binding: this means that any regulatory act adopted in the absence of the mandatory opinion of the Committee of the Regions will be affected in its validity. On the other hand, in the event of non-mandatory consultations, the actual acquisition and consideration of the Committee's opinion will be of a merely political nature, not affecting the validity of the act in relation to which it was given. However, as Spera points out in his work (2020), the consultative functions attributed to the Committee of the Regions do not end with the rules of the TFEU. In particular, the Commission, even before the Lisbon Treaty, had drawn up protocols for consultation of the CoR, in order to acquire preliminary information with respect to the actual legislative procedures, in all those areas in which the Committee could have appropriate information channels on the territory. An

example is the structured dialogue through which the Committee of the Regions becomes the vehicle of regional and local requests to the European institutions in a pre-normative phase, strengthening, in particular, the coordination between the Commission and the decentralized territorial authorities. What is more, by virtue of the cooperation agreement concluded with the European Parliament in February 2014, the Committee is responsible for preparing a series of reports on the impact of EU legislative proposals and one of its members is invited to attend all relevant committee meetings of the Parliament. In addition, as previously mentioned, the CoR is required to carry out the so-called territorial impact assessments thanks to which it is able to report on the potential impacts that European legislative projects may exert in the territories of the entities (Drigo, 2018).

Finally, a fundamental function that is attributed to the Committee is that of guardian of the principle of subsidiarity. In fact, since 2012, the Committee of the Regions has signed a Protocol on the modalities of cooperation with the European Commission, with the aim of implementing synergies and collaboration between the two institutions in the context of actions to monitor compliance with the principle of subsidiarity. In particular, the *Protocol of Collaboration between the Committee and the Commission* foresees the carrying out of pre-legislative consultations in order to take into account the regional and local dimension of the planned actions. (Spera, 2020)

As far as distribution criteria are concerned, it should be noted that there is no homogeneous criterion for the allocation of seats in the Committee of the Regions, which remains within the discretion and power of the Member States. There is an objective and deliberate impossibility of defining territorial communities as a criterion for the membership of a territorial entity in the Committee; this concept is, thus, left to the free interpretation of each country. As far as the Italian national context is concerned, only 14 of the 24 members of the Italian delegation express the regional dimension, while the remaining ones express the local dimension. (Spera, 2020)

To conclude this general overview, reference can be made to the opportunities for participation in European decision-making processes offered by Italian legislation to its Regions. With reference to Italy, the representatives of the Italian Regions and Autonomous Provinces do not, as a rule, have the right to participate in the meetings of the EU Council of Ministers. In fact, only members of the national government can

represent the Member State in the Council. (Spera, 2020) However, compensatory mechanisms have been adopted guaranteeing regional representation. First of all, the adoption of Law n.131 of 2003, *Accordo generale di cooperazione tra il Governo, le Regioni e le Province autonome di Trento e di Bolzano per la partecipazione delle Regioni e delle Province autonome alla formazione degli atti comunitari* (Conferenza permanente per i rapporti tra lo Stato, le Regioni e le Province Autonome di Trento e Bolzano, 2006). This agreement theoretically confers the possibility for two regional delegates, one for ordinary statute Regions and one for special statute Regions, to participate in the work of the Council for the Italian delegation. Moreover, Law n.234 of 2012 (Italian Parliament, 2012) provides that the Government has precise obligations with respect to the Regions, having to inform them of the proposals and matters within their competence that are included on the agenda of the meetings of the Council of the European Union and having to, if requested, illustrate to the Conference meeting the position it intends to take in the European session. The Government is also obliged to report to the Regions and Autonomous Provinces, through the Conference, the results of the Council meetings. (Spera, 2020)

Before concluding this chapter, it is necessary to introduce the general contribution of the CoR's lobbying action, considering this institution once again as an entity able to aggregate the positions of the various regions on issues of great importance for the Union, in shaping the Multiannual Financial Framework, which will be at the core of this dissertation project. In fact, after the presentation of the legislative proposals on this topic by the Commission in May 2018, the CoR issued several opinions in the second half of 2018, in order to present its recommendations for legislative changes, as well as its main concerns on issues of great relevance at the regional level, such as the new Cohesion Policy 2021-2027. Due to the CoR rapporteurs' close contacts with their counterparts in the European Parliament, the immediate impact of the Committee of the Regions' work was reflected in many of the EP's draft reports during the MFF drafting process (Spera, 2020). Although this topic is going to be explored in more detail later in the course of the research, it is important to note that the Committee's proposals on the MFF have had a significant influence on the position of the European Parliament on this issue, thus also reflecting within it the main concerns the CoR was able to raise.

In conclusion, in the light of what has just been stressed, we can affirm the alignment of this thesis with the current of thought previously illustrated, for which the impact of the Committee of the Regions depends on its ability to respond to the needs and requirements of the European institutions in the pre-legislative phase. Moreover, consequently, for this dissertation project, the institution appears to have had a certain relevance especially in light of the legislative and policy processes that led to the adoption of the Multiannual Financial Framework 2021-2027, which is going to be discussed in the next chapter.

### **Chapter 3**

#### **The Multiannual Financial Framework and the new European programming period 2021-2027: main features, policies and mechanisms**

After analyzing one of the main topics of this thesis, namely the regions and their role in the European arena, with a specific focus on the past role of the Veneto Region and on the CoR as a representative body, it is now necessary to move forward by reviewing the second macro-theme treated in this research, the Multiannual Financial Framework.

As the long-term budget of the European Union, the Multiannual Financial Framework (MFF) can be considered crucial since it provides, firstly, a picture of how EU money is spent. In addition, it subtends other related relevant aspects, such as where does the money come from, the processes through which it is distributed and, finally, the policy-making process and the political bargaining that brought to the budget's final version. Taking into account all these elements, the political relevance of the European Union's MFF becomes clear, since its money represents the commitment of resources by the European authorities to the provision of public goods.

It is worth to stress, in fact, how, historically, budgets have always been of immense importance in the process of evolution of the state and they can still be considered crucial nowadays to contemporary governments, as well as, in this specific case, to the European Union. This latter statement comes from the fact that EU's long term budget reflects the direction and the political priorities of the Union, providing, in this way, clear indications of the path to be taken by the European Union during the upcoming seven-year period, as well as of its main development assets and policy goals.

Therefore, the aim of this chapter is, at first, to introduce the concept, the history and the main features of the European Union's Multiannual Financial Framework, in order to subsequently show the novelties that characterize it in the new 2021-2027 programming period. In the light of this, the second section is going to provide an overview of the main European policies and strategies foreseen for the new seven-year period, showing the direction the European Union is taking and its main policy goals. It is, in fact, worth to stress how the size and distribution of the European Union's budget has direct

consequences for the operation of a great amount of different European policies. Finally, in the third section, the chapter is going to focus on the budgetary policy-making process, highlighting the main actors and the roles they play in the political bargaining and policy process leading to the long-term budget in its final version.

Thus, the chapter in question plays a crucial role within the entire research, since, together with the previous one, it lays down the founding elements and knowledge capable of finding, in the upcoming and last chapter, an answer to the research question previously illustrated.

### **3.1 – What is the MFF? Facts and figures of the long-term budget of the European Union and the main novelties of the MFF 21-27**

The Multiannual Financial Framework (MFF), also known as the financial perspective, is the long-term budget of the EU. It sets the limits for EU expenditure, both as a whole and in different areas of activity, for a period of seven years. (Spera, 2020)

The MFF divides EU spending into broad categories – ‘headings’ - which correspond to the EU's priorities and areas of activity. Expenditure limits, or ‘ceilings’, are set for each year covered by the Multiannual Financial Framework on payment and commitment appropriations. Therefore, more specifically, such ceilings concern: EU commitments under each heading, which sometimes include additional limits called ‘sub-headings’ or ‘sub-ceilings’; total commitments, namely the sum of the ceilings for each heading; and finally total payments, which include all headings. Commitments represent the maximum amount of legal obligations, such as contracts, grants or decisions, which the EU can enter into in a given year. The amounts are not necessarily paid in the same year but may extend over several years. Payments, on the other hand, are the amounts actually spent in a given year. They derive from legal commitments previously entered into by the EU. (Spera, 2020)

The purpose of these limits is twofold: at first, they are aimed at managing the overall size of the EU budget and at indicating the amounts planned for the various policy areas reflecting the EU's long-term priorities. However, the budget also requires a degree of flexibility to deal with unforeseen needs, such as crises and emergency situations, as well



as changing circumstances, like it has been seen to be necessary in the last few years because of the Covid-19 pandemic. The MFF, therefore, includes a number of provisions and 'special tools' to ensure that, even in case of special and unforeseen circumstances, the money can be used when and where it is most needed. (Spera, 2020) In this regard, it is important to stress that the European Union's annual budgets must always be set within the limits of the Multiannual Financial Framework: what practically happens is that commitments and payments are usually budgeted below the respective MFF ceilings. Thus, such difference, or 'margin', between the ceiling and the budgeted amounts leaves room for maneuver in case of unforeseen needs. (Spera, 2020).

As previously mentioned, by setting limits for each category of expenditure, the Multiannual Financial Framework ensures an adequate financing of the Union's political priorities in the medium term. At the same time, it ensures budgetary discipline and a proper development of the Union's expenditure that is consistent with the Union's policy objectives within the limits of its own resources. The long-term budget also provides certainty for the beneficiaries of EU funds, such as small and medium-sized enterprises, catching-up regions, students, researchers, farmers or civil society organizations, as well as national, regional and local authorities. (European Commission, 2018)

### **3.1.1 – Multiannual Financial Framework: an historical perspective**

Long-term budgets became part of the functioning of the EU in 1988 covering periods between five and seven years (European Commission, 2018). By briefly tracing the historical path related to the Multiannual Financial Framework, it can be pointed out that in the 1980s a conflicting climate had emerged in inter-institutional relations due to the growing gap between available resources and actual budgetary needs. The concept of a multi-annual financial perspective was therefore developed as an attempt to mitigate the conflict, strengthen budget discipline and improve implementation through better planning. To this end, in 1988 the first interinstitutional agreement was concluded, which contained the financial perspective for the period 1988-1992, known as the Delors I package and aimed at allocating the necessary resources for the budgetary implementation of the Single European Act. On October 29<sup>th</sup> 1993, a new interinstitutional agreement was signed, including the financial perspective for the period 1993-1999 - the Delors II

package - , which made it possible to double the Structural Funds and to raise the own resources ceiling. The third Interinstitutional Agreement on the Financial Perspectives for the period 2000-2006, also known as Agenda 2000, was signed on May 6<sup>th</sup> 1999 and one of its main aims was to secure the resources needed to finance enlargement. Subsequently, the fourth interinstitutional agreement, covering the period 2007-2013, was signed on May 17<sup>th</sup> 2006. (European Parliament, 2022)

It was then with the Lisbon Treaty that the MFF was transformed from an interinstitutional agreement into a Council Regulation subject to the approval of the European Parliament. In addition to setting the amounts of the annual ceilings for commitment appropriations by category of expenditure and the annual ceiling for payment appropriations, article 312 TFEU establishes that the MFF must also provide for any other provision useful for the proper conduct of the annual budgetary procedure. The regulation on the Multiannual Financial Framework is accompanied by an interinstitutional agreement covering the areas of budgetary discipline, cooperation in budgetary matters and sound financial management. (European Parliament, 2022).

As for the fifth MFF, covering the period 2014-2020, it was adopted on December 2<sup>nd</sup> 2013. This was the first MFF to be adopted in accordance with the new provisions of the Lisbon Treaty, under which the Council, by means of a special legislative procedure, unanimously adopted the MFF regulation after approval by Parliament. That of 2014-2020, was also the first MFF to record a decrease in the overall amounts in real terms. One of the mandatory conditions set by the Parliament for an acceptance of the MFF was therefore a mandatory mid-term review that would allow it to review budget needs during the period covered by the MFF and adjust them if necessary. The agreement also ensured greater flexibility to allow for the full use of the amounts provided, an understanding of the path to a true system of own resources for the EU, unity and transparency of the budget, and adequate parliamentary oversight. On June 20<sup>th</sup> 2017, a revised MFF for the period 2014-2020 was adopted with an agreement on additional support for measures related to migration, employment and growth. In this context, the flexibility instrument and the Emergency Aid Reserve were also enhanced, allowing additional funds to be transferred between budget lines and from one year to another, so that the Union could react to unforeseen events and new priorities. (European Parliament, 2022)

Analyzing the various Multiannual Financial Frameworks that have just been reviewed from a thematic and policy perspective, it is necessary to point out that each of them presented different priorities and topics of greater relevance. Beginning with the first reviewed long-term budget, the ‘Delors Package I’, which covered the period 1988-1992, it was more focused on the creation of the single market and the consolidation of the multi-year framework programme for research and development. In the second long-term budget 1993-1999, on the other hand, priority was given to social and cohesion policy and the introduction of the euro. Subsequently, the ‘Agenda 2000’, which covered the period 2000-2006, focused on the enlargement of the Union. The long-term budget 2007-2013 then, put its focus on sustainable growth and competitiveness, with the aim of creating more jobs. Finally, as for the MFF 2014-2020, it had as its objectives an increase in the working population as well as economic growth, as part of the framework of the Europe 2020 strategy for smart, sustainable and inclusive growth. (European Commission, 2018)

### **3.1.2 – EU budget’s own resources**

Before analyzing in detail the new long-term European budget 2021-2027, it is necessary to highlight the origin from which the sources of the current MFF come, the so-called ‘own resources’. The current three main sources of revenue for the 2021-2027 EU Multiannual Financial Framework are: customs duties, Member States' contributions based on Value Added Tax (VAT) and contributions based on gross national income (GNI) directly provided by Member States. As a result of the gradual decrease in customs duties, GNI contributions have become the main source of funding for the EU budget - around 80% - together with VAT-based contributions. However, since January 1<sup>st</sup> 2021, a new revenue source has been introduced to contribute to the EU budget: namely, a contribution based on the non-recycled plastic packaging waste. (European Commission, 2022a)

Going into more detail first about customs duties, it can be pointed out that, with the abolition of sugar levies in 2017, at the moment customs duties on imports from third countries are the only traditional own resource left in the EU budget. However, looking back over the history of the European Union, it becomes clear how initially the situation

was quite different. In fact, Council Decision 70/243 of April 21<sup>st</sup> 1970 on the replacement of Member States' financial contributions with Communities' own resources, allowed the Commission to start collecting own resources to finance the EU budget rather than relying entirely on Member States' financial contributions. Thus, the first own resources of the EU budget were agricultural levies, customs duties, and a VAT-based resource. Customs duties are referred to as traditional own resources (TOR) because they have always existed as a direct source of revenue for the EU budget, unlike value added tax and national contributions, which are provided by the Member States to the European Union's budget. In addition, customs duties derive from trade policies: they are imposed on imports of products from non-EU countries according to rates determined in the Common Customs Tariff. (European Commission, 2022a)

More specifically, as regards the collection of these resources, it is the Member States who are responsible for collecting customs duties, in accordance with the rules laid down in the Council Regulation deposing detailed rules for the implementation of the Decision on own resources. Member States must have an adequate control infrastructure in place to ensure that their administrations, and in particular their customs authorities, carry out their tasks properly. For the new period 2021-2027, Member States will retain 25% of the customs duties collected. This serves not only to cover collection costs, but also as an incentive to ensure diligent collection of amounts due. TOR are then made available to the Commission on a monthly basis, two months after the entitlement has been established. Member States shall notify the Commission of the amount of TOR to be credited to the account by means of an itemized statement of entitlements. Any delay in making the TOR available to the Commission shall give rise to the payment of an interest. In this regard, the Commission is in contact with Member States' administrations in order to ensure that the collection of TOR is carried out in accordance with EU customs legislation and that the financial rules laid down in the Own Resources Decision and the Council Regulation, laying down implementing measures for the own resources system, are respected. In addition, Member States are financially responsible for any loss of TOR due to their possible administrative errors. (European Commission, 2022a)

Turning to the second category of own resources of the European budget, the own resource based on value added tax (VAT), in the period 2021-2027, it corresponds to a

percentage applied to the VAT bases of the countries, calculated in accordance with EU rules. (European Commission, 2022a)

VAT was the first tax to be largely harmonized at EU level. For this reason, already in 1970 it seemed logical to introduce a VAT-based own resource as an European source of revenue, along with customs duties on imports and agricultural levies. Up until recently, the VAT base on which each Member State applied the levy rate to calculate its own VAT-based contribution to the EU budget was harmonized. To calculate the VAT resource base for a given calendar year, a Member State had to divide the net total of VAT revenue collected nationally during that year by the rate at which VAT was collected in that Member State during that year. However, if several VAT rates were applied in a Member State, the VAT resource base was calculated by dividing the total net revenue collected by the weighted average VAT rate for that country. This method of calculating the harmonized VAT base was laid down in Council Regulation (EC) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from VAT. The harmonization of the VAT base required numerous corrections and compensations as well as the calculation of a weighted average rate. (European Commission, 2022a)

Currently, under the long-term budget 2021-2027, the VAT-based own resource has been simplified to reduce the administrative burden on both the EU and Member States' administrations. Such simplification involves: a correction of the VAT base only on a territorial basis in the few cases provided by the Treaty and for violations of the VAT Directive, and the application in each Member State of the weighted average VAT rate of 2016 throughout the period 2021-2027. Each country's VAT bases are then equalized to 50% of each country's gross national income (GNI) base in order to limit the regressive aspects of the VAT-based resource. Finally, a uniform rate of levy of 0.3% is applied to each Member State's VAT base for the period 2021-2027.

Essentially, the overall goal of inspecting the VAT-based own resource is to ensure that each Member State is able to pay the correct amount of the VAT-based resource to the EU budget. This is done through the analysis of documentation, through on-site inspections in current and future Member States, and through the development of an appropriate methodology. The Commission's Budget Directorate-General is responsible for checking the Member States' VAT base statements. (European Commission, 2022a)

Moving on, the third category of Multiannual Financial Framework's own resources is the one of national contributions. Therefore, contributions based on the Gross National Income (GNI) of the Member States are the main source of revenue for the EU budget. This resource ensures that all agreed expenditures have sufficient revenue coverage, making sure, in this way, that the EU budget is always balanced. (European Commission, 2022a)

The gross national income (GNI)-based own resource, also known as 'national contributions', as previously mentioned, was established as a key 'residual' element of the own resources system in order to ensure that all agreed expenditures in the budget for a given year are sufficiently covered by the total revenues of the EU budget. With this own resource, the EU budget is always in initial balance, namely as at the stage of its adoption. It is seen as a source of balance for the EU budget, due to the fact that its amount varies from year to year, depending on the total revenue needed to cover expenditure, after taking into account amounts from customs duties, VAT-based contributions and other sources. As said, over time GNI-based contributions have become the predominant component in the own resources system, accounting for over 70% of EU revenues. (European Commission, 2022a)

In a further detail, the percentage to be applied to each Member State's GNI varies each year and it is determined on the basis of the total of all other revenue in the EU budget. Each Member State's GNI at market prices is defined in accordance with the European System of National and Regional Accounts, which is an internationally compatible accounting framework used to describe an economic system as a whole. The Commission then verifies the sources and methods used by all Member States to calculate GNI. Therefore, based on the total annual revenue required to finance expenditure, a uniform rate of levy is then applied to each Member State's GNI. The total amount of own resources that can be collected by the Member States is limited according to the EU GNI, namely the sum of the GNI of all Member States. For the period 2021-2027, the total amount of own resources allocated to the EU to cover annual payment appropriations cannot exceed 1.40% of EU GNI. (European Commission, 2022a)

Although GNI-based contributions provide stability and self-sufficiency to the EU budget, the predominance of this own resource increases the perception that national

contributions are a mere cost factor. However, Member States that contribute more to the EU budget than they receive directly generally pay less on average than other Member States as a percentage of their wealth (GNI), while being among the largest beneficiaries of the single market and of EU integration. Anyways, it can be stated that, essentially, they all come out as winners from being part of the single market, from facing the challenge of migration together, and fighting terrorism and climate change together. The Union, in fact, powered by the EU budget, creates an added value for everything beyond simple mathematical calculations. Moreover, recent economic developments pose a challenge to tax authorities and national statistical offices when it comes to accurately measuring GNI, which is the basic parameter for assessing wealth. In particular, the dematerialization of many services, the rapid spread of e-commerce, the increasing weight of intangible assets, or the large and rapid fluctuations in foreign capital investment, pose significant challenges on this front. For this reason, in order to ensure fair burden-sharing among Member States and restore the balancing function of the GNI-based own resource while easing the burden on Member States, the Commission will work to introduce new own resources for the EU budget that will complement GNI-based contributions while addressing the issues just mentioned. (European Commission, 2022a)

In this regard, it is now worth to mention the very last and most recent EU budget own resource, namely the plastics own resource. The latter, effective since January 1<sup>st</sup> 2021, consists of a national contribution based on the amount of unrecycled plastic packaging waste. This own resource is closely linked to EU policy priorities. It should incentivize Member States to reduce packaging waste and stimulate Europe's transition to a circular economy by implementing the European Plastics Strategy. At the same time, it leaves it up to Member States to define the most appropriate policies to reduce pollution from plastic packaging waste, in line with the principle of subsidiarity. A uniform levy rate of €0.80 per kilogram will be applied to the weight of non-recycled plastic packaging waste, with a mechanism to avoid excessive contributions from less wealthy Member States. (European Commission, 2022a)

Practically, contributions will be calculated based on Eurostat data, which Member States already collect and provide as part of existing reporting requirements. More concretely, as a result of the Packaging and Packaging Waste Directive - Directive 94/62/EC - and its implementing decision - Decision (EU) 2019/665 - , Member States already provide

data on the generation and recycling of plastic packaging waste, which are already publicly available on Eurostat's website. As the exact data is reported to Eurostat in July of year N+2, the European Commission will initially calculate the contributions on the basis of forecasts, to be agreed with the EU Member States: this is also common practice for other sources of revenue for the EU budget. Once the final figures are available, the European Commission will adjust the Member States' contribution calculations accordingly. For example, in 2021, after the entry into force of the Own Resources Decision, Member States will pay their contributions monthly, based on forecasts. The contribution will be then adjusted after July 2023, when final data are going to be available. (European Commission, 2022a)

In addition to those already analyzed, however, the Commission has pledged to come up with three proposals for new own resources by June 2021, such as, first and foremost, the carbon border adjustment mechanism. Such proposal would ensure that products imported from outside the European Union would have to bear the same costs for their CO<sub>2</sub> emissions as EU products currently subject to the Emissions Trading Scheme (ETS). This should then ensure that imported products are priced the same as if they had been produced within the European Union as well as fairness for EU businesses. Subsequently, another own resource proposal is the Digital Levy one: this digital tax would, in fact, apply to certain digital activities and ensure that all businesses, including digital businesses, pay their fair and proportional share of taxes on them. Finally, we find the EU Emissions Trading Scheme (ETS)-based own resource. The latter, as the name suggests, would be linked to the Emissions Trading Scheme, namely the EU carbon market, through which companies buy or receive emission allowances. These allow companies to emit a certain amount of greenhouse gases below a set cap that steadily decreases over time. The Emissions Trading Scheme has been successful in helping the EU reduce greenhouse gas emissions and is an important tool for the smooth functioning of the EU's single market, as it sets an equal price for CO<sub>2</sub> emissions across the European Union. (European Commission, 2021)

### **3.1.3 – The EU's 2021-2027 long-term budget and NextGenerationEU**



After introducing the main concepts and features generally related to the Multiannual Financial Framework, we can now move on to an in-depth analysis of the current long-term budget of the European Union.

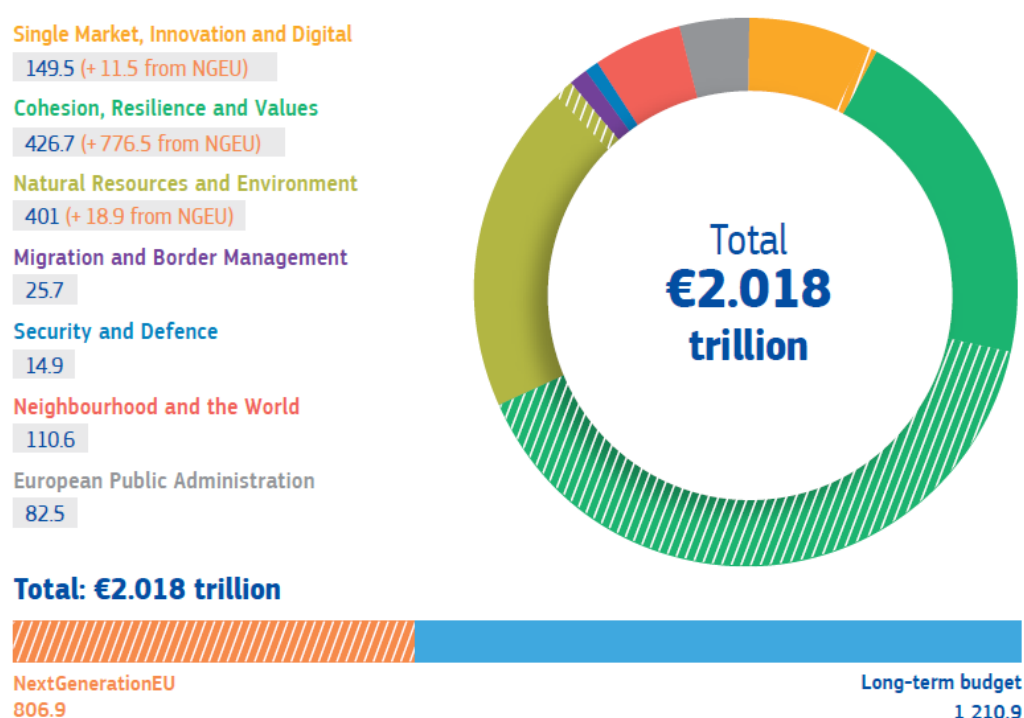
The EU's long-term budget for 2021-2027, together with the NextGenerationEU Recovery Facility, amounts to €2,018 billion in current prices - €1,800 billion in 2018 prices - . This unprecedented response from the European institutions will help repair the economic and social damage caused by the Coronavirus pandemic and contribute to the transition to a modern and more sustainable Europe. Moreover, together with these two main objectives, the 2021-2027 MFF aims at providing further investment to the EU's regions, companies, researchers, farmers, students and citizens as well as to EU'S neighbouring countries. Therefore, the package includes the long-term budget, namely the €1 211 billion - €1 074 billion in 2018 prices - Multiannual Financial Framework 2021-2027, as well as the temporary recovery instrument, the NextGenerationEU, amounting to €806.9 billion - €750 billion in 2018 prices - . (European Commission, 2021)

In order to provide a broad idea of the magnitude and exceptionality of this MFF by putting the figures aside just momentarily, we can here quote the words of the President of the European Commission, Ursula von der Leyen, which confirm what has already been stated before: “The pandemic has taken a heavy toll on the economic and social fabric of our society.” – she claimed – “But this can serve as an opportunity to build a better Europe, impervious to future crises. The Commission is taking decisive action to shape Europe's post-coronavirus future with the European Green Deal, our green growth strategy and Europe's digital decade, our pack of initiatives to make the EU fit for the digital age. These policy responses all have something in common: they require massive investments. With NextGenerationEU and the long-term EU budget, we have the financial power to finance Europe's green and digital transitions. Citizens, businesses, regions, cities: these EUR 1.8 trillion – or EUR 2.0 trillion in current prices – are for you. They will help you recover, grow and express your talents, for the benefit of the whole EU.” (European Commission, 2021) Along the same lines, Johannes Hahn, European Commissioner for Budget and Administration, said: “Last year, the European Commission proposed an unprecedented response to the pandemic, which was quickly endorsed by the EU Member States. Today, the 2021–2027 long-term budget and

NextGenerationEU form the largest package ever financed through the EU budget, of EUR 1.8 trillion – or EUR 2.0 trillion in current prices. With their combined firepower, the EU will support citizens, companies and regions most affected by the coronavirus crisis. The package will also help rebuild a post-COVID-19 Europe, which will be greener, more digital, more resilient and better fit for the current and forthcoming challenges. The next step is the successful implementation of the package, and I invite all beneficiaries of the EU budget – farmers, students, researchers, municipalities, businesses and many more – to make the most of it. This funding is for you, so explore the possibilities and make the changes we all aspire to!” (European Commission, 2021)

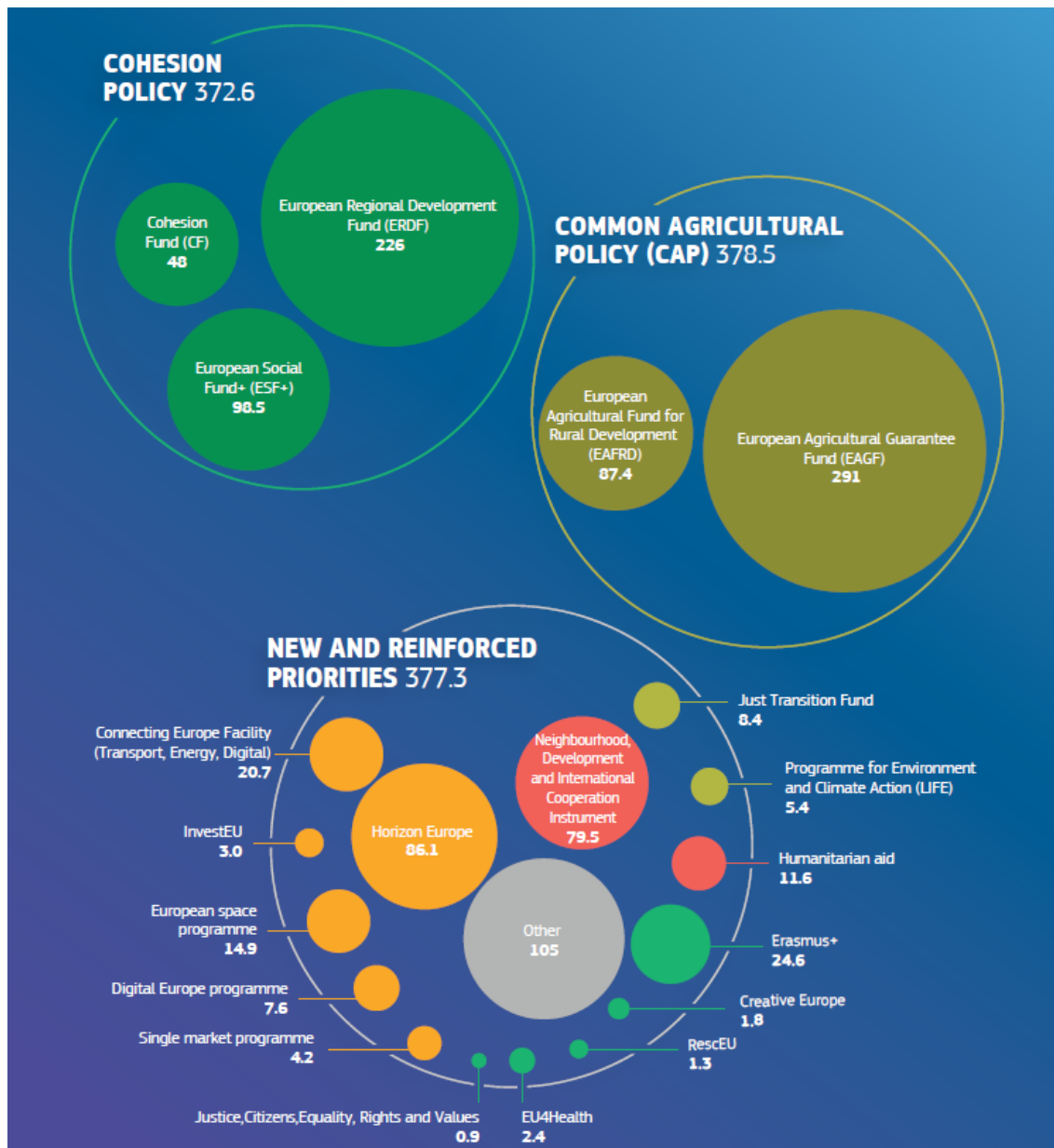
The figures and graphical representations reported below can help providing a more quantitative, visual and schematic idea of the whole package with respect not only to the sums allocated between the NextGenerationEU and the long-term budget, but also, within the latter, among the different political priorities and main funded policies of the European Union. From such pictures, it is possible to immediately understand the main policies, political priorities and programmes on which the EU intends to focus and address its investments during the opening seven-year programming period.

**Figure 3: EU’s long-term budget and NextGenerationEU distribution of economic resources**



Source: European Commission, *The EU's 2021-2027 long-term Budget and NextGenerationEU: facts and figures*, 2021.

**Figure 4: Figures related to EU policies funded under the Multiannual Financial Framework only**



Source: European Commission, *The EU's 2021-2027 long-term Budget and NextGenerationEU: facts and figures*, 2021.

Starting with a brief, more in-depth analysis of the NextGenerationEU, with a budget of EUR 806.9 billion, it can be said that it is aimed at facilitating the repairing and recovery of the immediate economic and social damage caused by the COVID-19 pandemic, in order to make the European Union stronger and fit for the future. Therefore, such instrument will facilitate the development of a more digital, resilient and greener post-COVID-19 EU, which will consequently better meet the present and forthcoming challenges. (European Commission, 2021)

The keystone of NextGenerationEU is the Recovery and Resilience Facility, an instrument providing grants and loans aimed at supporting investments and reforms in the Member States at a complete price of EUR 723.8 billion. Part of the funds – EUR 338.0 billion – are going to be provided as grants, while the rest – EUR 385.8 billion – are going to be used to give loans to individual Member States from the European Union on favorable conditions, which are going to be later repaid by those Member States. The funds provided by the Recovery and Resilience Facility are going to be distributed on the basis of the national recovery and resilience plans made by every single Member State cooperating with the European Commission and in line with an agreed upon assignment grid. (European Commission, 2021)

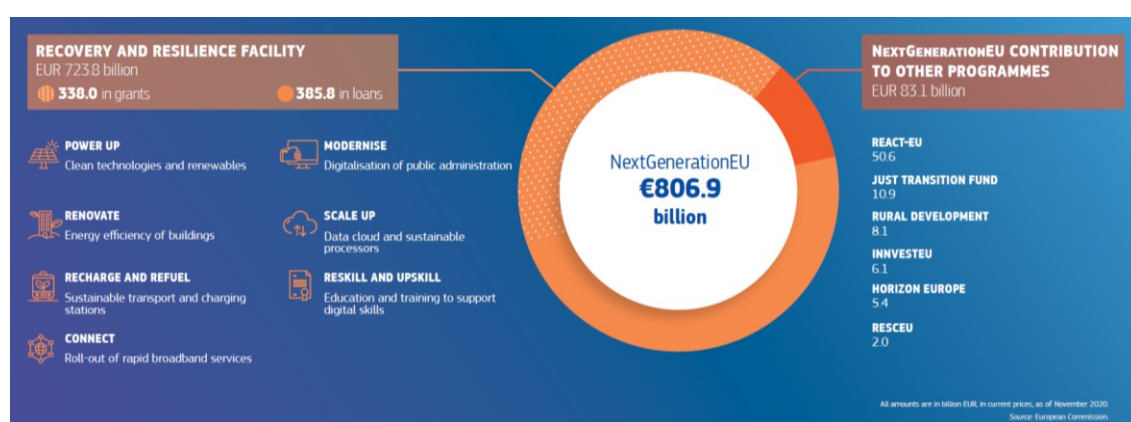
In addition, funds provided by NextGenerationEU have the objective of reinforcing many already-existing EU programmes and policies, which will be later analyzed in further detail in this dissertation. Among them, we find, at first, the Cohesion Policy under the Recovery Assistance for Cohesion and the Territories of Europe programme (REACT-EU), in order to help address the economic impacts of COVID-19 in the first years of recovery; then there is the Just Transition Fund, aimed at guaranteeing a fair transition for every citizen. Subsequently, there are InvestEU, aimed at supporting the investment efforts for European economies, and the European Agricultural Fund for Rural Development, aimed at further supporting farmers. Finally, we find Horizon Europe, in order to make sure that the EU has the capabilities to fund more excellence in research and, lastly, rescEU, which ensures that the EU Civil Protection Mechanism has the capacity to respond to emergencies on a large scale. (European Commission, 2021)

To avoid putting immediate pressure on national finances and to allow Member States to concentrate their own efforts on recovery, the European Union has drawn the funds for

the NextGenerationEU through loans on the markets. In fact, in order to finance it, “the European Commission has raised funds on the capital markets - up to 750 billion euros at 2018 prices, or up to 806.9 billion euros at current prices” (European Commission, 2021). Subsequent repayment by the Member States will take place over the long term, namely until 2058: in order to help with repayments, in fact, the European Union has been considering introducing new own resources into the Multiannual Financial Framework, which have just been presented. (European Commission, 2021)

The following image reports some key features of the NextGenerationEU, aimed at providing a further integration to the data presented so far.

**Figure 5: NextGenerationEU key features**



Source: European Commission, *The EU's 2021-2027 long-term Budget and NextGenerationEU: facts and figures*, 2021.

Moving on to an overall assessment of what has been adopted, it might be said that the 2021–2027 Multiannual Financial Framework can be considered unique and different if compared to any other previous budget, especially taking into account its new priorities. In fact, compared to the 1980s, when most of the resources were devoted to the agricultural sector, or the 1990s, when the bulk of the European budget was allocated to cohesion, these priorities are now no longer targeted so much. At the time, indeed, they used to receive more than 70% of the total budget: when necessary, but not so usually, there was an increase in resources in other areas, such as, for example, trans-European

networks and external action, research, or programmes managed directly at the European level. (European Commission, 2021)

Undoubtedly, what can be defined as one of the main strengths of the current Multiannual Financial Framework is its European added value. In fact, as previously mentioned, joint funding coming directly from the European coffers and invested in policies such as research or protection of European borders, undoubtedly achieve better results than actions implemented individually by the various Member States. The European added value is therefore generated by the European joint action in these policy areas, so it seems particularly appropriate to finance more and more of this kind of actions at the supranational level. It was precisely such vision that was adopted by the European Commission in May 2018 during the preparation of the long-term budget's proposal for the 2021-2027 seven-year period. In fact, this budget presented more significant funding to be allocated to new priorities of greater interest than agriculture and cohesion, which are now less urgent. Consequentially to such change of course in favor of the European added value, 31.9% of the Multiannual Financial Framework 2021-2027 was devolved to priorities such as broader protection, education, research etc. This amount is even higher and it exceeds the 50% if the NextGenerationEU funds are taken into account. (European Commission, 2021)

Therefore, the amount of money now allocated to social, economic, and territorial cohesion is smaller, at around 30.5 %, and, similarly, the 30.9% of the budget will be given in this seven-year period to the common agricultural policy. Both policies have seen themselves being significantly modernized over the last few years, with the main aim of supporting the digital and green transitions: such change has made the Multiannual Financial Framework extremely modern. In confirmation of this, more than 50% of NextGenerationEU and of the long-term budget is being allocated to new priorities like, for instance, research and innovation through Horizon Europe. Other crucial priorities are fair digital and climate transitions, through the Just Transition Fund and the new Digital Europe programme, as well as preparedness, recovery and resilience, via the EU's Civil Protection Mechanism (rescEU), the Recovery and Resilience Facility and EU4Health, the health programme. (European Commission, 2021)

In the light of this, a crucial point to be stressed is that the 30 % of the long-term budget and NextGenerationEU is going to be spent on the fight against climate change. Such share is the largest ever to have been spent on this priority and it is part of a bigger investment plan put in place by the European Union aimed at greening the economy. This latter plan is going to combine both EU and national public funds, as well as public and private investments with the aim of supporting the European Union on its path aimed at reaching climate neutrality by 2050. In addition, it is worth to highlight that the 20 % of the Recovery and Resilience Facility funds are going to be invested in another crucial EU's priority, namely the digital transformation. Therefore, such funds are going to help the European Union in investing more in areas which are nowadays extremely important, like cybersecurity, artificial intelligence, advanced digital skills, supercomputing, and a wider spread of digital technologies across society and the economy. Besides the funding priorities seen so far, which will be further explored in terms of policy in the next section, it can also be pointed out that in 2026 and 2027, the 10 % of the long-term budget's annual spending is going to contribute to the halt and reversal of the decline of biodiversity. This kind of investment shows another European Union's vital priority as well as its long-lived commitment and care for nature and biodiversity, seen as elements without which there could be no life. Hence, by taking action through its funds in activities like the restoration of forests, wetlands and soils as well as the creation of green spaces in urban areas, the EU will be able to achieve another of its main goals, namely climate change mitigation and an ever-growing greening. (European Commission, 2021)

How it has been previously seen, in spite of the many priorities and investment areas of the new European long-term budget, there are not going to be losers or winners arising from the actions that will be put in place. In fact, as declared by the European Commission itself in its recent report *The EU's 2021-2027 long-term Budget and NextGenerationEU: facts and figures* (2021), "everybody is a winner, enjoying borderless travel, affordable phone calls from abroad and a coordinated EU response to the coronavirus pandemic and its consequences. All EU Member States benefit from being part of the single market, addressing the challenges of migration and fighting terrorism and climate change together, as well as from better roads, modernised public services and cutting-edge medical treatment. In addition, hundreds of thousands of people in the EU directly benefit from EU funding. Many receive grants or advantageous EU-guaranteed loans to carry out

investment, research or educational projects. Farmers receive subsidies to continue producing high-quality, affordable food for all Europeans. Artists receive support to keep making award-winning cinema and theatre productions.” In light of this statement, we can therefore easily go back to the discourse of the European added value previously addressed, whereby joint action through common European resources will always be more effective than any action put in charge by a single Member State.

In order to organize the funding in an efficient way, the European Union’s long-term budget, as previously anticipated, is divided into headings – or spending categories – and programmes, which sustain different categories of beneficiaries for each different EU policy area. In practice, “each programme supports a different policy area and group of beneficiaries.” (European Commission, 2021) This last point is going to be further deepened in the next section, however, before moving on, it is worth to stress the existence of some cross-cutting priority areas, some of which have already been previously mentioned and that have the possibility to receive funding from many different programmes. These are the Green Transition, funded by the Cohesion Policy, LIFE programme, Horizon Europe, the Recovery and Resilience Facility and many others; then there is the Human Capital, among whose funds we find Erasmus+ and the European Social Fund+. Subsequently, we find the Digital Transition supported by the Digital Europe programme, the Connecting Europe Facility and Cohesion Policy, among the various ones. The following cross-cutting priority is then the Open Strategic Autonomy, funded by the European Defence Fund, the European Space Programme, EU4Health, the Common Foreign and Security Policy and others. Finally, we can find the Fostering Investments cross-cutting priority, also supported by multiple funds such as InvestEU, Cohesion Policy, the European Fund for Sustainable Development+, the Single Market programme and the Recovery and Resilience Facility. (European Commission, 2021)

Before deepening in further detail EU long-term budget’s headings and programmes in the next section, we can briefly refer to two last topics related to the MFF in more general terms, namely the way European Commission protects the budget and then the flexibility of the new 2021-2027 long-term budget. As regards the first one, it can be said that protecting taxpayers' money, making sure that all budget money is spent in line with the rules and then generating added value is a priority for the European Commission. This is



normally achieved through the Commission's work in close contact with the other EU institutions and the Member States. The latter have a key role to play in this, as they manage about three-quarters of the budget together with the European Commission, according to the principle of shared management. This can be translated into the fact that, in practice, Member States distribute the funds to the beneficiaries: they are, therefore, at the forefront of making sure that the budget is spent where it is needed by putting into place the relevant management and control systems. The Commission conducts audits and on-the-spot checks to make sure that these procedures are in place and being carried out in the right way: however, if the Commission discovers shortcomings, it can intervene by interrupting or suspending payments to beneficiaries or Member States. This means temporarily halting, through proactive action, payments of European Union funds until the problems detected are resolved. However, the Commission can intervene even after payments have been made: in fact, if at a later stage the Commission finds that something has gone wrong, it can introduce financial corrections and recover money already paid out. In the case of fraud, the European Anti-Fraud Office intervenes in order to investigate, and if it confirms that fraud has been committed with EU money, the Commission starts working to recover the funds. Since 2020, the European Public Prosecutor's Office has also been working to investigate and prosecute the misuse of EU funds: its work is thus an additional guarantee that the EU budget is fully protected. An additional layer of protection was also introduced for the long-term budget 2021-2027 and the NextGenerationEU: Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget. This regulation ensures that the European Union is better able to deal with violations of the principles of the rule of law that affect or threaten to affect the EU budget. Together with the other instruments already in place, it will thus ensure that all money pertaining to the European budget goes where it is needed and subsequently creates an added value for citizens. (European Commission, 2021)

The very last topic that can be deepened in this section, as previously anticipated, is the EU's 2021-2027 Multiannual Financial Framework flexibility context. In fact, as mentioned, the 2021-2027 EU long-term budget provides flexibility mechanisms to ensure that unforeseen needs can be eventually met. These mechanisms make it possible to mobilize additional financial support in case of unforeseen events such as natural

disasters or emergencies of various kinds. Moreover, these flexibility mechanisms, also known as special instruments, ensure that the EU budget is adapted to both future and current unforeseen needs. The maximum additional amount that can be used for special instruments over the period 2021-2027 will be about 21 billion euros - in 2018 prices - . This amount of money is also distributed among instruments that can be divided into two main categories: the Flexibility Instruments and the Emergency Instruments. In the first group we first find the Flexibility Instrument, which will be used to finance actions that cannot be financed from other sources in the budget. With an annual budget of €0.92 billion - at 2018 prices - it will help the European Union respond to unforeseen challenges: in the past, for example, it has been mobilized to address security threats and migration challenges. Next, in the same category, we find the Single Margin Instrument, which will enable efficient management of margins within the long-term budget, such as the difference between planned spending and the maximum amount of money that can be spent under each heading. This means that funds not used as planned can be redirected to where they are most needed. (European Commission, 2021)

Turning to the second macro group pertaining to the special instruments, namely the Emergency Instruments, we find at first the European Globalisation Adjustment Fund. This fund aims at reintegrating workers into the labor market who have lost their jobs due to globalization, through a maximum annual amount of 0.19 billion euros, at 2018 prices. It usually comes into play when entire companies are closed down or when a large number of workers are laid off in a particular industry, in one or more neighboring regions. The second instrument is the Solidarity and Emergency Aid Reserve, which can be used to help deal with emergency situations arising from major natural disasters or health crises in Member States and accession countries, with a maximum annual amount of €1.2 billion, in 2018 prices. Approximately one-third of the funds will then be reserved for actions outside the European Union, in light of growing humanitarian needs resulting from conflicts, global refugee crises, or worsening natural disasters due to climate change. Finally, we find the Brexit Adjustment Reserve, which aims at countering the negative consequences of the United Kingdom's exit from the European Union in the Member States and sectors most affected. Therefore, it aims at helping those in need to more easily manage the immediate impact of Brexit, with a total size of €5 billion, in 2018 prices. (European Commission, 2021)

### **3.2 – Budget’s headings, programmes and the main EU policies and strategies for the new 2021-2027 programming period**

As mentioned several times already, the EU finances its own policies and strategies primarily through an annual budget, the size and structure of which is largely predetermined by a seven-year Multiannual Financial Framework (MFF). Therefore, the long-term budget reflects the European Union's spending priorities on the medium-long term, agreed collectively by the Member States, the Parliament and the Commission through long and complex decision-making and mediation processes. The latter are extremely important, as it will be explained in a few pages, especially because they set the direction and future of the European Union on which budget's changes and its practical use depend.

In the case of the new 2021-2027 EU budget, its shaping reflected the need for it to be simpler and more flexible in order to enable more efficient spending and to facilitate the achievement of European goals in the easiest and fastest way possible. The European Union's overall policy objectives are normally, and even in this specific case, collectively defined by the European institutions: however, the EU strategy is then further developed and translated into policies and different initiatives by the European Commission. For this reason, the upcoming sub-section will investigate and explore the six policy priorities set by the European Commission led by Ursula von der Leyen, for the period 2019-2024. These policy guidelines are based on common ideas and priorities that unite the European population, aiming to frame EU's common work. In the next sub-section, then, the way these broad policy objectives are practically translated in budget headings will be explored, with a final focus, in the last sub-section, on how the resulting funds are transformed into opportunities to implement policies through the EU programmes, which are going to be reviewed.

#### **3.2.1 – The six Commission’s priorities for 2019-2024**

The six Commission’s priorities for 2019-2024 reflect the main, and maybe most important medium-long term goal for the European Union: these five years are, in fact, seen by the Commission as an opportunity for Europe to develop greater ambition

internally so that it can subsequently play a leading role in the world. (European Commission, Directorate-General for Communication, Leyen, 2019)

In the view of this, the first and, maybe, most famous European Commission's political priority that can be highlighted is the *European Green Deal*. In fact, the European Commission has adopted a set of proposals to transform EU climate, energy, transport and taxation policies to reduce net greenhouse gas emissions by at least 55 percent by 2030 compared to 1990 levels. Such direction has been taken since climate change and environmental degradation represent a huge threat to Europe and the world: in order to overcome these challenges, the European Green Deal is aimed at transforming the European Union into a modern, resource-efficient and competitive economy. This will be done, firstly, by ensuring that no more net greenhouse gas emissions are generated in 2050 and that, by then, economic growth is dissociated from resource use. (European Commission, n.d.). In addition, through the European Green Deal, the Commission wants to make sure that no people and places are neglected in the green transition process. Moreover, in this policy context, Europe aims at becoming a world leader in circular economy and clean technologies. The overall goal, as anticipated, is to achieve the decarbonization of energy-intensive industrial sectors, however in this process there is a need for a fair transition for all. Indeed, it is necessary to recognize and respect the fact that not everyone starts from the same point: while it is true that Europeans share the same ambitions, some may need more targeted support than others in order to achieve them. (European Commission, Directorate-General for Communication, Leyen, 2019) Finally, the European Green Deal can also be seen as one of the lifelines to put the COVID-19 pandemic behind us. It is worth to be stressed, in fact, that one-third of the 1,800 billion euros of investment in the NextGenerationEU and in the EU's long-term budget are funding the European Green Deal. (European Commission, n.d.)

The second Commission's political priority is *a Europe Fit for the Digital Age*, which aims at making Europe more ambitious in exploiting the opportunities of the digital age in a context that ensures security and respects ethics. Indeed, there is no question how digital technology is changing people's lives: in light of this, the EU's digital strategy aims to ensure that this transformation benefits citizens and businesses, while helping to achieve the objective of a climate-neutral Europe by 2050. The Commission is therefore determined to make the current decade Europe's 'digital decade': in its view, it is

necessary for Europe to strengthen its digital sovereignty and set standards, rather than following those of other countries, with a specific attention on data, infrastructure and technology. (European Commission, 2022b) Thus, in her policy guidelines, Commission's President Ursula von der Leyen stressed the need for Europe to lead the transition to a healthy planet and a new digital world. In this context, she announced the launch of the debate on anthropocentric and ethical artificial intelligence and the use of big data for wealth creation for societies and businesses during her first 100 days in office. (European Commission, Directorate-General for Communication, Leyen, 2019)

The third priority of the European Commission for 2019-2024 is *an Economy that Works for People*. It is based on the European ambition to strive for higher goals in terms of social equity and prosperity, by virtue of the European social market economy, which can be considered unique in the world. Indeed, it allows individual economies to expand while reducing poverty and inequality and ensuring that social equity and prosperity are prioritized. Strengthening the social market economy is therefore crucial for the Commission, especially at a time when the ways in which European industry and the economy operate are readjusting. In her policy guidelines, hence, Ursula von der Leyen stresses that a healthy and climate-neutral planet presupposes a strong and resilient social market economy. (European Commission, Directorate-General for Communication, Leyen, 2019) This is why it is considered essential, in these years, to strengthen small and medium-sized enterprises, the backbone of the EU economy, as well as to complete the Capital Markets Union and deepen Economic and Monetary Union. (European Commission, 2022c) Finally, this third priority even gives great importance to youth employment, equality and tax fairness. (European Commission, Directorate-General for Communication, Leyen, 2019)

Moving on, we find the fourth Commission's priority, namely *a Stronger Europe in the World*. Its objective is to achieve a more ambitious Europe that reinforces its responsible global leadership. (European Commission, Directorate-General for Communication, Leyen, 2019) Therefore, in this regard, the European Commission supports multilateralism and a rules-based world order with a more active role and a stronger voice for the European Union. This priority focuses on a strong, open and fair trade agenda that makes Europe an attractive place for business, so as to strengthen the EU's role as a world leader while ensuring the highest standards of climate, environmental and labor

protection. (European Commission, 2022d) On such topic, President Ursula von der Leyen declared: "Trade is not an end in itself. It is a means to deliver prosperity at home and to export our values across the world. I will ensure that every new agreement concluded will have a dedicated sustainable development chapter." (European Commission, Directorate-General for Communication, Leyen, 2019) European leadership also means working in concert with neighboring countries and partners, introducing a comprehensive strategy on Africa and reaffirming the European perspective of the Western Balkan countries. It also pursues a coordinated approach to external action, from development aid to the Common Foreign and Security Policy, ensuring a stronger and more united voice for Europe in the world. (European Commission, 2022d) Significant, in this respect, is the declaration made by the President of the European Commission within her above-mentioned policy guidelines, in which she expresses her desire to especially reaffirm, as mentioned, the European perspective of the Western Balkans, considering that they share the same continent, history, culture and challenges as the European Union. (European Commission, Directorate-General for Communication, Leyen, 2019)

Subsequently, we find the fifth European Commission's policy priority, *a new Push for European Democracy*. Such goal aims to achieve a more and more ambitious Europe in cultivating, protecting and strengthening its own democratic system. Indeed, the latter can be described as unique since it brings together directly elected parliamentarians at the local, regional, national and European levels with elected heads of state and government. The unprecedented turnout in the 2019 European elections highlighted the vibrancy of European democracy: therefore, in light of this, it is necessary, according to the European Commission, to respond to this call by offering European citizens a stronger role in decision-making. (European Commission, Directorate-General for Communication, Leyen, 2019) It was precisely because of this Commission's expression of will that the recently concluded Conference on the Future of Europe was born, allowing European citizens to have their say on what is important for the EU. Another issue to which this priority seeks to offer a solution is the growing presence of external interference within the European democratic system. Indeed, in order to protect democracy from external interference, a joint approach and common standards are needed to address problems such as disinformation and online hate messages. By virtue of the above, the Commission is

therefore committed to strengthening its partnership with the European Parliament, the voice of the people, ensuring its involvement in all stages of international negotiations, as well as the transparency and integrity of the legislative process at all stages. (European Commission, 2022e)

In conclusion, we can highlight the last Commission's priority for the 2019-2024 period: *Protecting our European Way Of Life*. According to this latter principle, a Europe that protects must also stand up for justice and values, and in the case of the respect for the rule of law, it is certainly a fundamental principle. The fact that the European Union is a community of law is its distinctive feature, but it is also the cornerstone of the Commission's future vision of a Union under the banner of equality, tolerance and social equity. In her policy guidelines, President Ursula von der Leyen stresses how there can be no compromise in defending fundamental European values as well as how threats to the rule of law undermine the legal, political and economic foundation of our Union's functioning. Ensuring respect for the rule of law is certainly primarily the responsibility of each Member State: however, as the Court of Justice recently confirmed, there is a common European interest in solving problems together. Strengthening the rule of law is therefore a shared responsibility for all EU institutions and all Member States. In this regard, President von der Leyen, clearly expressed her support for a new European mechanism of general scope for the protection of the rule of law, applicable throughout the whole European Union, involving objective annual reporting by the European Commission, with a monitoring strategy that will be common to all Member States. (European Commission, Directorate-General for Communication, Leyen, 2019) In addition, a new approach on the migration front is to be added to this framework, requiring strong borders, modernization of the EU asylum system, and cooperation with partner countries. (European Commission, 2022f) In this regard, President von der Leyen said, "We need to allay the legitimate concerns of many and look at how we can overcome our differences. We need a new way of burden sharing, we need a fresh start." (European Commission, Directorate-General for Communication, Leyen, 2019)

### **3.2.2 – Allocations per budget's headings**

After having provided a broad overview of the main Commission's policy objectives for the upcoming years, it can be now interesting to understand how such kind of theoretical and broad ideas turn into EU long-term budget's headings and funding programmes.

As anticipated in several occasions throughout this dissertation project, in fact, the programmes that are funded under the Multiannual Financial Framework are clustered into seven headings, also called expenditure categories, of the European Union's budget. Each one of them is dedicated to a distinct policy area, which represents one of the many Union's policy priorities. (European Commission, 2021) The latter, as can be easily guessed through a quick reading of following list, resulting from an extrapolation and greater systematization of the ideas already presented earlier in a more general way.

Therefore, the seven headings set for the current 2021-2027 long-term budget are:

- Single Market, Innovation and Digital
- Cohesion, Resilience and Values
- Natural Resources and Environment
- Migration and Border Management
- Security and Defence
- Neighbourhood and the World
- European Public Administration

Although NextGenerationEU is a separate instrument, its funding will be channeled through programmes that are part of the long-term budget. Several headings are thus funded by both the Multiannual Financial Framework and the NextGenerationEU. Hence, the overview that is going to be presented below covers both instruments. Moreover, several programmes are going to benefit from further allocations under Article 5 of the MFF: the precise additional allocations will be determined annually. The amounts provided in this dissertation are indicative approximations from the European Commission's official document *The EU's 2021-2027 long-term Budget and NextGenerationEU: facts and figures* (2021).



Starting with the first heading, named *Single Market, Innovation and Digital*, it is worth to notice its significant financial endowment, amounting to EUR 161 billion. Under this expenditure category, the European Union intends to foster investments in areas such as digital transformation, research and innovation, the single market and strategic infrastructure, since they are going to be fundamental to allow further future European growth. Programmes under the Single Market, Innovation and Digital heading are going to help tackle shared challenges like demographic change and decarbonisation, as well as boost enterprises' competitiveness, including small and medium-sized companies. (European Commission, 2021) More specifically, this heading presents four spending sub-categories, namely, *Research and Innovation*, *European Strategic Investments*, *Single Market and Space*. The main area addressed among those just mentioned is undoubtedly research and innovation, characterized by the highest financial endowment of EUR 93.72 billion. Among the main EU programmes clustered under the Single Market, Innovation and Digital heading, we can recall Horizon Europe, the Digital Europe programme, the Single Market programme and the EU Space programme. (European Commission, 2021)

To follow, we find the second heading, *Cohesion, Resilience and Values* which, through its EUR 1203.2 billion, aims at strengthening cohesion and resilience among EU Member States. In greater detail, to this end, funding helps reduce disparities in and between European regions, as well as within and between the Member States themselves, and promote sustainable territorial development. In addition, by investing in green and digital transition, youth, health, and action to protect European Union's values, its programmes seek to make the EU more resilient both to current and future challenges. Programmes such as REACT-EU and the Recovery and Resilience Instrument, funded under NextGenerationEU, support important investments and reforms in Member States. In addition to those just mentioned, we can name other European programmes of great importance for the new programming period, such as Erasmus+, European Regional Development Fund, Cohesion Fund, Creative Europe and EU4Health. Consistently with what has been said so far, therefore, the three main sub-headings present here are, *Regional Development and Cohesion*, *Recovery and Resilience* and, finally, *Investing in People, Social Cohesion and Values*. (European Commission, 2021)

The third heading, characterized by a funding of EUR 419.9 billion, is called *Natural Resources and Environment* and represents one of the main political turning points previously defined as peculiar to the current long-term budget. Indeed, the European Union budget is and will continue to be a driver of sustainability in the future, investing in sustainable agriculture and maritime sectors, as well as in environmental protection, climate action, rural development and food security. Some of the programmes under this heading support the European Union's agricultural, agri-food and fisheries sectors while seeking to make them more competitive on a global scale: some among them are, for example, the Common Agricultural Policy and the European Maritime, Fisheries and Aquaculture Fund. Other programmes are dedicated exclusively to the EU's environmental and climate goals, such as the Programme for Environment and Climate Action (LIFE) and the Just Transition Fund. The main sub-headings of Natural Resources and Environment are therefore *Agriculture and Maritime Policy* and *Environment and Climate Action*. (European Commission, 2021)

Moving on, we find the fourth long-term budget's heading, *Migration and Border Management*, with a budget allocation of EUR 25.70 billion. It is characterized by two sub-headings, *Migration and Border Management*, and two main funds, namely *Asylum, Migration and Integration Fund* and the *Integrated Border Management Fund (Border management and visa instrument and Customs control equipment instrument)*. These seek to address challenges related to migration and management of the European Union's external borders. Under the Multiannual Financial Framework 2021-2027, support for strengthening the European external borders has been increased in order to safeguard the asylum system within the EU. Member States also receive more funds from the Commission to better manage migration into the European Union. (European Commission, 2021)

Topics related to the ones just presented are also the focus of the fifth heading of the Multiannual Financial Framework 2021-2027, named *Security and Defence*. Through its financial allocation of EUR 14.92 billion, it includes programmes whose role is to improve the safety and security of European citizens, to strengthen European Union's defense capabilities, and to provide the tools needed to respond to internal and external security challenges to which no Member State can respond by itself. In order to be ready to protect its citizens, Europe must also strengthen its strategic autonomy and build well-

designed and rationalized defense tools. Therefore this can be done, for instance, through programmes such as the Internal Security Fund and the European Defence Fund, among the most popular ones. (European Commission, 2021)

Concluding the topic of EU's external action, we arrive at the sixth long-term budget's heading, amounting to EUR 110.60 billion: *Neighbourhood and the World*. Programmes under this heading are aimed at strengthening the socioeconomic impact of the European Union in its neighborhood, in developing countries, as well as in the rest of the world. In addition, Neighborhood and the World also includes assistance to countries preparing for EU membership. Through this funding, the European Union can maintain and even strengthen its own role as a major global player: moreover, thanks to it, the EU can be also able to remain, together with its Member States, one of the world's leading donors of humanitarian and development aid. Under its sub-headings *External Action and Pre-Accession Assistance* we find important programmes such as the Common Foreign and Security Policy and the Neighbourhood, Development and International Cooperation Instrument - Global Europe. (European Commission, 2021)

Finally, we can now present the seventh and last heading pertaining to the EU's Multiannual Financial Framework 2021-2027: *European Public Administration*, with a financial capacity of EUR 82.47 billion. The European public administration plays a vital role in helping the Union achieve its objectives and implement programmes and policies in the EU's common interest. At the same time, its size remains relatively small compared to national administrations or to many regional and local governments. The European budget for administration has remained essentially stable over the years, accounting for less than 7 percent of long-term budget spending. However, in parallel, European Union's staff have been asked to perform an increasing number of tasks. This heading mainly covers the administrative expenses of all EU institutions, as well as the pensions of retired EU officials: it is therefore perhaps the one of least public interest compared to the other six headings previously analyzed. (European Commission, 2021)

In order to have a clearer and more schematic image of the new budget's allocation per heading, we report now a table that briefly sums up what has been presented until now. As already explained above, it clearly stands out when looking at the following image that the main European priorities, and thus those with a consequently higher budget, are

the environmental, social, research and innovation, cohesion and regional development and, finally, digital ones. To better understand how these funds concretely help achieving such European macro-objectives, it is worth briefly introducing the main and most successful European programmes: in fact, through their calls for proposals and calls for tenders, they favor a bottom-up approach and a greater involvement of citizens in the implementation of European policies and strategies through the so-called EU funded projects.

**Table 3: Allocations per heading (all amounts in € billion)**

	MFF	NGEU	TOTAL
1. Single Market, Innovation and Digital	149.5	11.5	161.0
2. Cohesion, Resilience and Values	426.7	776.5	1 203.2
3. Natural Resources and Environment	401.0	18.9	419.9
4. Migration and Border Management	25.7	-	25.7
5. Security and Defence	14.9	-	14.9
6. Neighbourhood and the World	110.6	-	110.6
7. European Public Administration	82.5	-	82.5
<b>TOTAL</b>	<b>1 210.9</b>	<b>806.9</b>	<b>2 017.8</b>
<b>TOTAL expressed in 2018 prices</b>	<b>1 074.3</b>	<b>750.0</b>	<b>1 824.3</b>

Source: European Commission, *Headings: spending categories*, 2022.

### 3.2.3 – The main 2021-2027 EU programmes

As previously said, European programmes, in which the European citizenship takes part through calls for proposals and calls for tenders, aim to achieve ambitious strategic objectives, which must be translated into concrete actions. This is where the EU funded projects come into play, acting as public policy laboratories where stakeholders of different natures meet and collaborate for the fulfilment of broader European strategies

and policy objectives. In the previous sub-section, the main EU programmes have quickly been named, however, before moving on in the next section with the decision-making and policy processes leading to the Multiannual Financial Framework, it is worth to briefly review and deepen the most important EU programmes.

The first that can be analyzed is Horizon Europe: it is the European Union's new framework programme for research and innovation, successor to Horizon 2020. It brings together the best minds and experts in Europe and around the world to provide effective and excellent solutions to the key issues of our time, supporting the EU's policy priorities and building a better future for the next generations. The programme has a total budget of 95.5 billion, which includes 5.4 billion from the NextGenerationEU. It is the largest transnational research and innovation programme in the world, with a particular focus on creating synergy impacts with the European Green Deal, on green and digital transition and on recovery from the Covid-19 crisis. The overall objective of Horizon Europe is to achieve scientific, economic, technological and societal impact from EU investment in research and innovation, so as to strengthen the Union's scientific and technological bases by fostering the emergence of competitive systems and promoting the EU's overall competitiveness in all Member States. Other key objectives of the programme are to promote the European Union's innovation capacity, competitiveness and employment, and to realize citizens' priorities by supporting the European way of life and its socio-economic values. Horizon Europe, therefore, aims at maximizing the added value of the European Union by focusing on objectives and activities that cannot otherwise be implemented effectively by individual Member States. Among the main themes of the programme, we find a strong focus on European industry, health, energy transition, as well as on the agrifood sector and bio-economy, to name a few. (European Commission, 2022h)

Another major priority addressed under the first heading is digital, considering the Commission's urgency and need to increase and speed up the digital transition in all EU countries. This led to the birth of the new Digital Europe programme, which aims at accelerating the recovery and driving the EU's digital transformation, building the EU's strategic digital capabilities and facilitating the wide deployment of digital technologies, which will be then used by EU citizens, public administrations and business. More specifically, this programme supports the strengthening of digital capabilities for sectors

like artificial intelligence and cybersecurity, high-performance computing, as well as accelerating the adoption and best use of digital technologies and, finally, advanced digital skills. (European Commission, 2021)

Next to research and innovation and digital, as seen, the second heading of the EU long-term budget devotes a substantial amount of money to regional cohesion and development, which translates into the European Regional Development Fund, one of the best known and longest-running EU programmes. The aim of ERDF is to strengthen the social, economic and territorial cohesion of the European Union by reducing disparities between its regions and supporting the integration of less developed regions into the EU internal market. In addition, the European Regional Development Fund especially supports investments in innovation and research, digital transition, environment and carbon-neutral economy as well as small and medium-sized enterprises. Moreover, it addresses the social, economic and environmental problems of urban areas, with a focus on sustainable urban development. Finally, it also supports activities of cooperation between regions of different Member States under the European Territorial Cooperation Objective, also known as Interreg. (European Commission, 2021)

One other major and very well-known programme under the second heading of the EU Multiannual Financial Framework is Erasmus+. The Erasmus+ programme is one of the most successful initiatives of the European Union, which has been accompanying the mobility and cooperation of young people as well as of people of all ages active in the field of learning for decades. Therefore, it is the European Union's programme supporting education, training, youth and sport: it promotes mobility for learning - formal, non-formal and informal - of individuals and groups, inclusion, cooperation, equity, creativity, excellence, and innovation in the fields of education, training, active youth, sport and participation. It represents the main pillar of one of the European Union's major priorities for the coming years, the realization of the European Education Area, and contributes to other major EU strategic axes: inclusion, through the European Pillar of Social Rights, cooperation with third countries, the EU Youth Strategy, Digital Transformation and the European Green Deal. Considered as the EU's third most positive achievement after free movement and peace, Erasmus+ has decades of history: it is, in fact, more than 30 years old, having been launched for the first time in 1987. The programme bears the name of one of the greatest European humanists, but was also born as an acronym, namely

*EuRopean Community Action Scheme for the Mobility of University Students*. Over the years, it has involved more than 10 million people from 33 countries and will involve as many over the upcoming years. By virtue of this exceptional history and its significant contribution to European integration, Erasmus+ boasts a total funding of more than 26 billion euro for the seven-year period 2021-2027: almost twice as much as the previous programming period. The overall objective of the programme is to support, through lifelong learning, the educational, professional and personal development of individuals in the fields of training, education, sport and youth, in Europe and in other parts of the world. Through its action, Erasmus+ aims at contributing to sustainable growth, employment and quality jobs, innovation, social cohesion, a more active European citizenship and a strengthened European identity. (European Commission, 2021c)

Another relevant and popular EU programme, pertaining to the third long-term budget's heading, is the Programme for Environment and Climate Action, normally known as LIFE Programme. LIFE is one of the European Commission's longest-running and most successful programmes. Operational since 1992, it is the European Union's main financial instrument dedicated to environmental protection, biodiversity conservation and climate action. By funding projects of various sizes, LIFE supports the development, implementation and updating of EU environmental and climate policy and legislation. The funded projects mainly aim to demonstrate the technical feasibility and economic viability of innovative solutions to solve environmental problems and to promote the conservation and protection of biodiversity. Nowadays, in line with the European Green Deal and the renewed commitment of the European institutions in this direction, environment and climate are the main priorities of the Union, which is why the funding and partnership opportunities under LIFE are numerous. The programme's budget for the period 2021-2027 is EUR 5.432 billion. (European Commission, 2021d) Through the implementation of its four sub-programmes, LIFE aims to respond to four main priorities:

- 1) Promotion and implementation of EU policy objectives to halt biodiversity and wildlife loss in all sectors;
- 2) Transition to a circular economy and protection of the quality of the EU's natural resources, including air, soil and water;

- 3) Implementation of the 2030 Energy and Climate Policy Framework, the EU's Climate Neutrality target by 2050 and the new EU Strategy on Adaptation to Climate Change;
- 4) Building the necessary capacity, stimulating investments and policies focused on energy efficiency and small-scale renewable energy. (European Commission, 2021d)

As previously mentioned, these are just some of the many programmes envisaged by the new EU Multiannual Financial Framework 2021-2027, which, in their entirety, ensure that all the theoretical principles and political objectives of the EU are translated into concrete actions for the development and constant improvement of the Union.

After this in-depth overview of the long-term budget, its characteristics and components, it is important to shift the focus to the underlying policy and decision-making processes, so as to also understand the actors who take part in it and their roles. Indeed, such an overview will then be vital for understanding the context within which local actors such as regions also move and operate, in order to lay the groundwork for then answering, in the last chapter, to the research question of this thesis project.

### **3.3 – Budget’s decision-making process and negotiations: overall picture and the 2021-2027 case**

The EU long-term budget has been over time the focus of frequent and repeated negotiations between the Member States and the institutions of the European Union, following well-established rules. Indeed, in 1988, after several years in which negotiations were held annually, the Union switched to multi-annual financial perspectives, also known as package deals, for which the Commission submits proposals and then the so-called ‘Budgetary Authority’ - namely, the Council and the European Parliament – negotiates an agreement. European budgetary policy has thus been concentrated over the years in periodic strategic bargainings among different actors. (Wallace et al., 2005)



As mentioned at the beginning of this chapter, the draft of a budget implies making important political decisions on the distribution and allocation of economic resources among Member States, as well as to regions and social groups part of those states. The policy related to budget formulation and management has been of considerable importance in the evolution of the European Union for a number of different reasons. Firstly, the search for an autonomous source of public funding for what was once known as the European Community (EC) was vital to later building a Union that would innovate the traditional international organization. Secondly, budgetary issues were inevitably intertwined with political debates about the role and competencies of individual European Union's institutions and the balance between the national and European levels of governance. Thirdly, financial flows to Member States have been made highly visible, so that budget 'winners' and 'losers' can be known in a relatively easy way. As a consequence, budgetary politics is more likely to be taken into account in the context of national politics and national electoral competition than in rule-making at the European level. Fourthly, questions about the objective of the budget as a whole and the principles governing the use of public finances in the European Union are linked to broader questions about the nature of the Union itself and its evolution as a polity. (Wallace et al., 2005)

### **3.3.1 – Multiannual Financial Framework's bargaining and decision-making process**

Before presenting the main institutional actors involved in these processes, it is necessary to emphasize how not only the process of budget formulating is important to understand the roles played by the different actors involved in the negotiations, but also the process of budget managing raises questions about the management capacity of European institutions, and particularly of the Commission. Precisely with regard to the institutional actors involved and their capacities, it is worth to mention the growing importance gained, over time, by the European Parliament, which has gradually joined the Council in the exercise of its budgetary authority, obviously also held, as mentioned, by the Commission. (Wallace et al., 2005)

In order to analyze in more detail the major players involved in the policy and decision-making processes behind the EU Multiannual Financial Framework, it is crucial to stress

that Union's budgetary policy is based on 'history-making decisions', - such as consistent package deals - an annual budgetary cycle, as well as thousands of management decisions within each area of expenditure. Such 'history-making decisions,' made periodically since 1988, later determine the annual budgetary cycle. Budget management surely involves many layers of governance, from the Commission to national, regional and local government agencies based in the various Member States. In this context, the European Commission is responsible for determining the draft budget each year together with the proposals aimed at shaping the multiannual package deals. In addition, it can be stressed that the Commission has traditionally been a proponent of a larger European budget to finance policy integration, but in the 1990s it was forced to pay more attention to the managing of EU spending. The Commission, moreover, tries to play the role of broker in the frequent budgetary battles occurring among the different actors involved, and it is also mandated by Member States' governments to produce reports on sensitive issues such as the previously seen 'own resources' and net flows to Member States. (Wallace et al., 2005)

As for the Council, on the other hand, several of its configurations play a vital role in budgetary negotiations: for instance, the Budget Council, composed of representatives of the finance ministries that approve the annual budget, has well-defined operating procedures and decision-making rules. Then, there is the General Affairs and External Relations Council (GAERC), the Economic and Financial Affairs Council (Ecofin) and, finally, the Agriculture Council, which all play key roles in negotiating major budget agreements. Specifically, the GAERC seeks to coordinate the different negotiating chapters and, in addition, to contain the Agricultural Council. Ecofin seeks to exercise budgetary discipline and has a crucial role in monitoring the Maastricht budget criteria, while the Agricultural Council is characterized by a patronage relationship with farmers. Other Council configurations developing spending programs face difficult negotiations over funds when their programmes are reviewed and modified. However, the European Council, where heads of state and government mediate the final stages of the 'history-making' agreements, is still the most important forum for concluding major budget bargains. (Wallace et al., 2005)

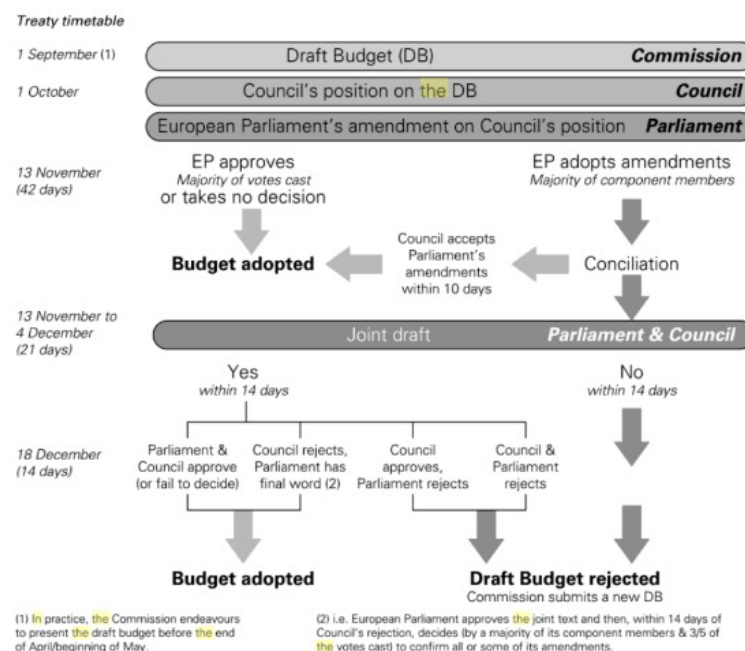
As for the European Parliament (EP), since it was given budgetary powers in 1975, it has regarded the Union's finances as one of its main channels of influence vis-à-vis the

Council. Indeed, the EP has sought to exert its leverage on events at both the macro and micro levels. As seen in March 1999, for instance, it was an EP intervention criticizing financial management that caused the unprecedented resignation of the entire college of commissioners. In the yearly cycle of determining detailed appropriations, therefore, the EP often intervenes to change the amounts allocated to specific programmes and projects. (Wallace et al., 2005)

For Member States' governments, the budget is seen as a vital element of the Union's policy. Their preferences in this regard depend on a wide range of factors, in particular: their net position with respect to budget flows, the match between EU spending and their preferred policies, and finally the importance of the European Union's budget to different social groups or regions at the national level. Finally, inevitably, the electoral cycle as well as the composition of coalition governments also influence budgetary politics at the European level. (Wallace et al., 2005)

In order to better understand the stages of the budget's decision-making process and the interactions occurring among the different institutional actors involved, we can here refer to the figure reported below, showing the components and decision-making stages of the budgetary cycle.

**Figure 6: The budgetary cycle: components and decision-making**



Source: Commission (2012g). © European Union, 1995–2014.

Source: Laffan and Lindner (2015) cited in Polverari, lecture 6b on EU budget, Lobbying in the EU course, 13<sup>th</sup> May 2021.

How it can be seen in the image, before the expiration of the current MFF, the European Commission formulates a proposal for a new MFF regulation. Such proposal serves as the basis for negotiations in the Council, which will ensure that all Member States are part of the agreement, for which unanimity is required. At the same time, other actors also contribute to the process, such as the CoR. When establishing its position, the Council then receives political guidance from EU leaders meeting in the European Council. To conclude the decision-making process, the approval of the European Parliament is required. This practically means that the Parliament can approve or reject the Council's position, but it cannot amend it. (Spera, 2020) Other features of the European Parliament to be highlighted in this context are surely its strong supervisory role and the fact that it often asks for re-modulations of annual budget appropriations to policies. (Polverari, 2021) In conclusion, it can be said that the budget's decision-making process is certainly characterized by central role played by the Council and the Commission, however the increasingly important position obtained over time by the European Parliament should not be underestimated.

Before analyzing the recent decision-making process for the 2021-2027 MFF, it is worth to highlight how part of the literature on the topic focuses on a strong imbalance of power among the various institutions in the MFF negotiation stages, like stressed by Kroll (2015) and Crowe (2016). More precisely, in his paper, Kroll pointed out how the past two MFF have been closer to the will and position of Member States through the European Council rather than to the European Parliament's ones. In fact, "although the EP's budgetary powers have been continuously strengthened, the MFFs strongly reflect the political agreements that are reached by the heads of state or government in the European Council. The European Council's construction of package deals that combine the often conflicting views of the member states leaves the EP with little room to change the final outcome according to its preference. [...] Despite the EP's attempts to move the MFFs closer towards its position through rejecting the European Council's political agreements, the outcomes of the interinstitutional agreements between the Council, the EP and the

Commission broadly confirmed the compromises struck by the heads of state or government.” (Kroll, 2015)

This view, also supported by Crowe (2016), comes from the European Parliament’s inability to use its recent procedural right as a bargaining advantage during the MFF negotiation and decision-making phases. In fact, in spite of its attempt to raise its voice on such important matters like the MFF since its establishment in the 80s, its real influence on the outcome has proved to be quite limited. The final agreement is, in fact, often closer to the Member States’ position through the European Council, rather than the EP, showing in this way its very strong position in the EU’s institutional framework. At the end of her paper, Kroll states that “this supports the view that the interactions between the European Council and the Council follow a hierarchical top-down approach. Thus, I draw the conclusion that the European Council acts as the Council’s principal in the negotiations on the MFFs of the EU. Furthermore, it confirms recent findings on the EuC that point out to its strong role in diverse aspects and areas of EU policy-making.” (Kroll, 2015)

On the other hand, according to the author, the Commission has rather played the role of mediator between the different parts in the past two MFFs. In fact, the 2007-2013 one has showed that the Commission’s agenda-setting power was firmly constrained by the preferences of some of the Member States. (Kroll, 2015) Therefore, the findings of both authors clearly suggest that the Multiannual Financial Frameworks of the European Union are determined by large by the agreements of the Member States through the institutional framework of the European Council.

### **3.3.2 – MFF 2021-2027 negotiations**

Before we question and provide answers about the role of regions, and especially about the role of the Veneto Region, in the policy and decision-making process behind MFF 21-27, it will now be provided a sum up of the MFF negotiations which determined the new long-term budget for the current seven-year term.

On May 2<sup>nd</sup> 2018, the Commission presented legislative proposals regarding the MFF for the period 2021-2027. The Commission's proposal amounted to EUR 1134.6 billion - in

2018 prices - in commitment appropriations, equivalent to 1.11 percent of the GNI of the EU-27. It contained increases for border management, migration, security, defense, development cooperation and research, affecting particularly, in this way, agricultural policy and cohesion policy. The overall architecture was to be simplified - from 58 to 37 spending programs - and the Commission proposed a number of special instruments outside the MFF ceilings to improve EU budget flexibility. The proposal also envisaged the European Development Fund (EDF) to be integrated into the MFF. The Commission also proposed modernizing the revenue system by introducing several new categories of own resources. (European Parliament, 2022)

The European Parliament passed two resolutions on the MFF for 2021-2027 on March 14<sup>th</sup> and May 30<sup>th</sup> 2018. On November 14<sup>th</sup> 2018, the EP further outlined its negotiating mandate, including amendments to the MFF regulation, as well as a full set of amounts broken down by heading and by programme. The institution specified that the MFF ceiling for commitment allocations was to increase from 1.0 percent of GNI - of the EU-28 - to 1.3 percent of GNI of the EU-27, or EUR 1,324 billion - in 2018 prices -, an increase of 16.7 percent over the Commission's proposal. Allocations for the Common Agricultural Policy and Cohesion Policy should have remained unchanged in real terms, while resources for several priorities, including Horizon Europe, Erasmus+, and LIFE, should have been further increased. A new Children's Guarantee (EUR 5.9 billion) and a new Energy Transition Fund (EUR 4.8 billion) should have been created; and finally, funding for decentralized agencies in charge of migration and border management should have been more than quadrupled (more than EUR 12 billion). The contribution of the EU budget to achieving climate objectives was to be set at least 25 percent of MFF spending for the period 2021-2027, to be integrated into relevant policy areas, and to reach 30 percent no later than 2027. The mid-term review of the MFF was to be mandatory. (European Parliament, 2022)

On November 30<sup>th</sup> 2018 and December 5<sup>th</sup> 2019, the Council published a draft 'negotiating outline' including cross-cutting and sectorial issues within spending programs subject to the ordinary legislative procedure. The Council was in favor of a total MFF amount of EUR 1.087 billion in commitment appropriations, in 2018 prices - 1.07 percent of EU-27 GNI -, but well below Parliament's expectations. (European Parliament, 2022)

On October 10<sup>th</sup> 2019, and May 13<sup>th</sup> 2020, the Parliament updated its mandate following the European elections, calling on the Commission to submit a proposal for a contingency plan related to the MFF to ensure a safety net to protect the beneficiaries of the Union's programmes if the current MFF had to be extended given the disagreements in the European Council. (European Parliament, 2022)

Meanwhile, on January 14<sup>th</sup> 2020, the Commission presented a proposal for a Just Transition Fund as another element of the package of MFF-related proposals under the European Green Deal. (European Parliament, 2022)

Following the COVID-19 crisis and the serious economic impacts of the consequential lockdowns, on May 27<sup>th</sup> and 28<sup>th</sup> 2020, the Commission published revised proposals for a EUR 1 100 billion MFF and an additional per turn instrument, the NextGenerationEU (NGEU), as seen above, worth EUR 750 billion (in 2018 prices), including EUR 500 billion in the form of grants and EUR 250 billion in the form of loans. The package included legislative proposals regarding new financial instruments as well as changes to MFF programmes already on the table. As detailed above, the financing of the additional package was secured through loans on the financial markets. To this end, the Commission also amended the proposed Own Resources Decision to allow borrowing of up to EUR 750 billion. In order to cover the increased lending and borrowing activities, an increase in the own resources ceiling for payments to 1.4 percent of GNI and an additional temporary increase of 0.6 percent of GNI were proposed. Finally, the Commission's package included an increase of EUR 11.5 billion for the commitment ceiling under the 2014-2020 MFF for the year 2020, in order to be able to start mobilizing aid before the new MFF. (European Parliament, 2022)

On July 21<sup>st</sup> 2020, the European Council adopted conclusions on the recovery effort, namely NextGenerationEU, MFF 2021-2027, and the own resources. The recovery effort was approved with a budget of EUR 750 billion for the period 2021-2023, although the grant component was reduced from EUR 500 billion to EUR 390 billion, while the loan component increased from EUR 250 billion to EUR 360 billion. The European Council rejected the upward revision of the ceiling of the 2020 MFF, and the overall ceiling for commitment appropriations in the 2021-2027 MFF was fixed at EUR 1 074.3 billion. In addition, the European Council's conclusions included the introduction of a

conditionality regime to protect the budget and the NGEU. As of January 1<sup>st</sup> 2021, a new own resource based on non-recycled plastic packaging waste was approved and work was planned for the introduction of other own resources over the course of the MFF 2021-2027 to be used for early repayment of loans under the NGEU. The proposed legal basis for the NGEU is Article 122 TFEU, under which the European Union can adopt measures appropriate to the economic situation by a qualified majority in the Council, without an involvement of the Parliament in the legislative procedure. (European Parliament, 2022)

On July 23<sup>rd</sup> 2020, the Parliament called the creation of the Recovery Facility a historic breakthrough, while regretting the cuts made to future-oriented programmes. It insisted that targeted increases above the amounts proposed by the European Council should be explicitly earmarked for programmes on climate, digital transition, health, youth, culture, infrastructure, research, border management and solidarity. It also reiterated that it will not give its approval to the MFF without an agreement on the reform of the EU own resources system in order to at least cover the costs related to the NGEU, to ensure its credibility and sustainability. The Parliament also demanded, as part of the budgetary authority, to be fully involved in the recovery instrument, in line with the Community method. (European Parliament, 2022)

Trilateral talks between the Parliament, the Council and the Commission began in August 2020 and concluded on November 10<sup>th</sup> 2020. In this context, the European Council adopted the MFF/NGEU agreement on December 11<sup>th</sup>, which was followed by Parliament's approval on December 17<sup>th</sup> 2020. (European Parliament, 2022)

The Parliament paved the way for the adoption and ratification of the Own Resources Decision - and thus the launch of the EU Recovery Instrument - by delivering its mandatory legislative opinion on September 16<sup>th</sup> 2020. All the 27 Member States ratified the Own Resources Decision by May 31<sup>st</sup> 2021, which allowed the EU to start issuing debt on capital markets under the NGEU. (European Parliament, 2022) Moreover, a new mechanism to protect the EU budget from violations of the principles of the rule of law, another condition set by Parliament for its approval, entered into force on January 1<sup>st</sup> 2021. (European Parliament, 2022)

The political agreement covers not only the MFF 2021-2027 but also the future own resources system and accompanying measures for the new EU recovery instrument. In



addition to the December 17<sup>th</sup> 2020 MFF regulation, the compromise is reflected in an interinstitutional agreement (IIA) and a number of joint declarations. (European Parliament, 2022)

In particular, the Parliament managed to secure:

- EUR 15 billion more than in the July 2020 proposal, earmarked for flagship programmes such as Horizon Europe, Erasmus+, EU4Health, InvestEU, the Border Management Fund, the Neighborhood Instrument, Development Cooperation and International Cooperation (NDICI), Humanitarian Aid, Rights and Values, and Creative Europe;
- A gradual increase of the overall ceiling for the 2021-2027 MFF from EUR 1,074.3 billion to EUR 1,085.3 billion in 2018 prices;
- An additional EUR 1 billion for the flexibility instrument;
- A new procedural step – ‘budgetary control procedure’ - for the establishment of future crisis mechanisms based on Article 122 TFEU, which could have major budgetary implications;
- Parliament's involvement in the use of the NGEU's external earmarked revenues, a general reassessment of these revenues and borrowing and lending activities as part of the forthcoming revision of the Financial Regulation, as well as arrangements for cooperation in future MFF negotiations;
- An enhanced methodology for climate monitoring to achieve the target of allocating at least 30 percent of MFF/NGEU spending to support climate objectives;
- A new annual biodiversity target and the development of a methodology for measuring gender expenditure;
- A reform of the collection, quality and comparability of beneficiary data in order to better protect the EU budget, including NGEU spending;
- The inclusion of the EDF in the European budget;
- Overall funding levels for agriculture and cohesion comparable in magnitude to those of the 2014-2020 period;

- The creation of the Just Transition Fund;
- A legally binding roadmap for the introduction of new EU-own resources.

The main source of these increases - EUR 11 billion - will come from a new mechanism linked to the proceeds of fines collected by the Union and will result in automatic additional appropriations for the programmes concerned over the period 2022-2027. The overall ceiling of the seven-year MFF will thus gradually reach EUR 1 085.3 billion in 2018 prices, which is EUR 2 billion more in real terms than the equivalent ceiling of the 2014-2020 MFF - EUR 1 083.3 billion in 2018 prices without the UK, with the EDF - . (European Parliament, 2022)

On December 22, 2021, the Commission proposed new own resources and a targeted amendment to the MFF regulation. These are mainly aimed at raising the ceilings to cover the expenditure of the future Social Climate Fund and introducing a new mechanism to automatically raise the ceilings from 2025 in order to take into account any additional revenue generated by new own resources for early repayment of NGEU debt. (European Parliament, 2022)

In this review of the institutional negotiations leading to MFF 21-27, the role of the European Parliament has been particularly stressed since, as mentioned in the previous chapter, it is one of the ways through which, having the CoR as a channel, regions can make their voices be heard and consequently submit their petitions. In this regard, we can therefore move on to the next chapter, where this matter will be further explored and an answer to the research question will be found, aimed at investigating not only in a general way the role of regions in shaping the new MFF, but especially that of our case study, the Veneto Region.

## Chapter 4

### ***Policy shaper or policy taker? The role of Veneto Region in the new Multiannual Financial Framework 2021-2027***

The detailed exposition of concepts which are central to this research, such as the role of regions in the European arena and the new Multiannual Financial Framework 2021-2027, allow us, in this last chapter, to answer the research question previously posed, that is: *has the Veneto Region been a policy shaper or, rather, a policy taker in the policy process leading to the new EU Multiannual Financial Framework 2021-2027?*

Before proceeding to the exposition and processing of the data collected for this research, it is worth to recall the definitions of policy shaper and policy taker, as they have been reported in Chapter 1. Therefore, *policy shaper* has been previously defined as *a regional actor whose political activity at the European level is characterized by a high mobilization and an increased participation which contribute to having its interests and preferences recognized at the supranational level*. On the other hand, by *policy taker* we refer to *a key domestic actor, in this specific case a regional one, whose political activity at the European level is not characterized by a strong mobilization or participation, leading it to just passively receive and implement European guidelines and decisions without seeing its own interests and preferences being taken into account in the supranational policy processes*.

As already exposed in section 1.2, in order to answer to this dissertation's research question, four non-structured interviews to key stakeholders, together with a written official declaration released for the purpose of this thesis by the Veneto Region's Economic Policies, Human Capital and Community Programming Area, have been collected, alongside Region's and other institutions' public official documents on the topic.

Therefore, this chapter will unfold as follows: at first, an overview of regions' activity through the CoR with respect to the new MFF will be provided. In fact, in order to later better understand the level of Veneto's political activity and regional mobilization in the context of the 2021-2027 Multiannual Financial Framework, it is vital to formerly be able to seize the same concepts generally related to all European regions, so as to have a broad

picture in which to later place our case study. Subsequently, in the second sub-section, all the collected data and documents on the case study in object are going to be analyzed and reviewed, in order to understand Veneto's activity and contribution through its different channels of activation, to provide answers to the interviews' questions and, more generally, to this thesis' research question. Lastly, final conclusions will be drawn.

#### **4.1 – Regions' impact in the decision-making and policy processes for the MFF 21-27 and the Cohesion Policy: the CoR as a catalyst channel for regional instances at the EU level**

As said, having a deep understanding of the general European regions' contribution to the draft and development of the new EU MFF 2021-2027 can be crucial in ensuring a suitable contextual framework in which later position the eventual input provided by our case study, the Veneto Region. In the second chapter, it has been seen how the Committee of the Regions is an EU advisory body, which, since 2009's Lisbon Treaty, has to be consulted during all phases of the EU legislative process. Therefore, it can undoubtedly act as a catalyst for the upload of the various regional instances at the supranational EU level, while channeling them at the same time within the negotiation and policy-making processes linked to the definition of the new EU MFF.

Through an in-depth analysis of the documents published or adopted by the CoR and related academic papers, the contribution and impact of the lobbying action carried out by the institution is presented below, being the CoR an institutional entity able to aggregate and synthesize the variegated regions' positions in the negotiation on the MFF as well as on Cohesion Policy. Such divergent positions have been surely determined by the different interests existing between less developed regions, regions in transition and more developed regions, according to the EU classification.

Briefly starting from the CoR's impact on the Cohesion Policy decision-making process, after the Commission presented its legislative proposals in May 2018, the CoR issued several opinions in the second half of 2018 in order to present its recommendations for legislative changes. With reference to the Common Provisions Regulation, which governs eight EU funds under shared management with Member States and regions, thanks to the

CoR rapporteurs' close contacts with their counterparts in the European Parliament, the immediate impact of the CoR's work was reflected in many of the EP draft reports submitted to the EP's REGI Committee, the European Parliament's Committee on Regional Development. With regard to the Common Provisions Regulation, the EP's initial draft report incorporated only some of the CoR's recommendations for legislative amendments. However, the CoR was able to achieve considerable impact through the parliamentary process when discussing amendments. In fact, of the 2,000 amendments submitted to the draft report of the Common Provisions Regulation in the PE's REGI Commission, about 240 had the same or similar wording to the CoR position, thanks to the joint efforts of the CoR co-rapporteurs, political groups and the COTER Secretariat in promoting the Committee's position among the members of the REGI Commission. In addition, EP's report on the Regulation of the European Regional Development Fund and that of the Cohesion Fund incorporated most of the recommendations made by the Committee of the Regions' opinion on the subject. (Spera, 2020)

Moreover, both institutions agreed on the objection to the proposal that the thematic concentration of the ERDF should have a national focus. The European Parliament, in fact, agreed that this centralized allocation mechanism would have been contrary to the place-based approach and the principle of Multilevel Governance typical of Cohesion Policy. The EP report is also generally in line with the CoR's call to ensure strong complementarities between the ERDF and ESF+ in order to achieve integrated initiatives at the local level. The CoR's recommendation to include in the ERDF areas with severe and permanent natural or demographic disadvantages, such as an aging population or an average annual population reduction, was also taken into consideration by the Parliament. Moreover, the latter also suggested that the 5% of ERDF funding at the national level should have been allocated for integrated territorial development in rural, mountain, island and coastal, isolated and sparsely populated regions and all other areas that have difficulty accessing basic services. The CoR's opinion on European Territorial Cooperation (ETC) also had a major impact on the final position of the EP's REGI Commission, which accepted the proposal for a new article on innovation investments, which should have been separate from the traditional components. Therefore, the Committee of the Regions was the driving force behind a solution on interregional

innovation investments (III) that was not initially endorsed by any of the other stakeholders involved. (Spera, 2020)

With regard to the MFF, on the other hand, the impact of the CoR's proposals has produced important outcomes of regional interest. Indeed, the proposal for the Multiannual Financial Framework contained: a call for an increase in the overall allocation of the Union's multiannual budget and for more flexibility; a call for the creation of a Union reserve to meet unforeseen challenges; a call for the abolition of rebates and adjustment mechanisms within the EU's own resources; the introduction of a package, albeit rather limited in size, of new and reformed own resources; and a call for the pursuit of policies based on European added value. In this regard, the CoR believed that the European Commission had presented rather pessimistic scenarios on the future post-2020 MFF: indeed, as previously said, for the first time the European Commission had considered options to significantly reduce Cohesion Policy and the Common Agricultural Policy, focusing efforts on only a few regions. For this reason, the CoR's efforts to shape the future MFF began in 2017 with its opinion on *Reform of EU own resources within the next MFF post-2020* and continued in 2018 with its opinion on the *Reflection paper on the future of EU finances*. Several key recommendations from these opinions were reflected in the following MFF proposal, presented by the European Commission on May 2<sup>nd</sup> 2018. (Spera, 2020)

Through the intensive work of the CoR rapporteurs and, within it, of the Commission for Territorial Cohesion Policy and EU Budget (COTER), the European Parliament's position on the MFF reflected the main concerns raised by the CoR. In February 2020, the CoR welcomed the European Commission's funding plan for a set of policy initiatives with the overarching goal of achieving climate neutrality in Europe by 2050, namely the above-mentioned European Green Deal. However, Europe's local and regional leaders warned the European executive against diverting funds from Cohesion Policy and centralizing the governance of the new instrument. (Spera, 2020)

It is, in fact, worth mentioning that already on June 26<sup>th</sup> and 27<sup>th</sup> 2017, at the 7th Cohesion Forum, the Commission promoted a global vision, according to which concrete aid to regions and local authorities also offers an answer to global issues. In this view, regions can be among the main actors in the pursuit of the SDGs (Sustainable Development

Goals) through a more targeted use of Structural Fund's resources. It can therefore be said that, nowadays, EU cohesion policies find their place in the Agenda 2030's Sustainable Development Goals, which have now become a constant benchmark in European and global debate. In this regard, former CoR president Lambertz warned that the European Union must have ensured greater participation of regional and local authorities in order to bring decision-making in Brussels closer to citizens. In his view, indeed, strengthening the local and regional dimension of the European framework would have been the only way to bring the European Union closer to citizens. In addition, he expressed his hope for the CoR to have in the future a greater influence in European decision-making, especially in the context of subsidiarity and during the so-called 'trialogues'. In conclusion, Lambertz looked at the Conference for the Future of Europe not only as an occasion to reconnect Europe with its citizens, but also, and especially for the CoR, to increase the institution's visibility. Nevertheless, a concern expressed by the institution and its representatives was the belief that the former presidents of the European Commission, the European Parliament and the European Council were not always 'regionally oriented,': it was, in this regard, the function and obligation of the CoR to bring such dimension into discussion in order to ensure that it would have not been neglected in the whole European institutional framework. (Spera, 2020).

In the development of the 21-27 MFF negotiations, it was still Lambertz insisting that differences among regions play a crucial role in many policies, such as, indeed, in the negotiations on the Multiannual Financial Framework or the Green Deal. It is useful in this regard to recall that in the context of the negotiations on the Multiannual Financial Framework, the so-called 'frugal five' - Austria, Germany, the Netherlands, Sweden, and Denmark – demanded for the overall amount of the Union's multi-year budget to be reduced, due to the UK's exit. On the other hand, the 'Friends of Cohesion' - Spain, Portugal, Greece, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia – have supported the need for an ambitious budget and, in this context, advocated a Cohesion Policy with adequate resources for the challenges facing European territories today. (Spera, 2020)

According to this, as Lambertz underlined, it has been a real challenge for the CoR to find a common position on the MFF in time for the parliamentary vote. However, the final institution's opinion on the topic was quite clear: for the CoR, in fact, it was not possible

to reduce the funds for Cohesion Policy, since Europe needs a future in which the differences between regions are not increased but rather reduced. Among other things, the environment, digitization or innovation are priorities also for Cohesion Policy: therefore, there was no real contradiction between the Green Deal and the Cohesion Policy, as it was instead feared. (Spera, 2020)

In conclusion, the CoR's position with respect to the new MFF has been very clear: the EU should have sought to ensure sufficient regional investment through Cohesion Policy, as well as the new Just Transition Fund (JTF), to achieve the goals of the Green Deal, without the weakening of the pre-existing mechanisms. (Spera, 2020) As a result, the new 2021-27 programmes take into account local and regional specificities with respect to EU Green Deal objectives in about 45% of total cases. In 29% of the cases, instead, regional and local specificities are considered as well for the EU's Digital Strategy objectives. (European Committee of the Regions, 2021b)

#### **4.2 – Data analysis: is the Veneto Region a *policy shaper* or rather a *policy taker*?**

As already discussed in section 1.2, devoted to methodology, non-structured interviews were conducted between May and June 2022 with key actors currently employed in the Veneto Region, aimed at gathering data and information on the topic of reference. The choice of non-structured interviews, as previously mentioned, was due to the lack of available accurate information on the activity that has been actually carried out by the Region with respect to the new MFF 21-27. As for the choice of the individuals constituting the sample, they were selected on the basis of the fact that their employment, within the institution, was related to EU community policies and to the activities carried out in this regard by the Veneto Region. In total, the data collected come from four interviews with four different regional officers, combined with an official statement issued for this research by the Veneto Region's Economic Policies, Human Capital and Community Programming Area and based on the questions drafted for the interviews' questionnaire. To these should be added a series of official public documents published by the Region and other EU institutions with respect to the areas under investigation. The analysis of this set of sources will then lead to the formulation of the final thesis and of



the answer to our research question. In order to reach such concluding points, the collected material will be analyzed and reported according to the thematic logic followed within the questionnaire used, which is given below.

Therefore, the questions asked to the different stakeholders were:

- 1. Did you participate in the activities in which the Veneto Region was involved with respect to the MFF 21-27? If yes, what was your role?*
- 2. Are you aware of the overall contribution that the Veneto Region made during the policy and decision-making process that led to the adoption of MFF 21-27? If yes, can you summarize the input and contribution that was made?*
- 3. Regarding the work carried out within the CoR, can you provide a summary of the activity carried out by the Veneto Region in the production of the opinions and within COTER, if any?*
- 4. Regarding the lobbying activity carried out through the Veneto Region Office in Brussels, can you report any noteworthy activity by the Region with respect to the contribution made in the policy process related to MFF 21-27?*
- 5. Regarding the partnership tables for Cohesion Policy, could you summarize the work done by the Region and whether it can be defined as decisive in the level of regional activation at the European level?*
- 6. In conclusion, how would you define the role of the Veneto Region with respect to the policy and decision-making process that led to the MFF 21-27: policy shaper or policy taker? And why?*

Before going into more detail, it is necessary to make a distinction between the two different levels of the Region's work related to the relevant topic. In fact, on the one hand, we can find its possible contribution with respect to the entire Multiannual Financial Framework: namely, the upload of the Region's demands and needs directly to the European macro-level. On the other side, we can find another type of regional activation, mainly related to the ordinary competencies of the entity, which are the activities carried out with respect to the Cohesion Policy funds, more linked to the regional governance level.

Starting from this premise, we can now turn to the first two points of the questionnaire. In this regard, it can be highlighted how, among the four subjects interviewed, just one of them actively took part in the activities in which the Veneto Region was involved with respect to the MFF 21-27, and most specifically in the implementation of Cohesion Policy funds, administered under shared management. The official declaration issued by the Region on this matter stated: “In the Multiannual Financial Framework 2021-2027, the Veneto Region is actively involved in the implementation of Cohesion Policy, for funds under shared management. The latter finance economic and social development interventions through the European resources of the European Structural and Investment Funds (ESIF), namely the European Regional Development Fund (ERDF) and European Social Fund (ESF), under shared management. Through the European Affairs Commission of the national State-Regions Coordination and the Department for Cohesion Policies, the Region also intervenes providing comments in the phase of shaping and definition of the Regulations of the Structural Funds, along to the other standard procedures.” (Personal communication, 3<sup>rd</sup> June 2022)

Therefore, before going into greater detail, it can certainly be stated how, from the entirety of the material and data collected in the course of this research, most, if not all, of the work carried out by the Veneto Region with respect to MFF 21-27 can be traced back to the shaping of Cohesion Policy and to the decision-making related to the ESIF. However, before arriving at the final approval and subsequent adoption of the ERDF and ESF+ proposals at the regional level for the seven-year period, there has been a long work process undertaken by the Region, which will be summarized below.

As previously said, in May 2018, the European Commission presented a package of measures that outlined the European Union's Multiannual Financial Framework for 2021-2027 as well as the architecture of the new Cohesion Policy. At the same time, the European Commission drafted the proposal for a Regulation laying down common provisions applicable to the Funds under shared management, including the European Regional Development Fund and the European Social Fund Plus for the 2021-2027 programming cycle. Such proposal was subsequently amended by COM (2020) 23, which expanded the coordinated and harmonized implementation of Union funds under shared management to include the new Just Transition Fund and defined the strategic approach of the new programming cycle, simplifying the eleven thematic objectives used in the

2014-2020 period into five strategic objectives or ‘Policy Objectives’ (PO). (Regione del Veneto, 2021a)

The aforementioned objectives are:

- OP1: A more competitive and smarter Europe, through the promotion of innovative and smart economic transformation and regional connectivity to information and communication technologies (ICT);
- OP2: A resilient, greener, low-carbon Europe transitioning to a zero net carbon economy through the promotion of a transition to clean and equitable energy, green and blue investments, the circular economy, climate change adaptation and mitigation, risk management and prevention, and sustainable urban mobility;
- OP3: A more connected Europe by enhancing mobility;
- OP4: A more social and inclusive Europe through the implementation of the European Pillar of Social Rights;
- OP5: A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives in urban, rural and coastal areas through local initiatives. (Regione del Veneto, 2021a)

In addition, with the following proposed Regulations on the ERDF and Cohesion, specific provisions for the European Territorial Cooperation – Interreg - objective supported by the ERDF and ESF+, as well as the purpose, general and specific objectives, implementation methods of the European funds implemented under shared management and contributing to EU’s cohesion were defined. (Regione del Veneto, 2021a)

In such context, it can be stressed that Cohesion Policy takes into account, in the allocation of financial resources, the general economic situation of the individual state, while, within Member States, the membership of individual regions is categorized into one of the three classes known as less developed, transition and more developed regions. The latter includes the Veneto Region. Based on this division, various maximum thresholds of co-financing shares have been established by the Regulations: the rate is 40 percent for the most developed regions, which, as mentioned, include the Veneto Region. (Regione del Veneto, 2021a)

In the face of what has been established at the European level, at the national level, the document outlining the chosen strategy and priorities and the modalities for the use of these funds is the Partnership Agreement. The latter also provides a list of the national, regional and Interreg Programmes it intends to implement, as well as the annual budget allocated to each of these programmes. For the preparation of the Partnership Agreement, work has begun on the programming of Cohesion Policy in Italy for the 2021-2027 period since March 2019; this happened with the involvement of the representative actors and different stakeholders of the institutional and economic-social Partnership at the national level. (Regione del Veneto, 2021a)

Therefore, the Department for Cohesion Policies of the Presidency of the Council of Ministers (DPCoe) activated the national partnership dialogue by articulating it into five thematic tables, one for each of the POs defined in the aforementioned Regulation laying down common provisions. The national partnership dialogue was conducted between March and October 2019 in coherence with the provisions of the already mentioned proposed Regulations. In this context, representatives of the Managing Authorities of the ESF Regional Operational Programme (ROP) and ERDF ROP 2014-2020 as well as the Operational Structures of the various Regions, actively participated along with the partnership actors. After the conclusion of the first phase of broad partnership discussion, a single document of strategic choices for the 2021-2027 Programming was prepared by the DPCoe in July 2020 containing the outcomes of the discussion initiated, and informal interlocution with the European Commission Services was undertaken. (Regione del Veneto, 2021a)

At the regional level, following the conclusion of the national partnership pathway with DGR no. 1923 of December 23<sup>rd</sup> 2019, the Table of Partnership for Regional Cohesion Policies 2021-2027 (TdP) was established as a joint expression of the partnership dialogue related to the ERDF Regional Program (ERDF PR) and ESF+ Regional Program (ESF+ PR) and the programmes of the European Territorial Cooperation Objective. The objective of such Regional Table of Partnership has been to ensure a coordinated approach in strategic, operational and time terms in the elaboration of the new Programmes; this was done by ensuring the widest partnership participation through the possibility of submission of new applications until December 31<sup>st</sup> 2021. (Regione del Veneto, 2021a)

Such actions were followed by DGR No. 96 of February 3<sup>rd</sup> 2020, which approved the Document *VERSO IL VENETO DEL 2030 - Lo sviluppo regionale nell'ambito della politica di coesione 2021-2027*, an analysis document supporting the Partnership discussion, which accompanied the opening of a first phase of public consultation that ended on May 30<sup>th</sup> 2020. After the slowdown of work caused by the health emergency from COVID-19, the Partnership consultation was restarted, on April 21<sup>st</sup> 2021 with the meeting of the Veneto Region Partnership Table, in light of the evolution of the European and national negotiations of the Cohesion Policy 2021-2027. (Regione del Veneto, 2021a)

Just as in the 2014-2020 programming period, close cooperation between public authorities, social partners and associations in the Veneto Region has hence been promoted for the new 2021-2027 period, involving the regional partnership in the process of defining the strategy, priorities and actions in which the Regional Programmes are structured. In fact, each programme is elaborated through a collective process that covers every phase of the programming procedure, from elaboration to management and implementation, to monitoring and evaluation, with the aim of defining and implementing development priorities that are responsive to the needs of the territories. The Table includes regional, local, city and other relevant public authorities, representatives of economic and social partners, relevant bodies representing civil society, including environmental partners, non-governmental organizations and bodies promoting social inclusion, gender equality and non-discrimination. (Regione del Veneto, 2021d)

Therefore, four thematic working tables were held from April 29<sup>th</sup> to May 26<sup>th</sup> 2021 – through the design-thinking mode – addressed to the members of the Partnership Table, anticipated and followed by an opening and closing plenary, for a total of six meetings, to increase the involvement of the targeted stakeholders and gather needs from the interactive discussion. The partnership consultation through the online questionnaire used in the previous session was also reopened so that a possible comparison of responses could have been made. Finally, a public questionnaire was launched, targeting beneficiaries and non-beneficiaries of structural funds during the 2014-2020 programming period, to detect noted strengths and weaknesses, needs and insights for the 2021-2027 programming. Both online consultations remained open until June 18<sup>th</sup> 2021. (Regione del Veneto, 2021d)

From April 21<sup>st</sup> to the end of June 2021, a total of 68 submissions were received from the members of the Partnership Table, including 24 Spontaneous Notes containing proposals and reflections regarding the prioritization of the new Programming, and 44 online questionnaire documents were completed. In addition, as said, 3,510 practitioners and citizens expressed their priorities regarding cohesion policies for Veneto 2030 through an online consultation that was opened in the same time frame. The consultation activities of the Joint Partnership Table concluded in July 2021 with the plenary meeting, where the main findings from the meetings that took place during the period February 2020 to June 2021 were returned. (Regione del Veneto, 2021d)

During the course of the four working tables, four key macro-areas were covered, which can be traced back to the priorities identified by the Cohesion Policy. They are, in order:

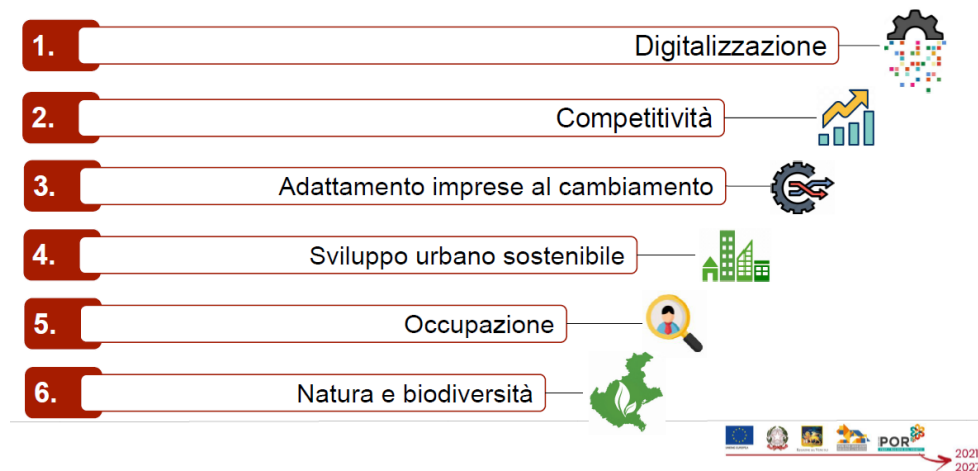
- Sustainable Urban Development and Inner Areas;
- Quality employment, education and social inclusion;
- Climate change, risk prevention and ecological transition;
- SME competitiveness, innovation and digitization

In the course of the four working tables, a number of priority sub-topics have been identified from the above-mentioned topics, among which we find, for example, research and innovation, digitalization, circular economy, sustainable urban mobility and infrastructures for employment. (Romano, 2021)

However, it was through the online questionnaires that the main specific objectives indicated as priorities by the involved stakeholders were identified. The image below, taken from an academic presentation made by the Director of Human Capital, Culture and Community Programming Area, Santo Romano, shows a ranking of the areas considered as the most important by the participants in the working tables. This demonstrates how the priority was given to digitization, followed by competitiveness, business adaptation to change, sustainable urban development, employment and, finally, nature and biodiversity. Such ranking represents a classification of the preferences of key regional stakeholders who are going to benefit from the funds and, therefore, the direction in terms of financial allocation that Regional Programmes are going to take for the next seven-

year period. The second image, on the other hand, shows a summary of the main inputs of the employer and union parties within the partnership tables, underscoring how the end result in shaping the Regional Programmes comes from the heterogeneous and simultaneous contributions of a multiplicity of actors.

**Figure 7: The main specific objectives indicated as priorities**



Source: Romano (2021), lecture on Cohesion Policy 2021-2027 and the Partnership Consultation Pathway, course in Politiche Europee per lo sviluppo locale 2021-2022, 28<sup>th</sup> July 2021.

**Figure 8: Summary of key inputs from employer and union parties**



Source: Romano (2021), lecture on Cohesion Policy 2021-2027 and the Partnership Consultation Pathway, course in Politiche Europee per lo sviluppo locale 2021-2022, 28<sup>th</sup> July 2021.

On the other hand, as a result of the agreement reached by the regions at the national level, the final proposal for the allocation of the ERDF and ESF+ PR budget, following the allocation of financial resources by the European Commission, provides for a total provision for the Veneto PR of 2,062,577,017 Euro, of which the EU contribution is 825,030,807 Euro (40%) and national contribution - State + Region - of 1,237,546,210 Euro (60%), to be divided between ERDF and ESF+. In this regard, the DPCoe was requested to allocate these resources equally between the two PRs. (Regione el Veneto, 2021a)

Therefore, the Programmes at the regional level were then defined taking into account the European Commission's guidelines for the most developed regions, what emerged from the analysis of the socio-economic context in Veneto, the evidence from the previous 2014-2020 programming, the policy guidelines towards the 2021-2027 programming, and the above-seen contributions received from the 90 members of the Partnership Table for Regional Cohesion Policies 2021-2027, which also came following the approval of the first version of the PRs - approved by DGR no. 1415 of October 12<sup>th</sup> - . In the case of the ERDF, the Preliminary Environmental Report prepared by the Veneto Regional Agency for Environmental Prevention and Protection (ARPAV) was also taken into account in defining the PR. The comments received from the members of the Partnership Table for Regional Cohesion Policies 2021-2027 and from operators and citizens were the subject of in-depth analysis, integration and evaluation by the Region during several meetings of discussion with the city authorities and economic partners. (Regione del Veneto, 2021e)

The ERDF PR and ESF+ PR proposals have been then forwarded to the Regional Council for adoption and then to the European Commission, which has the task of evaluating the PRs, their compliance with the Regulations and the Partnership Agreement, proceeding to make any comments within three months from the date of submission of the Programmes. (Regione del Veneto, 2021e) The final approval of the Programmes proposals happened on February 15<sup>th</sup> 2022, through the Deliberation of the Regional Council No. 16. (Regione del Veneto, 2022b)

Concluding the exemplification of the regional contribution with respect to partnership tables, it emerged during one of the conducted interviews how such occasions can be considered crucial for the development of both local public policies, which are apparently



secondary but locally really important, and European public policies. Indeed, partnership tables ensure that the stakeholders involved and potential beneficiaries can provide a feedback or a confirmation of interest with respect to certain major political issues. Thus, at the European level, such feedback is vital in setting macro policy priorities and the consequent European policies to be implemented, since partnership tables provide a picture of the political weight of certain choices and help not to waste financial resources. This happens considering that sectorial stakeholders find themselves more engaged in the process, resulting in a better allocation and management of the financial resources. Therefore, it can be said that partnership tables are vital for the definition of Cohesion Policy, determining a sort of reclassification of political areas of interest or recoding of needs. In conclusion, it can be stated that, with respect to the Veneto Region's activity for Cohesion Policy and its related funds, the working tables have proven to be necessary at the local level since, on the one hand, a feedback is provided on European policies through bottom-up mobilization. On the other hand, there is mutual learning between the European and local levels in terms of the language and operational modalities used, implementing in this way a recoding of needs and languages, an overall political realignment in a multilevel perspective. (Personal communication, 11<sup>th</sup> May 2022)

After answering to the first, second and fifth points of this research's questionnaire, we can now move on with the presentation of the results related to the third question, which is whether there has been any activity on the part of the Veneto Region within the CoR and/or COTER with respect to the new MFF 21-27. Before delving into this matter, it is useful to remember that the COTER Committee of the CoR closely monitors the EU's Multiannual Financial Framework and budget, as well as transport policy, spatial development, cross-border cooperation, spatial planning and urban issues.

Like any other channel of regional activation, the Committee of the Regions, as well as the COTER for those regions that have their representatives working in it, can be more or less well exploited by local entities to raise their needs and demands within it and make them be heard at the European level. In the case of Veneto, after an analysis of the respondents' contributions and of the available official documentation, basically little or no activity was pursued on this front: among those interviewed, in fact, no one reported being aware of any activity of the Veneto Region in this regard. In addition, the documentation available on the CoR website already testifies little regional activity at the

general level in the recent years, which then becomes null if one relates it to CoR activities related to MFF 21-27.

Referring to the available online documentation, Veneto Region only has two regional representatives within the CoR, namely Roberto Ciambetti, President of the Council and Regional Councilor of the Veneto Region, and Luca Zaia, President of the Veneto Region, but, on the other hand, nobody in the COTER. Although the Veneto Region would still have, in theory, the necessary means to bring its demands regarding the long-term budget at the supranational level, certainly an absence of active representatives within the Committee monitoring the EU's Multiannual Financial Framework does not play in its favor. The above-mentioned officials, in fact, do not properly operate within the CoR in the decision-making environment of the European financial sector. As a matter of fact, Ciambetti is part of the CoR's Commission for Natural Resources as well as of the Commission for the Environment, Climate Change and Energy. In addition he is also part of other boards and he proved particularly active in drafting and presenting an Opinion titled *Cross-border dimension in disaster risk reduction (DRR) & European Health Union: reinforcing the EU resilience*. (European Committee of the Regions, 2022a) On the other hand, President Zaia, part of the Italian delegation and of the same Commissions in which Ciambetti too can be found, showed an even more passive activity with respect to the CoR. In fact, he seems to have a purely institutional and representative role in signing and validating important collective documents such as *COTER-VI/042, 131st plenary session, 8-10 October 2018, CoR OPINION, The Multiannual Financial Framework package for the years 2021-2027*, or *Press Release, Brussels, 27 April 2020, Deal on EU budget and Recovery Fund is needed by June or delay will put citizens' safety and cohesion in Europe at risk*. The latter are surely documents testifying the CoR's activity with respect to the Multiannual Financial Framework 2021-2027, however, it does not appear that President Zaia has been particularly active in their drafting or has even been a promoter of them, in fact limiting himself to a mere validation action and thus being carried along by the general work of the CoR quite passively. (European Committee of the Regions, 2022b)

Moving on to the fourth question, once again the findings drawn from the interviews are somewhat nebulous and inevitably result in an assumption of almost total inactivity on the MFF front by the Brussels Office. As already seen in the second chapter, indeed,

Veneto Region's Office in Brussels holds an organizational position formally separate from the other regional services dealing with European issues or strategic planning. Moreover, historically speaking, for the Veneto Region, the Brussels Office seems to have been conceived more as a political branch and less as an operational tool at the service of the entire regional structure, thing that can be confirmed even in this specific case. Once again, indeed, the interviewees showed little or almost no knowledge on the activity carried out through the Brussels Office with respect to the regional contribution made in the policy process related to MFF 21-27. The only piece of information related to Brussels' Office lobbying activity is related to the fact that it actually does not take place in the European Commission, given the limitation of the regional activity to Cohesion Policy, as seen. (Personal communication, 3<sup>rd</sup> of June 2022)

In the light of this, our research confirms the thesis previously stated by Messina (2012), according to which lobbying activities in the Veneto's Brussels Office are mainly focused on actions that make it possible for the Region to obtain or facilitate the arrival of funding of which it may be a direct beneficiary, such as through the calls for proposals. Therefore, this kind of lobbying activities result to have not been used with the aim of uploading regional interests at the broader European level.

Finally, we can move to the last point of the questionnaire to draw some conclusions, thus also answering our research question, which is: *has the Veneto Region been a policy shaper or, rather, a policy taker in the policy process leading to the new EU Multiannual Financial Framework 2021-2027?* In this regard, the Region's official statement issued for this thesis project reads as follows: "Regarding the Multiannual Financial Framework 2021-2027, the role of the Veneto Region in the new European programming period and its abilities to influence the adoption of regulations at the European level (policy and decision-making process) can be linked to the roles of:

- *Policy shaper* for economic, social and territorial cohesion policy (regional policies), under shared management;
- *Policy taker* for the other lines of the MFF 21-27." (Personal communication, 3<sup>rd</sup> of June 2022)

This statement, thus, leads us to the final answer to our research question and to the confirmation of the hypothesis presented in the first chapter of this thesis project, whereby it was already assumed that *the Veneto Region has been a policy taker at the European level in the policy process leading to the MFF 21-27*. Having asserted this thanks to the numerous data collected on the subject, a second part is added to the hypothesis initially formulated and later confirmed, namely that of the *Veneto Region's role as a policy shaper at the local level with respect to the Cohesion Policy and related funds under shared management*.

In conclusion, it can be stated that, as it has been proved through the numerous academic and institutional sources reported, as well as through a meticulous data collection held through non-structured interviews, Veneto Region has not shown a substantial evolution with respect to the state of the art presented in the second chapter of this dissertation. Therefore, such local entity proved to be undoubtedly passive with respect to the shaping and subsequent reception of European macro-policies, failing to provide a possible contribution and upload of its own instances to the European level through greater regional activation, not having a particular interest in it. On the other hand, the Veneto Region, despite being a policy taker with respect to the policy and decision-making processes that led to the new MFF 21-27, turned out, instead, to be a policy shaper towards funds under shared management related to Cohesion Policy. As a matter of fact, the latter fall more within the standard regional competencies and their direct effects and interests on the territory are such as to determine, instead, a significant regional activation in their shaping and management by the Veneto Region.

## Conclusions

The need to rediscover and redefine the potential and relevance of key domestic political actors such as regions in European policy processes has surely been the central element and driving force of this research, mainly based on the Multilevel Governance theoretical approach. In fact, as it has been seen throughout the literature review, regions have always shown different levels and modalities of regional activation over time at the European supranational level, dividing between more active regions, such as, for instance, Emilia Romagna, and less active ones, such as Veneto. The latter, as claimed by Messina, has been characterized by a political context with low regional activation and activism in regulating local development in light of the Europeanisation process. Therefore, this resulted in a political mobilization by Veneto Region only limited to those matters of its own direct interest, while being more passive in its involvement in the policy-making processes.

Hence, such state of the art on which this dissertation is based has been again confirmed thanks to the research conducted and reported here, projecting the image of Veneto Region doubtlessly acting more as a *policy taker* rather than a *policy shaper*. As previously mentioned, these concepts have been taken by Brunazzo's article *From Policy-Taker to Policy-Shaper: The Europeanization of Italian Cohesion Policy*, which also illustrates the top-down and the bottom-up dynamics of Europeanisation, stressing "how and when the top-down Europeanization can foster a more active presence of a country in the European arena." (Brunazzo, 2010). Therefore, the analysis conducted by Brunazzo focuses on a national level. In contrast, this research shifts the concepts just mentioned to a regional level, defining as a *policy shaper* a *regional actor whose political activity at the European level is characterized by a high mobilization and an increased participation which contribute to having its interests and preferences recognized at the supranational level*. On the contrary, by *policy taker* we refer here to a *key domestic actor, in this specific case a regional one, whose political activity at the European level is not characterized by a strong mobilization or participation, leading it to just passively receive and implement European guidelines and decisions without seeing its own interests and preferences being taken into account in the supranational policy processes*. Of course, such theorization

intersects closely with the dynamics of top-down and bottom-up Europeanisation, highlighting a complex institutional situation in the case of the Veneto Region, which normally enjoys a good reputation due to its general efficiency and the fact that it falls into the category of the most developed regions at the European level. As shown, however, this picture is challenged by a far more complex reality, in which Veneto Region turns out to be far more passive than one would have expected, and, thus, more subject to top-down dynamics of Europeanisation, rather than bottom-up ones.

In addition, this work also allowed us to have an overview of the level of responsiveness of a specific subnational entity to substantial and radical policy changes, such as the drafting and implementation of the new EU long-term budget and its related policies and strategies. Furthermore, the data collection and analysis conducted here made it possible to fill the knowledge gap on the recent role of the Veneto Region in the EU arena, on which the available literature stops at the early 2010s. Finally, given the recent approval of the Multiannual Financial Framework 2021-2027, this research has also provided some basic elements aimed at enriching the emerging literature on the subject, here founded, as mentioned, on a Multilevel Governance and Europeanisation perspectives in investigating the role of regions in the EU policy processes. In this regard, as seen, we can recall that each political actor normally plays a crucial role in the whole European political framework by making itself the bearer of its own instances and preferences at the supranational level, so as to contribute to the birth and drafting of European policies and strategies.

Therefore, in the development of this research, after an in depth analysis of the different forms of regional representation at the EU level and of the past role of Veneto in such context, as well as of the current MFF in each of its features, the data collection and analysis phases brought us to understand whether our case study has provided any kind of contribution to the policy process leading to the new MFF, having an active or, rather, a passive role during the whole policy-making phase.

What emerged, in conclusion, is that the Veneto Region has not shown a significant evolution with respect to the state of the art previously illustrated, proving to be particularly passive with respect to the shaping and subsequent reception of European policies and strategies. In such way, hence, it failed in submitting its own instances and

preferences to the European arena through greater regional activation, not showing a particular interest in it. On the other hand, despite being a *policy taker* in relation to the policy and decision-making processes leading to the new MFF 2014-2020, Veneto Region turned out to be a *policy shaper* towards funds under shared management related to Cohesion Policy. In fact, the latter result to be surely more in line with the standard regional competencies. In addition, the direct effects and interests that they create on the territory are such as to result, instead, in a significant regional activation in their shaping and management by Veneto as a regional actor.

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