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Missions and Cohesion Policy: Living separate or dancing together?

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Abstract

This paper explores avenues for cross-fertilisation between the mission-oriented approach and Cohesion Policy. It argues in favour of mutual policy learning between the two to address some of their respective shortcomings: Cohesion Policy is facing a gradual erosion of its identity, whereas the mission-oriented approach needs a stronger territorial perspective. The mission-oriented approach could offer a theoretical blueprint for re-organizing Cohesion Policy priorities around few missions, linking more explicitly its objectives to major societal challenges so as to reinforce its rationale and revive its political ownership. Moreover, Cohesion Policy can draw inspiration from the concept of directionality to strengthen its result-orientation dimension. It should be also assessed whether the missions' blending of top-down and bottom-up approaches can inspire ideas to streamline the complex governance of Cohesion Policy. The mission-oriented approach can benefit from adopting Cohesion Policy peculiar architecture enabling joint broad priorities to be adapted to territorial contexts and into regional strategies. The mission-oriented approach could also learn from Cohesion Policy goal of maximising equity and efficiency, its focus on empowering regions, and its redistributive approach to foster the full potential of all EU regions to tackle societal challenges.

Keywords: Cohesion policy; European Union; Mission-oriented approach; Policy learning; Regions

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1. Introduction

We set out here to examine two areas of the European Union (EU) policy landscape and their possible crossovers. The first one refers to the Five EU missions² launched in 2021, as part of the Horizon Europe program, building on the mission-oriented approach, to direct innovation towards problems with high societal values: the so-called Grand Societal Challenges. The latter one is the EU Cohesion Policy, a dominant policy instrument aimed at promoting social, economic, and territorial cohesion in the EU.

In principle, the two policies are ambitious and should contribute to the quality of life of all EU citizens. They mobilize EU investments in a few common areas although Cohesion Policy covers a broader list of intervention fields and priorities. To date, their implementation is completely separated and there is no link between the two (even if aspects of the missions' logic can be already identified in Smart Specialization Strategies). Although at very different maturity stages, the two policy instruments can offer potential “spillovers” one another. The mission-oriented approach has gained prominence in the policy debate as a framework to orient innovation toward the societal challenges that threaten our society and the humankind. The need to pursue a directionality to innovation policy is well rooted in the academic literature: notably in the economic geography scholarship (e.g., Weber & Rohrer, 2012; Edler & Fagerberg, 2017; Fagerberg, 2018). While gearing innovation policy toward the creation of public good prompted a normative turn in the policymaking (Uyarra et al., 2019), several gaps in knowledge and practice hamper the implementation of the mission-oriented approach. Yet, its high strategic directionality can offer room for policy learning for Cohesion Policy. On the other hand, Cohesion Policy – which accounts for about a third of the EU budget – is tasked with addressing a growing number of priorities and polarization trends across and within EU regions (see European Commission, 2022). This raises questions about the rationale and purpose of the policy. However, its objective to promote territorial convergence can inspire the mission-oriented approach and its implementation in the EU policymaking.

While discussing how strategic directionality and a territorial convergence can inform mutually the two policy instruments, we also draw on what academics from different scholarships claim to be their shortcomings or weaknesses in order to play a matchmaking exercise to evaluate the potential for a synergetic approach. Our aim is, thus, to provide room for learning in both policy areas.

Scholars and policy practitioners challenge the mission-oriented approach, since it adopts a normative standpoint when defining societal challenges (Flanagan et al., 2022) as well as taking for granted a narrow technological scope of innovation envisioned in the mission-oriented approach (Tödtling et al., 2022). This undermines the possibility to turn challenges into business opportunities at local level (Wanzenböck & Frenken, 2020) hampering a sort of local “sense-making” process of the societal challenges. Scholars contend that the role of subnational governments needs to be better defined in the mission-oriented approach, both at the design and the implementation stages (Cappellano & Kurowska-Pysz, 2020; Wanzenböck & Frenken, 2020). While considering the mission-oriented

² The missions are: 1) Adaptation to climate change; 2) Beating cancer; 3) Restoring our ocean and waters; 4) 100 climate-neutral and smart cities; 5) A soil deal for Europe.

approach as a default policy choice (Janssen et al., 2021) such top-down approach can ignore the local policy dynamics and areas of expertise (Bours et al., 2021; Bugge et al., 2022). All these claims explicate further why scholars are concerned about the risk of missions being tuned into place-blind policies (Coenen et al., 2015) that might even strengthen territorial imbalances across and within the EU Regions (see Rodriguez-Pose, 2018).

Simultaneously, the economic and political developments of the past three years have significantly intensified questions about Cohesion Policy principles and purpose (Bachtler, 2022). Since the early 2000s, scholars had already warned about a gradual erosion of the theoretical underpinnings of Cohesion Policy due to budgetary pressures, widening priorities, the mixed results of the policy, national interests, etc. (Hooghe, 1998; Hooghe & Marks, 2001; Allen, 2010; Begg, 2010). The conceptual foundations of Cohesion Policy have been further challenged by its deployment against short-term shocks, increasing extension and heterogeneity of its investment priorities, overlap and competition with new funding streams and declining additionality (Molica & Lleal Fontàs, 2020; Böhme et al., 2022). Historically, the case for Cohesion Policy has also suffered from unstable evidence of its economic impact (Bachtrögler et al., 2020). In addition, awareness of its benefits, as well as ownership, are still modest in many countries (Molica & Salvai, 2019).

This study explores whether the mission-oriented approach, or selected elements thereof, can exert a positive influence in (re)building a robust identity and purpose for Cohesion Policy and identifying avenues for future reform. Conversely, Cohesion Policy could contribute to addressing questions as to whether a place-based application of the mission-oriented approach is viable and can be further pursued. The literature has demonstrated the positive impact of Cohesion Policy in accelerating the devolution process in many countries, improving the multi-level governance (Bache et al., 2011), enhancing the capacity building potential of local authorities (Polverari et al., 2022) and facilitating the adoption of reforms and policies (Berkowitz, 2017). Considering this, could it play a role in enabling place-based missions? In the following sections, we will first introduce the two policy concepts (Cohesion Policy and the mission oriented approach) and their main shortcomings and then discuss the potential for mutual policy learning.

2. Policy backgrounds

2.1 Cohesion Policy and its quest for a (new) identity

Cohesion Policy is one the most consequential policies of the EU given its political salience, thematic breadth, and geographical scope. Its relevance is also epitomised by the sheer financial size, accounting for a third of the EU budget. Since its inception, the overall mission of the policy has not changed in essence. It lies in tackling disparities by fostering the development of EU regions, with a particular focus – though less pronounced than in the past – on lagging ones. However, the shape and objectives of the policy have been steadily evolving as a result of internal dynamics and external factors ranging from globalisation to enlargement, to shifting priorities at the EU level (Piattoni & Polverari, 2019; McCann & Ortega-Argilés, 2021). The geographical coverage of the policy has been enlarged so as to encompass all EU regions, which has in turn affected both the allocations break-down and

objectives. Thus, the focus of the policy has shifted from a purely integrated regional development to a broader competitiveness perspective (Mendez, 2011; Sielker et al., 2021). That is, from providing assistance to less developed regions to fostering endogenous growth in all territories. Accordingly, the emphasis on supporting physical infrastructures and manufacturing clusters has increasingly given way to promoting knowledge-based growth and decarbonisation. Lastly, the structure of the policy has been a given more strategic focus, with a reinforcement of the long-term planning and result-orientation dimension.

These changes occurred against a background of intense discussions among scholars, analysts, practitioners, as well as governments. The most prolific debate pertains to the economic effects of the policy. The economic literature has been traditionally inconclusive in this respect. A number of works have questioned the impact of Cohesion Policy (Boldrin & Canova, 2001; Dall’erba & Le Gallo, 2008), in particular its permanent or transformative effects on local economies (Aiello & Pupo, 2012; Barone et al., 2016). More recently, consensus has emerged around the existence of positive though very diverse impacts across regions (Di Caro & Fratesi, 2022). This heterogeneity can be explained with two main circumstances: the first stems from the diversity of interventions or objectives delivered under the different Cohesion Policy programmes; the second relates to the context of implementation (Bachtrögl et al., 2020). In relation to the latter, empirical studies have found that the effects of the policy may be influenced by as many variables as the economic structure of regions (Percoco, 2017), the quality of government (Rodríguez-Pose & Garcilazo, 2015; Mendez & Bachtler, 2022), human capital (Becker et al., 2013), regional innovative capacity and infrastructural endowment (Crescenzi & Giua, 2016).

The lack of unequivocal and, thus, compelling evidence about the impact has not been the only debated aspect of the policy. Its complex organisation and wide thematic focus have also attracted criticism (Manzella & Mendez, 2009). Moreover, the political discourse at both EU and domestic level has revolved essentially around financial absorption and irregularities, often fuelling negative narratives (Molica, 2022). Lastly, the political ownership of the policy remains limited, and awareness of its benefits varies a great deal across member states (Molica & Salvai, 2019).

All the aforementioned factors have led to growing scrutiny – and ultimately questioning – of Cohesion Policy’s rationale and organisation, despite a fresh rise in regional disparities since the crisis of 2008 (Monfort, 2020). While the convergence process has slightly resumed in the past few years driven by Eastern European regions, a significant number of regions are locked in what has been termed as “development traps” (Diemer et al., 2022): many less developed, middle-income or rural regions have kept declining or stagnating (European Commission, 2022). Regional differences in relation to labour market indicators have not gone back to the pre-crisis levels whereas regions have performed very differently in relation to other key indicators (e.g., innovation).

The “soul searching” process – that Cohesion Policy is going through – has further deepened in the wake of the multiple crises that have struck the continent in the past three years. Three circumstances have come into play. First of all, since the pandemic a non-negligible share of Cohesion Policy funds has been re-directed to crisis mitigation measures. This has resulted in shifting funds away from high value-added investments, notably from R&I (Böhme et al., 2022), as well as eroding the place-based dimension of the policy (Molica & Lleal Fontas, 2020).

The use of cohesion funds for addressing the short-term effects of negative shocks, which to a lesser extent took also place during the Great Recession, marks a departure from the structural and strategic goals of the policy. Thus, it has triggered questions on both its purpose and principles (Bachtler, 2022).

Second, the establishment of the EU Recovery Instrument (NextGenerationEU or NGEU) in response to the pandemic has come to challenge the preeminent role and specificity of Cohesion Policy under the EU budget. The Recovery and Resilience Facility, the main pillar of NGEU, represents a parallel funding stream that delivers investment in areas partially overlapping with Cohesion Policy thematic priorities. Yet, the Recovery and Resilience Facility also enjoys features that differ considerably from Cohesion Policy, as it is based upon a centralised governance, a largely spatially blind approach and disbursements based on performance (Conte & Molica, 2022). While the Recovery and Resilience Facility has been conceived as a one-off instrument, analysts and policymakers are already debating as to whether it should be made permanent (Rubio, 2022) or which of its aspects could be mainstreamed to Cohesion Policy. Either scenarios could result in a reassessment of Cohesion Policy core mission and features.

Third, pressure has been building on Cohesion Policy to address an ever-larger number of objectives (e.g., integration of migrants, energy independence, etc.), which heightens the risk of turning it into a “catch-all” policy at the expense of its core goals. Enlarging the number of Cohesion Policy objectives might be harmful in a number of ways: I) it reduces the shares of resources per each single objective, hampering a critical funding concentration on few priorities; II) it might lead to a loss in efficiency impinging on the results of the policy; III) it can further fuel rent-seeking and clientelism in some areas.

To sum up, the main consequence of these shortcomings is that the identity of Cohesion Policy is increasingly becoming blurred. Specific work to focus its objectives and conceptualise its foundations is very much needed (Barca, 2009) in view of designing the post-2027 Cohesion Policy.

2.2 Challenges faced by the mission-oriented approach

Arguments in favour of the mission-oriented approach were firstly discussed by Ergas (1987), who put forward the notion of “big science for big problems”. Until then, missions were mainly connected with the defence sector R&D venture. In the last decade, missions and the underlying mission-oriented concept were linked to social objectives, with scholars signalling that our societies were investing disproportionately in economic targets rather than solving societal issues (see Nelson, 2011). The mission-oriented approach is by its nature linked to societal objectives with the aim of generating a transformative change (Mazzucato, 2018a). At EU level, an early plea to incorporate the mission-oriented approach within the EU policy agenda can be dated back to the “Lamy report” (European Commission, 2017). The document recommended that “post-2020 EU R&I programme should thus translate global societal challenges (social, economic, environmental) into a limited number of large-scale research and innovation ‘missions’.” Building on this, the report of the ESIR high level group discussed how to frame the missions in alignment with the EU agenda and what would be the best tools to mobilize. Two concepts emerging

from this report were: a) the need to set a right level of granularity in linking the grand challenges to specific and measurable goals (i.e. missions); b) the employment of a modular approach to manage the complexity of missions by allowing for coordination across levels of government, sectors, policies, and ultimately funding tools. In this sense, the authors envisioned the mobilization in synergy of a panoply of funds, including from Cohesion Policy, to deliver the missions (European Commission, 2018a). In parallel, the RISE high level group report (European Commission, 2018b) put also emphasis on building an effective governance encompassing all levels of governments as well as engaging citizens. The main pillars defining the application of the mission approach on the EU R&I agenda were described by Mazzucato in her report for the European Commission (Mazzucato, 2018b): I) pursuing bold and societally relevant targets; II) setting time-bound verifiable outcomes; III) devising R&D actions at the crossroad of high risk and technical feasibility; IV) harnessing knowledge from multiple disciplines and moving across several policy sectors; V) providing room for bottom-up experimentation engaging multiple actors from different backgrounds.

As stated above, societal challenges have rapidly become a key policy concern in the EU (Cappellano et al., 2022) and elsewhere (Alves et al., 2021; Hernández et al., 2021). This naturally affects the allocation of R&I funding and regional development funds channelled through various EU and national instruments. While it is easy to agree on the importance of striving towards solving societal challenges, the way that it is envisioned to happen via the mission-oriented approach is not short of challenges particularly from the perspective of cohesion targets.

First, in the case of the EU smart specialisation policy, in the beginning there was still relatively little policy experience and evidence of its impact in spite of pre-existing pilot actions (McCann et al., 2016). So, too – except for the anecdotal evidence referring to archetypical historical missions such as the man-on-the-moon project (Mazzucato, 2018a) – relatively little was known about the concrete feasibility of the mission-oriented approach before its implementation. In the words of Janssen et al. (2021: 438):

“While the attention for mission-oriented innovation policy is rising, there are still many questions regarding both the governance and the conduct of missions as well as the (adverse) effects they might have on innovation and societal challenges.”

Second, the central aim of the mission-oriented approach is to direct support to organisations that are expected to be best able to tackle societal challenges. Thus, the mission-oriented approach is more appropriate for regions that already have the capacity to mobilise existing (critical mass of innovative) actors and resources, well-functioning networks (i.e., regional innovation systems) and good public institutions (Interreg Europe, 2020; Tödtling et al., 2022). In the past, the heterogeneous geographical distribution of European Commission funding for R&I under centrally-managed programmes has predominantly profited economically strong regions (Gasser et al., 2022). The risk of applying the mission-oriented approach is that funding for R&I will cluster in already well-developed innovation hubs of Europe – the “oligarchic core” (Breschi & Cusmano, 2006) – leaving less-advanced rural and peripheral areas behind in terms of public support. This is problematic, since it would be important that all types of regions are supported to find tools in developing solutions for addressing the societal challenges. Otherwise, there is a risk that the full potential of EU regions remains underutilised: every region will have a comparative

advantage to tackle at least one societal challenge (Cappellano et al. 2022). Further, the issue resonates with the literature on geography of discontent and places (and people) left behind (see e.g., Rodríguez-Pose, 2018; Lenzi & Perucca, 2021). For example, Dąbrowski et al. (2019), exploring the regional determinants of the EU image, have found a positive relation between a less negative EU image and the size of EU funding contribution, whereas a declining economy fuels more negative views on the EU. Therefore, inter-regional inequalities pose a threat to the democratic institutional order of the EU (Sielker et al., 2021). As a case in point, while the structural differences between well-off and lagging regions are hindering the impact of EU funding on inter-regional economic convergence (Mogila et al., 2022), Cohesion Policy has still (at the very least) been credited for its positive effect in lowering the anti-EU vote (Rodríguez-Pose & Dijkstra, 2021).

Third, since there are no “one-size-fits-all” innovation policy frameworks (Tödtling & Trippel, 2005), solving societal challenges in different regions is highly context specific. Policymakers are, therefore, required to have deep knowledge of the territorial-specific economic activities and the environment in which they operate (Kattel & Mazzucato, 2018). As a benchmark, the implementation of smart specialisation policies was regarded as challenging in terms of the required policy intelligence, skills and capabilities of regional stakeholders (Guzzo et al., 2018). The complexity of the goals and implementation of innovation policy have arguably increased – compared to earlier capacity and system focused paradigms – after the introduction of the mission-oriented approach (Hjalager & von Gesseneck, 2020). Therefore, territorial policy capabilities might be too generic and fragmented to trigger the desired changes via the mission-oriented approach (see Karo, 2018).

The growing diversity of policies implemented under the “umbrella” of the mission-oriented approach has created difficulties for systematic analyses, comparisons, and assessments (Wittman et al., 2021). As a result, the empirical literature on implemented mission-oriented policies have produced mixed evidence (Brown, 2021). While the advocates of the mission-oriented approach (e.g., Deleidi & Mazzucato, 2021; Bugge et al., 2022; Craens et al., 2022) have produced favourable assessments, other scholars have been more critical. For example, Brown (2021) has criticised the application of mission-oriented policies in Scotland due to its fuzzy policymaking, high opaqueness, lack of sufficient detail and failure to align itself properly with the local demand conditions. Rohrer et al. (2022) have shown with an evaluation of Swedish innovation programmes that there is a mismatch between the dominant mission-oriented policy discourse and the traditional way programmes are still designed, implemented and monitored leading to controversies and tensions between stakeholders. This hampers the potential of the mission-oriented approach to reach the envisioned targets to tackle the societal challenges. Hassink et al. (2022) with a case study example from Germany underline that, regional policymakers in Schleswig-Holstein struggle with the same key challenges which the implemented innovation policies were set out to address in the first place– related, for example, to directional failures (Robinson & Mazzucato, 2019). Therefore, while innovation policies focusing on societal challenges could offer structurally weak regions the opportunity to catch up in certain emerging areas where they have comparative advantages (Cappellano et al., 2022), there is no guarantee of success.

3. Policy learning

3.1 A mission-oriented Cohesion Policy?

We argue here that the mission-oriented paradigm is relevant in identifying potential avenues to address the aforementioned challenges facing Cohesion Policy. The expanding remit of Cohesion Policy to address an ever-wider spectrum of objectives, coupled with a departure from the exclusive focus on regional development and a more recent pressure to tackle short term emergencies, is generating confusion around its identity and role, and ultimately defying its rationale. Therefore, a major risk, in the provocative words of Professor Ian Begg, is that the scope of Cohesion Policy is stretched to the point where “the EU is not entirely sure [anymore] why it has a Cohesion Policy” (Vogel & Brand, 2011). Indeed, results of past evaluations have found that the effectiveness of Cohesion Policy was harmed by fragmented spending across too many priorities (Bachtler et al., 2017). The issue was extensively discussed in the Barca report (Barca, 2009) and addressed in the 2014–2020 reform of the policy but the recent pressure to address new priorities and short-term shocks have revived talks of a “catch-all” policy. The streamlining of the thematic scope under the programming period 2021–2027 (from eleven to five macro-objectives) could be seen as no more than a simple reorganization of existing priorities. A trend towards fragmentation is also emerging in the architecture of the Multiannual Financial Framework (MFF) with an increased number of instruments directly and indirectly delivering cohesion goals (Molica & Lleal Fontas, 2020; European Parliament, 2022). Considering this, we explore the potential influence of the mission-oriented approach in relation to four aspects of Cohesion Policy.

For a start, societal challenges are by definition complex, multi-dimensional and systemic. They therefore require cross-disciplinary and cross-sectoral actions in order to be addressed (Mazzucato, 2018a). It appears unlikely that the range of priorities that Cohesion Policy has come to cover will be reduced in the future, due to various factors such as the EU expanding agenda and rent-seeking dynamics at national and local levels (Crescenzi et al., 2017). Bearing this in mind, the first aspect worth exploring is whether the mission-oriented approach can provide a theoretical blueprint for rearranging Cohesion Policy’s multiple priorities in a more efficient and consistent direction: namely by regrouping them under few cross-sectoral goals linked to specific societal challenges. It should be discussed the extent to which a reorganisation of the objectives around common themes in the shape of missions could also prevent dispersion of spending and achieve critical mass in terms of investments. The potential impact of the mission-oriented paradigm should be seen not only with respect to a revision of the thematic menu of Cohesion Policy towards a “challenge-driven” configuration, entailing a shift in the strategic and intervention logic, but also as a way to tackle the current fragmentation of the policy across several funds (Mazzucato et al., 2023). At the very least, the operational application of the mission-oriented approach to Cohesion Policy would require more coordination between various policy fields and arenas (Janssen et al., 2023), breaking “silos” and triggering more synergies across thematic axes, programmes and funds. In this sense, envisioning the incorporation of the mission-oriented paradigm into Cohesion Policy would not be a brand-new exercise: in fact, it would build on existing practice in implementing the Lisbon and Europa 2020 agendas objectives under the policy

(“lisbonisation”) (Mendez, 2011). Furthermore, there is an ongoing reflection as to how the mission-oriented approach can be linked to the smart specialisation concept and contribute to upgrading it (McCann & Soete, 2020). Finally, the mainstreaming of the mission-oriented approach into Cohesion Policy should draw on the experience of the Partnerships for Regional Innovation (PRI), which aim to enhance coordination and directionality among policies, funding streams and various levels of government towards tackling the green and digital transition (Pontitakis et al, 2022).

Second, a more critical question is whether the mission-oriented approach can be instrumental in restoring a strong sense of purpose into Cohesion Policy. As argued in previous sections, the policy is facing growing questions over its *raison d’être*. As a corollary its reputation, political ownership and capacity to mobilise policymakers and citizens alike around its objectives are all impacted. In all these areas Cohesion Policy has yielded mixed results over time and less visible effects in more well-off territories (Molica & Salvai, 2019). With this in mind, openly framing Cohesion Policy around a narrow set of well-defined and measurable missions (as long as they contribute to territorial convergence) could feed into a more clear-cut and robust rationale. Cohesion Policy is already geared towards tackling societal challenges, such as climate change. Thus, applying a mission-orientation thinking to the policy would not entail repurposing it, nor altering its original mission enshrined in the Treaty. Rather, it could contribute to bringing its objectives into focus in a clearer way. It could also be conducive to forging a compelling and shared narrative around the policy. Mazzucato (2018a) highlights the potential impact of missions in inspiring and engaging widespread support because they refer to problems that resonate with the general public. By the same token, missions can provide a more straightforward idea to policymakers as well as the general public of what Cohesion Policy is intended for, thus triggering higher support, ownership and engagement. Besides, the key role assigned to bottom-up processes (on a conceptual level – but not grounded in practice) in setting the missions is also relevant in light of the recent emphasis on enhancing citizens’ engagement in Cohesion Policy (European Commission, 2022).

Third, one aspect that should be explored is if the idea of directionality can be successfully employed in the context of Cohesion Policy. Cohesion Policy is the most measured and evaluated policy in Europe (Darvas et al., 2019). As stated above, evidence of its achievements has been mixed. Insufficient emphasis on results and an inadequate strategic focus have been identified as weak spots of the policy (Barca, 2009). Therefore, a strong focus on these two aspects has informed the design of the policy since the 2014–2020 period. The results of this shift are still being assessed. Again, the early evidence is mixed. The so-called performance-based framework – proposed as a means to assess the results of Cohesion Policy – encountered several challenges (European Court of Auditors, 2021). The strong progress in terms of evaluation is tempered by Member States’ reluctance to feed the evaluation findings into policy processes (Pellegrin & Colnot, 2020). The idea of directionality – entailing the establishment of political and normative goals, better clarifying the expectations, and specifying what requires attention and what doesn’t (Miörner, 2022) – could facilitate the consolidation of the results orientation focus and strategic dimension of Cohesion Policy. In regard to this, one should look in particular at the fact that missions are based on broad, measurable, ambitious and time-bound targets. This logic acquires particular salience also in the context of discussions around the possibility to mainstream the payment by result model underpinning the Recovery and

Resilience Facility into future Cohesion Policy (Bachtler, 2022). What's more, the intervention logic of Cohesion Policy programmes largely focuses on outcomes and results. Less attention is paid to the broader impacts given the longer time-horizon and methodological obstacles to assess those. The mission-oriented approach can influence the design of the policy towards a more transformative orientation, and thus help it focus on the impacts as well.

Fourth, the governance of Cohesion Policy could draw lessons from the mission-oriented approach. The multi-level governance model which defines Cohesion Policy implies complex vertical and horizontal relationships (Bache, 2008). It brings benefits in terms of improving the effectiveness of policy implementation, reinforcing the administrative capacity and facilitating cooperation and mutual learning. But studies have also identified several shortcomings. The particular complexity of the governance is associated with joint decision-traps (Scharpf, 1988), bureaucratic burdens (Radzyner et al., 2014) and a mismatch between priorities at different levels or between the scale of policies and jurisdictions of actors involved (Charbit & Michalun, 2009). There is no silver bullet to solve these issues and there exists a very fine line between simplifying Cohesion Policy governance and undermining its place-based and multi-level dimension. However, one should look at the blending of top-down elements (in terms of directionality) and bottom-up approaches (*declinaison* of missions in local contexts and implementation) that in principle characterises the mission approach under Horizon Europe. Thinking of this, the question is whether focusing the policy on a few missions can streamline the vertical and horizontal relations upon which Cohesion Policy is based.

3.2 What the mission-oriented approach can learn from Cohesion Policy

We argue that Cohesion Policy can imbue the mission-oriented approach with a territorial perspective. As a (policy) concept focused on innovation, the mission-oriented approach is expected to generate regional development externalities. At the same time, the relationship between the mission-oriented approach and the territorial dimension is much more complex as they mutually interact with each other. In fact, a territory is discussed here as a backdrop for originating inputs for the mission-oriented approach, since local actors produce valuable knowledge for addressing the societal challenges (Cappellano et al., 2022; Bugge et al., 2022), questioning the legitimacy of missions according to their place-specific values, needs, and agendas (Flanagan et al., 2022), pursuing local policy attempts to tackle societal challenges (Bours et al., 2022). Simultaneously, the mission-oriented approach produces economic, and social externalities to territories. Therefore, we mediate this relationship through cohesion policy that is supposed to have a sharper territorial focus than the mission-oriented approach.

First, the mission-oriented approach can learn from the peculiar model of multi-level governance underpinning Cohesion Policy in order to enable local stakeholders (governments, civic society, private businesses) to connect their local agenda with broader priorities defined at the (supra-)national level. In fact, the mission-oriented approach has been criticised for its weak understanding of the needs, and challenges on the ground, neglecting the place-based nature of the societal challenges framing and solution selection processes (Flanagan et al., 2022).

Conversely, Cohesion Policy presents a list of priorities (or thematic objectives) that can be selected and adapted, albeit within specific legal and thematic constraints, to a territorial context and regional policy agenda. Indeed, the governance of Cohesion Policy has increasingly moved towards an architecture where jointly set priorities are transposed into place-based frameworks (Begg, 2010; Mendez, 2011). The multi-level governance and shared management allow Cohesion Policy to support the EU regions with limited interference on the powers of regional and national government levels. In the same vein, the mission-oriented approach should clearly frame the role of subnational governments to pursue mission-oriented innovation policies that has, thus far, remained blurred (Cappellano & Kurowska-Pysz, 2020; Wanzenböck & Frenken, 2020; Wanzenböck et al., 2020). Therefore, there is a need to navigate a trade-off between directionality (issued, in practice, in a top-down logic) and the flexibility to adapt the societal challenges-oriented missions to local needs.

A second area for policy learning concerns the dichotomy between what we term here as, “exogenously led mission-oriented approach” and “endogenous-oriented Cohesion Policy”. Although this juxtaposition can be provocative, it originates from the high directionality of the mission-oriented approach as orienting R&I assets toward a certain direction. While the final goal can be very ambitious and relevant for the whole society, this approach can be also considered as a “predatorial” one from a territorial perspective. It mainly harnesses local resources (knowledge) to accomplish objectives that are exogenously issued. On the contrary, Cohesion Policy is intended to work towards empowering local players as a way to create the preconditions for further endogenous growth (Bache & Jones, 2000). At the same time, the mission-oriented approach seems to privilege orienting the best resources towards the societal challenges which sound very fine-tuned with an efficiency principle. In so doing, it can entrench core-periphery patterns (Krugman, 1991), notably by favouring agglomeration and industrial clustering trends, thus resulting in increased spatial concentration of technological activities (Gordon & McCann, 2015) at the expense of less innovation-prone regions. Therefore, the mission-oriented approach could learn from Cohesion Policy development model that seeks to maximise both equity and efficiency – though scholars have raised questions over its viability (Farole et al., 2011). Creating pre-conditions in peripheral regions to thrive on their potential to address societal challenges should combine both equity objectives (territorial and social cohesion) but also efficiency goals to maximise the specific contributions to global societal challenges from a “global-local” perspective.

Third, in the mission-oriented rhetoric, Mazzucato (2018a) discusses how knowledge generated by the public R&I agencies was essential for generating innovation breakthroughs such as the World Wide Web. However, when discussing how missions should work, limited attention has been given to the knowledge production process according to the definition by Mazzucato and Semieniuk (2017: 33):

“Mission-oriented policies can therefore be defined as systemic public policies that draw on frontier knowledge to attain specific goals.”

The mission-oriented approach appears to have a functional approach to knowledge that should be used, shared, or exploited when oriented towards a certain societal challenge. In other words, there is a nuanced interest on existing local preconditions for generating knowledge (knowledge base). Instead, tackling a societal challenge

should also consider investing in knowledge generation (Tödtling et al., 2022). This should include technological endowments as well as investment in education and training of researchers aligning their curricula to the societal challenges needs. In this regard, the mission-oriented approach could learn from Cohesion Policy, which has invested greatly – notably via the European Social Fund (ESF) – to increase the educational attainment within and across member states.

Fourth, more research is needed on the geographical distribution of funds to sustain societal challenges projects. However, as discussed above, there is a risk that the majority of the funds are allocated to the existing innovation hubs of Europe. The fact that Cohesion Policy is designed to distribute its funds depending on the wealth of the territories should, therefore, also inform the mission-oriented approach. Indeed, lagging regions (those EU regions whose GDP fall below the EU 75% average) receive more money than more developed regions within the European Structural and Investment Funds (ESIF) distribution logic (Solís-Baltodano et al., 2021). Every territory should be in the position to generate its contribution to the societal challenges regardless of its income, and first analyses of the readiness of regions to tackle societal challenges demonstrate that this can be the case (Cappellano et al., 2022). For example, rural regions are anything but void of innovative activities (Makkonen et al., 2020). In fact, rural regions have been shown to host precisely those types of actors (notably social enterprises) that can help to tackle the societal challenges (Richter, 2019; Olmedo et al., 2021). Further, they are noted to be key locations for important parts of the economy, such as the circular bioeconomy (Brandão & Santos, 2022), contributing to solving the EU missions. Therefore, a redistributive approach should also be considered in the case of the mission-oriented approach to facilitate fostering the full potential of the EU area to tackle the societal challenges.

4. Conclusion and policy challenges

We set out to discuss the possibility of mutual policy learning between two separated high priority EU policy areas: Cohesion Policy, a dominant policy instrument aimed at promoting social, economic, and territorial cohesion in the EU and the EU Missions building on the mission-oriented approach, to direct innovation towards solving societal challenges. The goals of these two policy areas are ambitious as they should contribute to the quality of life of all EU citizens. The contemporary academic debate has, however, raised concerns about their capacity to meet their ambitions. Cohesion Policy has been questioned for: 1) covering too many priorities (a “catch-all” policy), 2) lacking a strong sense of purpose, 3) the mixed evidence of its achievements and 4) its multi-level governance structure consisting of complex vertical and horizontal relationships. Similarly, the mission-oriented approach has been criticised for: 1) disregarding the place-based nature of societal challenges, 2) favouring existing clusters of innovation over less innovation-prone regions, 3) focusing on existing knowledge bases, while neglecting investments on education and 4) ignoring the empowerment of all EU regions, while selecting which one can contribute to missions.

Considering these shortcomings in Cohesion Policy and the mission-oriented approach, we explored the possibility of policy learning between the two policy areas. Our aim was to disentangle whether the mission-oriented approach

can exert a positive influence in (re-)building a robust rationale for Cohesion Policy and help identify avenues for future reforms and whether Cohesion Policy can contribute to addressing questions concerning the place-based application of the mission-oriented approach. We identified four key areas of potential policy learning for both approaches.

We argue that Cohesion Policy could learn from the mission-oriented approach: 1) a blueprint to re-arrange its multiple priorities under fewer cross-sectoral goals so as to achieve more efficiency and consistency; 2) the establishment of targets (missions) that resonate with policy-makers and the general public alike, and thus trigger higher support and engagement; 3) political and normative goals that clarify the expectations of the policy to consolidate its design towards concrete measurable targets; 4) blending of top-down and bottom-up approaches to streamline the vertical and horizontal governance relations.

In terms of mission-oriented approach, we argue that it could benefit from adopting Cohesion Policy: 1) thematic focus on objectives that can be adapted to territorial contexts and into regional policy strategies; 2) goal of maximising equity and solidarity; 3) priority assigned to increasing the educational attainment (and overall empowerment) within the EU regions; 4) redistributive approach to foster the full potential of all EU regions to tackle the societal challenges.

Our aim here was to initiate and stir up further discussion on the possibility of mutual policy learning between Cohesion Policy and the mission-oriented approach. This is particularly relevant in the context of the embryonic debate on the future design of EU funding instruments for the post-2027 programming period. Major changes in the global environment, ranging from geo-political shifts to trade fragmentation, are triggering a rethink of the EU agenda with profound implications for its investment policies such as Cohesion Policy (Hunter, 2023) or Horizon Europe. The current situation begs for a major reform of the EU Multiannual Financial Framework after 2027 to bring it more in line with these emerging challenges. Understanding whether the conceptual frameworks underpinning the mission-oriented approach and Cohesion Policy can be mutually reinforcing is essential to inform this political discussion and suggest a viable direction. Both Cohesion Policy and Missions can be cornerstones of the EU investment agenda for the end of the decade provided that they are capable of opening up to innovative approaches drawing on other policy frameworks and experiences such as the Partnerships for Regional Innovation (PRI). Otherwise the risk, at least for Cohesion Policy, is a potential marginalization in the budgetary galaxy which can hamper the EU capacity to understand and address the increasingly multi-faceted dimension of territorial divides. We naturally admit that our paper, while building also on existing empirical literature, is purely conceptual. Further empirical work is needed to test whether our arguments hold when confronted with quantitative and qualitative data.

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