

Speech by Professor Danuta Hübner
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Exchange of views on the achievements of Cohesion policy
during this legislature

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Mr Chairman, Mr President, Honourable Deputies and members of the REGI Committee,

I am particularly pleased to be here for the closing meeting of this legislature of the Committee on Regional Development. I have been your guest regularly since the beginning of my mandate almost 5 years ago. I very much appreciate all the discussions we have had over the past years in Brussels or Strasbourg, bilaterally or in this Committee, in plenary and during my visits on the ground in your constituencies.

The period of office of the European Commission from 2004 to 2009 has coincided with a time of momentous change in the Union as a result of enlargement and against a background of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession. Through its achievements and policy innovations, as well as the steps which have been taken over these past years to prepare the groundwork for

the future policy, regional policy has been a key part of the response at European level.

1. Improving the competitive position of EU regions in the world economy

Regional policy has been at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular. This is why, in preparing the new framework for the programmes for 2007-2013, the Commission sought to lay stress on the need to support the investment effort of regions throughout the EU, including relatively prosperous regions facing problems of restructuring, while concentrating most of the resources on the weakest regions in the way described in the following section. Paving the way for these new programmes started with public consultation through to the negotiations from 2004-2006. As a result, a number of innovative features were introduced:

- 2004-2006: successfully negotiating regional policy reform

The original Commission proposal was based on four pillars: a reinforced strategic dimension supporting investment in the knowledge economy; a further decentralisation of management and control function; a stronger link between the system of control and the reimbursement from the Community budget, and, importantly, a fairer way of ensuring that the financial support is targeted to take account of the objective economic circumstances of each region, thus establishing a clear link between resources and relative needs.

- Introducing a more strategic approach: aligning with the Lisbon "Strategy for Growth and Jobs"

A major policy success for 2007-2013 was scored with the reinforcement of the strategic dimension, which is critical in Europe's efforts to improve competitiveness throughout its territory in the face of globalisation.

One particular policy innovation in this regard was to ensure that Member States quantified how they intended to invest in the priority areas, through "earmarking" most of the resources for spending on these key categories.

- Underpinning sustainable development

The regional policy pledge to deliver growth, jobs and competitiveness is also matched by a commitment to the EU's sustainable development agenda.

Sustainability - achieving a balance between economic, social and environmental concerns - has long featured as a guiding principle of EU regional development policies. In the period 2007-2013, this is marked by reinforced action, with ambitious amounts now dedicated to environmental initiatives.

Innovating in new forms of finance for investment (JJJs)

Another significant achievement of the policy at the initiative of the Commission has been since 2005 to accelerate moves away from traditional grant-based financing towards innovative ways of combining grants and loans with the introduction of:

- JEREMIE: Joint European Resources for Micro to Medium Enterprises (for SMEs);
- JESSICA: Joint European Support for Sustainable Investment in City Areas (for urban regeneration).
- JASMINE: Joint Action to Support Micro-finance Institutions in Europe (for micro-credit)

This is creating recyclable forms of finance, making them more sustainable over the longer term. It is also one way of helping Europe increase resources for investment, especially in times of recession.

- Mobilising regional and local knowledge and resources (RfEC and Open Days etc.)

Modern economies also depend on information networks. Through RfEC, the EU's regional policy seeks to mobilise local and regional networks across the public and private sectors, to exchange experience and promote good practice, and to embrace change and develop new opportunities.

As part of the enhanced communication effort associated with this initiative, the Commission has also established annual innovation awards – "RegioStars" - and developed an open-access database of detailed case studies for practitioners.

The annual EU Open Days – European Week of Cities and Regions - provides a unique forum for the regions and cities to meet, to learn from each other and to become more involved in making European regional policy more effective.

Organised by the Commission and the Committee of the Regions since 2003, Open Days is now firmly established as the headline event in the EU regional policy calendar.

- Achieving and communicating impacts and results

Regional policy investments that Europe channels through the structural funds make a huge difference. EU funds have had a direct impact on accelerating the growth of many regions throughout the Union and have helped to transform

regional and national economies by investing in infrastructure, R&D and innovation, and the environment.

In this regard, the Commission has consistently stressed the need to inform and communicate widely on the impact of the policy, and to demonstrate results. Commissioner Hübner has also been fully behind the push to strengthen information and transparency measures for 2007-2013. In response to one of the key stipulations of the European Transparency Initiative in the Green Paper in 2006 requiring Member States to provide information on how EU funds under shared management are spent, the Commissioner fully endorsed the publication of the lists of beneficiaries of the structural funds in Member States.

Commissioner Hübner launched six consultations during her mandate enabling citizens, local and regional authorities, business, NGOs and academia to make their voice heard on:

- Community Strategic Guidelines 2007-2013
- Cohesion policy and Cities
- 4th Report on Economic and Social Cohesion
- Strategy for the Outermost Regions
- EU Strategy for the Baltic Sea Region
- Green Paper on Territorial Cohesion

- A lot of emphasis on improving governance: a critical element to underpin competitiveness

One of the more studied consequences of the implementation of regional policy is the effect it has had on public administrations across the Member States.

Working in partnership is a cornerstone of delivery and is driven by an effective

system of multi-level governance i.e. coordinated action between the EU, the Member States and local and regional authorities.

2. Integrating the new Member States

In the period since 2004, perhaps the greatest challenge has been to ensure a smooth and successful expansion of the Union with the entry of twelve new Member States. With enlargement came increased disparities in income, bringing a 20% increase in the EU's population, but only a 5% increase in the Union's GDP. The average GDP per head in these new member countries was under half of the EU average, with only 56% of their populations in active employment, compared to 64% in the EU15.

A key priority has been to help the new Member States and their regions to obtain the full benefit of the opportunities of Europe's single market, by being able to compete successfully. A particular need has been to extend Europe's communication networks, mobilising, in particular, the resources of European regional policy. Several of the key features of the contribution of the policy to making this happen are set out below. However, it will be a long-term task requiring many years of investment in infrastructure, in innovation and business development, and in upgrading human resources.

- i) Contributing major resource allocations: 'phasing-in' 2004-2006 and 2007-2013
- ii) Developing administrative capacity
- iii) Supporting major projects through the JASPERS facility
- iv) Strategic planning for accession

Paving the way for accession takes dedicated commitment over many years. From early 2000, the Pre-Accession Structural Instrument (ISPA) funded transport and environmental schemes in all the prospective new Member States of Central and Eastern Europe, to prepare these countries for membership in the following years.

3. Promoting territorial cohesion

There are a number of dimensions to the territorial imbalances in the EU. While considerable progress has been made in reducing the obstacles to economic and social development in Europe's territory that are presented by borders, more needs to be done in the light of enlargement.

Other challenges include the need to help the areas with natural handicaps to exploit new opportunities, such as the northern periphery and the mountain areas. A particular priority for the Union is to help its regions situated at extreme distance from the Union, the seven outermost regions, to benefit fully from EU policies.

Europe's regions face many challenges which threaten the sustainability of growth, including the demographic situation and social polarisation. It is against the background of these challenges, and their very different geographical impact on cities, regions and rural areas, that the Commission brought forward a Green Paper consultation on territorial cohesion in October 2008.

The EU harbours a considerable territorial diversity. The Green Paper argues that the territorial diversity of the EU is a strength that can contribute to the sustainable development of the EU as whole. The challenge is to ensure that the

approach deals with this issue in a manner that is appropriate to the specifics of every area.

The paper stresses the added value of partnership with a strong local dimension, which ensures that policies are designed and implemented with local knowledge. It underlines that many issues do not respect standard administrative boundaries and may require a coordinated 'tailored' response from several regions or countries - calling for new forms of cooperation, coordination and partnerships to maximise synergies and better coordinate with sectoral policies.

Since 2004, the Commission has placed particular emphasis on ensuring the smooth integration of the new Member States into the cooperation programmes, encouraging more and better working across borders which had limited scope for such cooperation in the past. Since 2007, the successful cooperation approach has also been extended to Member State borders with candidate and potential candidate countries, thus bringing the benefits of cooperation to the borders of the Western Balkans.

In the new framework for cooperation for 2007-2013, a new direction was taken and implementing proposals put forward. Reflecting their importance in the overall effort to improve territorial cohesion, the new programmes have now developed into a "European Territorial Cooperation" objective with an allocation of €8.7 billion. This supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

Other developments, such as the EU Strategy for the Baltic Sea Region (which is under preparation), aim to take co-operation one step further, towards greater integration. As a region where all the countries are facing similar challenges, but

also has several specific features which call for increased cooperation across the whole region, the Baltic Sea Region presents an excellent 'test case' for this type of macro-level cooperation.

4. Accelerating recovery in the face of global economic downturn

The current economic and financial crisis is without precedent in the post-war era. The decline in GDP across the European Union (EU) is forecast to be nearly 2% this year. Against this backdrop, the sustainability of regional economic development, and the need for adaptable, forward-looking policies, is fundamental. As the European Community's largest source of investment in the real economy, the €347 billion Cohesion Policy provides vital and stable investment at local and regional levels, where the effects of the current crisis are most keenly felt.

In direct response to the crisis, the European Commission tabled a comprehensive Economic Recovery Plan in November 2008, with the focus on protecting jobs and purchasing power, boosting infrastructure and creating jobs in the sectors of the future. The Plan was endorsed by the 27 EU Member States in December.

5. Conclusions

In conclusion, let me mention that next week I will present my reflections on the future policy at the informal Ministerial Council of 23-24 April in Marianske Lazne. We will draw policy lessons from the implementation of past programming periods and sketch possible directions for the future goals and priorities of European cohesion policy as well as for the policy delivery system. We will draw from the work we have done so far (Cohesion Reports, Regions

2020, Green Paper on Territorial Cohesion, OECD work, draft Barca report) and provide some basis for discussion between ministers. This opportunity for reflection on the future cohesion policy is vital as it forms part of the wider debate on the European budget and future priorities of the Union. It is very important that the budget review fully reflects the issues at stake in the public debate on the future of our policy.

These orientations should provide the basis for a broad discussion with stakeholders from which we can draw more detailed conclusions later this year.

During the past five years I strived to see how our policy is implemented on the ground, what problems European regions are faced with and how successfully the European regional and local levels make a change by bringing to the surface their indigenous potentials. My agenda has been indeed full with regional visits, but it has been my genuine pleasure to see the value added of our policy and the leverage effect it brings in big cities and in distant smaller towns. Up to now I have visited 237 out of the 271 European regions. During those visits I had the pleasure to see more than 350 projects co-financed from the European funds, ranging from those in nanotechnology to those urban rehabilitation ones improving the quality of life in cities. In Brussels and during my visits to the Member States I have had more than 800 meetings with the national, regional and local authorities. And what I consider equally important - I took part in brainstorming sessions on the future of regions and in countless meetings with the businesses, academia and citizens joining up their forces to make a change. I have learned a lot thanks to the experience of the past five years.

Let me thank you parliamentarians for continuous support, encouragement and the role the European Parliament has played in preparing the reformed Cohesion

policy, setting up a new architecture and securing a significant financial envelope.

Let me thank all members of the Committee of the Regions that has a vital role to play in the Union's drive to go local and better reflect the concerns of citizens.

Gaining the recognition for Cohesion policy within the Commission and among Member States has been a priority for me, and I hope this is reflected in our words, actions and our legacy.

Thank you for being with me along the way.