

Speech by Commissioner Hübner
Speech at the Informal Meeting of Ministers organised by Czech Presidency
Reflections on future Cohesion Policy
Mariánské Lázně – 22-24 April 2009

Mr President, Ministers,

Ladies and gentlemen,

Nearly two years ago, the launching of the 4th Cohesion Report marked the beginning of a reflection process on the future Cohesion policy. This has been followed by a number of informal ministerial councils, the work on Regions 2020 and the debate on territorial cohesion. These discussions have been rich and stimulating and have given us much food for reflection.

At the same time, today's global economic turmoil reminds us all how important cohesion policy is as a key factor of financial stability and long-term investment in sustainable growth.

A vision for Cohesion Policy in the 21st Century

Last autumn in Marseilles I presented to you the report "Regions 2020". It provided a first assessment of the new regional disparities to be created by globalisation, climate change, demographic change and energy supply in the medium term.

I do not think that it would be easier if we postpone to addressing these challenges till 2020. Indeed, the evolution of European productivity growth, active labour force or migration pressures compared to our key competitors in the developed and developing world is unfavourable. At the same time European citizens expect an ever higher degree of environmental quality and social cohesion.

Also, in 2020 we will be able to start seeing the first economic and social impacts of the next generation of programmes. The real question today is therefore what sort of policy is needed to address the problems of tomorrow.

The role of Cohesion policy has, since its introduction, been to ensure that Europe's project of economic integration is for everybody. This integration, driven by the single market and common currency, can only work if all can contribute and all can benefit. In the context of the challenges we will face, we will need more than ever to be able to unlock the potential of every region and individuals to contribute to the EU development.

European single market, competition and trade policies touch every member of the EU. We also know how important it has been for Lisbon agenda to mobilize all regional and local actors. Through its role in promoting competitiveness and sustainable growth in all areas, Cohesion policy supports legitimacy, or even more equity and efficiency goals of the European Union.

Mobilising the full potential of Europe's regions requires territorial policies that help people and businesses to make the best use of the resources that are at hand. This approach commands a growing consensus. Academics point to the role of regional assets in the development of innovation, the OECD has highlighted the role of integrated place-based policies. But perhaps most importantly when we talk to businesses and citizens they increasingly see the challenges confronting them in territorial terms, whether at local, regional or cross-border level.

For these reasons, Cohesion Policy must remain a policy for all regions. It is the only EU policy with a strong territorial dimension, with a clear focus on integrated solutions and the capacity to mobilise actors across all EU boundaries. We should build on these strengths to establish a Cohesion Policy for the 21st century.

Meeting the challenges

I am convinced that we can be proud of what Cohesion Policy has achieved over the last 20 years. But the world is moving quickly and we cannot rest on our laurels. With all the challenges on the horizon, cohesion policy must become more effective. We therefore need to reflect whether the tools we have at hand are sharp enough for the purpose of building a sustainable and prosperous Europe.

It would be tempting, in the face of new needs, to further diversify our goals and instruments. I do not think this is the right approach. In my view, it is necessary to focus more clearly on our key goals – improving the competitiveness of all regions, removing barriers to growth where they exist and exploiting the potential territorial cooperation. How then can we improve the focus of our future policy?

The key drivers of regional competitiveness are linked strongly to territories. We therefore need to make supporting regional competitiveness more effective by helping businesses, communities and individuals to mobilise their territorial assets. In all regions, this calls for a stronger focus on know-how, capacity building, strategy development and networks. Local communities and NGOs, particularly in cities and rural areas, should play a more important role in delivering priorities on the ground. We must recognise that information, networks and proximity now play a determining role in the knowledge economy.

The reduction of disparities between regions and removing the barriers to growth in the poorest parts of the EU command a strong consensus in both policymaking and academic circles. Poor regions are underutilised resources that could be contributing to overall EU growth. However, to achieve their full potential and make full benefit of the single market, many regions need support to close the infrastructure gap in transport, ICT, environment, energy, human capital, education and research. In these regions, it will be essential to address the key bottlenecks. We thus need a more strategic approach to identifying priority infrastructure investments to unlock their potential to contribute to growth.

There is an equally strong consensus on the EU added value associated with territorial cooperation. Here, there is an increasing demand for shared implementation mechanisms in the context of concrete cross border and network interconnection projects. The Baltic Sea Strategy illustrates a common desire to go beyond pure cooperation and to explore stronger commitments. Finding common solutions to shared problems will require a reinforcement in scale and a shift in the nature of territorial cooperation both within Europe and with neighbouring countries.

Let me also mention the linkages between the cohesion policy and other EU policy. Public goods linked to many EU priorities have a strong territorial dimension. Therefore, Cohesion policy is an effective and, in fact, the only available instrument to deliver in an integrated way a number of key EU priorities. However, there is a risk of overloading the policy with fragmented objectives. Cohesion policy must remain a development policy with clear development goals.

To achieve highest impact possible of the policy, it will be necessary to focus on a more limited number of core EU priorities that offer the greatest potential for double dividends. This allows us to target opportunities created by new challenges. For example, there is considerable potential for growth and jobs from green businesses, creation of local services for ageing populations or production of renewable energies.

The selection of these core priorities should be the subject of a strategic political process involving the EU and Member States. Two areas are of particular importance for Cohesion policy.

First, even stronger links must be built in the future between Cohesion policy programmes and the Lisbon Strategy. This could be achieved by a stronger integration of national Lisbon objectives in programmes, and greater involvement of local and regional partnerships in the national Lisbon coordination structures and national employment strategies. Given the importance of education and sustainable jobs to building long-term competitiveness, it will be essential to bring measures aimed at training, investment and innovation closer together. It will also be necessary to review the earmarking mechanism.

Secondly, sustainable development will become an ever more important horizontal challenge and opportunity. In particular, the fight against climate change and its impact on Europe have become central to all policy agendas. Cohesion policy can contribute both to mitigation and adaptation at the same time supporting sustainable development. However, the key issue is how to contribute to these objectives without losing sight of the core goals of cohesion policy. In my view, this can be achieved by rethinking competitiveness measures to take into account the constraints and opportunities of a low carbon economy and climate change proofing of infrastructure investments.

Thirdly, we have to anticipate today as a post-crisis challenge the regional reconversion processes linked to economic and social restructuring. Many of the challenges facing Europe cannot be addressed without the active involvement of actors on the ground. This does not mean that Cohesion policy must directly address all the needs arising from these challenges. Rather, it can play a strategic role as a

catalyst in developing integrated solutions. Cohesion policy can thus play a central role in delivering EU priorities by actively mobilising territorial actors, including civil society, across Europe.

A simpler more effective delivery mechanism

Regarding the delivery system of cohesion policy, my message is one of continuity and change. We need to build on partnership, multi-level governance, additionality, and multiannual programming.

But we all know that Cohesion policy delivery also needs to evolve. One thing is already clear to me. We cannot shoehorn interventions as different as cross-border cooperation, the construction of waste-water plants or the risk taking associated with innovation into a one size fits all delivery mechanism. We need a more differentiated approach to delivery systems and performance. This could take different forms ranging from a more differentiated approach to management of risk, to delivery mechanisms tailored by broad type or size of intervention.

The best elements of the existing delivery system must therefore be retained while putting in place simpler, more efficient and more effective mechanisms. There are a number of concrete areas to work on:

First, and as a precondition for all other changes, we must reduce the administrative burden for implementing bodies and beneficiaries while ensuring effective and proper use of the EU budget.

Second, an increased focus on performance may need to be linked to incentives and conditionality to encourage quality. Performance related contracts may play a role in this respect.

Third, the strategic dimension of the policy and its focus should be reinforced through the introduction of a high level annual political debate involving all Member States to discuss policy achievements.

Fourth, it is necessary to provide greater scope for innovation, policy risk and experimentation, particularly in the business and local development sectors. In this context, among other things more differentiated decommitment rules could be considered.

Fifth, the role of financial engineering in increasing leverage and impact of cohesion policy should be enlarged.

Sixth, the strategic framework for the selection of major projects should be reviewed to achieve greater impact at national and European level. The respective responsibilities of the Commission and Member States in ensuring compliance and effectiveness could be streamlined.

Seventh, faced with the present fragmentation of Funds, it is necessary to explore options to improve uniformity, coherence, and synergy.

Eighth, the implementation of additionality should be reviewed to ensure greater effectiveness through, for example, harmonisation of methodology with European national accounts rules.

Finally, the threshold effect and transition mechanisms (phasing in and phasing out) within the policy have been highlighted by many observers as inefficient and unfair. There is thus a need to move towards an overall sliding support mechanism, which is stable, smooth and fair.

Next steps

I have presented to you my reflections on future cohesion policy. I look forward with great interest to your response and suggestions both today and in the coming months.

Fabrizio Barca has prepared an independent report assessing the effectiveness of cohesion policy and providing policy recommendations for the period post 2013. We will present his report on 27 April in Brussels, followed by a series of discussions with Member States and stakeholders.

I will present the full results of the public consultation on the Green Paper on Territorial Cohesion at the launching of the 6th Progress Report on economic and social cohesion in June 2009.

Finally, I will come back later this year with summary of our discussions with stakeholders on the orientations presented today.

We will continue to closely cooperate with the academic community, Member States, regions and stakeholders to develop a shared vision for the future direction of cohesion policy.

Since its inception Cohesion policy has been an essential element in the successful realisation of the European project. It supports the necessary processes of structural change, but also ensures that the costs of adaptation as well as the benefits of participation in the single market are shared. This principle of solidarity remains at the heart of the European project. It is in this spirit that the development of the policy must be pursued.

Thank you for your attention!