

Speech by Commissioner Hübner
Speech at the Conference 'Future of cohesion policy and integrated local
development' organised by Czech Presidency
*The Future of Cohesion Policy: Fulfilling the potential of Europe's
Regions*
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Distinguished guests, Ladies and gentlemen,

First I would like to thank the Czech Presidency for organising this conference. It gives us the opportunity to continue our reflection on how cohesion policy should evolve in the context of an increasingly integrated world economy. The launching of the 4th Cohesion Report marked the beginning of this reflection process in 2007, followed by informal ministerial councils, the work on Regions 2020, the debate on territorial cohesion; just to name a few elements feeding into this process.

Since 2007, the context in which cohesion policy operates has changed. Today's global economic turmoil shows the high vulnerability of countries and regions to global economic processes. I am certain that cohesion policy, as a factor of financial stability and structural change, can play an important role in responding to the crisis. In such times, we should however not lose sight of the importance of achieving long-term investment targets, which aim at ensuring the necessary conditions for sustainable, long-term growth across all European territories. The post-crisis world will be dominated by sustainable development matters and high unemployment.

I would like to use today's opportunity to draw ***preliminary conclusions*** on the basis of the work we have done so far in the context of the reflection process on the future cohesion policy.

The first message emerging from our work is that ***territory*** and ***place increasingly matter*** in delivering policies that allow Europe and its regions to exploit their full potential. The need to capitalise on territorial assets such as knowledge, specialisation and proximity is confirmed by recent work of the OECD, the work of the independent group chaired by Fabrizio Barca, as well as the recent public consultation on territorial cohesion in the context of the Commission's Green Paper. I would like to explore today what this means for our policy.

1. Global challenges have a strong territorial dimension.

Our first prospective analysis – presented in the Regions 2020 document – suggests that global challenges will most likely generate a substantial asymmetric impact on European territories. Such an impact might further exacerbate existing disparities and alter the traditional map of disparities resulting in new patterns of winners and losers.

Tackling territorial problems requires territorial solutions. We need to find effective policy responses tailored to specific contexts and to foster integrated development approaches to address global challenges, since they are specific to different territories. This is what we mean when we talk about “place based policies”. By encouraging people to work together in a integrated manner, place-based approaches have the potential to promote more innovative strategies, to strengthen institutions and to improve access of firms and citizens to services and information.

My first conclusion is that Cohesion policy must retain and indeed reinforce its territorial dimension. This does not mean that the national level does not have an important part to play, quite the contrary. But many problems are best solved at a functional level, whether this is at local, regional or transnational.

2. Mobilizing territorial assets across all types of regions

Recent work from the OECD suggests that there is **potential for growth** across all types of regions (leading and lagging) and whether growth takes place or not crucially depends on how well regions mobilise their assets and potentials. Increasing aggregate competitiveness and growth in the Union, therefore requires policy intervention across ***the whole of the European territory***.

Of course we must recognise that the drivers of growth will often be core regions. Our policy therefore should also play a stronger role in strengthening **inter-connections between lagging and leading regions**, between different urban areas and between urban and rural areas. Lagging regions do not operate in isolation. Their development crucially depends on their connection to and interaction with leading regions. We need to ensure better connections between lagging and leading areas and maximise the spill-over effects of leading areas. In this respect, the current process of development of a Baltic Sea Strategy is particularly interesting with its focus on cooperation to improve economic linkages and integration between the North and South as well as the East and West of the region.

My second conclusion is therefore that cohesion policy must operate in all regions, both to maximise their individual potential but also their territorial complementarity.

3. Clarification of objectives - stronger focus on core-priorities

The **overall goal** of cohesion policy should be to ensure the sustainable and harmonious development of European territories, in the context of the challenges of the 21st century. However, we should consider whether there should not be a greater focus on core priorities under each of the main objectives of the policy.

A balanced development of the Community requires ensuring the necessary preconditions for sustainable, long-term growth in the **least developed regions** of the Union. Poor regions represent a potential underutilisation of resources, that could contribute to overall EU growth. To achieve their full potential and benefit from the Single Market, lagging regions need support to close the infrastructure gap in transport, environment, research and education. We need a strong focus in these regions on the development of these basic capacities.

Place-based approaches have a strong role to play in increasing **regional competitiveness** in both lagging and leading regions through mobilising territorial assets and potentials. The factors driving regional competitiveness are often intangible, such as sharing of knowledge, proximity or human, social and institutional capital. Reinforcing the role of cohesion policy in delivering regional competitiveness with a European value-added would call for a stronger focus on a limited set of core-priorities. For example, a strong focus on environmental efficiency would

help prepare regional economies for the challenges of the low carbon economy that lie ahead.

My third conclusion is therefore that there is scope for a stronger focus on core priorities within the objectives of cohesion policy.

4. The European value added of **territorial cooperation** has been strongly supported in recent debates. It appears however that the potential of cooperation in addressing territorial problems remains underexploited. The experience of the Baltic Sea has demonstrated that in certain macro-regions there is a common desire to go beyond pure cooperation and explore stronger commitments. We have also seen very intensive cooperation in certain cross-border regions. It is by focusing on finding solutions to shared territorial problems, rather than just cooperating that I am certain that cross-border cooperation will realise its full value added.

My fourth conclusion is therefore that that territorial cooperation in whatever form, be it cross-border, transnational, interregional or even intra-regional, is a powerful tool to solve shared problems that should be further strengthened in the future design of cohesion policy.

5. Delivering European priorities needs regional and local actors

The renewal of the Lisbon strategy in 2005, has led to a greater role for cohesion policy in delivering sustainable growth, jobs and competitiveness. I am convinced that the future cohesion policy should remain an essential part of the EU economic policy framework. Alongside with instruments for macroeconomic stability and

microeconomic reform, cohesion policy should remain an investment policy targeting territorial factors of competitiveness.

The Kok Report in 2005 highlighted lack of ownership of the Lisbon strategy at regional and local levels. The untapped potential I highlighted earlier is not only reflected in economic performance, but also in the delivery of other key EU priorities. I am convinced that Cohesion policy has a greater role to play in mobilising regional and local actors to achieve European priorities, such as competitiveness, innovation, transport or environment.

My fifth conclusion is therefore that we will have to reinforce the role of cities, regional and local actors in our programmes, particularly through the role of urban and local development. However, we must also reinforce their role in the delivery of other EU priorities, in particular by improving the linkages between Cohesion policy and other community policy processes such as Lisbon and Göteborg.

6. What does this imply to cohesion policy delivery?

Regarding the delivery system of cohesion policy, the messages from stakeholders is one of **continuity** and **change**. We need to build on our **policy assets**, such as partnership, multi-level governance, additionality, and multiannual programming.

But we all know that Cohesion policy delivery also needs to evolve. We all share an interest in a policy which is more focused on results and performance and better demonstrates the impact and value-added of the policy. We also agree that we have to learn mutually from our past successes and failures.

How could performance be reinforced, while putting in place simpler, more efficient and effective mechanisms? How do we encourage evaluation and mutual learning? We have considerable work to do in this respect but one thing is already clear.

We cannot shoehorn approaches 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. To do so would be to neglect another type of untapped potential – the enthusiasm and creativity of many project managers across Europe.

My sixth conclusion is therefore that we need a more **differentiated approach** to delivery systems and performance, to ensure that management and control mechanisms are more efficient, simpler and appropriate to different type of interventions.

It is in this context that we should deal with the simplification of policy delivery. I have therefore asked my Directorate General to undertake in cooperation with stakeholders a thorough analysis of the delivery mechanisms. I do not think that there are any simple solutions – our policy is both highly complex and highly visible in terms of expenditure. I remain convinced however that by starting working now, we can put in place a more effective and efficient system in the next period.

Next steps

I have presented to you a first set of provisional conclusions from our current reflection process. But of course, it does not end here. This is a highly complex policy, where stakeholders in Member States and regions play a critical role in the success of the policy. We therefore need to

continue a process of technical examination and discussion. Let me briefly inform you how I see the next steps:

First, I will present an **Orientation Paper** at the informal Ministerial Council of 23-24 April in Mariánské Lázně. It will draw policy lessons from the implementation of past programming periods and sketch possible directions for the future objectives and priorities of European cohesion policy as well as for the policy delivery system. The Paper will draw from the work we have done so far and provide a more detailed set of orientations as the basis for discussion between ministers.

Second, Dr. **Fabrizio Barca** is preparing an independent report assessing the effectiveness of cohesion policy and providing policy recommendations for the period post 2013. The report draws from a series of hearings held with academics and policy-makers over the last year. It will discuss the economic rationale and motivation of an EU place-based development policy, assess the successes and failures of the policy and provide recommendations on key pillars of policy governance. Mr Barca and I will present the key findings of his report to the public on 27 April in Brussels, followed by a series of discussions with Member States and stakeholders in the coming months.

Third, 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.

Throughout this process we will continue to closely cooperate with the academic community, Member States, regions and stakeholders to achieve a shared vision for the future directions of cohesion policy. It is our common objective to ensure that all regions maximize their

development potential, face up to forthcoming challenges with confidence and shape the global processes of the 21st century.

What we need to do is to combine the lessons from the past with the challenges of the future. Just to learn from the lessons of the past will not be enough, since the post-crisis world will be different and the criteria for competitiveness will be different, too.

Thank you for your attention!