

Danuta HÜBNER

European Commissioner for Regional Policy

"First reaction to Barca report"

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

27 April 2009, 9.30h-11.00h

Launch of Barca report

Berlaymont, Schuman room

Ladies and Gentleman

I would like to thank Dr Barca and all other experts involved for the time and efforts they invested in preparing this report over the last year and a half. I am delighted with the scope and quality of the report.

It provides many insights and succeeds in “opening the black box” of the policy. Since Cohesion policy is a policy for all European citizens, we must open the debate on its future to a broader audience. I believe that Dr Barca’s report does us a great service in this respect.

I draw one clear conclusion from the report. The direction in which the policy is evolving is the right one. A major first step was taken in the reform of the policy for the 2007 to 2013 period with the introduction of the extension of coverage to all regions, Lisbon earmarking and the new strategic approach. This also involved further decentralisation, simplification through the management of programmes at priority level and the introduction of a new balance in audit arrangements between the Commission and the Member States.

Last week, in Mariánské Lázně, the ministers responsible for regional policy took stock of our reflections on the future of the policy since the launch of the Fourth Cohesion report in 2007. I was struck by the strong consensus that the policy we put in place in 2006 was the right one, but that it must evolve further to meet the challenges

of the 21st century. In short, we must be ambitious in taking our ideas to their logical conclusion. In my response to Dr Barca's report I would like to focus on four areas where I believe it provides support for this needed evolution and enriches our reflections.

Consolidating the paradigm shift in cohesion policy

Let me start with the rationale for the policy. The Report confirms my fundamental belief that the Union needs a *strong place-based development policy* which ensures that all regions are able to realise their economic potential and that all citizens benefit from the process of integration wherever they live.

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, 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 individual to contribute to our society and economy.

For this reason, we decided in 2006 that cohesion policy should be for all regions. Our single market, competition and trade policies touch every member of the EU. We know how important it is for Lisbon agenda to mobilize all regional and local actors. Through its role in promoting competitiveness, the economic benefits of the single market and sustainable growth in all areas, Cohesion policy supports legitimacy, equity and efficiency goals of the European Union.

The report calls for an even greater focus on a *limited number of narrowly defined core priorities*. I share this view. This would create

a European-wide critical mass of interventions on commonly agreed priorities, and focus political and public attention on clear objectives.

An important step in this direction was made in the programming period 2007-2013, in which Member States and regions were asked to " earmark" a major part of their financial allocations for investments in activities providing the highest returns in terms of growth and competitiveness, notably research, innovation and human capital.

In line with the shift in the paradigm for regional policy from compensating disadvantage to unlocking potential which we achieved over the last years, this would allow us to focus more effectively on the provision of public goods and services in an integrated manner.

A greater focus on results

There is no doubt that cohesion policy has significantly contributed to the development of an evaluation capacity and culture across the EU. More than any other European policy, cohesion policy is subject to regular monitoring and evaluation to improve the effectiveness and efficiency of our programmes.

I share the report's view that there is a need for a greater *performance orientation* with a stronger *focus on targeted outcomes and results*. This will require a *stronger monitoring and evaluation culture* and commitment to learning within partnerships.

Dr Barca's report suggests that there are two areas where we need to improve the current situation:

- First of all, we need appropriate systems. To achieve this, we have to develop a *system of comparable indicators across all 27 Member States*. Work is already underway and I am pleased to inform you that Member States support our initiative to develop a limited set of core indicators. We will receive comparable information across Member States on the achievements of Cohesion Policy programmes from next year.
- Second, we need to improve our knowledge which interventions are effective and why they are effective. In other words, we have to strengthen *impact evaluation* in cohesion programmes. I welcome the recommendations in this report in this regard. We will undertake a number of pilots in this area in the coming months.

It is clear that we need to build consensus around a culture of results and the necessary instruments to allow policymakers and managers to assess and adjust programmes. I am optimistic in this respect. In my discussions with Member States and programme managers, I have been struck by the interest and commitment to learning lessons and improvement. Indeed, there is probably more evaluation activity currently undertaken now than was ever the case before. We need to build on this enthusiasm and knowledge we have accumulated to establish robust arrangements for the next generation of programmes.

Reinforcing the added value of cohesion policy

The development of this culture of monitoring and evaluation has been highlighted by many observers as one aspect of added value of the policy. EU added value comes not only from what the policy does but also how it achieves this through its multi-level governance system. In this respect, Cohesion policy goes far beyond the tasks assigned to it in the Treaty.

The report stresses the importance of *institutions*. Cohesion policy has since its inception focused on institution and capacity-building at all territorial levels. In the new Member States, cohesion policy has played an instrumental role in supporting institution and capacity-building since the accession process. For example, in the 2007-2013 programming period, EUR 4.9 billion has been programmed to be spent by EU Cohesion Policy on reinforcing governance, ownership and institution-building.

I am very glad that the report supports our reflection that a stronger emphasis on the development of effective institutions is needed in the future cohesion policy. Experience has shown that tailor made institutional arrangements provided within its framework are those which are most likely to take root. Furthermore, more can and should be done to take into account the link between the quality of institutions and economic performance, perhaps with the use of incentives and conditionalities.

Another element of added value is the structuring role that Cohesion policy plays in long-term investment in innovation, capital and

people. The report stresses the need to reinforce the *strategic dimension of the policy* established in the 2007-2013 period, which saw the introduction of strategic guidelines and national strategic reference frameworks. In this respect, Dr Barca's conclusions echo and strengthen the call expressed by ministers in Mariánske Lázně to enhance the *strategic role of the Commission*. This in my view comprises two different but complementary functions:

- First, the Commission's role as *strategic advisor* to Member States and regions concerning specific aspects of the regulations or economic and social development issues.
- Secondly, the Commission's *role in terms of knowledge management* through the dissemination and diffusion of knowledge and know-how across the EU. In my view, it is necessary to strengthen processes of reflection, networking and exchange/transfer of best practice and ideas in order to promote continuous learning and improvement. We also need to think how we can deepen our networking activities to better involve final beneficiaries. Our *Regions for Economic Change Initiative* is a first important step in this direction.

Strengthening the strategic dimension of cohesion policy also means that we should consider introducing a *high level political peer review mechanism* for debating and reporting on policy outcomes. Such a peer review would to be a very useful tool, allowing Member States to identify common problems, solutions and good practice as well as generating useful knowledge for measuring effectiveness and learning, particularly if we agree to focus more on performance

and targets. It could prove to be a powerful mechanism in enhancing the added value of the policy. I am very satisfied that on this important subject our reflection finds full support in Dr Barca's report.

Strengthening and simplifying delivery mechanisms

Let me turn now to delivery. The report points to a need for greater effectiveness and lower costs of the regulatory and control system. While it does not present developed proposals to address this issue, the report poses the problem with great clarity.

It is not sufficient that cohesion policy is implemented effectively. It must also respect obligations of legality and regularity of expenditure. Against this must be balanced the administrative costs to Member States, regions and beneficiaries. Our challenge is to put in place delivery mechanisms that provide effectiveness, efficiency and assurance.

I am convinced that the management and control system which we reformed in the current programming period, and in particular the upfront investment that the compliance assessment represents, will bear fruit in coming years. It should reduce both the annual error rate and simplify the closure of programmes. However, the shift to the new system has required significant efforts, both on the side of the Member States and the Commission.

We must reduce the administrative burden for implementing bodies and beneficiaries while ensuring effective and proper use of the EU budget.

To press ahead on this important issue in the current period, we have already set up a *working group on simplification* with Member States experts. For the future period, the new Lisbon Treaty may provide scope to further clarify the respective responsibilities of the Commission and the Member States in the execution of the budget.

Rules and procedures should be the minimum necessary to achieve the relevant policy objectives and furnish reasonable assurance of the legality and regularity of expenditure. There may be scope for reinforced proportionality of procedures in relation to underlying risk. Above all, there needs to be a concerted effort between the Commission and Member States in ensuring that legal norms at all levels are as clear and unambiguous as possible, to reduce uncertainty for implementing bodies and project promoters.

I share the view of the report that Cohesion policy is often the first port of call when problems are identified in the implementation of other EU policies such as public procurement, state aid or environmental directives. We must reflect on this in the future.

Finally, I am also supportive of the idea to promote more *flexible spending rules* to provide a more favourable environment for generating new ideas and approaches. This would also encourage *risk taking and experimentation* which is particularly important in the business and local development sectors.

Contributing to an open debate

To conclude, let me say a few words about the role of the report in the development of future Cohesion policy. I commissioned an independent report from Dr Barca and invited him to organise hearings with a broad range of academics and experts to open up the debate on the future of the policy. Cohesion policy needs to hear from experts active in different fields, to be challenged and constructively criticised. We need an evidence based approach to policy development and robust dialogue. This can only strengthen our policy.

In this spirit of robust dialogue, I would like to highlight two examples where I feel that the report could have said more, or indeed, where I disagree!

The report does not address the specific role of cohesion policy within the more general framework of EU policies. Cohesion policy is the only Community policy with a strong territorial dimension and with the capacity to *mobilise regional and local actors* around EU priorities. The importance of this feature of cohesion policy was stressed by the Kok Report reviewing the first five years of the Lisbon agenda. We need further reflection on how make most of this capacity in the interests of Europe.

Contrary to Dr Barca, I am not convinced that we should insist on a clear cut distinction between policy interventions aiming at equity on the one hand, and measures aiming at efficiency, on the other. Improving the capacity of companies in a poor region to adopt

innovative practices will raise business productivity and regional growth. Investing in human capital brings efficiency gains and reduces unemployment. Both types of interventions lead to both higher living standards and improved productivity. Greater cohesion through improved competitiveness is for me the very essence of our policy.

It is the richness of the report rather than any weakness that invites these responses. We will all find in there things that we agree on and things on which we disagree. But perhaps most importantly it invites us to reflect about the future Cohesion policy. I invite you all to read it carefully.

The report confirms the direction that the policy has taken over the last few years, but challenges us to go further and do better. The debate on the report will be a major building block for the further development of cohesion policy. I would like to thank once again Dr Barca for his work and single-minded dedication to a goal that we all share – improving the effectiveness of cohesion policy.

Thank you for your attention!

(2332 words)