

## EU Cohesion policy – state of play

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*Committee on Regional Development  
6 November 2006  
European Parliament  
Brussels*

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

I would like to take this occasion to thank the European Parliament once again and in particular the REGI committee, on behalf of the Commission for its decisive contribution to the negotiations over the past two years over the financial and legislative package for cohesion policy. We all agree that as a result of the reform that has just been negotiated we have achieved a more resolute concentration on strategic priorities. This is reflected in the content of the **Community Strategic Guidelines for Cohesion** which were adopted at the beginning of October by the Council following the assent of the Parliament. The Guidelines confirm that cohesion policy should become the principal mechanism at Community level for delivering growth and sustainable jobs.

Today, I would like to comment on the following items with you:

1. Commission Implementing Regulation,

2. Preparations for the Informal meeting of the Ministers for Regional Policy in Brussels on 21 November 2006,
3. Our future cooperation,
4. and the Solidarity Fund Regulation.

## **1. The Commission Implementing Regulation**

The last piece in the puzzle for 2007-2013 is the **Commission Implementing Regulation**. I would like to thank your Committee for its valuable support on a major issue that is reflected in the Regulation, that of transparency. Mr GALEOTE QUECEDO's letter to the Council of 12 September – in support of the Commission's proposals for managing authorities to publish lists of beneficiaries and operations – did much to persuade Member States of the importance of this issue. We now deal with this issue in Article 7 of the draft Regulation.

The draft Commission regulation was approved by Member States in the Committee on Coordination of the Funds (COCOF) on 27 September. The draft regulation was sent to you on 9 October.

The REGI committee has until the end of this week to exercise its right of scrutiny over the section of the draft regulation (articles 47-53) which implements the ERDF Regulation. The articles in question concern (i) criteria for eligibility of housing interventions, and (ii) eligibility rules for the European territorial cooperation objective.

I would like to ask you to send me any observations you might have as soon as possible. Member States and regions need clarity on implementation matters so they can prepare well for the next programming period. We therefore intend to adopt this implementing regulation by mid December at the latest.

## **2. Preparations for the Informal meeting of the Ministers for Regional Policy in Brussels on 21 November 2006**

As you know, a key priority for Finland's EU presidency is strengthening Europe's competitiveness through effective innovation policy. Therefore, the Ministers for Regional Policy will gather in Brussels in two week's time to discuss the issue of "cohesion policy programmes in support of innovation and competitiveness".

The Commission has prepared two contributions for this meeting focusing innovation:

- Working Paper on innovation in the national strategic reference frameworks
- Communication on "Regions for Economic Change"

Let me first turn your attention to the **Working Paper on innovation in the NSRFs**.

As you will know, the preparation of national strategies and programmes has been on-going for some time on informal basis. At present, all Member States have sent more or less complete drafts of the NSRF as a basis for informal discussion with the Commission's services. I expect the first agreements to be reached on the strategic elements by the end of the year and on the first programmes in the early months of 2007.

Our first analysis shows that innovation features prominently in all NSRFs. In most cases of Objective 2, it is the first priority. Member States use the term 'innovation' in a broad sense, not restricting it to strengthening RTD but broadening it to other fields, such as support for enterprises (in particular SMEs), making financial instruments available for innovation, promoting the Information Society and improving the human capital.

The amounts allocated to innovation are rarely indicated at this stage. Where they are (12 draft NSRFs currently provide a figure for innovation allocations), early indications are that the percentage allocation will increase compared to the last programming period.

Most Member States (19) have decided to implement innovation policies at the regional level.

To sum up, innovation will play a major role in the next generation of cohesion policy programmes for 2007-13. The Operational Programmes will provide further details enabling a more in-depth debate on the extent to which and how innovation, with support from the cohesion policy, is planned to deliver growth and jobs.

Now let me say something about the **Communication on "Regions for Economic Change"**.

In order to pursue the best policy mix and most effective actions in the context of the renewed Lisbon agenda, the exchange of experiences and best practice is of crucial importance.

The Commission will therefore decide on Wednesday to refocus two existing instruments of European Cohesion Policy – the Inter-regional Co-operation programme (INTERREG IIIC) and the Urban development network programme(URBACT) under the new Territorial Co-operation Objective with a

total budget of €375 million – around development themes set by the Commission and coherent with the Community Strategic Guidelines on cohesion. This new initiative called "Regions for Economic change" will promote best practices in economic modernisation or regional innovation and spreading this to less experienced regions in order to stimulate their regional growth.

"Regions for Economic Change" will contain four new features:

- First of all, regions and cities will be asked to conceive and structure their networks around the development themes focused on economic modernisation.
- Secondly, a “two-way bridge” will be established between thematic development and the mainstream programmes. The participating regions and cities would be asked for a commitment that they will proactively introduce best practice ideas into their mainstream programmes.
- Thirdly, special efforts will be paid to communication so that results are disseminated as widely as possible. There will be a Regions for Economic Change website and publications. There will be an annual Regions for Economic Change conference, with awards for the best project ideas in different categories of economic modernisation.
- Finally, Regions for Economic Change will include a 'fast track option'. Here the Commission will be the prime mover in establishing volunteer networks around the priority themes. We will provide ongoing technical support and, if necessary, administrative back-up. We will insist on the participation of programme managing authorities in the networks and on demonstrated commitment to the 'two-way bridge' in order to ensure proactive introduction of best practice ideas into the mainstream programmes.

On 21 November, at the Informal Council of Ministers for Regional Development in Brussels, I will present the Communication for endorsement by the Member States.

My intention is to launch the first network dedicated to priority theme "Bringing innovative ideas faster to the market" before Christmas. Under this theme we will be working on ways to facilitate knowledge transfer from research to innovative products and services, including the possibilities which might flow from projects like GALILEO. The exchange of best practice will also include the use of risk capital to finance the proof-of-concept stage of the innovation process.

### **3. Cooperating with the REGI Committee: new challenges ahead of us**

**Strong co-operation** between your Committee and the Directorate General for Regional Policy remains one of my top priorities. I am pleased that this co-operation has developed in a fruitful and regular way since 2004.

As you know, President Barroso will present the **Commission's work programme for 2007** to the plenary session on 14 November. We are there with our Fourth Report on Economic and Social Cohesion and with Communication on "Delivering the Lisbon agenda on the ground: Cohesion Policy's programmes 2007-2013". I am at your disposal to discuss the work programme relating to cohesion policy. 2007 will be a crucial year for the effective implementation of Cohesion Policy: first the finalisation of the National Strategic Reference Frameworks, then the adoption of the operational programmes and in parallel to this the assessment of the extent to which the programmes carry forward the renewed Lisbon Agenda on the ground, in the context of both the regular annual reports on Lisbon and a dedicated communication on innovation which I asked the Directorate General for Regional Policy to produce in the second half of next

year. Furthermore, we will already contribute in 2007 to the debate about the future of our policy by the publication of the Fourth Report on Economic and Social Cohesion in May 2007, followed by the Cohesion Forum.

In the next few days Commission Spidla and myself, we will finalise through the exchange of letters with respective committees of the EP a new **Code of Conduct**, regulating the transmission of most important documents between the Directorates General for Regional Policy and Employment and those committees, in the field of cohesion policy. These new arrangements will contribute to a transparent flow of information, which will allow us to set up a timetable and modalities for close cooperation in the months to come. The Code seems to me a good framework for our co-operation.

We worked hard together to have the entire regulatory framework underpinning the Structural Funds for the next programming period as well as our strategic priorities in place. Now we have to see how it will work in practice on the ground. I count on your cooperation.

I appreciate very much your working plan for months to come, and especially **six own initiative reports** launched recently. They cover important policy aspects concerning the implementation of the new cohesion policy, such as the impact of future enlargements on the effectiveness of cohesion policy or the contribution of regional policy to the innovation capacity of the EU. I know that the experts of the Directorate General for Regional Policy are in touch with you for most of them. I am also at your disposal to help you in this work.

#### **4. A particular issue: The Solidarity Fund Regulation**

Finally, let me now **briefly turn to the EU Solidarity Fund** which, I am pleased to record Mr Chairman, has been given much attention in the work programme of your Committee over the past year. I think I can say that the

Commission has been operating this relatively new instrument to good effect, if judged against its objectives and means. Since 2002, the Commission has received 41 applications for financial assistance from the Fund of which 21 led to financial support being granted totalling more than one billion Euros.

But there is room - and in the Commission's view the need - for improvement. That is why, in April 2005, the Commission presented its proposal for a revised Solidarity Fund Regulation to Parliament and the Council whose key elements are:

- an **enlarged scope**, to enable the Community to react to disasters other than of natural origin,
- provision for **advance payments**, to accelerate the response rate and the visibility of Union support
- **simplification**, by introducing clearer criteria for the activation of the Fund.

I am very grateful to your Committee and especially to your rapporteur Mr Berend for the broad support that you have given to the Commission's proposal.

On the basis of the report from Mr Berend, the Parliament adopted a Resolution in May that supported the Commission's proposal in all its key elements, while making certain interesting suggestions for improvement.

However, as you know Mr Chairman, our efforts with the Council have not been as successful by far. Up to now, there has not been any real progress at all in spite of seven intensive meetings that we have had with the Council's financial counsellors' Working Group under the UK and Austrian Presidencies. In April this year, President Barroso wrote to the Council President in office Mr Schüssel and to President Borrell. Again, I am very grateful for the very supportive

response received from Mr Borrell. Unfortunately, there has been no reaction from the Council. In fact, the presidency decided in May not to seek to take the proposal any further.

I therefore personally intervened with Minister Manninen and Prime Minister Vanhanen at the beginning of the Finnish presidency in order to have the proposal put back on the Council's agenda and to have it discussed in a broader policy context than the financial context that has prevailed so far. This was in the hope that we in the Commission can obtain sufficient feedback from the Council to enable us to present an amended proposal, taking on board the views of Parliament. But this has also met with no success so far.

Mr Chairman, in these unusual circumstances the Commission needs Parliament's help, and I am grateful for the letter that you sent the week before last to Mr. Tuomioja, President in Office of the Council, underscoring the need for each Institution to take its responsibility and to make effort to finalise the discussions of this important matter. I can confirm that I am prepared to enter into discussions with the Council with an open mind, and I am confident that the Parliament would take the same approach in an effort to reach a compromise proposal that would improve the operation of this unique and important instrument of the European Union.

Thank you for your attention.