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European Commissioner for Regional Policy

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Committee of the Regions

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Ladies and Gentlemen

I want to focus my comments on 3 areas. First, the contribution of cohesion policy to the Lisbon growth and jobs agenda; second, the issue of leverage which is being examined by Mr Chaves in his report; and third, the importance of territorial co-operation in maximising the impact of the policy, and in particular the Regions for Economic Change Initiative.

First Lisbon. The Annual Progress Report, which the Commission will present to the Spring Council, highlights the linking of Cohesion Policy to the Lisbon Growth and Jobs Agenda as a major success. 22 Member States have so far submitted official NSRF texts and we have received informal drafts from the 5 others. Our preliminary analysis of these documents shows that the Member States are clearly putting the emphasis on the promotion of clusters of activities covering innovation, RTD and the knowledge economy, and on efforts to promote entrepreneurship and the growth of innovative businesses. Our analysis of earmarking indicates that about €200 billion of European funding for 2007-2013 will be targeted at the investments most relevant for the

modernisation of Europe's economy. €40 billion will be invested specifically in the core sectors of innovation and R&D. In September I will present a Communication with a full analysis of the contribution of Cohesion Policy programmes to the growth and jobs agenda. It will be a major input to the preparation of the Commission's Third Annual Report on Lisbon. But I already feel confident in concluding that, in terms of substance, Cohesion policy is delivering in those areas which are most important for the growth, jobs and innovation.

Let me turn from the substance of Lisbon to the process. The Statement adopted by the Committee's Bureau in December expresses high satisfaction with the involvement of local and regional authorities in drawing up National Strategic Reference Frameworks. The Statement also makes clear, however, that this is not the case and that your work and expertise are not sufficiently taken into account in the National Reform Programmes. You have my full support in aiming to change this situation, and I know you discussed it in detail with my colleague Günter Verheugen earlier this afternoon. I want to make two points on this.

In terms of administrative organisation, all Member States provide in detail in their NSRFs of how policy dialogue between those responsible for the NSRFs and for the National Reform Programmes (NRP) is organised. This is important as in only a few cases, such as the Netherlands, is the same Ministry responsible for both processes. In some cases, the authorities have decided that coordination needs administrative change. In Hungary the new National Development Agency oversees both the NSRF and the NRP processes. In Poland, the newly created NSRF coordinating committee has the task of ensuring that links are established with the NRP.

In terms of transparency, some NSRFs clarify which parts of the NRPs will be implemented using the new Cohesion Policy programmes. The Estonian NSRF provides financial tables showing the contribution that the programmes will make to the NRP. Similarly, for the Czech Republic, the NSRF lists the 24 priorities of the NRP (out of a total of 46) that will be implemented via the new programmes. Also the Greek and the UK NSRF provide a clear mapping of Cohesion Policy activities onto the objectives laid out in the NRPs.

Let me also emphasize that there is now a much broader awareness than ever before of the importance of the regional and local dimension for the Lisbon agenda implementation. This year the Annual Progress Report makes clear that for the Lisbon strategy to work, "the sustained involvement of parliaments, local governments, social partners and civil society is essential". This approach is reflected in the Commission's Communication on Innovation of September 2006. It stresses the fact that the main competence for fostering innovation lies at the regional level. Hence the regions must be closely involved in developing policies on innovation. Similarly the Commission's Communication on the Demographic Challenge of October 2006, stresses regional specificities and the need for regional responses. The conference on the regional dimension of demographic challenges held two weeks ago confirmed the relevance of regional dimension of demographic change.

The conclusion I draw from these two points: on the substance and on the process is that the essential work which is being done at regional and local level is feeding through to the NRPs, even if the process is not as direct as we would want it to be. In addition, the key strengths of the

cohesion policy approach – partnership and proximity – are increasingly recognised as essential for the implementation of the Lisbon agenda. A top down approach to policy design and delivery has not and will not deliver the results. Our joint aim in the months to come must be to ensure that this recognition becomes more widely entrenched. The 'Lisbon Platform' which the Committee of the Regions has developed will help to do so. The Fourth Cohesion Report in May and the Cohesion Forum in September will also be essential in getting this message across. Bridging Lisbon and cohesion policies of course is not a one-off effort – Article 29 of our general regulation obliges Member States to report each year on the contribution of cohesion policy to the NRP, and 2007 will be the first year this happens. And from 2008 onwards, the Commission will provide an assessment of these national reports in its Annual Progress Report to the Spring Council. The framework is there – it is our responsibility to ensure that it functions.

The second issue I want to address is the leverage effect of Cohesion policy. I would first like to thank Mr Manuel Chaves González [PES/ES] for his work on the CoR's outlook opinion on this issue. It will be valuable input for the preparation of the fourth Cohesion Report. I spoke in detail on leverage here in the Committee in November and we will discuss it further in Rome in March. Today I want to stress one point which I consider of particular importance.

As you know, one of the key aims of the new generation of cohesion policy is to leverage financial sector expertise and experience into the design and implementation of our policies, and to work with the financial sector to develop sustainable financial intermediation at local and regional level. It is for this reason that we attach such importance to our collaboration with the international financial institutions – the European

Investment Bank and European Investment Fund, the European Bank for Reconstruction and Development, and the Council of Europe Development Bank. Let me give you an overview of progress with the 3 instruments we have developed with the Banks. We opened the first regional JASPERS office in Warsaw in January, and in the coming months two more will open in Bucharest and in Vienna. By the end of last year, over 90 potential JASPERS projects in the field of transport, environment and energy had been analysed. For JEREMIE, we have made rapid progress with the reports which assess the 'gaps' in the provision of venture, seed and start-up capital. We have completed 15 reports at Member State level and 10 reports at regional level on those gaps and on potential demands for JEREMIE. Three Member States, Slovakia, Greece and Romania are already negotiating holding fund agreements for JEREMIE with the EIF. JESSICA is now also getting up to speed. Studies on the potential demand for JESSICA were carried out in six Member States last year (UK, IT, NL, ES, PL and HU), and full evaluations of how JESSICA might be used in the Member States will be launched in March or April, combined with country reports. The form of co-operation which we are promoting between public and private sectors with these three instruments is a key aspect of the partnership principle underlying our policy: mobilising all available expertise in areas where it has most added value.

Let me turn to territorial co-operation, and in particular to the aspect of interregional co-operation. We all agree that there is a wealth of experience in Europe's regions in implementing policies directly relevant to the Lisbon agenda. It is essential that we share this experience and exploit it to the full in our efforts to modernise our economies. Indeed it is our duty to do so. This is the motivation behind the Regions for Economic Change initiative which we adopted last November. On the

basis of discussions with Member States, with the European Parliament and with the Committee, we are currently working on how best to ensure that this initiative fully integrates a bottom-up approach for the identification of participating regions, including in the fast track strand. We will provide full details of this in the weeks ahead. As a first step, however, and until the new generation of programmes is approved in September, we will work with two existing INTERREG IIC Networks in the areas of bringing innovative ideas more quickly to the market and of sustainable urban development. In the weeks to come we will examine with the members of these networks how they can share their experience with a broader range of regions and cities, and how this experience can be most effectively mainstreamed. With the new programmes in September, we will extend the number of networks to additional themes related to economic modernisation. At the Annual Conference of the Regions for Economic Change initiative in March we will focus on the issue of fostering competitiveness through innovative technologies, products and healthy communities, and we will launch the first set of RegioStar awards.

I want to conclude by mentioning a second instrument to promote co-operation among our regions: the European Groupings for Territorial Co-operation (EGTC). The Committee of the Regions has provided valuable support for this new instrument. Partners of the "Grande Région" (BE/LU/FR/DE) have already made a political commitment to create an EGTC to manage their cross-border programme from 2009-2010, and I am pleased that a number of other border regions are also expressing an interest in using it. These include Galicia/Norte (Spain/Portugal), Italy/France, and Austria/Czech Republic. I very much welcome the initiative of the COTER Committee to organise a seminar on the EGTC in Vigo in July, and I look forward to continuing our joint work with the

conference which we will organise together with the European Parliament, at the beginning of 2008.

I look forward to discussing these issues further with you during this session.