

EU Cohesion policy – state of play

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

I am delighted to start with you today the second part of the REGI Committee's term. I would like to express my warm welcome to the new Bulgarian and Romanian MEPs. I look forward to continuing our well-established cooperation with you, Mr Galeote, and with all Members of the Committee, till 2009. I am accompanied today by the new Director General for Regional Policy, Dirk Ahner, who has taken over from Graham Meadows. I would once again use this opportunity to express my sincere gratitude to Graham for his work and personal involvement in preparing this policy for the challenges of the years 2007 – 2013.

I would like to concentrate today's presentation on five elements, before listening to you:

1. First of all, the key features of our Work Programme for 2007;

2. Cooperation between the Commission and your Committee;
3. A few words on the execution of our budget in 2006;
4. Information on the state of play regarding the Member States' preparations for the implementation of the new European Cohesion Policy through National Strategic Reference Frameworks (NSRFs) and Operational Programmes (OPs);
5. A few words on the contribution our policy is making to the Growth and Jobs Agenda, as highlighted in the Commission's Annual Progress Report.

However, before turning to the outlook of EU Cohesion Policy, let me make one more general comment on a context in which REGI Committee will carry out its second term of office, namely a revived Constitutional debate.

I think it is important to mention the Constitutional Treaty here because of its significance for local and regional governance. I very much hope that in seeking solutions for the new treaty, rules such as recognition of local and regional self-government (Article I-5), extension of subsidiary to local and regional government (Article I-11), extension of the concept of cohesion to include territorial dimension (Articles I-3 and III-220), will remain unchanged. Members of REGI Committee will not have to be convinced about their importance. This will be therefore our common task to make sure

that the principle of multi-level governance has a prominent place in the new treaty for the European Union.

1. Regional policy Work Programme for 2007

Strong cooperation with your Committee is one of my top priorities. I am pleased that this cooperation has developed in such a fruitful way since 2004. We can be proud of our collective achievements so far, notably with the finalisation last year of the legislative package 2007-2013.

The **Commission's work programme for 2007** was presented by President Barroso in the plenary session of the European Parliament, on 14 November.

In this work programme, I would like to highlight the **Fourth Report on Economic and Social Cohesion**, which will be adopted by the Commission by the end of May 2007. This report will contain four parts: first of all, it will update the situation and trends in the regions using the latest statistical data. Secondly, it will discuss the key factors determining growth, job creation and competitiveness, thus contributing to reducing socio-economic and territorial disparities. Thirdly, it will assess the impacts of Cohesion Policy, national policies, and other Community policies on economic and social cohesion and their inter-linkages. Finally, it will provide a first assessment of 2007-2013 programming documents, particularly in

light of the renewed Lisbon agenda and the Community Strategic Guidelines.

2007 will be an overlapping year of two programming periods. As a consequence, we will face a double challenge.

On the one hand, we will continue to implement the 2000-2006 period. On the other hand, we will lay the framework for the 2007-2013 period by concluding negotiations on **27 National Strategic Reference Frameworks**, by launching most of around **450 Operational Programmes** (figure contains ERDF, ESF, ERDF/CF and IPA programmes) and by adopting a significant proportion of the **900 major projects** expected for the period 2007-2013.

At the same time, we need to assess the extent to which the new Cohesion Policy programmes carry forward the **renewed growth and jobs agenda** on the ground. Once most of the programmes have been approved, i.e. in September, I will present to you a **Communication** on this subject. On the one hand, the Communication will focus on how innovation is taken into account both from a qualitative and quantitative point of view. On the other hand, it will assess the commitment of Member States and regions towards the broader "earmarking" exercise, which aims to ensure that the bulk of Cohesion Policy resources are targeted at the most relevant investments for the modernisation of Europe's economy. The Communication will

constitute a major preparatory work in view of the preparation of the Third Annual Progress Report on Lisbon.

In May 2007, I will present at the **Ministerial Meeting in Leipzig** an analysis on how the territorial and urban dimension has been taken into account in the National Strategic Reference Frameworks and Operational Programmes. I am delighted that your Committee's competences also cover the urban dimension. I take this as a confirmation that we both attach a high priority in convincing Member States and regions to develop the urban dimension in regional policy programmes.

Finally, I will present to you in June 2007 a Communication on the outermost regions. This paper will assess the implementation of our strategy in favour of the Outermost regions as laid down in our previous Communication of May 2004. We will look in particular at issues such as improving the competitiveness and accessibility of the Outermost regions as well deepening their integration into the immediate neighbourhood area. In addition, I intend to present our ideas for future action of the Union in this respect.

It is my strong conviction that public events that contribute to a wider promotion and better communication of our policy will help us to get our messages through.

We will therefore organise a number of important events in 2007:

- the conference on "**Demographic Challenges for Regional Development**", which took place last week, and on which you will find a brochure in this room;
- the conference on Regions for Economic Change "**Fostering competitiveness through innovative technologies, products and healthy communities**" and launch of the awards process in Brussels on 7 – 8 March;
- the **Fourth Cohesion Forum** with a wide range of stakeholders under next Portuguese Presidency in September;
- the fifth edition of the **Open Days**, European Week of Regions and Cities, ("Making it happen: regions deliver growth and jobs") in October;
- a major **conference on communicating cohesion policy** on 22/23 November 2007 in Brussels under the headline "Telling the Story. Cohesion Policy for growth and jobs", where we will bring together around 500 experts responsible for communicating on our programmes in the Member States.

- and, moving already to 2008, a conference, which I hope to organise together with you and the Committee of the Regions on **the European Groupings for Territorial Co-operation (EGTC)** at the beginning of next year.

In this context, I am very pleased that a number of border regions have expressed an interest in the EGTC concept, including Galicia/Norte (Spain/Portugal), Italy/France, and Austria/Czech Republic. 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.

I hope I can count on your active involvement and participation in all these events.

2. Cooperation with the EP REGI Committee

Please allow me to focus on two important points: the implementation of a new Code of Conduct and the six own initiative reports which your Committee recently launched.

Our new **Code of Conduct** defines in particular the transmission of the most important documents between the Directorates General for Regional Policy and Employment, your Committee and the

Employment Committee. I hope that these new arrangements will contribute to a transparent flow of information. I have just sent to Mr. Galeote the Maltese National Strategic Reference Framework, which is the first one to have been accepted by the Commission in December. Congratulations to the Maltese authorities. I hope that the next ones will follow soon, immediately after the Commission's acceptance. Your Maltese Members will be the first to use these documents for highlighting the added value of the EU Cohesion Policy on the ground.

I will do my best to be present in many regions and Member States in 2007, but unfortunately I will not have time to celebrate the launch of all new programmes everywhere.

Therefore, I would like to ask you to be Ambassadors of the European Cohesion Policy in all our regions. I would be delighted if you could either accompany me during some of my visits, or complement my role as ambassador of the policy at the time when the NSRFs are finalised, or when programmes are ready for adoption, so as to highlight what the contribution of the Union is and what is expected out of the programmes.

We will be informing you in advance about our planning. From a similar perspective, my services remain at your disposal, should you

wish the Commission to be involved in the on-site visits regularly organised by your Committee.

I would also like to express my appreciation for the efforts of six members of your Committee who are currently working on own initiative reports: Ms Pleguezuelos, Ms Geringer de Oedenberg, Mr Andria, Mr Pieper, Mr Janowski and Mr Musotto. I understand that work on these reports is already quite advanced, the adoption of all reports by EP being foreseen between March and June. I can assure you that the Commission will take these reports duly into account both for the preparation of the Fourth Cohesion report as well as for the preparations of the mid term budget review 2008/09. I know that my services cooperate with you on a daily basis. I am at your disposal as well including a discussion on the subjects for next set of own initiative reports.

Finally, I would like to tell you that my services are at your disposal to organise information sessions on selected subjects. The last one organised on 22-23 November 2006 on JASPERS, JEREMIE and JESSICA was a big success. In my opinion we should carry on with this initiative.

The Directorate General for Regional Policy can also be associated with on-site visits that the members of this Committee are planning in

2007 to Ireland, Slovakia and Cyprus. If you consider it useful, you can involve members of the geographical units of DG REGIO.

3. Summary of budgetary execution in 2006

In 2006, budget execution rates as registered in the Directorate General for Regional Policy were close to 100 % both in terms of payments and commitments. All data mentioned can be found in the tables distributed today.

The performance of the new Member States improved compared with previous years: by the end of 2006 they have been reimbursed for 40 % of their 2004-2006 envelopes, with nearly 20 % paid in 2006. As far as EU15 countries are concerned, by the end of 2006, 64 % of their total allocation 2000-2006 was used where 12.5 % was paid in 2006.

The N+2 rule has proven to be an efficient tool to motivate the Member States to maintain a high level of investment. In 2006, the N+2 rule applied for the first time to the new Member States. All but one country have successfully avoided any decommitment. The only gap concerns Bratislava in Slovakia. I should however mention that the amount concerned (€ 135.538) represents 0.09 % of its 2004 commitment. The Member States' forecasts are better than in previous years, but there are still some countries where the difference between

the submitted payment claims and forecasts exceeds 20 %. There is a need to push Member States for further improvement of their forecasts, on which the EU budget is then built. I am convinced that we have a common interest, in this field, too.

Now looking forward to 2007, let me give you the state of play on the preparation of the new programming documents.

4. State of play of the National Strategic Reference Frameworks and Operational Programmes

I am pleased to tell you that we have received draft National Strategic Reference Frameworks from all Member States. Malta has shown the way to the others. For 14 Member States – Latvia, Bulgaria, Hungary, Denmark, the Netherlands, Cyprus, France, Lithuania, Slovakia, Austria, Germany, Poland, Slovenia and the UK - we are negotiating on the basis of the official version of their respective NSRFs, while the remaining NSRFs have been received in draft form. In addition, 48 Operational Programmes have been officially submitted so far and are currently under examination by the Commission.

As I said, I already sent you the Maltese NSRF and I will do the same for the other Member States, as soon as these documents lead to formal Commission decisions.

One issue which is of great interest to all of us is the question how Member States apply **the partnership principle**. I am grateful for the support from the Parliament during last year's negotiations. It helped us to overcome some tendencies in the Council to dilute the provision in this regard.

At this stage the precise influence of the partners on the final shape of the programming documents is generally difficult to identify. The new legal framework provides more possibilities to delegate more responsibilities to the authorities on the ground (for example, the possibility to delegate actions to urban authorities). This offers the prospect of a wider involvement of stakeholders in programme preparation and implementation. This should, as a consequence, lead to wider and more transparent partnership arrangements in the Member States. I will be seeking to ensure that this democratisation of the programming process is fully exploited, while respecting 'national rules and practices'.

5. The contribution of Cohesion Policy to the Growth and Jobs Agenda

The essence of the reform for 2007-2013 is to position Cohesion Policy as the major instrument for the modernisation of the Union's economy.

Our Annual Progress Report on the Lisbon process will be presented at the forthcoming Spring Council. It highlights the linking of Cohesion Policy to the Jobs and Growth Agenda through **earmarking**, which mobilises up to €200 billion from the Structural Funds and Cohesion Fund (plus co-financing) for Lisbon-related investment.

Our first analysis of the NSRFs shows that the Lisbon agenda has become firmly rooted in the administrations of the Member States and regions. I would like to draw your attention to three points:

- First in terms of administrative organisation, it is clear that there has been a high degree of cooperation between those responsible for coordinating the implementation of the National Reform Programmes (NRP) and those responsible for the preparation of the NSRFs.
- Second, in terms of transparency, the NSRFs clarify which parts of the NRPs will be implemented using the new Cohesion Policy programmes.

- Third, in terms of the substance, the authorities in the Member States have clearly decided to put the emphasis on the promotion of clusters of activities covering **innovation, RTD and the knowledge economy**. Innovation features everywhere in the main themes retained by the Member States for the next period, often combined with efforts to promote entrepreneurship and the growth of innovative businesses.

In order to ensure successful implementation of this ambitious reform agenda, Member States and regions are undertaking major efforts to reinforce their administrative capacity and to prepare high quality projects.

By creating the **JASPERS facility**, and by pooling the resources and expertise of the European Commission, the EIB and the EBRD, I am convinced that we can help the national and regional authorities to succeed. On the 12 January, with the EIB and the EBRD we in fact opened the Warsaw regional office, the first of three regional offices for JASPERS to be established in Central and Eastern Europe. The other offices will be located in Vienna and Bucharest and are scheduled to open in the coming months.

I am interested in your comments and suggestions. Thank you.