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**Conference**

**"Multi-level governance to ensure effective proximity actions within  
the new programming period for structural funds"**

**Syracuse, 30 October 2007**

Dear Presidents,  
Authorities,  
Ladies and gentlemen,

I am glad to be here today to conclude, not only this seminar, but also this two-day visit in Sicily, which has been very intense and fruitful.

Let me start by saying that the way regional policy is conceived and implemented in Italy is a case of particular interest to me. And there is a good reason for this. There are very few countries in the Union where the regional identities would leave so strong an impact as in Italy. Yesterday, during my visit at the Sant'Anna Gallery of Modern Art in Palermo, I felt how strong this identity is. As you know only too well, the issue of regionalism has been present in Italian politics since Risorgimento. In a sense, European regional policy here in Italy followed the track of the decentralisation process that has transferred, since the seventies, new responsibilities to the regional administrations.

But this process was reciprocal. European regional policy offered to Italian regions a chance to experiment with new approaches to territorial development. Since the beginning of the structural funds programming, the Regions have been responsible for the management of specific operational programmes contributing to the enhancement of the infrastructure endowment and the modernisation of the productive sectors. Some specific interventions have even allowed direct links between the EU institutions and local authorities (Urban and Leader programmes, for instance). So, we already have in Italy, and in Sicily in particular, this experience of multi-level governance.

For the programming period 2007-2013, the main part of the NSRF for Italy will be implemented through regional mono-fund OP, absorbing about 2/3 of the total resources. The regional authorities may, in their turn, delegate responsibilities over to local bodies (provinces or municipalities).

Multi-level governance is clearly in action here. Success stories which demonstrate how efficient and fruitful can be the involvement, in a coordinated way, of local and regional levels in the regional policy design and implementation. In the second part of my presentation, against this background, I would like to depart from the Italian case and examine in more detail the **role of governance systems** in the success of European regional policy.

I firmly believe that the decentralisation process on which Italy embarked was a right thing to do. In the first place it is so because decentralisation

– if accompanied by proper institutional capacity at regional and local levels – brings in more economic efficiency. Secondly, because it fosters local democracy, involves people and gives legitimacy to the economic and social policies implemented in European territories.

In the past we have seen success stories which illustrate the benefits of such an approach, in Italy and, more specifically, in Sicily. Past programming periods represented a sort of laboratory for experiences like the Territorial Pacts, the Territorial Integrated Plans or the initiatives under the "urban" priority of the Community Support Framework, which witnessed the improvement of competences of the local bodies in the establishment of partnerships to foster economic development.

Of course, in order to allow a proper participation of local partners to the EU cohesion policy the institutional capacities need to be further reinforced; technical assistance and capacity building actions envisaged in the regional OP must be made available also to local bodies.

It is true that 30 years ago, when the policy was conceived, the Union was a creation by Member States; yet, over time, the role of regional and local authorities in the European construction has been increasingly acknowledged. Regional policy was the first one to recognize and encourage the participation of regional and local levels of governance in fostering economic development.

For the first time, the importance and the role of regional and local governance is recognized in the **EU Reform Treaty** which has enhanced

the role and participation of regional and local powers in EU affairs. In particular, the principle of subsidiarity has been extended, and the concept of economic and social cohesion has been complemented to cover the notion of territorial cohesion. These changes are in tune with the Berlin Declaration, in which the need of sharing tasks wisely between the EU, Member States and their regions and local authorities, has been emphasized.

Various declarations were mentioned today, by the speakers that preceded me, and many recalled the importance to assign responsibilities at each level. This recognition of the role of regional and local authorities is important for a number of reasons:

- it reinforces the link between the Union and its citizens;
- it shows that it is possible to move ahead together while respecting identities and diversity;
- it helps to ensure that the principle of multi-level governance becomes firmly established in the European Union.

In political terms there is a dimension of this debate on governance linked to **legitimacy and European citizenship**. The role of territorial communities needs to be reinforced if we want the European citizens to be mobilised and to be more supportive of the European project. It is essential that Europe is communicated at local level. Regional and local authorities must make their voice heard and reaffirm their commitment to the principles which constitute the very foundations of the European project.

Obviously, this enhanced role is not only the result of political/institutional demands, but also of the recognition that regions and local authorities matter for improving the overall economic performance of the Union. In other words, there is **an economic rationale** for involving sub-national levels of government in policy design. This a necessary precondition for competitive EU territories. The experience of the recent past clearly shows that, in the global world, top-down development strategies alone are insufficient and ineffective and I think that an extended role of regional and local Authorities leads to **more efficient decision making**.

Increased movement of goods, capital, labour and ideas, in the context of rapid shift of tastes and demographic changes, increases the flexibility of capital in deciding where to locate. This in turn increases the importance of "place". As the US Council on Competitiveness wrote few years ago: *"Even as national boundaries seem to matter less – with technology, capital, manufacturing and information diffusing globally – the drivers of national prosperity are, in fact, becoming more localised"*.

Somebody already mentioned the importance of the global context. To succeed globally, every region must be able to leverage its unique set of assets, ideas and skills to compete in the global market place. This has profound implications on European and national competitiveness and on policy design. A **new paradigm** is emerging whereby policies are shifting:

- from sectoral to multi-sectoral or integrated approaches;
- from subsidies targeting reduction of regional disparities to investment supporting regional opportunities; and
- from the dominant role of certain levels of government to a multi-level governance approach involving co-ordination of national, regional and local governments and other stakeholders.

At Community level, this shift is being recognised. For example, in order to increase the **ownership of the Lisbon Agenda** on the ground, it is now commonly admitted that the role to be played by regions and local authorities is crucial. In recent years we have seen proof that the road to Lisbon passes through the regions and that is why the Commission has decided that the new cohesion policy should become a key level in boosting EU growth potential. Today, everybody is familiar with "Lisbon", and this was not the case just three years ago.

In the face of globalisation, each territory is confronted to specific challenges and opportunities, and therefore needs to design tailor-made strategies to face and take advantage of them. Be it the regional and local dimension of the innovative process (through clusters and proximity networks), the challenges brought by ageing and migration flows, the need to provide tailored advanced services to SMEs, or the requirements to adapt and better match education and training with the labour market needs, the regional and local dimension matters.

Let me now say a few words about the multi-level governance system in operational terms.

The multi-level governance system, i.e. greater interdependence between responsibilities and decision-making competences exercised at the European, national, regional and local levels, must become an effective tool for sustainable regional and urban development. It should be usefully completed by the integrated approach for achieving better results.

Today, Cohesion policy could be represented as *'the leading edge of a system of multilevel governance in which supranational, national, regional and local governments are enmeshed in territorially overarching policy networks'*<sup>1</sup>.

In practical terms, Cohesion policy has developed a powerful multi-level governance method involving a large number of partners at vertical (European Commission, Member States, regions, cities) and horizontal (socio-economic partners, ONGs, etc.) level. Since there is no one-fits-all recipe, the involvement of regional and local authorities – in programming, managing, evaluation and control of the interventions – is essential to ensure the success of the policy.

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<sup>1</sup> Quote of G. Marks (1993) in *'Structural Policy and Multilevel Governance in the EC'*. In Cafruny, A.W. and Rosenthal, G.G. (eds) *The State of the European Community*.

Regional policy has integrated the principles of European governance to a large degree in the new programming period. The involvement of all levels, the European Commission (EC), Member States and Regions shall be ensured by a new strategic planning system: the “Community Strategic Guidelines” provides the EC framework, under which Member States were asked to elaborate their National Strategic Reference Frameworks (NSRF).

In these NRSFs documents, a strategy for a country wide approach on the convergence and competitiveness objectives showing the respective thematic and territorial priorities needs to be given. The process of setting up these documents has been most important for horizontal and vertical integration. Although there is variation between Member States in how the process was set up, in most cases a good partnership between national and regional authorities has been achieved. Approaches differ in respect with the degree of inclusion of partners in the programming process.

Thus, NSRF are supposed to be comprehensive instruments to implement the principles of horizontal and vertical integration and to establish a new mode of multi-level governance in Regional policy.

Finally, in the process of globalisation and European integration the importance of **cooperation among territories** constitutes a crucial success factor to achieve more efficiency and competitiveness. Provision of public goods has inter-regional spill over effect which need to taken

into account in policy design and implementation. A reflection on this question is urgently needed.

Now, let me summarise and conclude.

As I showed you, multi-level governance is at the centre of cohesion policy. In fact, one may argue that cohesion policy has contributed to raise the awareness of policy-makers on the need to establish dialogue and new forms of cooperation between different levels of governments.

I hope that I have convinced you about the very practical interest of promoting altogether this multi-level governance system, which, on one hand, fosters economic efficiency and development through cooperation between all levels and, on the other, firmly anchors the policy in the Union's territories and hearts of its citizen.

I am firmly convinced that in the coming years, the system of multi-level governance will play a key role in raising the Union's competitive advantage.

I would also stress the need to continue the efforts for the completion of the 2000-2006 programme period, which will also be a challenge, as it will be the preparation for the new period. Your future is in your hands, you need to seize the opportunities which exist. Europe is a small continent, and everyone shall play a role.

There is a need to continue the reflection on how to organise in the most efficient way these relations to ensure coherence between strategic priorities and the need to adapt interventions to reflect regional and local needs. This is the direction in which cohesion policy has moved with the

reform. The Commission will publish in 2008 a **Green Paper on Territorial Cohesion** in which some of these issues could be put forward for public discussion.

You are all invited to contribute.

Thank you for your attention.