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**"Cohesion Policy: from Lisbon Agenda to Europe 2020 Strategy: New  
Perspectives"**

*Current and Future Challenges and Opportunities for the Cohesion Policy*

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Whatever we do for the future there is always the need of striking the right balance between the continuation and change. We need a good vision and an even better strategy to know where we want to go. Once we know, winds will work for us. The European Commission has presented a vision for Europe - EU2020 strategy. The proposed directions do not offer an entirely new perspective. Actually, we had made first steps along this path before the crisis hit. But without doubt the crisis has made all challenges much harder to cope with.

The crisis hit at a time when economic, political and social landscapes had already been under transformation. Without doubt the world and Europe have been dramatically changing. Emerging economies grow and restructure with a speed that cannot be compared to any European or American industrial revolution. They already play a rapidly growing role in the global context. There are new expectations of consumers. There are new markets emerging. Jobs are created in new sectors. Society is aging with all the consequences

for public finance, labour market policy, migration policy and new demands. Moving toward low carbon economy implies huge structural transformation. All changes will have dramatic impacts on our society, on social fabric, on social capital. There is a big risk that social cohesion, this magic glue Europe has always been so proud of, will suffer.

Europe needs a long-term strategy not only to respond to global change or to indeed lead the global change. We need a long-term vision and common progress of action also to cope with our own intra-EU problems and opportunities and to better organise ourselves for those common goals. The new strategy must link the crisis exit policies and long-term growth and structural change. Any new strategy should take into account the diversity of European territory which can allow us to better exploit diverse opportunities, comparative advantages and different potentials. We have talked for decades about the link between diversity and unity in the Union. This time talk is not enough. The time has come when we must prove that we are able to truly build on this diversity and cooperation. The new strategy for Europe must be built on the role of an active European citizen and an involved society. It must not exclude anybody from the pursuit of common European objectives. Multilevel governance and partnership so well known from European cohesion policy experience should be, therefore, the core of governance and delivery of such a strategy.

The ownership of the strategy should go beyond the Commission, the Council, the European Parliament. Regional and local levels of European governance are important co-owners, capable to harness policy tools they have at their disposal as well as the enthusiasm of all partners: business, academia, civil society. And to translate general goals into their own territorial specificities.

Today it is important to identify new engines for growth and focus on them urgently but at the same time work must be done aiming at upgrading the entire European economy with a view to expand growth basis. Europe is too small to afford leaving parts of its territory with growth deficit. We need leading

growth centres but their role is also to pull others forward. That is why in our future policies we must also enhance economic links between those growing faster and those lagging behind. Clearly, more cooperation is needed to get us out of the crisis and put our economies on long term growth track.

New growth engines must work towards strengthening European cohesion: economic, social, and territorial. Aiming at cohesion is not a cost it; taps unused potential, expands growth basis, and generates European social capital. Both, innovation that can bring productivity gains, and greening, that can create new demands and markets, they both require local and regional focus. They require place-based integrated approach to investment and growth policies. A region, a city, a town, a rural area happens usually to be such a place where all partners needed to bring about a solution can be found and all elements of a solution can be brought together. This is the experience of European cohesion policy. This experience demonstrates that combining integrated approach to growth with territorial specificity brings the best results in terms of growth, sustainable jobs, creativity and innovation.

How can we overcome the integration fatigue, from where can come the energy Europe needs to face with a success all the challenges – these are legitimate questions. A substantial part of the response is multilevel governance. The new Treaty is clear – Europe is much more than European institutions and national governments. We can do our job only if we really understand that European tasks and responsibilities must be shared in a well orchestrated way between European, national, regional and local levels of European governance. All of them must be of the highest quality and accountability. The real drivers of change - businesses and universities working in partnership with local and regional authorities and civil society – all of them should play a key role in the new delivery mechanism of the EU2020.

Reaching out to public action as a policy tools bears some risk. That is why, as public action will play a role in the new growth model, the best place for this action must be chosen as well as adequate policy tools. We have sufficient experience in the EU to say with full responsibility that local and

regional level public interventions are often decisive for dynamism and change, for promoting creativity and innovation, for job creation, for energy efficiency, for bringing different actors together. In the current global context, there is clearly a need to seek actively new development opportunities at local and regional level. Accountable multi level governance combined with tailor made policies increases chances to make the most of the potential of individual territories. Territorial diversity can become indeed an asset.

Already today political, economic and social powers and responsibilities are increasingly being spread between all different levels of governance. Globalization and many other challenges (climate change, energy security and efficiency, demography) encourage authorities at different level to make decisions collectively. Hierarchical or top down approach is disappearing from good practises of governance. This is a result of growing complexity of development issues that can be tackled effectively only through an integrated approach. Also, our citizens expect from authorities who are around the corner effective local actions in response to local impacts of global challenges. Sub-national levels of governance become increasingly relevant for public interventions. This has been reflected already for quite some time in growing share of public investment at local level.

This process leads to a growing role of place-based integrated approach to decision making, policy programming and implementation which in turn allows synergies between policies to develop and be exploited, it leads to a better coordination of fragmented sectoral intervention and elimination of potential contradictions in policy making. Specific problems deriving from geographic handicaps can be better coped with.

There is a lot of work to be done in Europe, and even more so in the central and eastern Europe. The crisis has challenged us all at a time when we have been already in the midst of adapting ourselves to globalization and the need to turn our economies and the way of life away from fossil fuels and towards a more sustainable model. In front of all the challenges entire Europe, including

the local and regional one must act swiftly and decisively, and let me emphasize – with a high degree of urgency.

In this context, let me say that European regional policy is the only European policy that has taken Lisbon strategy with the highest accountability. The Lisbonization of the policy in 2007-2013, its earmarking mechanism, its focus on building regional innovation strategies, its focus on energy efficiency, its support for innovative small and medium size companies, its incentives through prizes and awards for the best regions and Lisbon related projects, its involvement in building networks and clusters for progress, its continuous awareness raising efforts – offers today a good practise for the governance machinery of the EU2020 strategy.

For the EU 2020 to be effectively implemented, governance is crucial. How to make a change happen, from where energy should come, can we reduce EU to two levels of governance, can we exclude regional and local governance levels from the pursuit of common European objectives. These are all legitimate questions. And to do it, to reduce Europe to European institutions and national governance, would be unrealistic politically and economically unwise. But subsidiarity in practice must mean sharing - not splitting; it must mean coordinating and using synergies between all levels of governance.

I spoke in the morning about successful Lisbonisation of European cohesion policy in its reform of 2006. 230 bln euro of cohesion policy funding has been earmarked for Lisbon objectives. This investment is currently taking place. The regionalized Lisbon strategy works. This shows how much ownership of a strategy matters.

For the new strategy to be effective, creating a strong link between the targets and available tools is essential. Cohesion policy is a platform providing such links. It can become an important mechanism for delivery of promises made to citizens wherever they live. It is prepared to play this role in the framework of the EU 2020.

To implement successfully EU2020, policy tools are crucial. There seem to be three major tools available to EU. First, internal market regulation. Internal market should be strengthened and reenergised. If we could ensure that social rights can move with people, this could give people a chance to move, to work, to buy, to learn, to invest anywhere in EU. And as these are also social obligations resulting from economic integration, addressing them through internal market would make it work more efficiently. Second, capital investment in energy, transport, telecommunication networks, mobilising public and private financing for major infrastructure investments. Amount of funding needed to advance these institutions requires strengthening of European financial investments and a major shift towards public-private partnerships. Third, public expenditure through EU budget and coordination of national budget expenditures in priority areas through Open Method of Coordination.

It is clear that even if one improves the soft delivery framework, the soft mechanism of OMC can take us only some way towards achieving EU2020 targets. A central role must be played by EU budget. There is as we know no guidance on it in the EU2020 strategy. But a fundamental budgetary tool could be the improved cohesion policy. Its strengths comes from its 3 basic characteristics.

- it sets guidelines that are conditions for the resources to be transferred and, unlike Open Method of Coordination, they are binding both for Member States and regions
- it leaves space for Member States and regions to tailor interventions to the specificity of places.
- it has a machinery to monitor and support in achieving goals.

So if we reform the policy in the way we have discussed over the last 2-3 years, we will have an excellent delivery machinery for EU2020. This reform should embrace:

- concentration on priorities 2020, making them work for growth, jobs, competitiveness and cohesion. We know from experience that there is no

contradiction between competitiveness and cohesion, between equity and efficiency.

- strengthening conditionality (earmarking)
- better results evaluation system
- strengthening the role of Commission
- giving the EP together with a dedicated Council, the competence to check the process.

The alternative to shared management could be a sectorial approach, based on establishing a set of sectorial new funds to support EU2020. I do not find it either rational or feasible.

The center (the Commission) would not have either the competence (unless a huge strengthening takes place which is unfeasible) or the legitimacy to allocate funds to projects and territories.