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**The Reform of EU Cohesion Policy**  
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The 2006 reform of cohesion policy has shifted the paradigm of the cohesion policy from reducing disparities to mobilizing development potential. Reduction of disparities is a non linear long term process and rather a moving target. What matters more, therefore, is the focus on mechanisms facilitating growth and structural change based on growing competitiveness which cohesion policy can trigger. The reform has also emphasized the importance of adjusting targets and policy tools to specific potentials and needs of member states and regions. Linking policy objectives with those of the European Union's through strategic approach to the policy and content related conditionality has influenced concentration and quality of interventions. The reform has also recognized that while the role of cohesion policy in facilitating functioning of the internal market and economic and monetary union remains valid, the challenge of globalization has made the opening of regions to global competition key to the sustainability of their progress. In short, the 2006 reform has made a major step towards consolidating the role of cohesion policy as EU development policy tailored to specific situations while recognizing the horizontal nature of challenges and EU policy objectives.

The key issue of post 2013 reform is how to make regional policy more effective in generating growth, jobs and global competitiveness in a sustainable way. The challenges of globalization and its local impacts, climate change, energy security and renewable energy potential, demographic trends generate strong pressures towards identification of growth opportunities at local and regional levels. Tailored responses are needed which makes good understanding of both challenges and opportunities as well as specific place based potentials indispensable.

In the context of both problems to be addressed and available policy tools, European post 2013 cohesion policy must be carried out across the Union's territory. Restricting it to the poorest regions inevitably would take us back to the old fashioned approach, based on the principle of "compensating for the past" rejected even in the context of 2004 enlargement as subsidy based policy instrument with a strong sectorial focus,

weak from the point of view of effectiveness. This type of approach to the policy would make its focus on the pursuit of common European objectives very unlikely. We would generate a quasi European policy working as supplement to national objectives oriented sectorial policies.

The challenge of achieving EU wide strategic objectives, on the one hand, and a rather limited number of available European policy tools point to the need of focusing all European policies, and cohesion policy in particular, on these objectives. First results of 2006 reform provide evidence that cohesion policy can successfully aim at generating conditions for regions to actively develop their strengths, comparative advantages, competitive potential, creativity, regional innovative capabilities. Such a policy orientation must be based on a proactive anticipation of future trends. The role of European Commission in providing information on future trends and challenges (e.g.Regions 2020) and through this helping regions to identify directions for change should be, therefore, enhanced. Equally important would be its role in encouraging development of frameworks facilitating interactions. Competitiveness emerges from interactions between businesses, researchers, authorities, civil society and international partners.

Competitiveness should be the focus due to well known trends in global challenges. An additional strong justification for this focus comes from the fact that the crisis has already led, and will do it even more deeply in the years to come, to abandonment of competitiveness goals in both public and private investment policies. Public resources have been increasingly transferred towards stability objectives as well as policy and investment measures and we will witness strengthening of this trend. The response should be to have competitiveness as major cohesion policy objective for all European regions. For those regions where catching up remains a long term goal, a second objective should be established in the new policy architecture, with a view to provide more support for those who lag behind and who indeed face the genuine challenge of convergence.

New cohesion policy should be based on a modern multilevel governance but not of hierarchical nature In the European Union, a top down hierarchical approach to policy decision making and governance has been disappearing from the good practice of governance through continuous process of decentralization of competences and responsibilities. Additionally, subsidiarity, extended by the Treaty to local and regional level, has acquired a new character, moving from separation of powers to sharing and coordinating.

While moving towards performance based and result oriented policy has become a buzzline for quite some time and first experience of evaluation has provided some food for thought and good practice in this respect, there is still a long way to go before this pioneering policy reform can become a fully fledged new approach. Much more work is needed on methodologies.

As all national, European, regional and local processes get increasingly intertwined with global changes, opening regional economies to the global competition is fundamental. 2006 reform has started this process putting emphasis on the need to measure regional economic strength against the global context. In post 2013 policy edition, this trend must become a cross cutting rule. Pressures for reforms which Europe needs come increasingly from this multifaceted intertwining. If this is not further and strongly encouraged by the cohesion policy instruments which have high leverage and catalyst power, European economy will face the risk of its global marginalization. We must also recognize that globalization and openness work towards decreasing role of state level policy frameworks and growing role of responsibilities of regional and local authorities, citizens and entrepreneurs.

Understanding that European cohesion policy is not merely a financial tool for investment but a policy that is generating new resources, adding to growth potential is crucial. This points to the importance of the process of setting policy priorities and focusing its investment. Therefore, the objective today cannot be reducing or eliminating production gap generated by the crisis or growth deficit but putting productivity gains on track. Hence, the emphasis on competitiveness is a must. Post 2013 policy should be an instrument to enable competitiveness. Equally, it must avoid generating conditions that would impede competition. It must work towards opening regional economies to international competition, promoting international networking of regions and enterprises, making this networking a condition for programs and projects.

Future policy should offer to regions in a more robust way good practice that can enable those less competitive to open up to global competition without protective measures.. This can be achieved through helping regions to identify measures they can use to increase innovation, productivity and competitiveness.

An important challenge for the future cohesion policy will be striking the right balance in linking it with the EU 2020 strategy, avoiding, on the one hand, its subordination and, on the other, its marginalization. Both the experience of linking the cohesion policy with the Lisbon strategy through the earmarking exercise and its delivery system make this policy particularly well tailored to the EU2020 governance requirements. It provides an integrated, place based formula for investment. It provides effective delivery system . It provides ownership on the ground. Its strategic approach allows to translate common European objective into national, regional and local ones. It offers an effective use of conditionality to distribute funds among projects and territories. It offers capacity to monitor and provide technical assistance.

Without any doubts restructuring will be a permanent feature of our economies in the years to come. Cohesion policy should nurture it, stimulate the spirit of change and openness of local and regional economies to the world. It seems rather likely that in spite of the needs, the most likely scenario is that the European budget after 2013 will not be sufficient to support all actions that should be supported through European

policies. In my view, this condition can be less costly to European citizens if all European policies aim at the same objectives through different, policy specific incentives.