

## **What EU 2020 strategy can draw from regional policy**

Whatever we do for the future there is always the need of striking the right balance between the continuation and change. And this time the buzzword should be “the 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 just presented a vision for Europe - EU2020 strategy. The proposed directions do not offer a 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. And the most important issue – entirely absent in the strategy – is how to make Europe go ahead with a success.

Even if we might be technically emerging from the recession, what will be the global and the European new normal is a big unknown. We are already now waking up every day in a new reality. It is also true that the crisis hit at a time when economic, political and social landscapes had already been under transformation. The world and Europe are dramatically different from ten years ago. 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. We need more, not less, of what Lisbon agenda identified ten years ago. We need more, not less, structural reform. In this context, let me emphasize, it is rather worrying that the sense of urgency for new actions is not yet with us. Europe must wake up.

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. A new strategy for Europe must be built on the role of an active European citizen and an involved society. The new EU2020 strategy 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 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. We must finally understand that aiming at cohesion is not a cost; it gives strength, 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.

From where can come the energy Europe needs to face with a success all the challenges is a legitimate question. 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.

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 interventions are 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. 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.

European regional policy is the only European policy that has taken Lisbon strategy with the highest accountability. The lisbonization of the policy, 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 future governance machinery.

As you know, we are in the middle of the debate on how the future regional policy should be structured and organized, what should its main pillars be, its priorities and its management system. This policy was conceived originally as the third pillar essential for the creation of the European internal market and of economic and monetary union. This role of the policy remains valid today but there is a change as well. European integration today takes place in the context of intense globalization, and the regional policy is therefore not only to help create and adapt economic and social structures to tackle internal market competition and EMU zone constraints, but also to deal with global competition. All European cities, towns and regions measure today their strength and competitiveness against the global background. The effort to adapt is required on a permanent basis across European Union. Challenges, including the crisis, affect in an asymmetric way entire European territory. Sustainable competitiveness is a challenge for every territory. Eliminating barriers to growth, mobilizing development potential of every piece of Europe is our duty. Investing in regions and cities means progress for Europe.