

European Parliament

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"Future Cohesion Policy: 5th Cohesion Report"

Informal Meeting of Ministers of Cohesion Policy

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Excellencies, dear Colleagues

As the time is rather limited, let me go straight to the points I find the most important. In general in the European Parliament we have welcomed Commission proposal with a lot of satisfaction and hope that it will take us towards a good final proposal.

5th Cohesion Report responds to many of our concerns and expectations and we indeed expect continued openness of the Commission to further debates and new ideas that might be raised.

There is both a continuation and change in what is on the table, and there are proposals of which we are wholeheartedly supportive and those where we still need a deep reflection as they either raise doubts or require clarifications.

First, a few words on what we support. It goes without saying that the cohesion policy for all regions and the explicit linkage to the EU 2020 objectives is what we find of utmost importance. Both are good news. I am happy that those in the European Commission who believed that a completely new, mostly sectoral and, certainly magic mechanism to deliver EU2020 can be established overnight, have taken note of the potential of the cohesion policy and its real value.

The linkage with EU 2020, along with the proposed thematic concentration, will allow for mutual strengthening of both processes: EU2020 and cohesion policy. For the

implementation of EU 2020 cohesion policy is a tailor made machinery. For the cohesion policy, this marriage enhances its European value added. However, this new and enhanced "earmarking" should be backed with lessons learned from Lisbon earmarking.

My reading of the report is that there is one cohesion policy for all states and regions which is then very carefully tailored to the challenges, both needs and opportunities, of three categories of regions. We support the proposed architecture. We recommend more investment by the Commission in better understanding of the post crisis reality in different member states, regions and cities. We will need well tailored programs. It must be also seen that the new architecture ensures fair treatment of all regions, especially under the new transitory arrangement.

In my view competitiveness based on education, knowledge, innovation and resource efficiency should be a long term goal for all regions but those for whom catching up remains a challenge should be more generously supported by the policy in terms of the scope of priorities and aid intensity.

While concentration on a limited number of priorities is clearly desirable, I see a contradiction between the requirement of a limited number of priorities for member states with very low allocation of cohesion policy funding (2-3) and the requirement of a certain minimum number of compulsory priorities for all. This in my view deserves further consideration.

In the years to come, we will need more cooperation across EU. I find the attention paid in the report to the territorial cooperation unjustifiably restricted, practically marginal. In my view this strand should be offered a much more prominent space in the policy than it is currently the case. We recommend more generous financial envelope for the territorial cooperation, as well as involvement of financial engineering instruments adjusted to the specificity of this strand.

I would see cooperation as a part of conditionality for some types of projects, especially in the field of innovation. We recommend also to the Commission to consider the possibility of opening core programs to the interregional and cross border cooperation, in particular in areas like innovation.

The experience of the Baltic Sea Macroregional Strategy shows benefits of emerging networking in the areas so far dominated by national approaches. We will have to use the potential of already achieved maturity of cooperation more boldly in the future.

Macroregional strand should become an instrument for cooperation exploiting the potential of flexible or functional geography.

We support the need of further progress in evaluation in the context of moving towards more performance oriented policy. The major and important challenge is, however, to strike the right balance between this ambition and the need to make policy easier to handle for final beneficiaries. Simplification effort should inspire the whole package of the future regulations. There are no major steps announced here and I hope they will emerge in the consultation process. The Commission has already advanced the process of simplification, but we need to move further while at the same time using all existing structures and instruments in a pragmatic and flexible way.

Few words on the options for changing the duration of the multiannual financial framework (MFF). Bringing down the current option of 7 years to 5 is in my view out of question. EU budget based policies are of investment nature and 5 years is simply not an option. So what is feasible is maintaining the current seven years or aiming at ten year programming with a clear and real review after five years. In any case 5plus5 option must not mean two separate programming periods. In case of acceptance of "5 plus 5" option, the decision on when the preparation of the review starts would be essential. It would not make any sense to start it earlier than five years after the start of MFF which means that the reviewed programs would start in the eighth year of the framework.

It goes without saying that any effective review in programming would require ensuring in regulations on structural funds a sufficient amount of flexibility, including transfers between the funds.

We need from the Commission rather quickly a thorough analysis of the practical arrangements.

Few words on urban agenda and local development. We expect an ambitious proposal from the Commission. We need the recognition of the challenges related to expanding metropolitan areas with growing population. But we also need a stronger focus on local development. We need progress with regard to the way urban agenda can be managed and financed, we encourage ring fencing, use of global grants and subdelegation, operation programs for groups of cities, experimenting with functional areas, more financial engineering.

Let me also say a few words on the European Social Fund. The Treaty, by adding one more, territorial dimension to the cohesion, underlines even more decisively the integrated nature of cohesion policy. We believe that ESF should remain in the framework of the general regulation on structural funds and there is a strong argument behind this. ESF without any doubts needs also its own set of ESF specific rules. We support it. There is also enough experience of the cohesion policy to say that the efficacy of the ESF implementation depends also on its ability to adapt to situations emerging from local and regional specificities. We strongly encourage a bottom up, regional policy specific approach in the identification of its objectives. We encourage the Commission to consider all policy options to boost the contribution of ESF to growth, jobs and competitiveness in the context of the proposed architecture of the policy. In this context, we ask the Commission to ensure maximum flexibility and enhanced synergy within the family of structural funds. In particular, we recommend assuring in the financial negotiations that a minimum threshold is established with regard to the national allocations within cohesion policy national envelopes to the social fund. It would increase the visibility of the ESF. We suggest, however, that the possibility of differentiated threshold is seriously considered taking into account different conditions in groups of member states, both in the post crisis situations and nuances in social models.

We all seem to agree on the need to further enhance the use of financial engineering instruments. The real challenge is to overcome regulatory complications, reduce administrative barriers and costs, better tailor the instruments to the needs of cross border cooperation, local development, business support, as well as ensure specific audit requirements. The quality of new regulation on financial engineering will be essential.

A final thought – the European Parliament will participate actively in the upcoming debate. We will continue firm on seeing this policy at the heart of the Union's economic, social and territorial development. There are interesting times ahead of us which require from all levels of European governance responsibility and accountability. It will not be enough, once we decide on policy, to administer it swiftly. We will need to continue political debates, to make difficult political choices in the context of the review of programs, we will need to strengthen periodically political message to maintain the level of political ambition and to ensure a similar level of ambition across administration and others involved actors. We need continued strong political involvement to see that sufficient resources are secured and policy dialogue is not limited. We need a formal ministerial structure to fully exploit the potential of the cohesion policy and to ensure alignment of cohesion policy programs with national reform programs.