

Prof. dr hab. Danuta Hübner

Chair of the Committee on Regional Development in the European Parliament
Conference on “Cohesion policy and regional development: make use of the
territorial potential”

Kiruna, 10-11 December 2009

In the years to come, Europe we live in, will be in need of a strong collective action to respond to expectations of its citizens who are today informed citizens, fully aware of how much depends on choices made by policy makers. Those expectations are linked to and fueled by challenges that have mushroomed over last years and their importance for citizens is confirmed by public opinion polls. Against this background let me first say a few words on why I believe Europe needs to unleash the development potential of all European regions.

We all agree – policy makers, businesses, research community, civil society – that a new European long term strategy should be built on opportunities generated by climate adaptation and mitigation efforts and hopefully global deal, by efforts aiming at energy security and efficiency, water efficiency and other natural resources efficiency, by challenges related to demographic trends, by innovation culture, that will hopefully become Europe’s systemic feature. Such a strategy must not be disconnected from the real economic crisis which seems to be paving the way towards deep global and hopefully European structural transformation.

I would say that challenges that are already now shaping our future are well known. Development policy with clear targets and tools is needed. Policy for development that Europe needs should be based on European cohesion. Cohesion has for me a triple meaning – it means the right of every citizen, no matter where she or he lives, to benefit from European integration, and in particular from internal market; it means the duty of every European territory, region, town or city to contribute to growth and competitiveness of European economy and to its global relevance but today cohesion means also the right of everybody, citizens, towns, cities, and regions to pursue common European objectives. Friends of cohesion policy for years have talked about the need to unlock, to mobilize development potential of all European regions and cities. The experience and logic clearly shows that this unlocking or modification turns to be most effective and sufficient if pursued through engagement of subnational levels of European governance.

The 2006 reform of cohesion policy has made it a modern place based policy founded on a good, reasonable balance between equity and efficiency, between bottom-up and top-down approach, between common European objectives and local flexibility. There is a need to move further on those issues, to continue the reform of policy governance but certain principles should not be abandoned.

The new Treaty has cemented the new understanding of European subsidiarity already deeply rooted in the cohesion policy, i.e. subsidiarity extended to local and regional level of governance. We can do more on it, especially with regard to local level. Those who suggest that cohesion policy can be limited to Brussels and national levels either do not know the European reality or do not understand that excluding local and regional Europe from the pursuit of common European objectives is economically at best unwise and politically dangerous.

Instead of investing in new alternative delivery systems, let's invest in better quality of cohesion policy machinery, in local and regional governance. I want to say with full responsibility of somebody who was in charge of incorporating 12 member states into the complexity of European cohesion policy, who touched with own hands the reality of nearly all European regions and who has been involved up to the top of head in fascinating hundreds of hours of discussions on how to simplify, how to reform, how to make this policy serve Europe even better – so I want to say that there is no alternative to cohesion policy among all European policy tools that have evolved with integration.

The sectoral approach recently offered as a way to go in this ghost document which I hope will not come back to haunt – this approach would be a mile step back in European governance, would go against the contemporary logic of development and global trends. Sectorization of policy agenda and of European budget has no justification when the challenges we face are not sectoral by nature. Each of them requires an adequate policy-mix, both in terms of content and delivery mechanism.

It was not by chance that already in 2005 and 2006 European cohesion policy put on the top of its agenda innovation and competitiveness, climate change, energy security and efficiency, water efficiency, investment in new skills, attractiveness of territories for young people, quality of life. We could put on cohesion policy agenda for 2007-2013 all those priorities which today we see in the Commission agenda Europe 2020 because we understood that the mission of cohesion policy is to anticipate change not to follow it. That is why more than 2 years ago we published the Regions 2020 analytical report. The purpose was to know what should be cohesion policy priorities after 2013. Today, we are well prepared to face the future.

Cohesion is a notion that excludes exclusion. Cohesion policy must not be derisive. For political, economic social and legitimacy reasons it should be a policy for all. As internal market is, as common currency is. All elements of this integration triangle: common market, common currency, cohesion are mutually strengthening and interdependent. They are our common European public good.

European regional policy delivering social, economic and territorial cohesion is based on shared competences between Member States and regions on the one hand and the European Commission on the other, working together in the interest of the Union and its citizens.

Throughout the history of cohesion policy , this shared competence has required from the begging a clear definition of the nature and methods of contract of confidence between the Member States and the Commission. Governance is therefore key for this policy and decisive for its credibility.

Let me raise in this context two issues. Over the last 20 years, which embrace four generation of community regulations, we have witnessed two contradictory tendencies. First, the content of the programme contract between the European Commission and the member states/regions has become more and more general allowing member states/regions to decide on and to implement specific programmes and concrete projects. Secondly, at the same time the evolution of management systems, even if strongly delegated, has become more and more controlled by the Commission and the systems have become more complex. These trends combine commitment to common European objectives and flexibility reflecting specific conditions on the ground. This is essential but also very difficult.

Two critical issues result from this double evolution. First, we know – one might say - fragmented and dispersed priorities. And second outcome is a detailed and excessive bureaucracy.

The evolution of the most lagging regions has always been the priority of the policy. With a few exceptions, there has been progress in this area over the last 20 years. In my view, however, convergence requires today a double effort – support for growth locomotives and for those needing to reach a critical mass in their growth capacity. Those that have critical mass to grow fast - locomotives - can do their job if links between more and less advanced territories are properly developed. Locomotives often tend to divorce themselves from the slowly moving wagons too heavy to pull them with the same speed. Experience shows that the least developed, if left to themselves, do not afford investing wisely. We must do more for those links to function and generate added value.

With respect to the more advanced regions we rather often faced the discrepancy between the effort of the Commission to anticipate challenges and needed restructuring and the intension of the actors on the ground to address existing problems. It has frequently led to using European support as replacement for own sources. This is one more area for improvement.

The general experience has been very clear – structural actions oriented towards long and medium term objectives have strong relevance at subnational level. Effective structural policy of this kind could not have been initiated and managed in a centralized way at the national level. Subsidiarity, therefore, has been a key choice for effectiveness and efficiency of the policy.

The Treaty, without any ambiguity, says that balanced and harmonized development of the Union is the objective of cohesion policy. It is also clear that

the regional level is at the heart of the policy. As I said social, economic and territorial cohesion is delivered by European regional policy. That is why this structural policy focuses on the utilization of every region's resources, with priority given to those that are less advanced. The Treaty also envisages a complementary cohesion fund to accompany at national level the convergence of the weakest member states within the system related to EMU. With more and more poorer potential members of the eurozone the convergence is becoming an ever greater challenge.

Regional policy is therefore neither a business cycle policy nor the income policy. It is a structural policy working in favour of regional sustainable development of all regions.

Today we have to concretize the new dimension of territorial cohesion, which in my view is complementing and not substituting the regional dimension. We have to deepen the understanding of and the way we address territorial specificities with a view to be able, especially at the local level, to more precisely define the development needs and those of interregional, cross border and transnational cooperation.

In our decision about the future policy, we will have to agree on its architecture, its priorities and its governance. The three major objectives of today, regional and national convergence, regional competitiveness and employment, and territorial cooperation do not seem to pose any problems among stakeholders.

There are of course militants of the renationalization of European regional policy and its replacement by an open method of coordination without European budget or on the basis of a sectoralised budget. There are those who believe that it is enough to support growth centres and that the market will do the rest in a

natural way. Neither renationalization nor support for a “centres only” approach that is based on sectoral policy will work for Europe of the second decade of XXI century.

While leaving in place the current architecture, which implies a regional dimension and Europe-wide coverage of the policy, it is necessary to more precisely state the economic, social and territorial functions of the policy. It is necessary to establish an appropriate transitional system for regions coming out of convergence so that they can effectively continue their catching up. It is necessary to better define the conditions and needs at regional level that would be the basis for eligibility, financial repartition and the management. The regional framework of the policy should respond more precisely to three realities of regional development: the role of grand metropolises, the local level, and the interregional challenges at national and European levels.

What should be the priorities of the policy? I am convinced that concentration of priorities is crucial for its efficiency. The mission of the policy should be to integrate three elements of the European agenda. First, competitiveness of all regions should remain a priority with a view to better position European regions in the global context. Second, economic, social and environmentally sustainable development of all regions integrating environment, energy, climate change, innovation and research, European networks and human capital is a major demand for today and tomorrow. The regional level is the right level for structural actions of sustainability as it allows for the best adaptation of actions to specificities of every region. Third, we need long term economic and social restructuring, linked in a smart way to the crisis exit strategy.

On governance, let me say first of all that I find it essential for the credibility of the policy. We are not satisfied with the insufficient efficiency of the policy but

what I find unacceptable is the perception of the efforts to improve the efficiency as a pretext for dismantling the policy. It is important to better clarify the responsibility of member states, the Commission, and the European Parliament. In particular, strengthening the obligation of member states for results is a political imperative. My dream is to have ex-ante certification of the systems by the European Commission with all subsequent controls left to the member states. My dream is also to have one operational program at the regional level, with one set of managing authorities in which all different policy tools would participate.

We, policy makers, have raised the stakes by promising to deliver. The challenges are well known, the “EU 2020” strategy has been opened to public consultations. Development policy with clear targets and tools will be needed. Cohesion policy is a policy for development that engages all levels of European governance in the pursuit of European development objectives. It is a modern place based policy that is striking a good balance between equity and efficiency that works towards strengthening of institutional capacities, delivers system based on the project-approach to investment strategies, makes advances in evaluation aiming at a modern result-oriented policy approach.