

Commission sets out options on future cohesion policy

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The Commission's 5th Report on Economic, Social and Territorial Cohesion published today shows that the EU's cohesion policy has made a significant contribution to growth and prosperity and promoting balanced development across the Union. Nevertheless, in view of the substantial economic and social developments over recent years, the policy now has to address new challenges. In the wider context of the EU budget review, the report underlines that future cohesion policy investments must be closely aligned to the objectives of Europe 2020. It also proposes introducing much stricter conditions as well as incentives to ensure the effective use of the funds dedicated to cohesion policy and an increased focus on results.

Presenting the report, EU Regional Policy Commissioner, Johannes Hahn, said: "This report shows how cohesion policy has had a major impact on the European economy, reducing economic differences and promoting environmental and social development. To ensure more value for money, we need to make the policy even more effective, in delivering concrete and measurable result. We need to spend more intelligently, focus on the EU's top priorities and add visible value to what national and regional authorities are already doing. The findings from this report and the consultation to follow will help us prepare a cohesion policy that is better adapted to the economic situation of today."

L6szly Andor, EU Commissioner for Employment, Social Affairs and Inclusion, said: "Cohesion policy has played a crucial role in dealing with the economic crisis and the European Social fund has, in particular, helped to cushion the impact of the crisis on workers and small businesses." He added: "More than ever before, the ESF must be put at the service of a true European employment initiative, helping people find a job fast. Cohesion policy will be instrumental in achieving the EU's employment and social targets as part of the new Europe 2020 strategy".

The report presents an extensive assessment of the economic, social and environmental situation and trends in EU regions and sets out a number of different options for adapting the policy post-2013. It shows how cohesion policy has benefited all regions both through direct investments and indirect trade benefits, as well as supporting EU-wide priorities, such as environmental protection and research and innovation.

Evaluations show that, between 2000 and 2006, investment from cohesion policy:

- » helped to create an estimated 1.4 million new jobs, supported small firms and boosted research;
- » offered valuable training opportunities to millions of women, young people, the vulnerable in society and the unemployed and helped around 2 million beneficiaries of training per year move into a job;
- » modernised transport links, supporting the construction or improvement of thousands of kilometres of road and rail and the modernisation of ports and airports;

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» improved environmental conditions for millions of Europeans bringing the quality of drinking water and treatment of waste water up to EU standards.

However, despite these achievements, large economic differences between regions remain. The report reveals striking regional differences in areas from productivity, to infant mortality rates and vulnerability to climate change. Drawing on lessons learnt from the current and previous programming periods as well as discussions with a broad range of stakeholders, the report makes a series of proposals for reforming the policy.

The economic and financial crisis has underlined the need for a policy that invests in the competitiveness of all regions as well as continuing to support development in those lagging behind. Coinciding with the wider examination of total EU expenditure, the report stresses that future funding should focus on a limited number of priorities, in line with the goals set by Europe 2020 strategy for achieving 'smart, sustainable and inclusive growth'. Emphasising the benefits of designing funding to suit national and regional development needs, it opens a debate on how the overall architecture of cohesion policy can ensure that each fund contributes effectively to achieving Europe 2020's policy objectives. The report argues that cohesion policy planning and management cycles should be recast to ensure that these objectives are translated into investment priorities.

To do this, the Commission proposes establishing a comprehensive overall strategic framework detailing priorities, objectives, and the reforms needed to maximise the impact of cohesion investment. A contract between Member States and the Commission would flesh out how these would be met, building on the countries' future National Reform Programmes. This would include the setting of clear and measurable targets and emphasise the importance of national coordination of funding from different EU sources to ensure effective delivery and visible results.

Another idea put forward is to offer incentives to make implementation of the cohesion programmes as efficient and ambitious as possible. A percentage of cohesion funding could be set aside and made available to national and regional authorities based on the quality, and progress, of the programmes they submit. The report also proposes ideas for simplifying the delivery system by reducing red-tape, and improving evaluation, performance and results through more effective target-setting.

The publication of this report marks the launch of a public consultation process which will run until 31 January. All stakeholders are invited to submit their views on the different questions raised in the conclusions of the 5th Cohesion Report on-line:

http://ec.europa.eu/regional_policy/consultation/index_en.htm

To read the report in full see here:

http://ec.europa.eu/regional_policy/cohesion_report