



Committee of the Regions

COTER-IV-019

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OPINION
of the
Committee of the Regions
on the
**FIFTH PROGRESS REPORT ON ECONOMIC AND SOCIAL
COHESION**

- THE COMMITTEE OF THE REGIONS believes that in order to keep the concepts of inclusion and solidarity robust, cohesion policy must continue to pursue a new economic and social balance without succumbing to the temptation to overload cohesion policy with too many mutually incompatible goals.
- maintains that the goals of cohesion and growth can and must be mutually compatible, since these are two closely correlated goals, and stresses the need to find out how growth can improve cohesion and not how cohesion can reinforce growth.
- doubts whether it makes sense to assign to cohesion policy instruments the goals of competitiveness for the growth strategy and calls for an analysis to be made – in the process of considering the future configuration of the structural funds – of the impact of earmarking under the Lisbon strategy on the results of economic and social cohesion.
- thinks it necessary to look into the possibility of developing more informative and comprehensive indicators of development and prosperity that respect the not insignificant differences at regional and local level in income, availability of public services, quality of healthcare and the provision of cultural and vocational education.
- highlights the fact that if the desire is for cohesion policy to take an important role in buttressing a new economic and social balance, it must have the appropriate resources and means, whereas the current level of funding is no more than the minimum needed to carry out this function

Rapporteur: Marta Vincenzi (PES/IT), Mayor of Genoa

Reference document

Communication from the Commission to the European Parliament and the Council
Fifth progress report on economic and social cohesion
Growing regions, growing Europe
COM(2008) 371 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

State of the debate

1. believes that there is a growing need to give cohesion policy a territorial dimension, in addition to an economic and social one, as despite progress and improvements, not only do disparities in development between regions persist but structural problems within regions are increasing as well. Stresses the importance of ensuring that the principles of equality and proportionality are respected alongside this territorial dimension.
2. agrees that many activities funded by the European Union have demonstrated added value. The admissibility of a project makes it easier to attract public and private funding and to develop innovation in management and implementation more rapidly.
3. regrets that the Commission continues to neglect the leverage effect of structural funds and refers to the Committee's outlook opinion on the matter, in which it proposed an evaluation framework for the various dimensions of added value in cohesion policy.
4. welcomes the introduction of the concept of regions in transition, which embraces not only the current phasing-in and phasing-out areas but also those regions whose funding is set to expire at the end of the 2007-2013 funding period, and supports solutions being prepared for these areas.
5. welcomes the consultation that preceded the Commission's publication of the Green Paper on territorial cohesion, pointing out that all the parties involved continue to acknowledge and support the role of cohesion policy in the building of the Europe Union.
6. notes that the possibility of introducing new and varied admissibility criteria has been raised in the debate. There have been calls to take into account not just GDP and GNI, but also the population structure and settlement patterns (data on population dispersal, ageing and dependency rates), the labour market, supply of services, geographical conditions, the urban and rural dimensions, natural and cultural heritage, environmental and climate factors, etc. All of these factors can be said to have an impact on economic and social development. At the same time, the Community-wide indicators for the demarcation of eligible areas have proved valuable, but a larger set of indicators from a broader "basket" of data should be used for the substantive assessment of the efficacy of cohesion policy.
7. hopes that the substantive assessment of disparities in development and progress on cohesion will take into account not just GDP and GNI, but also the labour market (data on employment, mobility and training), services on offer (data on access, efficiency and distribution) and land use (data on extent, continuity and polycentrism), the population

structure and settlement patterns (data on population dispersal, ageing and dependency rates), the general standard of education, investment in research and innovation (data on resources earmarked for R+D+i in relation to GDP), and the specific geographical features of some regions such as outermost, island or mountain regions.

8. maintains that the challenges of climate change and the problems of energy supply will continue to have an impact, in different ways and degrees, on a wide range of economic and social development issues and will impinge upon the efforts and capacities of cohesion policy.
9. emphasises that the outermost and island regions are particularly vulnerable to the new climate and energy challenges, but that they also offer an opportunity for the EU, in that they could be used as natural testing grounds for assessing problems and seeking solutions, benefiting the EU as a whole
10. points out that although regional statistics are a key instrument, for improving admission criteria and modifying development indicators in many Member States where they are already available they can be difficult to use or process, and where they are not yet available they can prove difficult to obtain or measure.

Objectives and priorities

11. notes that promoting European cohesion by reducing discrepancies in development continues to be the goal. Therefore support must go above all to economically disadvantaged regions, but in order to be successful and relevant to everyone, cohesion policy must embrace all European regions.
12. maintains that the foremost challenge is to speed up the convergence of lagging regions, especially the integration of areas in the new Member States, as regularly and quite rightly pointed out in the European Commission's various papers on cohesion policy.
13. considers that high priority should be given to identifying and addressing infrastructure deficits.
14. stresses that the aim of cohesion policy is to strengthen economic, social and territorial cohesion and, on this basis, also to make a contribution to the European Union's sectoral policies or national policies of the Member States.
15. considers that the integration of sectoral and cohesion policies is still very rare and maintains that strengthening the integrated approach would require setting horizontal goals to harmonise, in the first instance, the development of agriculture, the environment, energy and transport.

16. sees an even greater need in the current economic climate for network and cluster projects that transcend regional borders
17. maintains that the goals of cohesion and growth can and must be mutually compatible, since these are two closely correlated goals, and stresses the need to find out how growth can improve cohesion and not how cohesion can reinforce growth.
18. doubts whether it makes sense to assign to cohesion policy instruments the goals of competitiveness for the growth strategy and calls for an analysis to be made – in the process of considering the future configuration of the structural funds – of the impact of earmarking under the Lisbon strategy on the results of economic and social cohesion.
19. stresses that all the parties believe that rationalising the procedures would help to facilitate management of the funds, but warns that the reforms must be careful not to sacrifice the added value of multi-level involvement of regional and local authorities in community governance.
20. maintains that the legal and administrative environment is crucial to the success of cohesion policy and points out that boosting institutional capacity is one of the most precious and least visible resources for the implementation of interventions and hence the functioning of cohesion policy.
21. notes that the growing competition in output and administrative efficiency between Europe's regions is a factor to be borne in mind in regard to economic and social cohesion, since it affects the attraction of foreign investment and integration into the global economy.
22. welcomes the development of new and innovative financial engineering instruments in the area of cohesion policy (. such as revolving funds) and, at the same time, notes that the principle of co-financing is a valid and effective instrument for ensuring that the added value of cohesion policy is maintained.
23. stresses the enormous contribution that cohesion policy could make to the visibility of the European project and notes that the Commission, in collaboration with the Member States and regional and local authorities, must find even more effective ways of informing the European public about publicise the policy's benefits and results.

Next stages

24. notes that the principles of concentration, planning, cofinancing, additionality and partnership that underlie the present European cohesion policy have shown their worth and believes they must remain the fulcrum of community action in the future.

25. notes that the European cohesion policy must remain anchored in a strong partnership between all tiers of government and increasingly involve local and regional authorities at all stages, from the defining of projects to the evaluation of programmes.
26. accents the importance of territorial cooperation, in terms of added value and local visibility, for all dimensions of cohesion policy and urges that the possibilities introduced by the new EGCT instrument should be exploited to the full.
27. calls for the urban dimension of cohesion policy to be bolstered, noting that while urban areas are often the engine for economic growth, they also have to contend with serious economic disparity, social inequality and cultural isolation.
28. draws attention to the need for greater coordination in tackling the problems of rural areas and the difficulties of urban ones, since the link between urban reality and rural environment is an essential component of an integrated policy of regional development.
29. recommends that rural development instruments be incorporated into general cohesion policy, since structural funds already finance many actions with parallel goals and this could be the best way of avoiding a duplication of projects and interventions.
30. proposes collaboration between management and statistics organisations to put together new regional statistics instruments which would assess the impact of cohesion policy, in a relevant and targeted way, better define development indicators or further refine admissibility criteria.
31. thinks it necessary to look into the possibility of developing more informative and comprehensive indicators of development and prosperity that respect the not insignificant differences at regional and local level in income, availability of public services, quality of healthcare and the provision of cultural and vocational education.
32. notes that the possibility of using integrated forms of funding, such as revolving funds with venture capital and soft or secured loans, could produce a beneficial multiplier effect without overturning cohesion policy's system of subsidies.
33. believes that public authorities, including local and regional authorities, will in future be called upon to invest more in supply of or support for services of general interest, in order to bridge the gaps, particularly in the area of utilities and transport
34. notes that the Member States of the European Union are facing the demographic challenge of a gradual ageing of its population and stresses that one aspect of this change is the growing demand for public services – above all, healthcare and social services – that guarantee the same efficiency and quality to all.

35. maintains that simplification of cohesion policy must be based on the principles of subsidiarity and proportionality and reporting requirements and monitoring procedures linked to the magnitude of the interventions and the geographical location of projects in order to cut costs and devolve management.

Conclusion

36. maintains that the European Union must acknowledge and boost the territorial dimension of cohesion policy in order to make possible an economic and social development that is not only balanced and sustainable between the various regions, but also polycentric and harmonious in the regions themselves.
37. stresses that cohesion remains an important challenge, since the large discrepancies in economic and social development between the various regions and within them remain and, indeed, have been exacerbated by the European Union's latest enlargement.
38. believes that in order to keep the concepts of inclusion and solidarity robust, cohesion policy must continue to pursue a new economic and social balance without succumbing to the temptation to overload cohesion policy with too many mutually incompatible goals.
39. highlights the fact that if the desire is for cohesion policy to take an important role in buttressing a new economic and social balance, it must have the appropriate resources and means, whereas, in the Committee's view, the current level of funding is no more than the minimum needed to carry out this function and should respond to the pressure to contain spending arising from the worldwide financial crisis, a situation in which the need to implement cohesion policies more effectively is even greater.
40. notes that cohesion must maintain a European dimension and rebuff any attempt to re-nationalise the Community effort, whose added value lies not least in being a wide-ranging common policy with clear strategic objectives that can respond to the continental and global challenges and adapt itself to regional and local needs.
41. stresses the leverage effect of cohesion policy, since investment engenders long-term structural effects on regional and local economies, fosters innovative approaches to development and employment and impacts profoundly on the capacity-building of administrations and businesses.
42. calls for new financial instruments to be applied which could contribute in a more simple and effective way to investment, especially in regions that need restructuring and innovation and particularly to sustain the role and development of SMEs.

43. notes that, in keeping with the subsidiarity principle, local and regional authorities need to be involved at all stages, from planning to evaluation, because they are the tier of government nearest to the end recipients as well as those primarily responsible for implementation of cohesion policy.

Brussels, 27 November 2008

The President
of the
Committee of the Regions

Luc Van den Brande

The Secretary-General
of the
Committee of the Regions

Gerhard Stahl

II. PROCEDURE

Title	Communication from the Commission to the European Parliament and the Council Fifth progress report on economic and social cohesion: Growing regions, growing Europe
References	COM(2008) 371 final
Legal basis	Art. 265, 1st para.
Procedural basis	
Date of referral by the Council/Date of the European Commission's letter	19 June 2008
Date of the decision by the President	7 July 2008
Commission responsible	Commission for Territorial Cohesion Policy (COTER)
Rapporteur	Marta Vincenzi (PES/IT), mayor of Genoa
Analysis	4 August 2008
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Previous Committee opinion	