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A reformed Cohesion Policy for a changing Europe Regions, Cities and Border areas for Growth and Jobs

10 Questions and Answers

1) *Why does Europe need a new Cohesion Policy?*

Cohesion stands for solidarity among Member States to make regions more attractive, innovative and competitive places to live and work. This benefits all regions: the less-developed ones receive investment which would not otherwise be available while, at the same time, business opportunities are created for people and companies in more



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developed regions, too. The Commission, together with our partners in Member States and regions, makes every effort to see that every cent invested through Cohesion Policy is spent efficiently.

The Union has invested around €480 billion on the 'less-favoured' regions since 1988, of which around 70% was in regions with income levels below 75% of the average. Between 2007 and 2013 the investment will be the greatest yet, €308 billion. We have achieved a great deal: the gaps between regions and countries which could slow down the single market and disrupt the single currency have been significantly reduced. But there is a lot to be done especially after we welcomed our new partners in 2004. The poorest regions, mainly in the new Member States, have a long way to go in many fields. Our retired population is becoming more numerous, more active and longer lived while the number of workers supporting them is shrinking. We actually need a Cohesion Policy more than ever before and we also need it to be even better implemented than before. The policy is outlined in the new regulations covering the period 2007-2013, while the principles and priorities regarding its implementation are highlighted in the Community Strategic Guidelines.

2) *What are Strategic Guidelines?*

The Strategic Guidelines take the form of a document prepared by the Commission to help national and regional authorities modernise their economies and connect their programming with the EU-wide drive to create more growth and quality jobs. The guidelines are complementary to the regulations. The regulations are the legal framework to ensure that everyone works in accordance with the Treaties and



Bridge on new Bilbao to Santander motorway, near Las Arenas, Basque Country (Spain)

on the same basis. The strategic guidelines set the political priorities for the investments to be made. They are different documents, but you cannot have one without the other.

The new strategic guidelines are important because they focus even more on growth and jobs. They show that the emphasis in future development should be on knowledge and the information society, entrepreneurship, the environment and employment.

3) What makes Cohesion Policy special?

The unique modalities and method of EU's Cohesion Policy have helped it work better and more efficiently than any other such policy elsewhere in the world. It has helped the poorer regions of Europe catch up significantly and it has encouraged large-scale job creation in areas of high unemployment. That is because it has resources which are uniquely stable (over seven years) and foster long-term planning and development. And it is because we have developed a special method of working which is the envy of many countries.

This special method gives the regions responsibility for project selection and management. It brings together in an efficient partnership national, regional and local authorities, enterprises

and non-governmental organisations. And it ensures that projects are selected which match the priorities and objectives agreed with the Commission at the start. For the next period (2007-2013) these priorities and objectives give considerable emphasis to the Union's Growth and Jobs Agenda.

4) Who benefits?

The Union has given Cohesion Policy a clear focus on the poorest regions and countries. Over 80% of the cash will go to what we call "Convergence" regions, basically those which have less than 75% of Europe's average income (measured as Gross Domestic Product per head). About half the population of Europe will be covered, and most of the new Member States. 15.7% of the money will be set aside for 'Regional Competitiveness' in the whole of the rest of Europe, that is, anywhere which is not a "Convergence" region. This money will be used for Growth and Jobs projects to face up modernisation processes in all other regions. The rest is for "Territorial Co-operation" between border regions in Europe, and for networking activities.

So the money is available to a wide range of people across Europe. Thanks to the EU's internal market, people and companies from all regions can have access to and bid for

the business opportunities created through Cohesion Policy. Therefore, the billions invested provide a unique stimulus for the economy across Europe, and the effects are not limited within the target regions. Equally important is that the choice is made locally depending on how well the proposed projects meet the overall criteria and the programmes which have been selected for that region.

5) Is there enough money to make a real difference?

Year by year, several thousands of projects in all Member States receive funding through the European Cohesion Policy and contribute to the catching-up of poor regions, to increased regional competitiveness and the creation of jobs. The selection of these projects is based on the analysis of the needs and development perspectives of regional economies, and it is carried out by regional and national authorities in the framework of an EU-wide strategic approach. The outcome of the funds' interventions is measured by both Member States and the European Commission. Evaluations show that between 1988 and 2001 the gap between the poorest regions and the EU average was reduced by one-sixth. For example, the increase in the level of GDP due to Cohesion Policy was 10% in Greece and 8.5% in Portugal between 1989 and 1999. The projected increase for both countries in the current period 2000-2006 is about 6%. Concerning the 2007-2013 period, recent research suggests that additional GDP growth in the new Member States will be in the order of about 7-12% and that 2.5 million new jobs could be created.

You do not need to look at the work which has been done for long to realise that a lot of projects have been successfully completed and that they have indeed made a big difference. Look at the transport system in Spain which has been utterly transformed over 20 years with motorways opening up the regions, high-speed trains, trams and metros in the cities. Look at Athens where a Community-funded suburban railway has made the brand new airport accessible and where trams, extended metros and a ring road have helped make the city's sky bluer by reducing pollution. Look at the new water distribution and treatment systems which are going into Polish, Lithuanian and Estonian cities. Look at the business and high-tech clusters which have been encouraged in Sweden, Finland, Germany, France and Ireland.

6) How is spending controlled?

How great is the danger of mismanagement?

In fact, the Member States are responsible for most management and control and the Commission requires the very best systems and personnel to carry out this function. There have been isolated problems but few given the

amount of money being handled. Where errors do occur they are often pointed out by the Member State itself and the Commission and the Member States take steps to correct the situation or recover the money. One reason for this good record is that the Commission services, together with national authorities, verify the eligibility and management of expenditure at regional level. Another is that, increasingly, local managing authorities and monitoring committees include a wide range of members from enterprise and the NGO sector, which seems to keep everyone on their toes.

7) How do these activities relate to everyday life?

Cohesion Policy projects relate to the citizen in two very important ways: First, through the participation of all active citizens – the so-called civil society – at the stage of preparation, programming and implementation of a project, and second through the actual benefits an efficiently planned and implemented project brings to the local community. In many ways, the results of Cohesion Policy are just around the corner for most European citizens.

The Commission has always taken the view that this policy only works properly if it takes account of local experience, if problems are identified at the regional level, and if solutions are designed and carried out by the communities which will gain the ultimate benefit. These things work differently in different countries of course. But we recommend that as well as central government, regional authorities should be closely involved in project selection and management. In addition, social partners, like local business, Unions and employers, should be included and all these should be complemented by inviting special interest NGOs like environmentalists and equal rights activists to take an active part in the process.

Making such diverse groups work successfully together is not straightforward and some, especially the new, Member States are nervous of taking the plunge. But the benefits go further than an improvement in local democracy and the involvement of civil society. They include a higher level of locally relevant project proposals and a big improvement in local communication and publicity about the projects which are funded.

8) What else can the Commission do to help regions achieve its priorities?

The Commission is considering ways to encourage new ideas and stimulate innovative actions and more co-operation to help regions tackle their problems. One way forward would be to build on our existing exchange of experience activities by bringing together groups of like-minded regions at an

early stage in the development of their programmes to focus on particular issues and make progress by pooling all the relevant ideas. The Commission could play an active part in these groupings, perhaps by inviting them to meet in Brussels and by providing specific advice.

The experience subsequently gained could be shared and be a contribution to progress on the National Reform Programmes by which the Member States are giving more impetus to the Lisbon process. The groupings of regions could focus on issues like energy efficiency or bringing the benefits of research to SMEs. But there would be no restrictions on what these regional groupings could select as a focal point.

9) How is Cohesion Policy affected by globalisation and delocalisation?

The effects on communities and regions of decisions taken outside them, or outside Europe, can be devastating. Cohesion Policy itself has been the EU's response to possible side effects brought about initially by European integration and later by globalisation in terms of a worldwide free market economy. As a policy of proven and tangible solidarity among Member States, Cohesion Policy has

provided considerable support to help affected regions modernise their economy, and will continue to do so in the next period. However, Cohesion Policy alone cannot prevent decisions which are usually taken at a global stage and are based on hard economics. What Cohesion Policy can do is to strive to make regions more attractive for outside investors in the first place. In fact, this is the first element of the Strategic Guidelines. At the same time, we have developed a fund of knowledge which we can use to help regions which are affected by adverse economic changes and which has proved its worth over and over again.

10) How is transparency ensured?

The most important players in this respect are the Member States themselves. They are the ones which have primary responsibility for informing their citizens about the activities which are co-financed with Community Structural Funds. Cohesion Policy is one of the few EU policies which impose a publicity and information obligation on Member States. At the same time, the Commission brings together the officials who do the information job in the Member States so they can exchange ideas on the kind of publicity which really works. This working group, the 'Structural Funds Information Team' is one of the most dynamic and productive that we work with.

Metro Station in Athens (Greece)

