# Contribution of EU regional policy towards fighting the financial and economic crisis, with a special reference to Objective 2

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The Committee on Regional Development adopted the own-initiative report drafted by Rodi KRATSA-TSAGAROPOULOU (EPP, EL) on the contribution of EU regional policy towards fighting the financial and economic crisis, with a special reference to Objective 2.

**Key instrument for economic recovery**: Members stress that, in the context of the global financial and economic crisis and the current economic slowdown, EU regional policy is a key delivery instrument, making a decisive contribution to the European Economic Recovery Plan, constituting the largest Community source of investment in the real economy. Members note that the Structural Funds are powerful instruments, designed for helping the regions in their economic and social restructuring and in promoting economic, social and territorial cohesion, development of competitiveness and job creation.

**EU 2020 Strategy**: supporting the key priorities of the EU 2020 strategy, Members note with concern the negative social consequences that have been brought about by the crisis in Objective 2 regions and calls on the Commission to take initiatives to support SMEs in securing the viability of existing jobs and creating, where possible, more new jobs. They emphasise that economic, social and territorial cohesion is at the heart of the EU2020 Strategy and that cohesion policy and the structural funds are a key tool in achieving the priorities of smart, sustainable, inclusive growth in the Member States and the regions.

**Towards greater flexibility**: Members underline the significant problem posed by the reduction in the contribution of national co-financing to programmes, which also has implications for Objective 2 owing to the major financial problems of many Member States, and supports Commission policy regarding the use of the Community contribution. The report considers it necessary, therefore, to amend Regulation 1083 /2006 in its present form, as adopted by Parliament, to be speedily implemented. The report notes that, out of a total of 117 operational programmes financed by the ESF, 13 were amended with the aim of tackling specific needs resulting from the crisis. The Commission is called upon to help the Member States use this flexibility to reorient their operational programmes. Furthermore, Members call on the Commission to study the causes of the delays in implementation and to find flexible solutions for the n+2/n+3 rules, so that funds are not forfeited to the Member States.

**Support measures for undertakings**: Members welcome the support measures for undertakings under the cohesion policy (approximately EUR 55 billion between 2007 and 2013), most of which relates to strengthening innovation, technology transfer and modernisation of SMEs. They state that the proposed measures under the intervention in favour of undertakings must be targeted at their long-term restructuring outcomes and the transition to a more sustainable economy, and not at fire-fighting interventions for economic survival, which in many cases are incompatible with State aid policies.

**Strengthen research and innovation**: Members emphasise that, in order to tackle the crisis, investment is needed in research and development, innovation, education and technologies that use resources efficiently. Such investment will benefit traditional sectors, rural areas and highly skilled service economies and will therefore strengthen economic, social and territorial cohesion. Members call on the Commission and the Member States to monitor, on a continuous basis, the impact of the crisis in various structural and development fields and the use made of the opportunities offered by the financing instruments earmarked for Objective 2 primarily to support entrepreneurship and SMEs and bodies working for a social, inclusive

economy. They also call on the Commission and the Member States to use this evidence to prepare and target the future Objective 2 EU Cohesion to those areas, at regional and local level, where added value of EU interventions can be demonstrated (in particular innovations in the tourism, service, IT, and industrial sectors,…).

**Eligibility and prefinancing**: Members welcome Commission policy on (a) extending the eligibility period under the operational programmes 2000-2006 to allow maximum take-up of all cohesion policy resources, (b) simplifying the administrative requirements and procedures and the financial management of the programmes. They also support the 'pre-financing' policy for programmes under the cohesion policy 2007-2013, which produced immediate liquidity of EUR 6.25 billion for 2009 for investment within the framework of the financing packages agreed for each Member State.

**Financing for major projects**: Members support the assistance policy and the new financing instruments for major projects for the regions (planned total cost of EUR 50 million and above) introduced by the Commission in 2009, values the importance of financial engineering instruments and EIB/EIF cooperation, especially JASPERS, JEREMIE AND JESSICA. Members call for a further increase beyond 25% in the financing provided through JASPERS (Joint Assistance in Supporting Projects in European Regions) that relates specifically to the regions in Objective 2, with a view to encouraging their full preparation.

**Governance**: Members stress that only with genuinely integrated multi-level governance among local, regional, national, cross-border and EU public authorities can EU, national and regional policy be efficient and effective. They call on the Commission to evaluate the possibilities of innovation-related territorial cooperation, both national and international, in each cohesion policy objective, and to analyse the possibilities for reinforcing the European territorial cooperation objective with regard to fostering innovation-related cooperation between regions. In parallel with the reinforcement of the Territorial Cooperation Objective (Objective 3), Members recommend the possibility of developing transnational territorial cooperation actions in the framework of Objective 2 should also be reinforced Members are of the opinion that, without changing the overall cohesion objectives' budget, the reinforcement of territorial cooperation should be accompanied by a move towards an increased budget for this extended territorial cooperation.

**Gender equality**: Members emphasise the positive effect which equality between men and women has on economic growth. They request special scrutiny for those projects financed under the structural funds which promote equality and the inclusion of women in the labour market.