

# Achieving real territorial, social and economic cohesion within the EU - a sine qua non condition for global competitiveness?

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The Committee on Regional Development adopted the own-initiative report drafted by Petru Constantin LUHAN (EPP, RO) on achieving real territorial, social and economic cohesion within the EU – a sine qua non for global competitiveness?

**Cohesion policy as a *sine qua non* for global economic competitiveness:** the report highlights the achievements of the EU cohesion policy and the fact that its implementation is indispensable for the success of the [EU 2020 strategy](#) as an instrument for eliminating the disparities between regions, making them more competitive, facilitating the launch of structural reforms and enhancing the regions' ability to adapt to the global economic climate. Members appreciate that, for the period 2007-2013, around EUR 86 billion has been allocated to research and innovation, of which EUR 50 billion has already been allocated for core R&D and innovation activities. The report recommends, therefore, with a view to the next programming period, that there is a need to promote and apply successful models in the **knowledge triangle** to ensure the sustainable development of regional research and strategic frameworks for innovation, in collaboration with enterprises, research centres, universities and public authorities. It stresses that this policy should make a significant contribution to fostering competitiveness, innovation and employment in the EU.

Members stress the role played by both the public sector, at all levels of government, and the private sector in the implementation of cohesion policy. They take the view that, in accordance with the spirit of the Treaties, a cohesion policy which aims at reducing disparities in levels of development has proved to be essential to the process of European integration.

Stressing that cohesion policy must play a significant role in the implementation of the EU 2020 strategy, Members state that it must remain an independent policy capable of accommodating regional specificities and of supporting the weaker and neediest regions.

**Territorial cohesion – a reflection of the local-level impact of EU policies:** endorsing the views expressed in the Green Paper on Territorial Cohesion concerning competitiveness in order to release the potential inherent in the EU's territorial diversity, Members stress that the smooth and coordinated operation of transport services, sufficient access to telecommunications and the pooling, where appropriate, of energy, healthcare, research, education, environmental protection and infrastructure are basic conditions for further boosting competitiveness. They call on the Commission to bring forward **concrete proposals for the definition and consistent implementation of the objective of territorial cohesion**. Underlining the importance of the principle of decentralisation down to local-authority level, with a view to improving the absorption of funds, Members consider it to be counterproductive, in this context, that regions administer on average only 30.5% of the overall budget allocated to cohesion policy, with the remainder being administered by central governments; considers, therefore, that in future the partnership principle must be significantly strengthened.

As regards border territories, the committee takes the view that these highlight the problems that the EU faces in connection with the challenges of opening up borders, completing the internal market and globalisation. It points out that territorial cohesion has a horizontal, multi-sectoral character and that Union policies must therefore contribute to its achievement.

The Commission is called upon to examine and propose working methodologies that promote urban-rural partnerships, combat the depopulation of rural areas and, at the same time, stimulate sustainable urban development. The committee points out that both urban and rural areas play a dynamic role in regional economic development.

**Maximizing the impact of cohesion policy to increase economic competitiveness:** Members view partnership as a key principle in the determination of cohesion-policy content, with the ‘bottom-up’ approach enhancing administrative capacities and the quality of the programming process. They call on the Commission to give a clearer definition of the partnership principle in order to ensure that real partnerships with regional and local authorities are set up and to facilitate exchanges of best practice between regions.

The report highlights the need to promote entrepreneurship and support small and medium-sized enterprises (SMEs), recognising the key role they have played in fostering economic competitiveness and creating jobs. Members stress the need to review and consolidate the role of the EU instruments that support European competitiveness with a view to rationalising administrative procedures, facilitating access to funding, especially for SMEs, introducing innovative incentive mechanisms based on achieving objectives linked to intelligent, sustainable and integrative growth, and promoting closer cooperation with the European Investment Bank and other financial institutions. They also appreciate, in this context, the added value offered by financial engineering instruments and encourage their use, as well as that of revolving funds and global grants, on the widest possible scale, with a view to achieving positive synergies and maximising results; calls, too, for simplified access to risk capital and micro-finance.

Members consider it crucial to involve local and regional authorities at an early stage in shaping and implementing future cohesion policy. They recall that **multi-level governance is one of the key principles of cohesion policy** and that it is fundamental to ensuring the quality of the decision-making process. They also call for:

- the simplification of the procedures for the utilisation of the Structural Funds and the Cohesion Fund;
- concrete proposals for the consolidation of public-private partnerships within the framework of cohesion policy;
- the continuation of accessibility and infrastructural facilities will help to make those regions which lag behind in the internal market more competitive.

**As regards the budget,** Members insist strongly on reiterates that a strong and well financed cohesion policy, with a budget at least equivalent to the current one in both absolute and relative terms. They consider that **GDP must remain the principal criterion for determining the eligibility of regions** for cohesion-policy assistance, while other measurable indicators might be added if proven to be relevant, leaving room for national authorities to apply, at the appropriate level of decision making, other indicators which take into account the specific attributes of regions and cities. They also stress the importance of taking into account, in the allocation of funds, the specific characteristics of, for example, coastal, mountainous outermost regions, regions suffering from depopulation, or remote border regions and towns. The Commission is invited to study ways in which new techniques in financial engineering can improve the effectiveness and impact of the cohesion policy, with a view to obtaining the best possible results in the projects chosen.

**Cohesion policy as a key policy for the post 2013 period:** Members emphasise the decisive role which regional development and territorial cohesion throughout Europe play, by virtue of their European added value, in enhancing the economic competitiveness of the EU and meeting the EU 2020 targets, with the place-based approach being one of the main ways of achieving economic balance.

They stress the need:

- for an integrated approach to the application of the structural funds as an important means of helping regions to achieve sustainable growth, employment and prosperity;
- to **keep transitional arrangements** in place to consolidate and improve the current level of development (this would ensure equal treatment for regions in similar situations), which would in turn lead to the efficient organisation of programmes;
- to respect the right to equal opportunities and stress the need for disabled access to all infrastructure and projects financed under the structural funds;
- to improve the quality of education by exploiting ICTs to the maximum in order to contribute to meeting the challenges of social change in Europe and the world;
- to ensure that selective and combined investment in research, development and innovation takes into account regional and urban capacities and potential and help to develop key areas such as e-health, pharmaceuticals, transport and logistics, environment, digital content, energy and security, by means of institutional development and capacity-building programmes;
- to stimulate competition at European level, without however creating an imbalance among Member States.

Members recommend that the Member States and the Commission **pay greater attention to supporting major projects covering two or more operational programmes** with a major impact at European level, which will generate added value, create high-quality jobs and safeguard the sustainable development of the regions. It takes the view that the cohesion policy should continue **promoting measures that will generate the greatest possible number of jobs**, making it possible to harness local human resources and ensure their ongoing development so as to guarantee high productivity.

In conclusion, Members maintain that the achievement of economic, social and territorial cohesion is a **necessary condition** but that it is not sufficient to guarantee economic competitiveness at world level, which requires significant investments in key areas such as energy, the environment, infrastructure, education, research and development, creative industries and services, logistics and transport.