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

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The European Parliament adopted by 609 votes to 46, with 14 abstentions a resolution 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 and employment: Parliament stresses 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 and providing notable support for public investment. It notes 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.

Although Parliament notes the positive results with regard to most indicators observed in the period before the economic crisis in the Objective 2 regions, (namely the high performance levels in employment, innovation, research and development (R&D), human capital intensity, education and training and lifelong learning), it stresses that the impact of the crisis on the economy must not result in a reduction in support for more and better jobs, and calls for these comparative advantages to be sustained through a strengthening of the Objective 2 instruments.

EU 2020 Strategy: supporting the key priorities of the EU 2020 strategy, Parliament notes 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.

It emphasises 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: Parliament underlines 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. It considers it necessary, therefore, to amend Regulation 1083/2006 in its present form, as adopted by Parliament, to be speedily implemented. It 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**. It calls on the Commission to help the Member States use this flexibility to reorient their operational programmes, and to publicise the fact widely among the relevant regional and local actors as quickly as possible with a view to providing short-term assistance to specific at-risk groups and categories. Parliament insists in particular that all funds that remain unspent in a region under N+2 and N+3 are allocated again to regionally based projects and community initiatives.

Advances for Member States in difficulty: Parliament supports the Council's proposal to increase advances for 2010 by 4% in the case of the ESF and by 2% in the case of the Cohesion Fund, but only for

Member States whose GDP has fallen by more than two digits or which have received IMF balance-of-payments support.

Support measures for undertakings: Parliament welcomes the support measures for undertakings under the cohesion policy (approximately EUR 55 billion between 2007 and 2013), most of which relate to strengthening innovation, technology transfer and modernisation of SMEs. It states 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: Parliament emphasises that 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. It calls 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. It also calls 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: Parliament welcomes 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. It also supports the ‘pre-financing’ policy for programmes under the cohesion policy 2007-2013, which produced immediate liquidity of EUR 6.25 billion for 2009.

Financing for major projects: Parliament supports 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. It calls 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: Parliament stresses 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. It calls 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), it recommends the possibility of developing transnational territorial cooperation actions in the framework of Objective 2 should also be reinforced. Parliament also underlines the need to avoid abuses and mismanagement of projects.

Gender equality: Parliament emphasises the positive effect which equality between men and women has on economic growth. It requests special scrutiny for those projects financed under the structural funds which promote equality and the inclusion of women in the labour market.