

**Johannes Hahn**

Commissioner for Regional Policy

## **Cohesion Policy in support of smart, sustainable and inclusive growth**

Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

Official visit to the region of Noord Brabant

**Eindhoven, 03 February 2012**

Queen's Commissioner, Elected Members,

Ladies and gentlemen,

Dear colleagues,

It is a great pleasure to be with you today on what is my first official visit to the Netherlands. The visit is very timely. Every week I introduce a region of Europe to our citizens via the "region of the week" feature on my website – this week Noord-Brabant is our Region of the Week.

I am also particularly pleased to be with you to share thoughts on how we can consolidate the good work you have done so far and capitalise on the innovation excellence we find in your region. The Brainport, the Food Technology Park or the Green Chemistry Campus are all impressive developments which I would like to see promoted and developed elsewhere in Europe, with the support of Cohesion Policy. I welcome the effort of Noord Brabant to share its successful triple-helix best practice with cohesion regions. As far as I know several potential partners have already been selected. Europe needs more of those spin-offs.

I come to you at a moment which is a testing time for Europe. The crisis touches the lives of citizens everywhere and we need a strong, common effort to bring Europe through this difficult period.

Europe is responding to the challenges we face. Much is being done to tackle public deficits. There has been much talk of austerity.

But European leaders have recognised that emergency action to redress budgetary imbalances needs to be coupled with both immediate and long-term policy changes to stimulate growth and make it possible for businesses to create employment. Only a few days ago, the European Council concluded that getting out of the crisis as swiftly as possible can only happen if we take robust measures to stimulate growth and employment.

Our national leaders have also recognised that in Europe we already have tools to make the right investments for growth – we have a strategy: Europe 2020 and we have an investment tool: Cohesion Policy.

Cohesion Policy has already provided substantial resources for investment across Europe over the past decades, and our relative prosperity owes a great deal to this consistent and targeted support. In the future we must strengthen this feature even further as I fear that without Cohesion investments there will be little growth in Europe in the years to come.

There have been calls at the highest level to mobilise Cohesion funding not yet used in Member States. This is a welcome move. But let me tell you that the Commission has not waited for these calls. We are already working very closely with the governments of Greece, Italy, Portugal or Romania to assist them increase the effectiveness and immediate impact of their Cohesion programmes.

Results so far have been rather good – we have been able to transfer funds more quickly and we have improved management mechanisms so as to speed up implementation. Our payments to Member States and regions in 2011 amounted to 32 billion euro, which is a significant injection of cash into the economy.

These are measures for the immediate future. But we must also embark on some far-reaching reforms to improve the impact of our investments in the longer-term. Let me now outline how I see the contribution of Cohesion Policy to sustainable growth.

My firm objective is to establish Regional Policy as an investment policy with a high return of investment not only for the regions but for Europe as a whole.

Reviving growth and maintaining it will require major efforts from all of us. Our first task is to mobilise behind the objectives set out in Europe 2020. This strategy offers a genuine roadmap for growth in Europe. We must now act upon it.

First and foremost, Cohesion Policy must make a clear and visible contribution to the concrete targets set out in Europe 2020. In other words, we must show results.

When it comes to the Digital Agenda or to Youth Employment for instance, our programmes must in the future demonstrate what they have achieved – both in terms of quantity and quality.

Our proposals extensively cover how we can do this if we all mobilise to improve our measuring and monitoring activities.

This will require a major effort from all, including the European Commission. We will allocate the necessary resources to ensure that a more result-oriented investment policy is made possible and we will share all our expertise and knowledge with our partners in the Member States and regions.

Ultimately, the result orientation of our investments will lead to financial rewards for those performing well.

Secondly, our proposals post 2013 have translated the Europe 2020 objectives into a menu of priorities to be selected according to the principle of "thematic concentration". We need to focus on a limited range of priorities to ensure maximum impact. And at the top of the menu is innovation. In Dutch regions, this would translate into 80% of the allocation dedicated to research and innovation, SME support and energy issues.

At the same time, our proposals are sufficiently flexible to meet the specific development needs of our regions. Every region of the Union has its very own development potential – efforts must be stepped up to translate this potential into real growth.

Here in Noord Brabant you have understood this well – your region thrives thanks to innovation-based investments. We want to see more of this across the Netherlands and Europe.

With thematic concentration, we propose focus and flexibility. Not mutually exclusive concepts, but two sides of the same coin in intelligent use of public funds.

This is also a dimension which is present in your national growth policy: supporting top-sectors – much like our smart specialisation strategy - whilst allowing for recognition of territorial specificities, something which is highly important in the European approach.

At this point, let me open an important parenthesis on innovation. It is my strong belief that growth in Europe will largely depend on our capacity to innovate. I understand innovation in the broad sense of the word and not in a purely technological sense – we want to see innovation in products, services, business and social processes and models. Cohesion Policy will play its part in fostering innovation for growth.

I am particularly pleased that Horizon 2020, the successor to the 7<sup>th</sup> Framework Programme and to the Competitiveness and Innovation Programme, will in the future work in close synergy with Cohesion Policy.

Both our regulations have been drafted in such a way that we will be able to support regions and innovation stakeholders in a meaningful manner by contributing to improving our innovation capacity via Structural Funds and by seeking to promote excellence via Horizon 2020. This is an important development at European level.

A third major aspect of the new proposals is the introduction of conditionalities. As the implementation of the current programmes shows, there is a need to ensure that any investment is made where the conditions to do so are right. When Cohesion Policy has failed to deliver fully, it has often been because the legislative or policy framework was not in place.

Ex-ante conditionalities as we propose them should not be seen as a stick that will be used to beat you on the head. On the contrary, they should be seen as a carrot for more effective use of limited public funds and they will not be imposed but agreed between the Commission and MS (and regions).

If we invest our reduced public funding following these three essential principles – results, concentration, conditionalities - Cohesion Policy will play a very significant part in pulling Europe out of the current economic stagnation. This is of paramount importance, not only to the Commission or to Member States and regions, but to our citizens.

There are a number of additional points to make before I conclude.

The Netherlands are at the forefront of those wishing to see restraint in the next EU budget. Our budget proposal for the next period amounts to 336 billion euro, which is in net prices a 5% cut in the Cohesion Policy budget compared to the current budget.

We propose that 71% of the budget go to less developed regions. But Cohesion Policy is a policy for all. We should support those regions which are performing well to ensure they remain engines of the European economy just as we need to support those regions which are on their way to increased competitiveness but still need significant financial assistance. I know Dutch regions support this idea. You should continue to press the case with your Government. When doing so you can tell them, this is something that will not only benefit the Netherlands. It will also support growth across Europe, which is ultimately to everyone's advantage, if only in terms of sustaining export levels.

Territorial Cohesion is now fully integrated in the Treaty and needs to be more visibly part of Cohesion Policy. We have proposed a number of new measures such as increasing our investments in the sustainable development of urban regions or in territorial cooperation.

Sustainable urban development will be particularly interesting in the Netherlands where population density is the highest in Europe and where cities provide tremendous energy and drive for economic development. Our proposals in this field offer great opportunities to tackle urban issues in an integrated manner.

The Commission offers several innovative tools to do this, from Integrated Territorial Investments to Community-led Local Development. It will be up to you, local and regional decision-makers to make the most of these proposals for which financial means have been ring-fenced at 5% of the national ERDF allocation. To me, the proposals also offer a genuine opportunity to work effectively at improving the articulation of our urban centres with their more rural hinterlands.

One important element in all this will be the increased use of revolving funds, not only to leverage the investment amounts as much as possible but also to keep the money in the regional blood circle.

The Netherlands especially have an extensive knowledge and experience with micro credits which would be an important source of know-how also for others.

We also propose to significantly strengthen our support for Territorial Cooperation. I know that this is of great importance in the Netherlands, and in particular in Noord-Brabant.

Working closely with your neighbours in Germany and Belgium has always been a top priority and in recent years you have developed highly successful joint projects. All your cross-border programmes are oversubscribed and the level of funding is too low to meet this high demand.

The Commission's proposal to increase the ETC budget by 30% should enable you to enhance this important work where the real EU added-value is so clearly visible.

Finally, a word on simplification. The European Commission too has drawn lessons from the current period. We have taken bold steps to ensure future programmes are simpler to implement and funds easier to access. We propose greater harmonisation of rules across the funds, more flexibility for the management and control systems, increased proportionality and extended use of simplified reimbursement methods such as flat rates, lump sums or unit costs. The use of financial instruments is facilitated by clearer rules.

But our simplification efforts should not be thwarted by adding golden plating on a national or regional level.

Ladies and gentlemen,

We are at the heart of discussions which will have a great impact on our well-being in Europe. If we recognise that Cohesion Policy is one of the keys that can unlock our economic transformation, we must strive to defend it, and make every effort to increase its effectiveness.

The Netherlands is a good performer when it comes to Cohesion Policy as evidenced by the many excellent projects that have been implemented. The European Council of last Tuesday highlighted how well placed your country is on youth employment thanks to some far-reaching national measures. We must together strive to consolidate this good performance and find ways in which your experience can benefit others in Europe.

Only if we use the cohesion funds in a smarter way will we see the results we need to put Europe back on track – Noord Brabant can show the way.

Thank you for your attention.