Joint Statement by the Federal Government and Länder on the
Fourth Report of the European Commission on
Economic and Social Cohesion

(The answers of the Federal Government and Länder to the questions posed by the
Commission are provided in the Appendix.)

1. On 30 May, 2007, the European Commission presented the Fourth Report on
Economic and Social Cohesion, thereby providing a detailed account of the economic
and social development in the Community. With the set of questions in the report on
the form cohesion should take in the future, the Commission has also opened the
debate on the future of European cohesion policy after 2013. As such, the document
serves as an important initial basis for further discussion. The Federal Government and
Länder welcome the fact that the Commission has prompted debate on a wide range of
issues, inviting open discussion rather than presenting specific reform options at this
eyear stage of opinion building.

2. The debate on the future of European cohesion policy initiated by the Cohesion Report
is also associated with the upcoming review of the European financial system.
However, the debate should not act as a substitute for this review, nor pre-determine
the future EU budget. Questions on the financial framework of the future cohesion
policy should not be raised at present. Instead, these issues should be clarified in the
review of the financial perspective scheduled for 2008/2009, and the next financial
perspective.

3. The findings of the Fourth Cohesion Report show that European cohesion policy has
become an important ingredient of the European integration process. It makes an
active contribution to reducing socio-economic disparities and increasing equal
opportunities across countries and regions in Europe. In the opinion of the Federal
Government and Länder, the continued development of European cohesion policy
should be aimed at helping to close gaps in development, boost growth and
employment - particularly in disadvantaged regions of Europe - promote social
integration in all Member States, maintain subsidiarity and financeability, and further
improve the efficiency of Community policy as a whole. At the same time, regions
that already make a strong contribution to the competitiveness of the EU in a
globalised world should also be specifically supported in developing their skills and
competencies, particularly in the area of innovation.

4. In the report, the Commission highlights the key role structural policy plays in
reducing economic and social disparities. The Federal Government and Länder agree
with the Commission that this should remain the primary objective of cohesion policy. According to the report, the economic catch-up processes in the new Member States will still take a number of years. The extensive concentration of financial support on these regions using the instruments of cohesion policy is therefore encouraged. With this in mind, cohesion policy should focus on the opportunities of the internal market and integration for all Member States, countries and regions. By contrast, the development of the EU into a mere transfer union should be avoided.

5. Furthermore, the Commission describes the part cohesion policy should play in achieving the objectives of the Lisbon Strategy as an important result of the reorientation for the current 2007-2013 funding period. The Federal Government and Länder also support the approach of gearing the contents of cohesion policy towards the objectives of the Lisbon Strategy. The report indicates that the effectiveness and impact of cohesion policy largely depend on the various macroeconomic factors at play. As such, the Commission recognizes that a favourable economic framework, which supports growth and jobs in the regions, is central to achieving self-sustained economic growth in the regions themselves. In this context, cohesion policy can be regarded as the most important supportive policy for bolstering the competitiveness of less-developed regions.

6. In the report, the Commission identifies climate change, increasing energy prices, demographic change and growing pressure from competition through globalisation as future challenges for regions. It does not, however, specify on the possible role cohesion policy could play. Still, these challenges do affect cohesion policy if they have a hand in deepening economic and social disparities in Europe. In this respect, the experience and information still to be gained during the 2007-2013 financial period should be used to examine to what degree the new challenges can be considered when defining cohesion policy. This also necessitates investigation as to whether the challenges could also be met through general political processes or changes in legislation. The Federal Government and Länder are thus in favour of a thorough analysis to gauge how the instrument of the EU Structural Funds, along with other instruments, can be used as efficiently as possible both to solve the problems linked to the challenges mentioned and to take advantage of the opportunities for more rapid integration in Europe, and a better competitive standing of Europe in the world.

7. In the Fourth Report on Economic and Social Cohesion, the Commission recognizes the success of European cohesion policy reported to date, and presents the concept of European added value. In the opinion of the Federal Government and Länder, a “European added value” requires that the tasks and, in turn, the expenditures
concentrate on areas where Community action is necessary. A definition of “European added value” agreed between the Member States and European institutions should be sought. Too broad a definition of the term could undermine the allocation of responsibilities between the EU, Member States and regions, and place too many restrictions on the political latitude of the Member States.

8. The efficiency and effectiveness of European cohesion policy must be constantly examined and reviewed, particularly in light of increasingly scarce financial resources. In this respect, the increased mobilization of private resources presents additional opportunities for delivering cohesion policy.

9. The decentralized concept of cohesion policy is a time-tested approach and should, therefore, be maintained. After assessing the changes that have recently come into force, we need to consider what processes can be simplified further. Efforts on the part of the Commission to better dovetail cohesion policy with other regional-level policies and achieve synergistic benefits are essentially welcomed. The reform in Community policy, which is being put into action in the current 2007-2013 funding period, first has to be thoroughly analysed in terms of both its content-specific and administration-related changes.

10. The Federal Government and Länder advocate the more rigorous application of the principles of subsidiarity and proportionality in cohesion policy. However, these principles should not be purely efficiency-driven. The existing decentralized system of European cohesion policy, involving the creation of operational programs at national and regional level in collaboration with the Commission as a partner, and the independent implementation of these programs by national and regional authorities, has proven its worth. This system should be maintained and expanded to further promote regional responsibility and accountability in the operational implementation of European cohesion policy. In this respect, the Federal Government and Länder would like to underline the ongoing need to reduce red tape and formalities, and to simplify governance systematically. This should also apply to requirements for future programme planning.

11. In view of the new rules on territorial cohesion included in the future EU Treaty, it can be expected that the territorial aspect will become a more important element of cohesion policy in the future. To this effect, the regions should define their strengths themselves, and develop strategies in line with their particular needs. Spatial development will remain the responsibility of the EU Member States in the future, and their inner distribution of competencies must be taken into account. The inclusion of
regional levels aims at ensuring a delivery-focussed, objectively and geographically cohesive territorial development, and the efficient use of resources.

12. The Federal Government and Länder consider EU cohesion policy to be closely linked to the EU rules on state aid. For this reason, a reform of EU cohesion policy should also involve a review of EU state aid legislation. Tailored solutions may be required, particularly with regard to areas competing on a global scale and investment in sunrise industries.
Appendix 1:

Answers of the Federal Government to the questions raised in the Fourth Report on the Economic and Social Cohesion of the EU.

1. What lessons can be drawn from the experience of preparing the 2007-2013 programmes? In this context, and in light of the analysis provided by this report, how far is cohesion policy adapted to the new challenges European regions will face in the coming years?

1.1 How can the regions react to restructuring pressures from dynamic competitors in the low-tech and high-tech sectors?

1.2 Given wide differences in birth rates, death rates and migratory flows at regional level, what is the role of cohesion policy in responding to demographic change?

1.3 To what extent is climate change a challenge for cohesion policy?

Utilizable data from the current programming period are not yet readily available. The Commission should draw up an in-depth report to identify the aspects of cohesion policy reorganization that have proven to be worthwhile, and areas where there is still room for improvement. Such an analysis would provide important pointers on how to further boost the efficiency of cohesion policy.

As a modern Community policy, cohesion policy also has to face new challenges. First of all, the focus should be on maximizing the effect of capital from the EU Structural Funds. Plausible and convincing reasoning will have to be provided for the creation of additional eligibility criteria. With regard to new challenges in general, we need to examine how far these challenges can be efficiently met through Community policies on the whole - the European added value - and through Structural Funds in particular.

To be able to react to restructuring pressures from dynamic competitors, the primary aim must be to increase the competitiveness of the regions. In addition to other economic measures, cohesion policy can also make an important contribution by primarily supporting investment in research, development and technology, as well as the education and adaptability of human resources. In this context, the Federal Government sees the realignment of cohesion policy towards the Lisbon Strategy as fitting and correct.

In the interests of this realignment, all Member States need to focus more on measures that have a maximum impact on growth and employment, while meeting demographic and ecological challenges. After having evaluated the experience gained with the concept of earmarking, the Commission should submit procedural proposals, also in view of the efforts needed to achieve other EU objectives, such as, for example, EU goals for climate change.

The set of eligibility criteria in place today already accommodates numerous ways of facing the developments the report describes as “future challenges”. For example, the
ERDF Regulation authorizes support for research and technological development, the promotion of an information society, innovation and a knowledge-based economy, as well as the environment and risk prevention, both in the “convergence” and “regional competitiveness and employment” objective. Thus, the regions can already react today to globalisation and the effects of climate change with the help of EU Structural Funds. In view of the ambitious EU climate protection goals and progressive climate change, this possibility should be used more intensively in the future. With a view to the consistency and coherence of EU policies, the measures supported within the framework of cohesion policy should be consistent with the EU climate protection goals.

As regards the foreseeable demographic change which will most definitely have a very asymmetric impact on the regions, the primary way cohesion policy can counteract negative processes brought about by demographic change is by increasing the attractiveness of the regions through growth and jobs, thereby giving people an incentive to stay in the regions in question, or immigrate to these regions. The impact of demographic change on infrastructure, for example, also has to be addressed. Apart from the economic attractiveness of a region, the social environment also plays a decisive role in attracting qualified individuals to a region, for example through supporting measures to facilitate the combination of family and career. Furthermore, there should be close coordination with the European Agricultural Fund for Rural Development.

2. How can cohesion policy further develop an integrated and more flexible approach to development/growth and jobs in this new context?

2.1 How can cohesion policy better promote harmonious, balanced and sustainable development taking into account the diversity of EU territories, such as least favoured areas, islands, rural and coastal areas but also cities, declining industrial regions and other areas with particular geographic characteristics?

2.2 What are the impacts of the challenges identified in the report for key elements of social cohesion such as inclusion, integration and opportunity for all? Are further efforts needed to anticipate and counteract these impacts?

2.3 What are the key future skills that are essential for our citizens in facing new challenges?

2.4 What are the critical competencies that should be developed at the regional level to make regions globally competitive?

Structural intervention must remain focussed on the goal of strengthening economic and social cohesion in the Union laid down in the EU Treaty, and closing the gap in development between the Member States and their regions. At the same time, the Federal Government welcomes the strategy of making regions more committed to promoting competitiveness. Consequently, cohesion policy must accommodate all three aspects, namely the goals of economic convergence, growth and integration. As a central policy field of the Community, the structural policy should be firmly geared towards the concept of European added value.
Concentrating funds on the least developed Member States and regions will continue to be the right approach in the future. However, to also meet the objectives of Lisbon, these resources should be used in these regions for goals that support regional competitiveness. This also includes orientation towards improving employment opportunities, as set out in the Lisbon Strategy. The smaller share of funds and resources should be invested outside the most disadvantaged regions to also foster competitiveness and jobs in these territories and keep Community policy visible. With a view to transitional arrangements for regions which will cease to be eligible for support in the future, it must be ensured that the regions concerned are treated equally across Europe, regardless of the Member State in which the region is located.

The existing “GDP/head” economic criterion for defining disadvantaged regions is a time-tested solution. Other economic indicators, such as unemployment and demographic development, are also implicitly reflected in this indicator. The Federal Government rejects the idea of including purely geographical factors without a socio-economic reference, as they are alien to the system. There is the worry that the creation of new criteria for selecting eligible regions could water down the goal of cohesion policy and reduce its efficiency.

Consequently, there is no particular need for special consideration to be given to “regional specificities” when assessing regional eligibility as this takes place at the actual intervention level. In other words, the choice of specific funding measures is obviously made on the basis of the special conditions in the region. The same applies to the addition of a territorial component to economic and social cohesion in the EU Treaty: the goal of “territorial cohesion” does not provide a logical basis for extending entitlement on the grounds of geographical factors. Nevertheless, it is up to each and every Member State and region to promote territorial cohesion in the future when selecting concrete measures or by concentrating funds and resources on certain areas, provided that this generates a European added value.

On the basis of a clear, common objective for deploying Structural Fund resources at a European level, the regions should be granted maximum flexibility to follow the strategy that best suits their specific region to promote growth and jobs.

Other changes to the system based on the critical appraisal of the current instruments (support schemes, rates of assistance etc.) are needed to raise the incentive compatibility of the instrument of cohesion policy. A lowering of the eligibility threshold is encouraged on the long term, as is an increase in co-financing rates. In particular, this involves gearing cohesion policy more towards the results achieved to ensure maximum efficiency in the use of resources and funds. Another possibility requiring further analysis would be to consolidate the very extensive set of support measures currently in place. The concept of focusing more on loans and the mobilization of private capital, instead of the present-day subsidy system, to implement cohesion policy should also be discussed in greater detail.

With regard to the question on key future skills and special regional competencies, the Federal Government firmly believes that regions should be empowered to maximize their potential through the interaction of a number of policies, one of which being cohesion policy. It recognizes that the competitiveness of a region largely depends on the human capital available in the region. High economic performance in a region can only be achieved with highly qualified human resources.
Firstly, the Community's experience with the current management system for the 2007-2013 funding period must be carefully assessed. The Federal Government encourages a concentration of funds. The Globalisation Adjustment Fund is rejected in its current independent form and should be integrated into the ESF. The Cohesion Fund as an independent fund should also be called into question: compared to the Structural Funds, defining eligibility at Member-State level is alien to the system. In addition, Spain, Portugal, Ireland and Greece have been part of the Euro zone since 2001 already and thus the reasons for setting up the fund to help these states qualify to participate in the Euro zone now no longer apply. The contents of the fund could be integrated into the ERDF, thereby simplifying the system on the whole and helping to reduce red tape. As the second-best solution, the Cohesion Fund should at least be examined with regard to eligibility criteria to identify ways of clearly distinguishing these criteria from ERDF eligibility criteria.

The Federal Government welcomes the greater flexibility awarded to the Member States and regions stemming from the elimination of the regional aid map that existed in the previous 2000–2006 period. This helps reinforce regional responsibility. The programs should be managed as efficiently as possible. Rules must be transparent and clearly defined. This also involves a better assessment of the efficiency of each measure. Monitoring indicators and the evaluation of EU policies should be in tune with one another to bolster support coherency. Following the principle of proportionality, the costs and time involved in programming, management and monitoring should be based on the scope of the programs and projects. Compliance with the principle of subsidiarity must play an important role. The Federal Government essentially welcomes any strategies that permit the flexible use of Structural Funds at a Member-State level within a common framework clearly defined by all Members States. At the same time, the better interaction of cohesion policy with other policies, e.g. the support of education and research, would also be welcomed.

3. Following the appraisal of the previous questions, what is the assessment of the policy management system for the 2007-2013 period?

3.1 Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community and national and regional levels within a multi-level governance system?

3.2 How can cohesion policy become more effective in supporting public policies in Member States and regions? What mechanisms of delivery could make the policy more performance-based and more user-friendly?

3.3 How can we further strengthen the relationship between cohesion policy and other national and Community policies to achieve more and better synergies and complementarities?

3.4 What are the new opportunities for co-operation between regions, both within and outside the EU?
Appendix 2:

Answers of the German Länder to questions raised in the Fourth Report on the Economic and Social Cohesion of the EU.

1. What lessons can be drawn from the experience of preparing the 2007-2013 programs? In this context, and in light of the analysis provided by this report, how far is cohesion policy adapted to the new challenges European regions will face in the coming years?

In the future, the focus of cohesion policy will have to remain on growth and jobs. Furthermore, the debate on the new strategic direction of European cohesion policy must critically analyse to what extent the new challenges must be considered when defining cohesion policy. At present, we are not able to foresee whether and to what degree the programs for the 2007-2013 programming period, which are partly still undergoing approval, will provide the right answers to the challenges facing the Community from 2014 onwards. Consequently, the Commission should focus the planned strategic support of the programs more on these questions, particularly the strategic reports for the spring session of the European Council and the next Cohesion Report.

There is the need to formulate strategies for the future and more accurately identify the specific potential for development of the regions in Europe through pan-EU regional comparisons. With this in mind, it would be beneficial to cooperate more closely at a European level in terms of regional policy research to formulate new strategies and models for regional policy and communicate them across Europe.

In any case, it can be put on record that we experienced a faster transition to the 2007-2013 funding period than to the 2000-2006 funding period due, in part, to a clear legislative framework. Consequently, the Commission is requested to ensure legal rules are put in place in due time for the new funding period commencing in 2014.

1.1 How can the regions react to restructuring pressures from dynamic competitors in the low-tech and high-tech sectors?

The regions will have to intensify their efforts to improve their competitiveness. They will not be able to compete with others over low salaries. Increasing endogenous potential for development also provides the opportunity for developing locational advantages within regional economic centres. In accordance with the Lisbon Strategy and its various dimensions, regions’ efforts should thus be focused on promoting innovation, a knowledge-based economy and research and development. Support for education and human capital, and the fortification of research infrastructure and knowledge and technology transfer, as well as the systematic support of sustainable and innovative clusters, go hand-in-hand with the promotion of a knowledge-based region and its potential for growth. A forward-looking regional policy based on strengthening supply factors is a way to maintain the level of development achieved in the future amidst global competition for markets and business. Instead of solely concentrating on high-tech sectors, however, the focus should also be on integrating low-tech and middle-tech sectors into appropriate networks and clusters in such a way that significantly improves the innovative capacity of the vast majority of European businesses. Innovative financial instruments can
also play a key role. In this respect, we need to examine how the increased use of such financial instruments can be made easier through better coordinating and harmonising the regulations affecting these instruments.

We would also encourage a better understanding of the regional and sectoral impact of globalisation in the future to provide countries and regions with important information on the trends and challenges of globalisation at a regional level. It must also be ensured, however, that an improvement in the supply factors is in line with present-day or future demand. More attention also has to be paid to the social and ecological aspect.

We agree with the Commission’s assessment regarding the impact of demographic change on economic and social cohesion which states that consistently low birth rates and, in some instances, significant rates of outmigration (primarily of well-educated young people), can have a sizeable adverse effect on economic development on the medium-term, and on the long-term in particular. Population decline and changes in the age structure of the population will gradually become a serious obstacle to growth and development in the European Union for many regions.

In this respect, action primarily needs to be taken through the population and regional development policies of the Member States, rather than through the policies of the EU. Cohesion policy can impact demographic processes primarily, but not exclusively, through the contribution it makes to increasing competitiveness and jobs. As a result, making regions more attractive by increasing competitiveness and jobs can play a role, however limited, in countering demographic problems such as outmigration and an aging population.

Climate change is one of the biggest challenges that can only be met with an internationally agreed and integrated concept with multiple sets of actions. As is already the case, the role of cohesion policy in the context of innovation support is primarily rooted in driving the battle against climate change forward by supporting flexible and sustainable solutions in the Member States and regions, while also promoting the development of new markets and new enterprise in the areas of renewable energy, increased energy efficiency and innovative energy-saving methods. Against this backdrop, cohesion policy should also contribute towards climate protection and adapting to the effects of climate change. Maintaining and implementing a sustainability strategy as a critical horizontal objective of program implementation is of primary importance. By developing and deploying innovative energy-efficient products and other measures for saving energy, by using business environmental management systems, and through environmental protection integrated in production and products in conjunction with
innovative technologies, such as nanotechnology, sustainable commerce can help reduce all greenhouse gases, and thereby make a substantial contribution to climate protection.

At the same time, the further development and increased use of renewable energy provides additional incentive for growth and employment, and opens up new global markets for solar power, wind power, biomass and hydropower technologies.

2. How can cohesion policy further develop an integrated and more flexible approach to development/growth and jobs in this new context?

Cohesion policy must also continue to focus on growth and jobs in the future. This must be conducted in harmony with the objectives of the Lisbon Strategy and its various strategy dimensions.

In the process, we should never lose sight of the fact that cohesion policy will also have to consider the different stages of development and different problems in the European Member States, countries and regions in the future in order to achieve growth and employment. Thus, in the interests of developing flexible and suitable strategies locally, the scope of the countries and regions in European cohesion policy should be further increased, and theme-focused components should play a greater role in regional orientation.

In this respect, particular importance is attached to a better alignment with the support instruments for developing rural areas, particularly the Second Pillar of the Common Agricultural Policy.

2.1 How can cohesion policy better promote harmonious, balanced and sustainable development taking into account the diversity of EU territories, such as least favoured areas, islands, rural and coastal areas but also cities, declining industrial regions and other areas with particular geographic characteristics?

The Cohesion Report documents that the process of convergence in most of the new Member States will take many years. This underscores the need to continue Community support for the new Member States.

In the interests of the harmonious development of the Community as a whole, support for underdeveloped regions must be coupled with boosting regional competitiveness and employment in the other Member States and regions.

In the future, it will also be necessary to concentrate European cohesion policy on the most disadvantaged countries and regions of the EU with the aim of improving their competitiveness. The threshold values used to date for selecting assisted areas for the cohesion fund (90% of the average gross domestic income) and for the goal of convergence (75% of the average regional gross domestic product per head of population) are time-tested criteria for determining the cohesion countries and regions lagging behind
in development. European cohesion policy will have to focus more on the goal of improving competitiveness in the future.

If regions are no longer eligible for assistance, appropriate and just transition regulations must be put in place so that the successful results achieved with the aid of European cohesion policy are not challenged again. In doing so, it must be ensured that the countries and regions concerned are treated equally across Europe, regardless of the Member State in which the region is located.

To implement the goals set out in Lisbon, innovation support will also be required in the future across the EU to tap regional potential for innovation, and to apply the high-quality results of European research and development on a broader scale. Within the context of the Structural Funds, this can best be achieved on the basis of a strategic regional approach.

In view of the Lisbon Strategy and its various strategy dimensions, particular potential can be found in cities and surrounding urban areas. Consequently, cohesion policy should continue to place special emphasis on the importance of urban areas and retain the “urban dimension” accordingly. As part of their role as a growth pole, and in view of the balancing and integration function of cities, measures towards the social and economic stability of cities and urban problem areas will also have to be put in place in the future outside the convergence regions. Taking the interdependence of cities and urban hinterland into account, as well as the integration of modes of transport, the desirability of a location and social cohesion are considerably enhanced. This also includes support for commerce-related infrastructure.

In all of this, we should not lose sight of support for rural regions, and the important role played by smaller and medium-sized towns located in rural areas. There is a danger that the structural deficits and trends towards outmigration will continue in many rural areas of the EU. For this reason, the development of rural regions should be pivotal to meeting these challenges. This will require close coordination between the Structural Funds and the European Agricultural Fund for Rural Development in the future, including in terms of support for commerce-related infrastructure. In the Member States and regions with a high percentage of agricultural-based employment which will have to cope with the transition to competitive agriculture while diversifying economic activities in rural areas, this process should be supported by redirecting funds from the Common Agricultural Policy.

The Göteborg strategy added an environmental/sustainability dimension to the Lisbon process. To ensure a lasting impact of the Lisbon objectives, sufficient attention should be paid to the environmental dimension. Preserving the environment and maximizing potential for maintaining and using natural resources is critical to achieving successful and sustainable cohesion policy.

In view of the planned addition of a territorial component to economic and social cohesion, as set out in the EU Treaty reform, suitable indicators to define the contents of territorial cohesion have to be developed. Purely geographical factors without any socio-economic reference will not suffice.

2.2. What are the impacts of the challenges identified in the report for key elements of social cohesion such as inclusion, integration and opportunity for all? Are further efforts needed to anticipate and counteract these impacts?
As already stated in the general comments, cohesion policy cannot be solely responsible for overcoming the challenges cited in the report. From the angle of subsidiarity, it should primarily be the job of the Member States to drive inclusion and integration forward and improve opportunities for all. The contribution cohesion policy can make in this respect centres on the following areas:

The new challenges enumerated aggravate other barriers to development in the regions. Consequently, cohesion policy will also have to play a central role for the development of human resources in the future, particularly concerning better access for women to the labour market, the promotion of labour force adaptability (including older workers), lifelong learning strategies, equal opportunities, social integration and active labour market policy. Accordingly, this also attaches particular importance to the social dimension under the aspect of humanizing the working environment.

In the light of new challenges, combating unemployment through growth and jobs, particularly in the face of ongoing structural change, must remain one of the priority objectives of cohesion policy. Tackling youth unemployment is a key concern here. However, for a lasting solution to this problem, attention should also be paid to social issues affecting the prospects of young people.

2.3 What are the key future skills that are essential for our citizens in facing new challenges?

We agree with the opinion of the Cohesion Report that a region’s competitiveness largely depends on the permanent supply of qualified labour through investment in human assets. In this respect, it is found that the difference in skills levels between the regions is far greater than between the Member States of the European Union. Consequently, the European institutions should take regional factors into account more when proposing schemes and measures to increase the skills level of the workforce.

All measures to improve the skills and knowledge of our citizens must bear in mind the direct correlation between innovative capacity and economic performance. However, subject to their responsibilities and specific development strategies, the countries and regions should decide what concrete form these measures should take.

Against the backdrop of globalisation and the special requirements of a knowledge-based economy, interdisciplinary thinking, knowledge of foreign languages, computer skills and, in particular, a willingness towards lifelong learning and appropriate further training and instruction are among the central skills and qualifications citizens need. Social and intercultural skills, creativity and flexibility will also be demanded. In this context too, the onus is on the Member States to define the applicable measures (EU Treaty, Article 149, 150).

2.4 What are the critical competencies that should be developed at the regional level to make regions globally competitive?
In the past, the efficient integration of regional stakeholders resulted in better administration and increased efficiency in how structural aid was put to work. Consequently, the countries and regions should be given even greater latitude than today in planning and implementing cohesion policy in line with national legal systems and the allocation of responsibility.

The regions must identify their strengths themselves, and strengthen their strategic capabilities to use this as their basis to develop their own development strategies and integrated concepts for action with the involvement of key structural stakeholders. Effective administrative resources, as well as international networking to facilitate comparisons and the exchange of experiences across Europe, are preconditions to making this work. The formation of a network between the regions must continue to be specifically supported, while ensuring the effort and expense invested justifies the expected result.

### 3. Following the appraisal of the previous questions, what is the assessment of the policy management system for the 2007-2013 period?

The debate on future responsibilities in cohesion policy largely depends on the structure and organization of the instruments and the future objectives of the policy. Thus, a comprehensive assessment of the present responsibilities in the current funding period should first be conducted, and should also include information on the Community’s experience with the current management system, the mid-term review and the duration of the programming period. It is still too early to assess the management system of the current funding period.

However, we would stress our core belief, which is that by consistently applying the principles of subsidiarity and proportionality in cohesion policy, we will achieve a better balance between the requirements of the EU, on the one hand, and flexibility required in selecting and implementing the instruments in the Member States and regions on the other hand.

For this reason, any future reform considered will have to focus on removing bureaucratic impediments both in defining the general requirements of the structural policy and in the actual implementation and delivery of the individual programs and projects. The complex process of negotiating between the Commission, Member States and regions should be made significantly more transparent and involve less red tape and formalities. The regions need greater latitude to facilitate the rapid and tailored use of EU Structural Funds that best meets regional requirements.

In the process, the effort and expenditure invested in programming, administration and supervision should also follow the principle of proportionality as regards the extent and scope of the programs and projects. In the future, far less administration work should be involved in implementing smaller programs than large-scale, more complex ones. It must be ensured that transparent, standardized and comparable processes are used in all programming stages.
### 3.1 Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community and national and regional levels within a multi-level governance system?

The EU regulations should continue to set the general, strategic framework for cohesion policy in the future. Additional guidelines for programming should only be laid down if an added value is achieved as a result. The planning and implementation of cohesion policy at a regional level is a time-tested approach that should be maintained. With a view to a true and equal partnership between the Commission and the regions, increased regional responsibility and greater regional latitude should hallmark the implementation of cohesion policy in the future.

The implementation of cohesion policy should more rigorously follow the principle of partnership and alliance between the EU, the Member States and regions than has been witnessed to date. At the same time, it must be ensured that the Community budget is deployed properly, and that the funds from the EU budget are used for the intended purpose. Additional requirements of the Commission that go beyond the regulations should be avoided.

### 3.2 How can cohesion policy be more effective in supporting public policies in Member States and regions? What mechanisms of delivery could make the policy more performance-based and more user-friendly?

With due regard to the principles of subsidiarity and proportionality, the objectives and instruments of national and European regional development should better correlate to one another in the future, and be more in line with the conditions of the countries and regions. To this end, the Commission should enter discussions with the Member States and regions at an early stage.

Lean processes are absolutely essential to the user-friendly delivery of cohesion policy. Existing efforts towards simplifying the system have fallen short of this goal. In particular, negotiations on draft program plans for the regions should follow a uniform and standardized process in the future.

This debate should also address issues concerning the future structure, number and tasks of the European structural instruments.

For example, the increased mobilization of private resources offers additional opportunities for cohesion policy delivery that directly affect both the principle of partnership and issues of sustainability, and thus efficiency and effectiveness.

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Lean processes are absolutely essential to the user-friendly delivery of cohesion policy. Existing efforts towards simplifying the system have fallen short of this goal. In particular, negotiations on draft program plans for the regions should follow a uniform and standardized process in the future.

This debate should also address issues concerning the future structure, number and tasks of the European structural instruments.

For example, the increased mobilization of private resources offers additional opportunities for cohesion policy delivery that directly affect both the principle of partnership and issues of sustainability, and thus efficiency and effectiveness.

### 3.3 How can we further strengthen the relationship between cohesion policy and other national and Community policies to achieve more and better synergies and complementarities?

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3.1 Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community and national and regional levels within a multi-level governance system?

The EU regulations should continue to set the general, strategic framework for cohesion policy in the future. Additional guidelines for programming should only be laid down if an added value is achieved as a result. The planning and implementation of cohesion policy at a regional level is a time-tested approach that should be maintained. With a view to a true and equal partnership between the Commission and the regions, increased regional responsibility and greater regional latitude should hallmark the implementation of cohesion policy in the future.

The implementation of cohesion policy should more rigorously follow the principle of partnership and alliance between the EU, the Member States and regions than has been witnessed to date. At the same time, it must be ensured that the Community budget is deployed properly, and that the funds from the EU budget are used for the intended purpose. Additional requirements of the Commission that go beyond the regulations should be avoided.

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For example, the increased mobilization of private resources offers additional opportunities for cohesion policy delivery that directly affect both the principle of partnership and issues of sustainability, and thus efficiency and effectiveness.
By strategically aligning cohesion policy with the objectives of the Lisbon Strategy and its various dimensions, this funding period has already witnessed a closer link between cohesion policy and the other European and national policies that focus on growth and jobs. If this system proves to be worthwhile in the current period, it should be continued in the future.

However, given the different action areas at European, national and regional level (at both the scheme and project levels), there is only limited potential for closer harmonisation of the different policy fields.

### 3.4 What are the new opportunities for co-operation between regions, both within and outside the EU?

The promotion of cross-border, transnational and interregional cooperation, as well as the trans-European networking of regions, municipalities and businesses with the possibility of running joint projects and learning from one another, have a high European added value. Cross-border collaboration on the internal borders of the EU, and transnational and interregional cooperation have created an important level of European integration in the past number of decades, and should remain an essential part of cohesion policy in the future. In the light of further European integration, new challenges will always have to be faced in all border regions in the future.

In a polycentric Europe, importance will continue to be attached to reinforcing and developing trans-European networks and development corridors. This concerns both improvements in large-scale reachability and cross-border movement and mobility management.

In terms of transnational regional development corridors, the growth and sustained development of the Baltic-Adriatic development corridor, extending from Scandinavia to the Adriatic Sea, are of particular importance.

The promotion of the cooperation and networking of regions throughout the European Union can also act as an important instrument in increasing the efficient use of support funds through the mutual exchange of experiences, analysing future topics and procedures for implementation and comparing performance.

As part of the European neighbourhood policy, regional partnerships should also be established with regions outside the EU covering, in particular, the exchange of ideas and experiences in issues of regional development.

The possible inclusion of the regional level into structured dialogs with China and Russia recently agreed would also be a good way of exploring new paths in regional policy, giving these countries access to our knowledge and experience, and thereby also having a stabilizing effect on regional development in these states.
Proceedings of the Länder of Bremen, Hamburg, Hessen and Saarland

“The regulations of EU state aid legislation protect competition in the European domestic market. Their possible examination as part of the reform of EU cohesion policy should not result in a “flexibilisation” or “reform” of EU state aid legislation, which would lead to a distortion of competition. It must focus on putting the existing EU state aid legislation to work effectively under the altered conditions of EU cohesion policy. In aiding the most disadvantaged regions, a subsidy race must be avoided. With the Community framework for state aid for research, development and innovation (2006/C 323/01), the European Commission has created regulations that already identify a possible path for tailored solutions for centres competing globally and for investment in sunrise industries.”