The future of European Cohesion Policy beyond 2013: regions and municipalities working together on a strong and sustainable Europe.
Position paper of the IPO and VNG – January 2008

We are just at the start of the discussion about a new European regional policy (Cohesion Policy) beyond 2013. For the provinces and municipalities of the Netherlands, brought together in the Association of the Dutch Provinces (IPO) and the Association of Netherlands Municipalities (VNG), this discussion about regional policy is primarily a discussion of content-based issues. The cooperation and partnerships that are being established through European Cohesion Policy, both domestic and transnational, have demonstrated that Cohesion Policy will make an important contribution to strengthening the socio-economic position of municipalities, provinces and the Member State The Netherlands. Cohesion Policy is also helping to strengthen the process of European integration, and as such is increasing the visibility of the EU for its citizens. In our opinion, these facts justify continuation of the Cohesion Policy in all Member States of the EU beyond 2013. In this paper, we discuss this position in more detail.

Experiences from the past
(1) The new structural fund programmes in the Netherlands are ready in the starting blocks. This itself is the starting signal for a new period in which together the Dutch provinces and municipalities, assisted by European funding, will strengthen their economic structure and increase employment opportunities. However, preparations are already underway in Brussels for Cohesion Policy beyond 2013. Set in part against the background of the debate about the future of the European budget (Budget review), it is therefore vital that even at this early stage we consider the future nature of European Cohesion Policy.

(2) The Cohesion Policy has a fundamental contribution to make in the establishment of regional growth and employment opportunities. Provinces and municipalities experience the contribution from the EU structural funds as an essential addition to the national policy efforts as laid down in the policy documents Space, Peaks in the Delta and Agenda for a Healthy Countryside (Ruimte, Pieken in de Delta and Agenda Vitaal Platteland). With EU support, programmes such as these can be implemented faster, better and in a more coherent manner. As such, the EU funds assist socio-economic development at local, regional and national level. This picture is underlined by
the Fourth Cohesion Report of the European Commission.\(^1\) According to the Cohesion Report, during the period 2000-2006, in the objective 2 areas in France, Germany, Spain, Sweden, the United Kingdom and the Netherlands, in total some 450,000 new jobs were created. During that same period, as a result of the Cohesion Policy, absolute GDP rose by 2.8%, in the majority of new Member States, thus creating an additional approximately 570,000 jobs. Through to the year 2015 – including the programme period 2007-2013 – it is expected that the GDP of the new Member States will grow by up to 9.3%, while 2 million new jobs will be created.

**The added value of Cohesion Policy**

(3) Via Cohesion Policy, regions and municipalities make a direct contribution to achieving the objectives in the fields of economic growth and employment (Lisbon strategy) and sustainability (Gothenburg strategy). In addition, Cohesion Policy is an excellent tool for tackling area-specific issues (e.g. the flooding problem). The policy favours an integrated approach, leading to greater coherence between the various policy sectors.

(4) For the provinces and municipalities of the Netherlands, Cohesion Policy is of particular importance, thanks to the policy method employed. The structural funds programme means that a range of economic and social partners from the regions and municipalities are brought together (governance aspect). As a result, regional and local partnerships are established, that can also be deployed in other policy programmes. The multiyear character of the programmes guarantees continuity, thus creating space for a coherent and structured approach to problems at the most suitable level (subsidiarity). In addition, the European funds generate a flywheel effect. Through the provision of resources from the structural funds, the market is quicker to also make funds available for targeted investments in regional and local economies.

(5) The Cohesion Policy offers us numerous opportunities for collaborating with other regions and municipalities across our national boundaries. This in turn encourages the exchange of knowledge and best practices. In this way, via the Cohesion Policy, provinces and municipalities are contributing to the process of European integration and as such, Cohesion Policy has a direct contribution to make in increasing the visibility of the EU within Dutch society as a whole.

**Cohesion Policy in the future**

(6) We firmly believe that the strengthening of structure and the transition of regional and local economies is a continuous process, that even in the years beyond 2013 will call for considerable efforts. Increased competition from the emerging economic powers outside the EU adds yet another dimension. In addition, the climate and energy targets of the EU for 2020 will impose new demands in the field of sustainability of regional and local economies. Meanwhile, demographic developments will demand particular attention when it comes to the future development of regions and municipalities. This aspect is above all relevant in rural areas, where Cohesion policy can contribute to the redevelopment of the agricultural sector. Promoting the knowledge economy and innovation, in particular by increasing investments in research and technological developments, must in the future remain a central element of Cohesion Policy. This ties in closely with the recommendations of the Commission to various Member States, including the Netherlands, in the framework of the National Reform Programme for the Lisbon Strategy. In line with these recommendations, in the future, the education and (re)training of specific population groups and a focus on sustainability will have to remain spearheads of Cohesion Policy, but of course subject to the precondition that it remains possible to deploy the limited

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\(^1\) European Commission, *Growing regions, growing Europe. Fourth report on economic and social cohesion* (Luxembourg 2007)
resources as efficiently as possible. This requirement itself calls for a further simplification of the current system.

(7) We are also very much in favour of the integrated, policy-based deployment of European funding at regional level. This not only refers to the European Regional Development Fund (ERDF) and the European Social Fund (ESF), but also European Agricultural Fund for Rural Development (EAFRD). The artificial demarcation currently present between the ERDF and the second generation of Rural Development Programmes is clearly reducing the effectiveness of both.

(8) One final essential precondition is that the management of the structural fund programmes be further simplified. The administrative burdens in implementing the programmes are very considerable for local government authorities as well as for knowledge institutions and the private sector. This fact sometimes serves to frighten off potential project applicants. The objective of arriving at a single audit very much enjoys our fullest support.

(9) It is our assumption that the challenges facing the Union up to 2020 will demand clear effort on the part of all Member States. Given the huge challenges facing regional economies in the future, a modernised Cohesion Policy would seem to be the most suitable policy instrument. Such a choice would also offer the Dutch provinces and municipalities an opportunity to continue to contribute to the objectives of the Union in the field of wealth, welfare and sustainability, and as a consequence improving the competitive position of Europe in the world.

The Hague, Brussels
January 2008