Position Statement

XIV General Assembly of the Union of the Voivodeships of the Republic of Poland
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Public Consultation on the Future of EU Cohesion Policy after 2013

Having regard to the fact that:

a) The future of the EU depends on how well it can meet the major challenges it will be facing in the coming years;
b) The EU’s external and internal environment is changing;
c) To succeed the EU must operate efficiently as a whole, which means that it needs all of its regions to be competitive;
d) To maintain stability and competitiveness in a global economy the EU needs economic, social and territorial cohesion;
e) The cohesion policy has not fulfilled its mission yet, which is to reduce the natural weakness (dysfunction) of the single market, and all EU member states are losing out on this;
f) The benefits from the cohesion policy are available not only to those EU countries and regions that are lagging behind but to the stronger and more competitive countries and regions as well;
g) There is no real conflict between the possible cohesion policy scenarios after 2013, which is the “pro-competition” and “pro-cohesion” model;

Whereas:

a) The foundations of the EU are built on the principles of freedom and democracy, solidarity and subsidiarity;
b) The aim set out in the Treaty of Rome, which is to “strengthen the economic and social cohesion of the European Union in the perspective of a harmonious, balanced and sustainable development of the Community” has been extended in the Lisbon Treaty by the territorial dimension;
c) Cohesion policy should be seen in relation to the Lisbon Strategy and the Common Agricultural Policy and other sectoral policies (transport, energy, education, research and development, employment);
d) The interventions of the cohesion policy between 2004-2006 are bridging the development gap between Poland and other EU states, including “old” Community Member States;
e) Poland is the biggest beneficiary of the 2007-2013 cohesion policy and the EU’s biggest test site for the effectiveness and efficiency of structural funds interventions;
f) Poland’s institutional system has made considerable progress over the last decade in terms of its capacity for designing and delivering development projects and efficiently absorbing the EU’s structural funding;

We wish to present our position on the future of the cohesion policy and stress that:

a) The views are provisional and will be further refined as we continue discussions on the cohesion policy after 2013;
b) It is based primarily on our experience at the regional level from implementing structural funding between 2004-2006 and the programming process for the years 2007-2013;
c) It is given to you as a set of observations and proposals in responding to the questions stated in the Fourth Cohesion Report.

We wish to thank the European Commission for launching this wide-ranging consultation on the future of the cohesion policy well in advance to ensure an honest debate.

Lessons from the experience of preparing the 2007-2013 programmes.

How far is cohesion policy adapted to the new challenges European regions will face in the coming years?

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

Global competition in low and medium tech sectors is a serious challenge and a threat to regions whose economies rely on these sectors. With labour, energy and environmental costs accounting for the bulk of their competitive advantage, these regions may well see a slowdown.

Even if we assume that energy will increasingly draw on sources other than oil, it will be a long time before the new sources become competitive. Environmental and health and safety standards are just as costly to observe. While some dimensions can still maintain or strengthen their competitive positions (quality, design), they only have a limited impact.

Where regions based their growth on traditional and low tech sectors of the economy, the ability to adapt to the rapid changes becomes critical. The focus has to be very much on education and life-long learning, improved inter-sectoral mobility, innovation and investing in more high tech sectors and services. To succeed, these processes will require the support of structural funding in regions that are hardest hit by restructuring pressures.

What is particularly important for small and medium-sized companies is access to modern technologies, networks and capital, including venture capital.

To strengthen the effectiveness of cohesion policy a greater emphasis is needed on supporting entrepreneurship and innovation, a must for modern economies. With insufficient supply and poor quality of business support services, not to mention the administrative burdens under national laws, there is a real barrier to setting up business. Structural funds should increase their involvement in a variety of financial instruments supporting businesses.

What is the role of cohesion policy in responding to demographic change?

As the birth rate continues to decline and people live longer, the disproportions between regions are growing even stronger. The challenges involved in this come in a number of dimensions. Starting from a lack of workforce (less investment), the risk of pension and health care systems failure, through the need for support, health and care services, to the marginalisation of regions facing depopulation.

The decline in working age population in many regions is the defining factor of cohesion policy interventions. The policies should be designed to support longer periods of economic activity and help with achieving the right balance between work and family and employment and social integration of immigrants. Cohesion policy should take account of the risks of demographic change in the context of supporting services and migration, which (if adequately controlled) could have an important effect on maintaining regional competitiveness.

Cohesion policy should not overlook the European dimension of migration. On the one hand, it makes sense because it fills up the demographic gap and on the other it generates some serious tension.
To what extent is climate change a challenge for cohesion policy?

Climate change will have an increasingly important effect on the competitiveness and development of the regions. The change will be both positive and negative with some regions affected by a growing risk of flooding, hurricanes and land turning into steppe or loss of the basic economy (e.g. farming). Other regions, however, will see climate change as new opportunities for growth (e.g. tourism, renewable energy).

Climate change will mean that regions will have to cope with migration and settlement changes affecting their territorial, economic and social cohesion. This is an area that should be tackled by other policies such as the Common Agricultural Policy rather than by cohesion policy instruments.

The contribution from structural funding is too low to effectively tackle the negative consequences of climate change. Cohesion policy instruments should focus on supporting regions in developing those sectors for the economy that can turn climate change into a new opportunity. Cohesion policy should also help to anticipate and manage the effects of climate change. The nature of climate change calls for an integrated approach to regional development and sectoral approaches are becoming ineffective.

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

The purpose of the cohesion policy should not be just to redistribute funds. Its objective should be to support regions lagging behind in realising their strategies for dynamic and sustainable growth to allow them to tap into their regional potential.

Cohesion policy should support and promote mechanisms, investment and actions which in the future will generate a sustainable and dynamic economic growth by creating sustainable jobs.

Alongside job creation, we must ensure a skilled workforce. Structural intervention must be tailored to the regional characteristics and meet the needs of businesses for specific skills.

Integrated cohesion policy instruments should focus their support on:
- infrastructure supporting economic growth,
- innovation and better links between science and business,
- development of renewable sources of energy involving multiple sectors,
- human and social capital,
- access to and use of information and communication technologies,
- effective public management mechanisms.

Community strategic cohesion policy objectives should allow a degree of flexibility to be able to respond to economic change as it happens.

How can cohesion policy better promote harmonious, balanced and sustainable development taking into account the diversity of EU territories?

The EU should develop its competitiveness on polycentric growth. There is no conflict between urban and regional development. What is important is the role of towns but not just as growth centres...
providing the services, but also and perhaps primarily as centres of knowledge and innovation stimulating diffusion across the regions.

The European Transport Network (TEN) continues its patchy development. Notably the TEN should include the new member states to a greater extent.

What we are seeing today is a growing potential of major centres (e.g. capital cities) as more and better road networks are being built. While it needs to support major infrastructure projects (transport corridors), the EU’s transport policy should also deliver projects designed to strengthen polycentric development.

Cohesion policy should trigger off the diffusion of development factors and transfer the positive stimuli from national and regional centres to small and medium towns and rural areas. To succeed, this mechanism must be helped by improved «absorption capacity » of areas outside major towns. Key to this is the provision of economic, technical and social infrastructure. Equally important will be the process of increasing the use of IT by the public in a wide array of functions.

An important reason why the cohesion policy should enhance its territorial focus is the NATURA 2000 network, an area of particular interest for the EU. Safeguarding Europe’s natural heritage and balancing it with the needs of regions lagging behind is an operation requiring a major financial commitment. It is important to note that the natural environment is most abundant in rural areas, thus offering a perfect opportunity for developing new business and social activity.

Integrated economic and spatial planning including the environmental dimension (Goteborg pillar of the Lisbon Strategy) should be at the base of a new, non-sectoral approach to regional development. Sectoral allocations of both national and EU structural funding are not generating the desired results.

It is safe to say that the organisational and programming split of the cohesion policy and rural development policy has been an important systemic error. It has significantly impaired the ability to harmonise and coordinate these two interlinked policies at the national and regional level.

This is why policy mainstreaming seems a noteworthy option. By combining all of its development policies into one (regional, fisheries, human resources and rural areas) the EU would be giving the regions the possibility to deliver multiple fund operational programmes, thus making intra-regional policies more comprehensive.

What are the impacts of the challenges identified in the IV Cohesion Report for key elements of social cohesion such as inclusion, integration and opportunity for all?

Inclusion, integration and opportunity for all must not be left to social services only. With growing non-salary labour costs and a high tax burden entrepreneurs are paying for the maintenance of ineffective and costly systems of social security. This primarily becomes an economic problem leading to a loss of competitiveness in the global economy.

Social cohesion is the condition of social “peace”, which is at risk not only in high unemployment areas but also in regions with a strong concentration of migrant populations.

Because the levels of GDP are mainly determined by productivity and employment rate, active labour policies are the condition of regional development. If we can bring people back to the labour market, with each person we can increase development funding. This is an important challenge for the cohesion policy.
Structural intervention should be linked to an integrated legislative policy with the state offering support to start and run a business, providing active labour policies, changing social welfare policy and ensuring equal opportunities (including people with disabilities) in access to the labour market.

Employment support funding must be decentralised but follow specific service standards. The purpose of structural funding should be to support national reforms of social security, education and business support systems. This, however, should not involve an extended administrative structure but instead focus on managing through objectives.

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

The European Commission has identified the key skills that are essential for employment and following from that for social integration and personal development. They are: 1) communicating in the native language; 2) communicating in foreign languages; 3) mathematical and basic science and technology competences; 4) IT competences; 5) ability to learn; 6) interpersonal, intercultural and social and civic competences; 7) entrepreneurship; 8) cultural expression.

By developing these skills, with a special focus on life-long learning, the European Union will be better able to face its challenges. The amount of cohesion policy support to educational programmes should depend on how well these programmes are teaching the above skills.

Critical competencies that should be developed at the regional level to make regions competitive

Considering the scale of the challenges for the cohesion policy, it is important to shape and develop the following competencies at the regional level:
- innovation and entrepreneurship;
- human resources management and human capital creation;
- strategic, creative thinking and taking action (anticipating change);
- ability to diagnose and identify the sources and mechanisms of social and economic development,
- ability to monitor and evaluate the effects of the decisions, policies and other processes and activities delivered for the regions by global actors;
- flexibility and ability to transform companies and workforce;
- ability to communicate, cooperate, build sustainable partnership and leadership;
- integrated goal-oriented management;
- openness, efficiency and transparency of the public sector.

What is the assessment of the policy management system for the period 2007-2013?

The 2007-2013 cohesion policy management system has a number of good things about it. This includes simpler and less demanding regulation, fewer funds and increased competency for member states. This needs further reinforcement in the future.

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But there is concern that both cohesion policy objectives and the delivery system are not sufficiently addressing the challenges faced by the EU. This is particularly true of:

- the EU’s position as a strong partner in the global economy,
- growing disproportions between regions (and within regions),
- sectoral barriers are becoming reinforced rather than mitigated through integrated approaches,
- problems of coordination and bureaucracy.

The optimum allocation of responsibility between the Community, member states and regions within a multi-level governance system.

The role of local and regional authorities is to ensure that the development potential is fully used. The decisions and actions at the local level should be geared towards improved competitiveness and harmonious and sustainable development. The regions should have a say on what the strategic supra-regional, national and Community objectives should be. They should also be tasked with ensuring the subsidiarity principle regarding the lower structures of regional communities.

The role of the state in delivering regional policy should be to support the regions in their development efforts and coordinate policies that are outside regional powers and formulate strategic national objectives.

The national level should enable the delivery of integrated regional development strategies and remove the administrative barriers that hamper entrepreneurship. This will involve a more extensive decentralisation of public finance and a goal-oriented approach of the administrative bodies.

The Community level should set out the key goals which must be achieved in order for the EU to operate and develop. These should in turn be made operational in national and regional strategies. The Community should allocate specific amounts of funding to support the delivery of these objectives and give the regions the responsibility for financial management. The regions alone with national and regional funding would not be able to achieve a growth rate that the EU needs as an integrated system.

In light of this, the future cohesion policy needs to be more specific about the role of the regions as regards their responsibility for coordination of development, programming and policy delivery. What the regions need is sovereignty in deciding about the shape of the programmes and specific allocations, while ensuring respect for general Community rules especially for evaluating the effectiveness of structural interventions.

In summary, for the cohesion policy to succeed, it must continue the process of decentralisation and move the coordination function to the regional level as well. If this is followed by more funding (national and EU funds) transferred to the regions, the cooperation between the regions, European Commission and national authorities will become a true partnership.

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.

The average EU citizen has no knowledge of the policies and does not feel that they can make a difference to EU policies, including the cohesion policy. This is one of the reasons why a number of Community initiatives are not getting the response they expected.
Citizens have the greatest influence on policy issues through local authorities. Involving the citizens in defining strategic development goals is a challenge for the cohesion policy. Development objectives should be defined at the regional level and then, by engaging in a debate with the government, supplemented and reinforced through national strategic objectives.

National strategic objectives should be agreed and then moved to the operational level (e.g. by identifying national and EU sources of funding) in the National Development Strategy, which is the basis for determining the mandate for negotiations with the European Commission. The regions should have an equal representation in the negotiations, just as the government.

Once the cohesion policy objectives are agreed nationally and checked for compliance with overall EU development goals, the funding to support these objectives, once identified should be moved in agreed amounts to:
- the national level – to support the delivery of national projects and those approved at the Community level, to be implemented (coordinated) by the government;
- the regional level – to support regional development strategies.

In light of this « good governance » becomes increasingly important and should be understood not only as a way to improve the efficiency of public administration but also the ability to use human or financial resources. The principles of subsidiarity and partnership can only be reinforced through a greater involvement of the public – civic competitive regions are the future of the EU.

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

If delivered in isolation from Community and national sectoral policies, the cohesion policy will be less effective or transparent with growing bureaucracy. The debate on the future of cohesion policy should be conducted in a broader context and include evaluations of:
- the results of the Lisbon Strategy and the performance of the single market especially as it refers to the free movement of people, goods and services;
- energy security;
- transport networks;
- effectiveness of the Common Agricultural Policy.

While Community and member state objectives should be integrated, the processes of delivery should match the national and regional requirements. Structural funding should support states and regions in their cohesion efforts. This should not be limited to infrastructure investments, but also include systemic change (including legislation and organisation) designed to increase employment, adaptability and entrepreneurship.

For a better synergy it is important to observe the subsidiarity rule. The state should not replace the regions in their powers. The same goes for the relations between the Community and member states.

There needs to be an integration (agreement) of the objectives of the cohesion policy, Common Agricultural Policy, Common Fisheries Policy and employment policy. This will help with a more
rational allocation of EU funds to development operations and with coordination by limiting the risk of duplication of similar support under different policies.

A focussed intervention will increase the effectiveness of cohesion policy by further reducing the differences between member states and regions. There must be a real focus on objectives as opposed to excessive procedures. To succeed, the new cohesion policy must be simplified, with less bureaucracy, a clear message and clear rules.

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

Regional cooperation is an important area for the delivery of cohesion policy and a way to strengthen European integration. The purpose of this cooperation should be to eliminate barriers blocking the development of the internal market.

Inter-regional cooperation, especially economic and tapping into the new opportunities offered by the extended Schengen area and EURO zone, can have an important impact on the full inclusion of EU regions in the mainstream global processes, including the competitiveness of existing and new supra-regional clusters.

EU integration should not be deepening the gap between EU countries and non-EU European neighbours.

Polish regions should take on the role of an enabler in creating good neighbourly relations between the EU and Russia, Belarus and Ukraine as a potential EU member. Cohesion policy should speed up the EU’s growth by releasing the potential of the regions directly neighbouring on the external border.

Cohesion policy should ensure effective mechanisms for furthering social and economic cooperation in Europe’s macro regions, especially those with new EU member states. In this context the Baltic Region – Europe’s leader on the Lisbon Strategy – is positioned well to become an important point of reference for Polish regions in creating « paths of sustainable development ».

In the context of the challenges the EU faces, it will be increasingly important to cooperate in the area of innovation, research and development, energy production and energy networks management, migration control, recognition of professional qualifications, business clusters and transport networks.
SUMMARY

We believe that:

a) the disparities across the EU curb the development of the single market and restrain the Community’s efforts to be globally competitive, making the mission of cohesion policy very much a topical issue; there is no point in radically redefining its goals or instruments, not just for the countries and regions receiving structural support, but for the other countries and regions as well; in this context it is essential to develop effective instruments for measuring the impacts of the cohesion policy on the Community as a whole;

b) considering the scale of the challenges faced by the EU, it makes every sense to increase spending on cohesion policy and focus it on the regions that still have a lot of catching up to do and which would not be able to bridge the gap if left to rely on their own resources; consideration should be given to indicators other than the GDP per capita in identifying areas of support for the cohesion policy;

c) cohesion policy should be delivered with the active involvement of the three actors: the European Commission, member states and regions, respecting the principles of partnership and subsidiarity (including intra-regional subsidiarity) – this need results from the Lisbon Treaty;

d) cohesion policy should focus on a limited number of objectives and areas of support that are key to social and economic development; structural support should not be seen as reimbursement, instead it should support the delivery of integrated development strategies, including regional strategies, which allow a degree of intervention flexibility;

e) Community interventions and policies must be better coordinated, including cohesion policy, Common Agricultural Policy, Common Fisheries Policy and employment policy;

f) if the cohesion policy were to support competitiveness in the narrow sense, an economic and social crisis will occur in many EU regions, especially in Central and Eastern Europe with these regions becoming marginalised and their development potential wasted;

g) the territorial dimension of cohesion policy must be reinforced as it could have an important role in building sustainable foundations for EU competitiveness;

h) cohesion policy should be decentralised (regionalised) and its procedures further simplified; mechanisms should be developed to improve the effectiveness of structural funding; a possible move away from mechanisms encouraging just spending as opposed to value for money spending should be considered.

It is our hope that this position will be instrumental in arguing the case for evolution and strengthening of the cohesion policy.

Assembly Chairman
Jan Kozłowski

Brussels, 22 January 2008