European Regional Policy, an inspiration for Countries outside the EU?

Applying the principles, sharing the lessons, exchanging experience
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This brochure is printed in English, Chinese, French, Russian, Spanish, Portuguese, and Ukrainian.
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The European Union’s Cohesion Policy, which supports regional and sector specific investment in economic development, has been an important factor in the past 20 years in helping poorer regions to compete in the European Single market and to catch up with more prosperous areas. This success has attracted attention, and favourable comment, from the United Nations and from the OECD among others. The Nobel Prize winning economist, Michael Spence is on record as saying, at the conclusion of the Brussels Open Days event in 2006, that Europe has a duty to disseminate its experience in regional development to other parts of the world. And indeed we have been approached by a number of countries keen to establish a dialogue on Regional Policy. The aim is to promote exchanges of experience and information. So it is with China, Russia and Brazil where a programme of high level meetings, seminars and training courses is already underway. In July, Regional Policy Commissioner, Paweł Samecki, signed a new agreement in this field with Ukraine. The interest from outside Europe is now so strong that the Directorate General for Regional Policy has, for the first time, a dedicated (if small) team managing the dialogue on Regional Policy with countries outside the EU. Recognising the political and practical importance of this activity, the European Parliament allocated finance for a pilot project in 2009 under the title ‘Enhancing regional and local co-operation through the promotion of EU Regional Policy on a global scale’. This has allowed the Commission, and the Directorate-General for Regional Policy in particular, to organise new cooperative actions including international conferences, exchange visits and training courses and specific information material in both European and non-European languages. This new booklet, ‘European Regional Policy, an inspiration for Third Countries outside the EU?’ sets out the main activities and highlights the fundamental principles which have been developed over the last 20 years which could be of interest to regions and emerging economies outside Europe. I hope you will find it useful and I look forward to extending our dialogue with countries and regions outside Europe in the future.

Dirk Ahner
Director General for Regional Policy
European Commission

Foreword
In global terms while the European Union remains a centre of considerable wealth and economic strength, the pattern of development is very uneven so that economic and social disparities remain substantial, and have increased after recent enlargements. For example the poorest region before 2004 was at a level of some two thirds (67%) of average Gross domestic product per head. After the accession of the ten new Member States the poorest region was at a level of less than one third (28%) of the EU average. Again, 43% of EU economic output is generated in just 14% of the EU’s territory – the geographical pentagon of high value-added production formed by London, Hamburg, Munich, Milan and Paris, home to about one-third of its population. Luxembourg, the wealthiest Member State in terms of per-capita income, is now seven times richer than the poorest one, Romania and at regional level the differences are even greater. This is not so far removed from the patterns observed in China and India. In both the latter countries, the region with the highest GDP per capita has a level seven times higher than the least-developed region. In China more than 60% of GDP is generated in just 4% of the territory.

European regional development policy is based on the political principle that the richer countries and regions need to maintain solidarity with the poorer ones, and on the economic principle that the lower levels of output of the poorer Member States and regions, or those with high levels of unemployment, are a loss of potential and opportunity for the Union as a whole. Investing in modern infrastructure and innovative businesses, better education and training for people in the weaker regions opens up valuable new markets and extends the economic potential of all Member States. At the same time, Cohesion Policy helps to underpin the consensus behind key historical achievements of the Union, notably the creation of a single market and the introduction of a single currency, the euro, now (2009) used by 16 Member States.

Regional development is a process that calls for effective and efficient institutions requiring close co-operation between governments, business organisations and social groups at every level. European Regional Policy aims to turn problems into opportunities.

Some of the key achievements of regional development in Europe can be seen in the modernisation and development of the transport network. Today’s transport networks are leading the way in sustainable, efficient and safe mobility, increasing access to all regions. By placing these investments in the context of broader efforts to promote economic development and competitiveness, EU Regional Policy seeks to ensure that these networks give the regions the chance to export, and not just to import. This is why Cohesion Policy development programmes are always integrated programmes.

The principles of regional development have been tested over many years and refined repeatedly to deliver a broad-ranging set of policies that address economic and social challenges, as well as meeting environmental goals. The success of this policy is founded on partnerships across the EU, planning and good governance. When these principles are in place, development programmes can be managed in a decentralised way.

It is this experience that now provides the basis for discussions with other parts of the world where similar issues are being addressed.

Other ground-breaking developments have been in environmental programmes, where innovative and efficient technologies are exploited as a source of economic growth, as well as preserving nature and preventing irreversible ecological damage.
The Background to European Regional Development

Understanding the past to create the present

From the beginning of the process of European integration, and particularly with each subsequent enlargement, wide disparities have existed between the Member States and regions. Early models for European regional investment targeted resources at large-scale infrastructure projects such as transport networks and community facilities. The commitment at EU level to financing projects that were beyond the scope of individual regions was a practical demonstration of solidarity in the construction of the European Union.

These projects were financed essentially within a national framework, and there was no community-wide vision of regional problems and, therefore, no community Regional Policy as such.

From this, came the recognition that policies needed to be more comprehensive in nature in order to promote self-sustaining economic growth and employment in the weaker regions. Infrastructure continued to be important, but there was also a need to invest in research, innovation, training, marketing development etc. Many innovative programmes originate from these years. It also confirmed the EU’s commitment to investing in people through training and understanding the changing requirements in the labour market in the light of technological development.

During the 1990s there was a growing awareness of the need to address the environmental consequences of economic growth. Cohesion Policy also needed to address cohesion between present and future generations. Regional policies had to ensure that growth in output and jobs was compatible with environmental preservation and that businesses and other economic actors had to become directly accountable for damage they caused. Thus the ‘polluter pays’ principle became enshrined in legislation, and in the conditions governing the granting of financial support under European regional programmes.

The 1990s were an era when a prolonged period of economic restructuring meant that social disparities between population groups became more evident, with negative effects in particular for marginalised groups. Social exclusion had to be addressed if the goal of cohesion was not to be undermined.

The outcome was a fine-tuning of Regional Policy in recognition of the fact that uneven access to opportunities tends to undermine the growth process. European policymakers adopted legislation that sought to tackle economic and social challenges, seeking to provide better value for money and helping the EU to meet the wide variety of economic and social circumstances after enlargement. Integrated programmes delivered growth and new skills, while seeking to engage with communities and protect and improve their living environment.

Today’s EU model for integrated regional development

→ THE BIG PICTURE

There are three main strands in European Regional Policy today. First, there is an emphasis on promoting economic convergence, to help the less developed regions situated, mostly, but not exclusively, in the new Member States, to narrow the gap with the more prosperous ones. Second, there are wide-ranging measures aimed at promoting regional competitiveness and employment. A third category of policies aims to promote cooperation between regions and countries and in that way to reduce the economic significance of national borders.

There are also three principal sources of finance available, which have been created at different moments in the development of the EU. The European Regional Development Fund (ERDF) focuses primarily on initiatives relating to economic growth, employment and competitiveness, including investment in infrastructure. The Cohesion Fund focuses on transport and environment infrastructure, including renewable energy sources. Thirdly, finance under the European Social Fund is directed at investments in human capital in the field of education and training.

Reducing the economic significance of national borders by promoting cooperation between regions and countries.
The main aims of today’s Regional Policy

BUILDING COMPETITIVE STRENGTHS WHICH RIVAL THE REST OF THE WORLD

Championing growth through the Lisbon strategy

The so-called Lisbon strategy agreed in the year 2000 put economic growth and jobs at the top of the EU policy agenda. EU ministers agreed this strategy with a view to making the EU the most competitive and dynamic knowledge-based economy in the world. It included a schedule of policy reviews and audits across different sectors to ensure the process remained on track to move the EU towards competitive levels of employment, economic growth and research expenditure (among other things) by 2010.

In 2005, a new emphasis on promoting innovation was placed alongside the growth and jobs priorities and this had the effect of putting Regional Policy at the centre of the effort to improve the competitive position of the Union. Increasing levels of innovation is fundamental to helping Europe’s businesses, and, secondly, to bringing more of Europe’s population into productive employment.

Regional Policy is no longer seen as a means to help regions catch up with the Union’s average, important as this is. Competition is increasingly taking place along regional lines in the world market and successful regional economies are those that have become real players in global production networks.

EU Regional Policy is now a policy which identifies and targets addresses opportunities for the future by mobilising underexploited potential rather than compensating for problems of the past.

Reforming the policy process for regions

EU Regional Policy is in a constant process of review and adjustment to ensure that it remains relevant in a changing world. The latest reform, in 2006, was based around four main themes: developing the knowledge economy; decentralising more responsibility for management and financial control to the Member States and regions; simplifying and accelerating procedures; developing the potential of every region in Europe while focusing resources on the weakest.

Meeting the challenges of climate change and sustainability

Sustainability – achieving a balance between economic, social and environmental priorities – has long featured as a guiding principle of EU regional development policy. Regional Policy addresses the environmental agenda in four main ways: by directly investing in environmental infrastructure such as water treatment plants; by ensuring that all relevant programmes are subject to Strategic Environmental Assessments (SEAs); by ensuring that an environmental impact assessment is performed when preparing all major projects; by explicitly encouraging the involvement of representatives of environmental pressure groups and agencies in the preparing and overseeing the programmes. The total European support to environmental investment (direct and indirect) for 2007-13 amounts to €105 billion or a 30.4% share of the total.

While climate change is a major challenge it is also a new business opportunity. The diversity of landscapes and climatic patterns is striking across the Member States. While 7% of the population lives in regions which are at regular risk of flooding, another 9% live in places where drought is a threat.
Regional programmes aim for a balanced approach between protecting our natural resources through renewable and alternative energy sources, including wind and solar power and biomass, and at the same time developing cutting edge technologies that give European businesses a head start commercially over their international competitors. Wise investment in environmentally sustainable technology can enable Europe to meet its targets on emissions and modernise its production capability. A recent innovation in some programmes has been to undertake an environmental audit with a view to ensuring that the final impact is neutral in terms of carbon emissions.

Harnessing regional and local resources and skills
Innovation often comes from smaller businesses with good local knowledge, but there are many more gains to be had by wider cooperation and networking. The Regions for Economic Change initiative (RfEC), encourages local and regional networks across the public and private sectors to exchange experience and good practices, as a way of learning about, and implementing, change. RfEC, was set up by the European Commission in 2006 and seeks to bring an added dynamic to interregional and urban networks to test novel policy ideas and then quickly integrate them into Regional Policy programmes.

**COHESION**

Member States working together at all levels
Bringing European countries closer together in political and economic terms is the essence of EU membership. While recognising diversity, the EU seeks to exploit new opportunities by bringing communities closer together. Many challenges cannot be confined within standard administrative boundaries, whether they be at national or at regional level and often require a coordinated, joint response from several regions or countries - calling for new forms of cooperation. In 2008, the Commission issued a new discussion document on territorial cohesion, arguing that the territorial diversity of the EU is a strength that can contribute to the sustainable development of the EU as whole.

Bringing Member States together through transport connections
Some 22% of the resources of EU Cohesion Policy is allocated to investment in transport projects, reflecting the huge contribution which modern, efficient transport and distribution links make to economic success and social development. Regional programmes are designed to deliver ambitious goals of connectivity in all areas of the transport network. They provide new investment across road, rail and sea routes. They target sustainable public transport systems in urban areas, giving local residents better connections. Where countries are landlocked, European regional programmes have the unique capacity to look beyond the individual country and promote investment in transport networks that make sense in economic terms.

Balancing urban and rural development and including all regions regardless of geographical position
European regional development programmes recognise the specific challenges faced by cities and rural areas and offer different, but complementary, solutions.

In cities, a specific European programme known as the URBAN Community Initiative was introduced in the mid-1990s, and provided an opportunity for policy innovation. These programmes were centred on strong local partnerships in the urban areas, increasing local responsibility and addressing challenges adversely affecting the quality of life in urban areas. They were complemented by networking activities through the ‘URBACT’ programme. Starting as a small-scale pilot-action, this methodology for sustainable urban development became a feature of mainstream policy after 2007.

“EU Regional Policy is now a policy which identifies and targets opportunities for the future by mobilising underexploited potential rather than compensating for problems of the past.”
In rural areas there has been a long-established approach to supporting businesses and communities where future prospects cannot be guaranteed through agriculture alone.

One of the challenges of a policy that seeks to improve territorial cohesion is to ensure that the administrative and institutional capacities exist at the right level according to the levels and scales at which challenges should be addressed. The appropriate territorial scale may vary from the deprived urban neighbourhood to the metropolitan area, from the river basins to the mountain area. As a general consideration, there is a clear demand for more consistency between European policies having a territorial impact, including Regional Policy itself and policies in the field of transport, agriculture, environment, employment, competition and research.

Showing solidarity in the face of natural disasters
Developed on the initiative of the Commission in 2002, the EU Solidarity Fund grants aid to Member States and Accession Countries to help to restore infrastructures and services in the event of a major natural disaster. As such, it is one of the most concrete demonstrations of solidarity between Member States in times of acute need. Between 2004 and 2009, the Fund intervened 34 times in 18 Member States, representing a total allocation for emergency measures of €700 million.

INTEGRATION OF NEW MEMBER STATES
Integrating through financial solidarity
Countries in negotiation leading to EU membership can expect to benefit from preparatory aid, depending on their economic circumstances. Such aid follows the model of EU Regional Policy by supporting economic development and the improvement of the infrastructure and the administrative institutions. In December 2005, €160 billion was allocated for regional development programmes in the 12 new Member States for the period 2007-13. This represented an almost threefold increase compared to the previous period and a budgetary contribution equivalent to around 3.2% of their GDP. New Member States have had to work hard to develop their capacity to spend these resources effectively. The scale of this task is formidable although initial results have been encouraging.

Building strong administrations/institutions
Economic growth not only depends on investment, but also on the means to administer development programmes efficiently and with due regard to the need for sound management of public resources. This in turn calls for a competent and reliable administrative system and a transparent legal framework. The new delivery system for EU Regional Policy for 2007-13 includes support for specific programmes with no other aim than to create the conditions for administrative reform and for training public officials in the latest management techniques.

Finance combined with technical assistance (JASPERS)
As a further means of helping new Member States there is assistance for drawing up sound programmes and getting them through all the financial and technical steps before approval. JASPERS (Joint Action to Support Projects in European Regions) is a facility that combines contributions from the European Commission in the form of funds to recruit expert staff and staff contributions from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development.
Investing for Economic Recovery

European Regional Policy provides vital investment at local and regional level. This has been particularly pertinent in the light of the recession that began in 2008. One of the main assets of EU Regional Policy lies in its flexibility to adjust to changing conditions.

In the context of the present global economic downturn, the sustainability of economic development and the need for adaptable, forward-looking policies is clearer than ever. Europe’s Regional Policy provides a stable, secure, targeted source of financing that can be used to stimulate economic recovery.

Using flexible and innovative forms of finance to support SMEs

Regional development in Europe benefits from a wide range of different finance options. The main sources of funds are the European Regional Development Fund, the Cohesion Fund and the European Social Fund, but there are other complementary means of raising capital and bringing in different types of finance. Projects, especially those that are capable of generating revenue, are increasingly financed by a combination of grants and loans or other financial instruments such as equity participation.

“Europe’s Regional Policy provides a stable, secure, targeted source of financing that can be used to stimulate economic recovery.”

Jeremie (Joint European Resources for Micro and Medium Enterprises) is a facility which management authorities can use to help them in the complex task of operating financial engineering techniques. By placing finance in the hands of a separate financial institution, such as the European Investment Fund, managing authorities can bring into the region external expertise in financing business development such as loans, including venture or seed capital.

Jessica (Joint European Support for Sustainable Investment in City Areas) is another financial engineering facility operating in the field of integrated urban development programmes. Almost half of the programmes supported by the EU for the period 2007-13 will include provisions for JESSICA-type activities. Jessica is a partnership with the European Investment Bank (EIB) and the Council of Europe Bank. The management authority contributes its own resources, but can then call on additional loan or equity capital from other financial institutions acting through the Jessica scheme while benefiting from their specialist expertise.

Jasmine (Joint Action to Support Microfinance Institutions in Europe) actually takes its inspiration from activities launched in a developing country, Bangladesh, to provide small scale finance to people who for reasons of education or class have no access to the private banking system.
1. The importance of Economic framework conditions is crucial.
European experience clearly shows on the one hand that the level playing field for business and other economic actors provided at European level by the single market is fundamental to the success of the European economy. A second observation is that the success of growth policies depends heavily on their interaction with a number of national policies (sectoral policies, tax, labour market policies). Sound macroeconomic conditions and a favourable microeconomic framework (regulatory framework, business climate) are preconditions for effective policies to address lagging regions. If national policies encourage regions to remain immobile then development is an uphill struggle.

2. There is a need for tailored strategies with an appropriate policy mix
Experience across the EU has shown how regional and local knowledge is the key to understanding how to achieve lasting development. Programmes need to be carefully tailored to the region concerned, based on needs and aspirations. There is a huge variety of potential actions that can be undertaken, so it is vital to put together the right combination from the outset.

While prestigious investment projects have their place and may be an essential starting point or even a catalyst for future gains, EU experience tends to support the view that the most important driver of economic growth is investment and innovation in small and medium-sized businesses.

3. The importance of stable budgets and coherent programming
The importance of the European Union’s seven-year budget perspective to the success of Regional Policy can not be overstated. This provides the stability to promote investment in long-term projects according to a strategic vision that is relatively immune to changing political circumstances.

4. The need for cross-border cooperation
A feature of EU Regional Policy since the beginning has been the encouragement of cross-border, transnational and interregional co-operation has yielded considerable benefits. On the one hand, the ability to promote constructive contacts between regions across the EU’s external frontiers has helped many candidate countries prepare for the responsibilities of EU membership and helped to convince the population of the concrete benefits which derive from EU membership.

On the other hand, co-operation between regions across the EU’s internal frontiers has cemented relations between sometimes relatively divided or isolated communities as we have seen most forcefully in the case of the peace process in Northern Ireland. And increasingly, the ability to bring together regions from a number of countries facing joint problems, such as the Baltic Sea area, encourages a practical, constructive approach around a shared vision.
The provision of efficient transport networks is one of the clearest examples of a policy area where a supranational vision is essential going beyond national borders.

5. Agglomeration economies and urbanisation

In Europe, as elsewhere, urban agglomerations, or large metropolitan areas, are viewed as key drivers of economic growth. The European experience shows the mixed spatial impact of economic concentration. Europe, with its relatively dense settlement pattern and high land prices, faces problems such as overcrowding, congestion, pollution and crime. Especially in mature economies the economic benefits of urbanisation have to be measured against the costs in terms of such problems.

6. The role of small and medium sized towns and local centres

Europe has learned that it is not only large cities that are the drivers of growth in Europe. The experience of Regional Policy in Spain and elsewhere shows the importance of connectivity in the context of small and medium-sized towns (polycentric development) as well as the role of local centres in rural areas. Medium sized towns play a role in connecting urban centres, small towns and remote rural areas as well as playing an important role in promoting integration, connections and scale economies. They also play an essential role in moderating rural depopulation.

7. Local employment and capacity building initiatives

Local development has a key role to play in promoting economic growth in lagging regions. There is also a strong interest in poverty reduction and the focus here has shifted towards the role of employment in reducing poverty risk. Furthermore, Europe is characterised by relatively low labour mobility in geographic terms. We are therefore confronted with a situation in which there is relatively strong consensus on the need to promote local employment and capacity building initiatives to enable lagging regions to take advantage of the opportunities of linking into the mainstream economy.

“Successful development strategies need to be ‘owned’ by empowered groups of people at every level.”

Ronnie Hall, Director for Information, Communication and relations with third countries meets the president elect of Paraguay, Fernando Lugo in Asuncion in June 2008
8. Strong institutional support
With each successive step in European enlargement the need for strong institutions has become ever greater. The wide diversity in economic strengths, prosperity and social trends, natural environments, cultural heritage, ethnic backgrounds… adds up to a uniquely diverse union in geographic terms.

Regional development in the EU has therefore revealed the need for strong institutional leadership at all levels which commands the respect of all sections of society. At EU-level, there must be sound political judgment, robust economic analysis and policy planning, as well as technical expertise to guide project managers ‘in the field’. Nationally, institutions must be well coordinated.

9. Multi-level governance
Successful development strategies need to be ‘owned’ at every level. EU Regional Policy is managed in a way which seeks to maximise vertical and horizontal integration. Vertically, different levels of European, national, regional and local government are encouraged by the planning and programming system that has been developed over the years to communicate and pull in the same direction to achieve gains on the ground. Horizontally, businesses, social groups and civil organisations are also actively involved in the process and take part in the work of the managing authorities. This means they have an opportunity to influence and to shape the development strategy in their own sectors and areas.

“Programmes need to be carefully tailored to the region concerned, based on genuine needs”
How far can this experience be an inspiration outside Europe?

It is not easy to draw conclusions from the European experience which could be directly applicable in other parts of the world. However, some aspects of our experience can be a source of inspiration. Disparities in some of the emerging economies are much greater than those experienced in Europe. In addition, compared with underdeveloped regions in other parts of the world, the lagging regions of Europe, thanks to in part the single market, tend to be more integrated into the global economy.

Lessons learned

One way of approaching the EU experience in the field of Regional Policy is to attempt to distil from this experience the essential questions or issues which have had to be addressed in the conception and management of the policy over the past 20 years. The following are ten such considerations.

▶ First, a Regional Policy requires a long-term strategic vision of what needs to be achieved. This may be the development of key sectors, such as transport, or geographical areas, such as the priority given to the less-developed areas in EU policy. In the EU, programmes have featured both the sectoral and geographical approaches. In the case of transport, it is worth noting that priority has been given to projects that contribute to the realisation of Trans-European networks, a transport strategy for linking the Union’s territory defined by the Member States.

▶ Second, there should be an objective, or “non-political”, method for raising and allocating resources. That is to say, it should be clear how money is raised and allocated to programmes or regions. This exercise needs to be supported by statistical indicators and implementing Regional Policy therefore pre-supposes the existence of and investment in, a statistical service. One question which has been central to the policy debate in Europe has been that of whether or not to adopt an exclusive or inclusive approach to beneficiaries. EU policy currently adopts an inclusive approach to beneficiaries, with all regions being eligible for some form of support, but there has, at the same time, been a very high level of concentration of resources on the less-developed regions.

▶ Third, we have seen that a system combining co-financing and partnership enhances ownership. Managing authorities bringing together a wide range of interests must also find between 15 and 50% of the costs of specific projects from local (public or private) sources. There is no sense in projects being imposed from higher authorities, instead projects should truly belong to the community that benefits from them.

▶ Fourth, it is important to dissociate the legal framework setting out the broad rules governing the implementation of the policy from individual project decisions. In the EU this results from an institutional architecture whereby the political level, the Member States and the European Parliament, decide the legal basis, while the selection of projects is devolved to managing authorities at national and regional level, separate and distinct from the European institutional level.

Commissioner Hübner and Mr Vladimir Yakovlev, Minister of Regional Development of the Russian Federation, sign the Memorandum of Understanding between the European Commission and the Russian Federation on Regional Policy cooperation, Moscow, 23 May 2007.
Fifth, the decision needs to be taken as to whether to opt for support for integrated programmes (supporting complementary actions in fields such as infrastructure, human resources and business development) or support for individual projects. The EU currently does both, through different funds. It could be said that integrated programmes require rather more in the way of institutional capacities in the regions. Accordingly, where the latter are considered weak, it may be advisable to start from a project approach.

Sixth, there is the issue of reliance on grants, or on a combination of grants and repayable forms of support. EU policy has increasingly been moving in the direction of involving more repayable forms of assistance in an effort to increase the level of resources available, to create additional incentives towards efficiency on the part of beneficiaries and to bring additional expertise to bear from the banking and financial services sector.

Seventh, it is now recognised in the EU that having adequate formal and informal institutional capacities is crucial in the successful management of the programmes. This includes capacities in areas such as financial management and control, economic development planning, and in the identification and motivation of suitable partners. The question of institutional capacities is a particularly important issue for the successful implementation of cross-border programmes, which bring together administrative structures that may have limited experience in cooperative actions.

Eighth, the monitoring and evaluation of actions is necessary in order to be able to demonstrate the added value to beneficiaries and to taxpayers alike. This requires the inclusion of a technical capacity within the administration of programmes, although some of the specialist tasks such as macro-economic modelling can be contracted out to research institutions or universities.

Ninth, the issue of the conditionality attaching to programmes has been important in the EU. The principle conditions attaching to the receipt of EU support include the need for: respect for open markets across the Union (competition rules on state aid, open public procurement rules); respect for environmental policies and rules; respect for the principle of equality of opportunity; an approach based on partnership and participative democracy. Non-respect in the EU has often entailed the imposition of financial penalties.

Tenth, transparency in policy and programme implementation is considered an essential component of good governance in the 21st century. Accordingly, effective communications and information systems should be included in the administration of the programmes, for example, indicating the projects that have been assisted, the results of the monitoring and evaluation exercises, and explaining how to obtain public aid to prospective beneficiaries.

On 15 May 2006, a Memorandum of Understanding was signed with China to exchange information and best practices on setting up and implementing Cohesion Policy.
Common challenges

Regions of the world share many common challenges. With a view to pooling responses and experience the EU decided in 2006 to establish partnerships, in the form of ‘memoranda of understanding’, with a number of countries outside the EU. Four Memoranda of Understanding on Regional Policy Cooperation have been concluded, with China, Russia, Brazil and, since July 2009, with Ukraine. These build on European experience in reducing regional disparities, improving governance and creating dynamic policies based on local information networks. In a similar vein, the EU is also in regular dialogue on these issues with other groups of countries outside the EU-27, such as ASEAN (the Association of South East Asian States), Central American countries or the West African Economic and Monetary Union (UEMOA in its French acronym).

In May 2009 the Directorate General for Regional Policy organised, under the leadership of former Regional Policy Commissioner Danuta Hübner, a conference in Brussels focusing on “Regional Governance in a Global Context”. The first event of its kind, the conference brought together presidents of European regions and representatives of a broad range of countries outside Europe. Commissioner Hübner said: “Countries worldwide face similar challenges, not least the global economic crisis, but also due to ageing populations, the risks posed by climate change and concerns over energy security. In the European Union, we are developing partnerships with countries outside the EU which deliver benefits for both parties.”

Find out more

More detail and background information on Regional Policy and countries outside the EU is available through the following web links.

DG REGIO website on International Affairs
http://ec.europa.eu/regional_policy/international/index_en.htm

An overview of current Regional Policy - ‘Working for the Regions’

The impact of Regional Policy in the 2004-09 period

Additional statistics and trends

Historical background on Regional Policy

Today’s challenges mean that we must think globally while acting locally. The major challenges facing the regions of the world have a strong ‘territorial’ dimension that requires action at local and regional level. It would be wrong to imagine that the European Union can find solutions to these challenges by acting alone. That is why we consider our dialogue with countries outside the EU is so important, in all our interests.
European Regional Policy, an inspiration for Countries outside the EU?
Applying the principles, sharing the lessons learned, exchanging experience

The European Union’s Regional Policy has developed and been refined over recent decades to meet a wide range of goals. This brochure gives a brief insight into the main aspects of the Union’s Regional Policy and explores how this experience can be shared with regions outside the EU. Sharing solutions to global challenges benefits both the EU and its neighbours.