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REPORT

on the impact and effects of the structural policies on EU cohesion
(2006/2181(INI))

Committee on Regional Development

Rapporteur: Francisca Pleguezuelos Aguilar

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the impact and effects of the structural policies on EU cohesion (2006/2181(INI))

The European Parliament,

- having regard to the EU's draft Territorial Agenda and the Leipzig Charter,
- having regard to the report of 20 January 2006 by the Independent Expert Group on R&D and Innovation appointed following the informal meeting of heads of state and government at Hampton Court, 'Creating an Innovative Europe' (the Aho Group report),
- having regard to the Commission communication of 12 June 2006, 'The Growth and Jobs Strategy and the Reform of European cohesion policy – Fourth progress report on cohesion' (COM(2006)0281),
- having regard to its resolution of 7 February 2002, on the Commission's second report to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on economic and social cohesion¹,
- having regard to its resolution of 28 September 2005, on the role of territorial cohesion in regional development²,
- having regard to its resolution of 15 December 2005, on the role of direct State aid as a tool of regional development³,
- having regard to its resolution of 6 July 2005, on the proposal for a Council regulation establishing a Cohesion Fund⁴,
- having regard to its resolution of 6 July 2005, on the proposal for a Council regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund⁵,
- having regard to its resolution of 14 March 2006, on relocation in the context of regional development⁶,
- having regard to its position of 4 July 2006, on the proposal for a Council regulation establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94⁷,
- having regard to its position of 4 July 2006, on the proposal for a Council regulation laying down general provisions on the European Regional Development Fund, the

¹ OJ C 284 E, 21.11.2002, p. 209.

² OJ C 227 E, 21.9.2006, p. 88.

³ OJ C 286, 23.11.2006, p. 501.

⁴ OJ C 157 E, 6.7.2006, p. 289.

⁵ OJ C 157 E, 6.7.2006, p. 95.

⁶ OJ C 291, 30.11.2006, p. 123.

⁷ OJ L 210, 31.7.2006, p. 79.

European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999¹,

- having regard to its position of 27 September 2006, on the proposal for a Council decision on Community strategic guidelines on cohesion²,
 - having regard to its resolution of 18 May 2006, on the 2007 budget: the Commission's Annual Policy Strategy report³ ,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development and the opinion of the Committee on Budgets (A6-0150/2007),
- A. whereas it is indisputable that the cohesion policy is having a positive impact on cohesion in the areas of social, economic and regional policy and in terms of better quality governance at local and regional level,
- B. whereas because that positive impact varies from one region to another, this report aims to put forward recommendations for maximising its impact in the new programming period,
- C. whereas the drafts for the EU's Territorial Agenda and the Leipzig Charter are being drawn up for adoption at the informal ministerial meeting on urban development and regional cohesion to be held in Leipzig on 24 and 25 May 2007,
- D. whereas to improve the structural funds' impact on EU cohesion small businesses need to play a larger role in research, development and innovation (R+D+i) activities and in the access to R+D+i services in public institutions dedicated to research,
- E. whereas, according to the above Fourth progress report on cohesion, between 1995 and 2005 GDP per capita growth in the 13 cohesion countries was greater than that of the Europe of Fifteen, with an annual rate of 3.6 % compared with 2.2 % per annum for the latter,
- F. whereas every euro spent in the EU on cohesion policies generates an average of 0.90 euros of additional spending in less developed regions (Objective 1) and 3.00 euros in regions undergoing redevelopment (Objective 2),
- G. whereas the free play of market forces is not enough to create the cohesion that Europe's founders were seeking, and whereas that cohesion necessarily requires public actions to enable the balance between regions to be restored,
- H. whereas the structural policies have an important role to play in strengthening territorial cohesion and will have to adapt in line with the emergence of new territorial challenges in the EU, such as the ageing population, changes in the agricultural market and the issues of immigration, energy and climate change,

¹ OJ L 210, 31.7.2006, p. 25.

² OJ L 291, 21.10.2006, p. 11.

³ OJ C 297 E, 7.12.2006, p. 357.

- I. whereas ‘polycentrism’ is the *leitmotiv* in the European Territorial Strategy that must be taken into account in the implementing phase of the new cohesion policy,
- J. whereas there is a need to increase the cohesion policy’s visibility,
1. Draws attention to the cohesion policy’s critical role in supporting the internal market, by means of the trade and jobs created by designing and implementing projects cofinanced by the European Union;
 2. Emphasises the importance of developing an integrated structural policy that consistently combines support from the structural and cohesion funds with the other Community policies; calls for this concept of integrated policy to be the subject of communication and training actions so that it is recognised and used by all the actors concerned, particularly the actors on the ground;
 3. Points out that the Commission, the Member States and the regional and local authorities should give special attention to fulfilling the objectives that have been incorporated across the board in all policies and actions in the implementation phase of the new cohesion policy, to prevent social exclusion;
 4. Calls on the Commission to investigate which national and regional public policies favour convergence and to draw up a communication on this subject, with the aim of looking into the option of linking the granting of resources under the future cohesion policy with a sound national strategic development policy, which should be defined by quantifiable indicators, so as to increase the effectiveness of the cohesion policy;
 5. Considers that the Commission and the Member States should improve the contribution from the European Social Fund to implementation of the European Employment Strategy (EES) by strengthening the relationship between them, and that this improvement should subsequently be demonstrated using relevant indicators to promote equal opportunities;
 6. Urges the Commission to explore new ways of combining structural policies and instruments with other Community policies and instruments designed to increase synergies for promoting competitiveness and sustainable research and innovation by drawing on the work of the Commission’s interdepartmental task forces dedicated to these fields;
 7. Recommends to the regions and the Member States that quantified objectives for R+D+i should be established in the operating programmes;
 8. Calls on the Commission and Council to look into whether a requirement such as proposed in the above Aho Report to earmark at least 20 % of the structural funds for promoting R+D+i is viable and to focus not only on major projects and centres of excellence, but to also pay attention to smaller projects in less favoured regions, particularly those that contribute to sustainable regional development;
 9. Proposes that the Commission and Council encourage the establishment of regional and local technology facilitators, using existing resources such as the Euro Info Centre and Innovation Relay Centre networks, who will be financed by the structural funds and

associated with regional projects, technology parks, clusters and networks, and will invigorate innovation for businesses, particularly small businesses, by facilitating access to European aid schemes and programmes;

10. Welcomes the preparation of the drafts for the EU's Territorial Agenda and the Leipzig Charter, but in this connection underlines the need for both to specify with greater clarity how to define the measures for fulfilling the objectives set out in the two strategy papers and what the Member States' involvement should be; urges the Member States, in the context of the Leipzig Informal Council on 24-25 May 2007, to make a formal commitment to sustainable urban development;
11. Considers that assessment of the long-term impact at the various levels of structural fund spending is essential to prepare future legislation and for sound budgetary management in this area;
12. Proposes to the European institutions and Member States promoting good practice and measuring the impact of Community policies on cohesion on the basis of relevant indicators, by endowing the European Spatial Planning Observatory Network (ESPON) with the resources and functions needed to enable it to act as an observatory of the impact of structural policies on cohesion;
13. Calls on the Commission also to verify the territorial impact of earmarking, and in particular to evaluate whether the earmarking of European funding for the Lisbon objectives is actually contributing to balanced and coherent regional development;
14. Calls on the Commission, the Member States, the regions and the local authorities, particularly those covered by the convergence objective, to give priority to measures seeking to prevent territorial imbalances and encourage integrated development and favouring the creation of polycentric areas;
15. Urges the Commission, the Member States, the regions and the local authorities to investigate which instruments are best suited to securing a territorial balance between urban and rural areas, ensuring complementarity between rural and regional development, encouraging an integrated strategic approach to the development of urban areas together with the surrounding suburban and rural areas ('catchment areas') and encouraging the exchange of good practice, especially in regional and sectoral networks for improving the management of funds, including at the 'European Regions and Cities Week' in Brussels;
16. Calls on the Commission, the Member States and the regions to make greater use of the structural funds so that they boost the independent, sustainable development of regions of net emigration and counteract the negative consequences of demographic change;
17. Calls on the Commission, the Member States and the regional and local authorities to encourage the contribution of cohesion policy to the fulfilment of the new sustainable development strategy, powered largely by renewable sources of energy, that has a transport system that exploits the possibilities of intermodal combinations more efficiently, and that reuses and recycles;
18. Suggests that the Commission, the Member States, the regions and the local authorities

support and encourage economic activities in rural areas geared to the development of new technologies, especially as they do not require physical proximity to the major urban centres;

19. Underlines the importance of territorial cooperation under the cohesion policy and calls on the management authorities to promote transnational and inter-regional cooperation by setting up separate regional and sectoral cooperation networks and the communication of experiences and good practices at regional and local level under the 'Regions for Economic Change' initiative;
20. Calls for other territorial indicators to be used apart from per capita GDP for measuring the degree of cohesion, such as the rate and quality of employment, the level of disparities in GDP between neighbouring regions, the decentralisation and accessibility index, the infrastructure and transport provision, the level of research/innovation, education and training activity and the diversity of production in the area;
21. Calls on the Commission to deliberate on using new quantitative and qualitative indicators for cohesion together with Eurostat, in connection with the progress report on the new cohesion policy in 2009;
22. Encourages the Commission to analyse the leverage effect of the structural funds in attracting private investment in the context of the new cohesion policy and to underline the need for cooperation between the public and private sectors;
23. Suggests that the Commission should obtain better information on the quality and sustainability of employment created with the structural funds;
24. Draws the Commission's attention to the fact that the shortage of administrative capacity can be a major obstacle to maximising the impact of the cohesion policies, and therefore calls on the Commission to develop the instrument represented by tripartite contracts and further the instrument of target-based tripartite contracts and agreements and to continue the process of administrative capacity building in the implementation phase of the new cohesion policy, including by setting up a network of accredited trainers to ensure that training measures and awareness campaigns in the management authorities of a Member State, particularly at regional and local level, are coherent;
25. Stresses the importance of the partnership principle in the implementation of cohesion policy, that principle requiring partners to be fully informed, their positions to be noted in evaluation documents and training measures necessary for the performance of their tasks to be provided;
26. Calls on the Commission to consider, in the context of the implementing regulation, actions to raise the visibility of structural interventions, not only for the major infrastructure projects but also for smaller projects, and to monitor more closely the application of mandatory publicity measures and to punish the Member States concerned in the event of serious breach; calls on the management authorities to involve MEPs in providing information connected with projects financed by the structural funds;
27. Underlines, since EU-financed projects testify to a Europe which is close and inclusive,

the need for the regional authorities and the Member States to respect and comply with actions in the implementing regulation for increasing the visibility of structural interventions, and to step up their information efforts by highlighting the cohesion policy's practical results for citizens;

28. Considers that there is a need for ongoing studies to develop various scenarios for the future funding of EU cohesion policy; believes that, in this connection, a comparison should be made between the effects of the various main funding instruments (ERDF, ESF, the first pillar of CAP, EAFRD) on the development of the Union of 27 Member States;
29. Instructs its President to forward this resolution to the Council and Commission, and to the governments of the Member States, the Committee of the Regions and the European Economic and Social Committee.

EXPLANATORY STATEMENT

In July 2006 Parliament and the Council adopted the four regulations defining the cohesion policy for the new programming period from 2007 to 2014, and shortly afterward the strategic guidelines were also agreed. The legal framework was already laid down.

Now that the strategic guidelines have been settled, the implementing phase of the new cohesion policy is starting up. While the broad outlines are being implemented, it is still possible to make further recommendations to adjust the application of the new policy so as to maximise its impact in the areas of social, economic and regional policy and of governance.

We are also in the process of assessing the policy's impact during the programming period that has now ended. The Commission is working on the fourth report on cohesion, which will probably be presented at the ministerial meeting on urban development and regional cohesion, to be held in Leipzig, Germany on 24 and 25 May. In the autumn of 2007 the Commission will be launching a debate, based on the conclusions of the fourth report on cohesion, on the future of the cohesion policy. It is at present possible to contribute to the wording of that report, which will form the basis of an extended debate on the cohesion policy.

The debate will lead to discussion on the EU budget review agreed for 2008/2009, for which the Commission plans to present a report early in 2009. As the cohesion policy will become the European Union's largest budget item it should be considered with care. It would seem worthwhile to analyse and draw attention to the policy's added value before embarking on the debate on the EU budget review.

The purpose of this report is accordingly to make recommendations for implementing the new cohesion policy, to contribute to the debate on the fourth report on cohesion and to highlight the cohesion policy's crucial role in fulfilling the aims of the Lisbon Strategy and cohesion. Drawing on past experience, the report seeks to maximise the impact, in social, economic, regional and governance terms, of the new cohesion policy. With this aim in view, it makes a number of comments and recommendations.

I. Optimising the synergy between the various public policies

The impact of the cohesion policy could be improved by increasing the synergy between the various public policies, both vertically – between regional, national and Community policies – and horizontally – between the different Community policies.

In vertical terms, the Member States should be giving greater attention to ensuring that their national policies encourage support measures financed by the structural funds and help to implement the major strategies (Lisbon, employment and so on). In horizontal terms, the policies should be more integrated and combinable, particularly in the field of innovation. It should be possible to accumulate certain aids and measures to enable the regions to concentrate their development efforts.

II. Promoting innovation

Innovation is key to improving the economic impact of the cohesion policy. For this reason the report sets out a number of recommendations for boosting innovation under the new

cohesion policy, drawing on the Aho Group Report.

Small businesses have a key role in fulfilling the aim of increasing innovation. Compared with the United States, for instance, small businesses in the European Union do not invest enough in research, development and innovation. Yet small businesses are particularly suited to promoting the convergence of less developed regions. It would therefore be appropriate to put forward some measures to overcome the obstacles to innovation, such as the person of the technology tsar, and to set out some ambitious, but realistic, quantified objectives.

III. Strengthening cohesion's territorial dimension

The Intergovernmental Conference added the objective of territorial cohesion to the constitutional treaty as a third dimension of the cohesion policy. So the aim has been accepted politically even though the treaty has still not been ratified. Territorial cohesion was mentioned in the third report on cohesion and the strategic guidelines, and it will also be analysed in the fourth cohesion report in May 2007. However, much still needs doing to strengthen this objective.

The Territorial Agenda and the Leipzig Charter, which will be adopted at the end of May at the ministerial meeting on urban development and territorial cohesion, will be laying down the aims of territorial cohesion, but will not be proposing actions to achieve those aims. The concept of territorial impact assessment could be a way of strengthening the concept. The aim of territorial impact assessment is to enhance the positive effects of investment on regional development. At national level some Member States already have a tradition of territorial impact assessment. This is, for instance, the case in Germany (the 'Raumordnungsverfahren') and Austria (the 'Raumverträglichkeitsprüfung'), but there is no common framework to define the concept.

'Polycentrism' should be the *leitmotiv* of the territorial dimension. In this context it is also important to be able to strike a balance between rural and urban areas and to support economic activities in areas that are remote from the major urban centres.

IV. More precise measurement of regional convergence and the cohesion policy's impact

Discussion on the fourth report on cohesion should also involve a debate on the indicators for cohesion and the methods of measuring not only the cohesion policy's impact but also the impact of other Community policies on cohesion.

While GDP does reveal the economic convergence of the regions, it cannot adequately measure social or territorial convergence. There are less developed regions with a good rate of economic growth but a declining employment rate, and this is having a disturbing impact on the demographic development of those regions. We need to use other indicators to define such regions' needs.

To optimise the synergies between the various public policies in horizontal terms we need to gain a better understanding of the impact of such policies on cohesion. This requires a kind of observatory to monitor the impact of Community policies, to enable the Commission and Parliament to obtain more detailed information on the results of the cohesion policy, to improve its use by the Member States and regions.

V. Improving governance and raising the cohesion policy's visibility

There can be no doubt that the cohesion policy is having a positive impact on governance in Europe. The principle of cooperation, which includes civil society and all levels of government, has transformed the administrative system in many countries that are beneficiaries of the structural funds.

For the EU-12, as the main beneficiaries of the new cohesion policy, its implementation is a major challenge. The EU is supporting the 12 new Member States in their efforts to strengthen their administrative capacities. That process should continue in the implementation phase. The EU should also take care to ensure that the structural funds are spent effectively. Abandonment of projects already cofinanced by the EU should be rigorously penalised, with the aim of deterring authorities from wasting money by not seeing projects through to completion.

The cohesion policy has not only transformed the administrative system of Member States and their regions, but also raised the EU's visibility to citizens and underlined the increase in EU support to the regions, which it has benefited substantially. Unfortunately the measures to increase the visibility of support schemes are not always respected and do not apply to small-scale projects. To reinforce the positive impact of the cohesion policy on support for the EU, there is a need to raise the visibility of all support measures.

25.1.2007

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Regional Development

on the impact and consequences of structural policies on EU cohesion
(2006/2181(INI))

Draftswoman: Nathalie Griesbeck

SUGGESTIONS

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Emphasises the importance of the role played by the structural funds in making EU citizens aware of EU policies;
2. Points out that, in its resolution of 18 May 2006 on the Commission's Annual Policy Strategy¹, Parliament lists cohesion as one of the priorities for the 2007 budget;
3. Firmly believes that assessing the long-term impact of the structural funds is essential to the preparation of future legislative acts and to sound budget management in this area;
4. Deplores the lack of common indicators enabling the impact which the structural funds actually have on cohesion to be measured;
5. Stresses the need for quantitative indicators which can be used to measure the effect that cohesion policies have on economic growth, unemployment, infrastructure, research and innovation - thereby enabling the actual impact of the structural funds to be gauged and appropriate budgetary decisions to be taken;
6. Is aware of the fact that the qualitative impact which structural measures have on quality of life is difficult to assess; notes, however, that wage levels, life expectancy, changes in the level of long-term unemployment (etc.) reflect the general quality of life in a given region and could thus be used as qualitative indicators;
7. Calls for a measuring instrument (common to all the Member States and weighted on the

¹ *Texts Adopted* of that date, P6_TA(2006)0221.

basis of the various quantitative and qualitative indicators) to be devised;

8. Points out that, in the joint European Parliament and Commission declaration appended to the 2007 budget, both institutions emphasise the need for optimum use of EU budget resources and for improved monitoring of the way in which the budget is implemented; insists that assessment of Community programmes must be made a major concern for the institutions involved in the annual budgetary procedure and that the purpose of such action is to evaluate and assess the quantitative and qualitative aspects of each Community programme;
9. Opposes the establishment of a Community policy monitoring centre unless powers, responsibilities and financial resources are transferred concomitantly.

PROCEDURE

Title	The impact and consequences of structural policies on EU cohesion
Procedure number	2006/2181(INI)
Committee responsible	REGI
Opinion by Date announced in plenary	BUDG 6.7.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Nathalie Griesbeck 20.9.2004
Discussed in committee	25.1.2007
Date adopted	25.1.2007
Result of final vote	+ : 29 – : 0 0 : 0
Members present for the final vote	Laima Liucija Andrikiienė, Richard James Ashworth, Reimer Böge, Salvador Garriga Polledo, Monica Maria Iacob-Ridzi, Janusz Lewandowski, Mario Mauro, Nina Škottová, László Surján, Herbert Bösch, Brigitte Douay, Neena Gill, Catherine Guy-Quint, Jutta Haug, Vladimír Maňka, Dan Mihalache, Gianni Pittella, Yannick Vaugrenard, Ralf Walter, Gérard Deprez, Nathalie Griesbeck, Anne E. Jensen, Jan Mulder, Kyösti Virrankoski, Wiesław Stefan Kuc, Wojciech Roszkowski, Gérard Onesta
Substitute(s) present for the final vote	Paul Rübig, Hans-Peter Martin

PROCEDURE

Title	The impact and consequences of structural policies on EU cohesion
Procedure number	2006/2181(INI)
Committee responsible Date authorisation announced in plenary	REGI 6.7.2006
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 6.7.2006
Rapporteur(s) Date appointed	Francisca Pleguezuelos Aguilar 2.5.2006
Discussed in committee	18.12.2006 22.1.2007 27.2.2007
Date adopted	12.4.2007
Result of final vote	+: 41 -: 0 0: 1
Members present for the final vote	Jean Marie Beaupuy, Rolf Berend, Jana Bobošíková, Antonio De Blasio, Vasile Dîncu, Gerardo Galeote, Iratxe García Pérez, Ambroise Guellec, Gábor Harangozó, Marian Harkin, Jim Higgins, Alain Hutchinson, Mieczysław Edmund Janowski, Gisela Kallenbach, Evgeni Kirilov, Miloš Koterec, Constanze Angela Krehl, Mario Mantovani, Sérgio Marques, Miguel Angel Martínez Martínez, Yiannakis Matsis, Miroslav Mikolášik, James Nicholson, Lambert van Nistelrooij, Jan Olbrycht, Markus Pieper, Bernard Poignant, Wojciech Roszkowski, Stefan Sofianski, Catherine Stihler, Margie Sudre, Andrzej Jan Szejna, Kyriacos Triantaphyllides, Oldřich Vlasák
Substitute(s) present for the final vote	Jan Březina, Brigitte Douay, Den Dover, Richard Falbr, Emanuel Jardim Fernandes, Lidia Joanna Geringer de Oedenberg, Francisca Pleguezuelos Aguilar, Jürgen Schröder, Lydia Shouleva, László Surján
Substitute(s) under Rule 178(2) present for the final vote	Luigi Cocilovo, Andrea Losco
Date tabled	19.4.2007
Comments (available in one language only)	...