



17th December 2008

**Marseille Informal Ministerial Meeting**

Novembre 26, 2008

**Summary of debates**

## 1. Territorial cohesion

The French Presidency presented the three questions that appeared in its introductory note to initiate the discussion, in its introduction to the first high level European debate on territorial cohesion.

After summarising the methods and deadlines for the public debate opened through publication of the Green Paper, the European Commissioner, Mrs. Danuta Hübner, mentioned the main elements on the content of the concept of territorial cohesion analysed in the Green Paper and emphasised questions of cooperation and political coordination.

(The text of the Commissioner's speech is available at the following internet address:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/651&format=HTML&aged=0&language=EN&guiLanguage=en>)

Mr. Luc van den Brande, President of the Committee of the Regions, announced the discussion about a recommendation on the Green Paper, in the February 2009 plenary session. He presented the three pillars that, according to the Committee of the Regions, should support the implementation of territorial cohesion:

- Maintenance of a strong regional policy intended for all European regions, such that territorial cooperation prevents the search for competitiveness from putting different territories into competition.
- Strengthening of integrated approaches between regional policy and other community policies that themselves contribute to the objective of territorial cohesion.
- Governance based on partnership and taking account of the different administration levels.

During the debate that was organised around questions asked by the French Presidency, most participants considered that the Green Paper gives a good initial basis for the open debate launched by the Commission, in which most delegations said that they wanted to take part.

Concerning **the first question about the very concept of territorial cohesion**, a number of points of agreement became apparent in the exchanges that provide some blocks for the construction of a common basis for territorial cohesion. It is a broad approach to this concept that is aimed at both equity in access to infrastructures and services, taking account of the diversity of different territories rather than making them more uniform, and development of their potential. Territorial cohesion is more related to that than redistribution of income. But beyond the semantic discussion, the most important aspect is political priorities and the material projects resulting from them. Furthermore, it is important to avoid encapsulating territorial cohesion in an excessively precise definition that could stop the debate and particularly limit the political implications resulting from it.

Even if territorial cohesion is above all a national question about which most Member States say they are now debating, it is widely accepted that there is a genuine added value in dealing with this question at the European Union level.

Territorial cohesion requires an approach at different territorial scales ranging from the intra-regional scale to the trans-national scale, in a variable manner depending on the territorial, administrative and political organisation in each country. Solidarity

mechanisms, strategies and territorial cooperations shall be set up at these different levels with appropriate governance for each situation.

This question of governance has often been raised in speeches. Since territorial cohesion can be applied to all levels of public action, it requires setting up an appropriate governance at each territorial level and many questions to be considered require multi-level governance.

Concerning **the second question about relations between territorial cohesion and the cohesion policy**, no one has disputed that this cohesion policy has a role to play, even if there is no desire to have it repair damage caused on territories by failure of sectorial policies to take account of the objective of territorial cohesion.

The objective of territorial cohesion must reinforce the cohesion policy, by providing means of completing orientations and better targeting actions. On the other hand, some delegations indicated that territorial cohesion should not be used as a criterion to give a particular category of territories a right to use Structural Funds. Nor is the objective to define new criteria for the allocation of funds between regions.

A lot of speeches have emphasized the extent to which European territorial cooperation, as it is implemented in the framework of the cohesion policy, plays an important role regarding territorial cohesion. It encourages setting up strategies and tools designed to develop common potentials and to facilitate the solution of cross-border and trans-regional problems. It federates energies to deal with questions common to regions located in several countries. In this respect, the asymmetric impact of new challenges on regions has often been mentioned, which makes it necessary to imagine and apply a variety of solutions depending on problems found in territories and their capability of responding to them.

Finally, concerning **the third question dealing with sectorial policies**, all players seem to agree in saying that territorial cohesion concerns all community policies that have an impact on the territory and that it cannot be reduced to a component of the cohesion policy, even if this policy does have a specific role to play. The territorial impact of these sectorial policies must be taken into account at the design stage. In this respect, many speeches referred to the Territorial Agenda that made territorial cohesion its central axis.

The principle of territorial impact studies has frequently been mentioned as one of the conditions for good involvement of sectorial policies. This must not be considered as an additional bureaucratic constraint, but rather as an essential step towards improving targeting and efficiency of policies. Furthermore, failure to coordinate these policies across the territory has a cost, and it is inconsistent to ask some territorial policies to repair damage caused by the failure of other policies to take account of territorial realities.

In this respect, it has been mentioned that in order to better target policies, it is important to have a more in depth knowledge of the territories and the dynamics that drive them, and to refine indicators. Observation and territorial prospective are considered as being essential tools for territorial cohesion. The pilot role of the ESPON program has been mentioned several times in this respect.

Finally, **beyond questions asked**, several delegations have emphasised the need to reinforce the legitimacy of informal meetings between Ministers responsible for spatial planning and regional development in order to progressively move towards a more formal instance dealing with the cohesion policy within the Council.

The debate was fruitful and progressed due to a common understanding of territorial cohesion and the advantages of dealing with this question together, even though there are still differences in analysis and evaluation. The debate within Member States and across Europe must continue, and each Member State will then be free to make a contribution to the open debate on the Commission's Green Paper, if it wishes.

## 2. The future of the cohesion policy

In introducing the debate on the future of the cohesion policy, the French Presidency repeated that its intention was to provide an opportunity for taking a new step in the debate on the subject opened by the Commission, with the publication of the 4<sup>th</sup> report on economic and social cohesion. It then presented the three questions that appeared in its introductory note in order to get the discussion started.

The European Commissioner, Mrs. Danuta Hübner, presented the first results contained in the Commission staff working document entitled "Regions 2020: an assessment of future challenges for EU regions" specifying that this is simply a first work that will be continued so that studies on the future of the cohesion policy can realistically consider the four political new challenges identified by the Commission and that should have a significant influence on directions taken by community policies and choices about how to target financing: challenges related to adaptation to globalisation, demographic and climate change and the new energy situation.

(The text of the Commissioner's speech is available at the following internet address:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/652&format=HTML&aged=0&language=EN&guiLanguage=en>)

M. Gerardo Galeote, President of the European Parliament's Regional Development Committee, mentioned in his speech that this institution is committed to the cohesion policy and refuses all renationalisation. In particular, he pleaded for efficient use of Structural Funds for regional competitiveness applications, and said that he was satisfied with the boost that the cohesion policy could provide towards economic recovery in Europe, assistance to small and medium sized companies and new jobs for people who lost their jobs as a result of the crisis.

The debate that followed highlighted some leading concepts that became clear from questions raised in the introductory note.

**The first**, which is fairly general, concerns the observation that there is no contradiction between competitiveness, efficiency and cohesion objectives; cohesion depends on increasing the attractiveness of territories that helps to improve the lifestyle and living conditions of citizens and is conducive to the development of economic activities, based on development of the potential in each territory. All these elements must be reflected in an overall strategy across Europe.

However, in order to confirm its added value in relation to national policies, it must be more successful at demonstrating its efficiency in the field. Efforts must be made to simplify its implementation system; several delegations have insisted upon this necessity.

**The second** of these leading concepts deals with the question that we asked about the contribution of the cohesion policy to adaptation of regions to new challenges.

In this respect, comments made about the vision of the situation of regions by the year 2020, presented by the Commissioner Mrs. Hübner, have shown how this encounters a broadly shared concern. Like all other policies, the cohesion policy must adapt and change its answers as a function of these challenges.

Most participants agreed in saying that the cohesion policy has a role to play to help regions and territories faced with new challenges, but it must neither replace sectorial policies in which expertise is rooted, nor divert it from its primary objective, and thus it must continue to give priority to supporting less developed regions which are the least well suited to face these challenges.

We also agreed that all regions are concerned although the degrees at which they are affected may well be different, and that accepting these challenges means helping regions to build up development strategies that integrate the opportunities and risk factors that they generate.

The **third** leading concept concerns the territorial dimension of the cohesion policy.

Although the cohesion policy essentially has a territorial dimension, it must improve how it takes account of the diversity of territories, their potentials and their specific problems. This is the reflexion that the territorial cohesion objective prompts us to make.

The debate demonstrated that specific geographic features must be better reflected in orientations for this policy, even if they do not entitle the regions concerned to special drawing rights on Structural Funds. Furthermore, sub-regional disparities remain a strong concern of our Governments, both in old and new Member States. Problems of deprived areas in our cities and towns and fragile and frequently depopulated rural areas are always present.

The trend continuing towards polarisation of development in Europe is a positive phenomenon (development poles contribute to improving Europe's competitiveness in the world and strengthen their regions), but it neglects portions of the territory that do not benefit sufficiently from excellence policies or other attractiveness factors although they do have advantages on which their future could be built. The cohesion policy should help these territories to take better advantage of the entrainment effect of growth poles and also of their own assets.

European territorial cooperation is a powerful tool for better organization of the public action at different territorial scales from the sub-regional level to the transnational level. It should be reinforced in the future.

Also on this subject, the discussion emphasized the importance of territorial analysis tools to more accurately target actions by the cohesion policy. The objective is not, at this stage, to question the criteria that are used to distribute financing, because indicators that are used at the moment (particularly the GDP per capita, unemployment rate, etc.) are still relevant; no doubt they should be complemented by more qualitative indicators to take better account of social problems, the quality of life, etc.

### **3. Implementation of the Territorial Agenda**

Delegations unanimously adopted the five recommendations submitted by the French Presidency of the European Union proposing a method of analysing key dossiers within the framework of the Territorial Agenda, to take account of their territorial aspect. They then

also asked the two lead partner States (Germany and France), once again unanimously, to continue conducting the work on the four key dossiers on which they have undertaken the analysis and to propose recommendations during a forthcoming informal ministerial meeting. The text adopted for these recommendations is attached to this report. The phase report on action 2.4 for which the Portuguese delegation requested an addendum is also attached.

A complete summary of the implementation of the first Territorial Agenda action program was presented in a written document. This table has been completed since and it is also attached in the appendix. The final report for action 1.1 "coordination between spatial and urban development", organised by Slovenia, was published in a brochure that was distributed to the delegations. Delegations have considered this final report and key messages contained in it, as the results of action 1.1 in the Territorial Agenda action program. Depending on these results, they have recognised the importance of coordination between spatial and urban development policies to achieve sustainable development of territories. Finally, these results constitute a stage regarding joint implementation of the Leipzig Charter and the Territorial Agenda.

#### 4. Responses of the cohesion policy to the economic and financial crisis

This point was added on the agenda under the French Presidency's initiative.

It reiterated the exceptional context of the financial and economic crisis and the need to quickly take a position on the contribution of Structural Funds to correct the economic situation while taking careful steps to maintain social and territorial cohesion.

Mrs. Danuta Hübner, Commissioner responsible for regional policy, presented a set of proposal responses in the field for which she is responsible, within the Commission's global reply presented at the same time in Brussels. As far as the Commissioner is concerned, there is no reason for the ERDF to change direction; we need to remain within the general lines of the Lisbon strategy and attempt to come out stronger from the crisis. Therefore the objective is firstly to simplify management methods and make them more flexible, and to use all available tools to make the best use of Structural Funds despite difficulties due to the crisis.

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All Member States praised the reaction speed of the Commission facing the crisis and the benefits of the measures presented, emphasizing the need to give fast operational follow up. General support is given to the principle of maintaining the general objective of competitiveness and employment, and the priority is given to simplification while respecting basic rules and long-term objectives.

Facilitating the use of the JEREMIE, JESSICA, JASPERS tools in liaison with the EIB appears to be a good approach; other options are mentioned, that also concern other Directorates General of the Commission, for example raising of the "de minimis" threshold or the creation of regional funds for the management of risks related to the crisis, or a better association between the ERDF and the ESF to manage the consequences of the crisis at a local level.

Several Member States have shown an interest in the opening presented by the Commission on the question of financing of energy efficiency, for example in the housing sector, and

are ready to study methods to be used. Beyond the basic question, this measure can contribute to supporting the building sector that is severely affected by the crisis and to providing inhabitants with most modest incomes a way of saving up. Moreover, support is lent to investments able to contribute in a substantial way to fight against climate change.

More generally, several comments, favourable on principle, were made about how to take account of questions dealing with climate change and energy problems; most Member States recognise the importance of this new challenge and the need for the ERDF to take it into account in its priorities, while insisting on the necessity to go on mobilising the ERDF on innovative projects.

But Member States especially supported measures to increase the flexibility and simplify the management of Structural Funds; adaptation of priorities and financial models of operational programs to match the context of the crisis, delaying the closing dates of the 2000-2006 programs, increasing the rate of progress on all programs, possibilities of progress on major projects without waiting until they have been definitively adopted, simplification of methods of calculating base amounts for subsidies, etc. Like the Commission, some consider that the crisis can provide an opportunity to suggest proposals for simplification on which initial examinations have already been made (particularly as part of a common initiative between Germany, Italy and Spain, and a working group led by Estonia), but which should now be considered as being particularly urgent.

The EIB described its desire to accompany this action plan, particularly for financing of small and medium sized companies in the energy efficiency and clean transport fields, with a special effort for convergence regions and deprived urban zones; Member States agreed upon this approach.

The OECD mentioned its concerns facing the crisis that has already created an additional 8 million unemployed. It emphasizes the need for a strong partnership with regions, maintaining the innovation objective that remains the best development factor.

The Commissioner mentioned work initiated with other Directorate-General (and particularly the DG Competition) in the field of information technologies, subsidies to companies, simplification, for efficiency reasons but maintaining the will for good financial management of European funds. She mentioned the calendar of meetings and decisions expected at the Commission, the Council and the Parliament and the desire of everyone to obtain fast operational decisions.

The French Presidency thanked the Commissioner and European institutions for their mobilisation in this difficult context, and acknowledged the will of everyone to work urgently to mobilise Structural Funds despite the crisis, by adopting measures to increase flexibility and simplify management of these funds, while retaining strict control over the use of the public funds and remaining firmly within the framework of the Lisbon and Gothenburg strategies.