

[AUTUMN 2012 NO 43] panorama Inforegio

Commissioner Johannes Hahn
▶INTERVIEW 4-7 Jacques Delors – Reflections on cohesion policy
DESCRIPTION NOT SERVICE STREET
►IN YOUR OWN WORDS
PRIORITIES FOR COHESION POLICY20-21
EUROPEAN TERRITORIAL COOPERATION 2014-202022-23
EUROPE'S REGIONS AND CITIES: MAKING A DIFFERENCE24-25
PREPROGRAMMING STRUCTURAL FUNDING TO HELP TACKLE THE ECONOMIC CRISIS26-27
EU STRATEGY FOR THE DANUBE REGION: ONE YEAR IN ACTION28-29
EXAMPLES OF PROJECTS
►MAPS
►LOCAL DEVELOPMENT APPROACH FOR BETTER TERRITORIAL COHESION 36-37
MOMENTUM CONTINUES FOR REGIOSTARS WINNER ECO WORLD STYRIA
▶REGIOSTARS 2013: FINALISTS ANNOUNCED39











Photographs (pages):

Cover: © European Commission
Pages 8, 9, 25, 27, 28, 29, 39: © European Commission

Pages 3, 4, 6: © North-Europe
Page 10: © North-East Finance – KredEx – Duda Breseeg, Neem

Page 12: © Wielkopolskie Centrum Wspierania Inwestycji Sp. z o.o. – HOSSA S.A.

Page 15: © Polish Ministry of Regional Development Page 16: © Sky-Watch Page 17: © Negundo Innovation Center Page 18: © Gdańsk Science and Technology Park

Page 19: © La Cub – Didier Doustin – Anthony Rojo Pages 21, 36, 37: © Shutterstock

Page 22: © GRaBS Page 23: © Haparanda/Tornio

Page 25: © Government of Catalonia Page 30: © PGNIG S.A.

Page 31: © Ministry for Regional Development, Czech Republic Page 32: © Mitchell O'Gorman Page 33: © METALPROGETTI spa

This magazine is printed in English, French and German on recycled paper. It is available online in 21 languages at http://ec.europa.eu/regional_policy/information/ panorama/index_en.cfm

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the European Commission.

EDITORIAL



One of the innovative ways to improve the effectiveness and efficiency of the EU's regional policy is the use of financial instruments. These support mechanisms which range from financial engineering techniques to technical assistance facilities can help attract further funding and bring on board additional expertise and know-how.

Developed and refined during the 2007-2013 programme in cooperation with the European Investment Bank, these innovative financial instruments are now a significant element of the next multi-annual financial framework (2014-2020). They aim to leverage extra investments for the delivery of the Europe 2020 objectives, which means targeted investments in sustainability, new technologies, promotion of skills and innovation. These are exactly the areas which need to be boosted to create jobs and growth.

Open Days 10 years on

This October we are celebrating 10 years of the European Week of Regions and Cities – Open Days. This week-long gathering has become the key annual event for regional and local authorities. It offers them the opportunity to meet in Brussels with regional, national and European decision-makers and to showcase the projects and actions in their regions and their contribution to EU cohesion policy.

Organised in cooperation with the Committee of the Regions the theme of this year's Open Days is 'Europe's regions and cities: Making a difference'. The event will be the opportunity to ignite the debate on the future of Europe, its cohesion policy and its multi-level governance.

The inspiration of Delors

In this context we have the honour of talking to former President of the European Commission Jacques Delors about the progress of Europe's cohesion policy. Today's cohesion policy is very much the inspiration of the former President who saw the need for action to balance the development of the regional economies of Europe. Irrespective of the imperatives of the economic crisis, the arguments for a regional policy based on solidarity, cohesion and smart and targeted investments are as valid as ever.

Johannes Hahn

Member of the European Commission in charge of Regional Policy

PJACQUES DELORS – REFLECTIONS ON COHESION POLICY



distinguish between the European solidarity in the face of the economic crisis and the overriding solidarity of Europe. 9 In an interview with *Panorama*, Jacques Delors, former President of the European Commission 1985-1995, has stressed the continued importance of cohesion policy for the future development of the regions of Europe and calls for a radical recalculation of the economic wellbeing to ensure that the full benefits of regional development are taken into account.

Economic crisis

While it is vitally importance to improve the competitiveness of Europe and create jobs once more, cohesion policy must not be confused with competitiveness policy, stresses the former President of the European Commission, Jacques Delors.

'It is important to distinguish between the European solidarity in the face of the economic crisis and the overriding solidarity of Europe. They are two different things. When there is a fire, we of course need the fire brigade, but at the same time we also need the architects who are working for the long term. Indeed it is my view that structural policy should not be sidetracked by the need to respond to the crisis. It has its own logic, which can if necessary be adjusted according to changing economic reality.'

Speaking to *Panorama* from his office at the Notre Europe think tank in Paris, Delors rejects the view that EU regional policy is just a redistribution policy. 'For me regional policy is above all an instrument for development, which has the added value of a redistribution effect.'

The former Commission President stresses the importance of having a bottom up approach to EU policy. 'In today's Europe of 27 countries we cannot neglect this bottom up dimension, which also embodies one of the philosophical points of European construction which is subsidiarity.'

'The level of divergence of economic development in certain regions was always the reality we faced and cohesion policy was designed to enable the underdeveloped regions to withstand competition and at the same time contribute something to Europe. All the proposals we developed followed my overriding triptych principles of: "Competition, cooperation and solidarity". You cannot remove one of those elements and successfully build Europe.'

Measuring economic development

But how should we measure economic development, Delors asks. 'Compared to 10 years ago we find that it now takes us 45 minutes to get to work instead of 30. Traffic delays are increasing while GNP is increasing because we have consumed more cars and petrol. I conclude that inhabitants have lost half an hour to an hour of free time and they have not been enriched.'

A key issue for the former economist is how these factors are being measured. 'Our current accounting measure is GNP but this does not effectively cater for the notion of well-being. We need a new way to calculate performance, particularly in the regional context. When we have such a performance measurement system we will realise that there is a lot of new wealth in the regions.'

Delors was in fact the author of a book on this topic 'Les Indicateurs sociaux' in 1971 and it is currently a topic greatly discussed by economists. 'We cannot move to a new model of development and yet stay with the traditional methods of calculation applicable to classic growth.'

'We cannot move towards a model which caters for man's leisure time and for nature and resources without changing our method of calculation. We have to totally re-think the way we calculate economic performance. And if we do move towards a different method of calculation then regional policy will appear much more useful.'

Origins of cohesion policy

'Before I arrived at the European Commission in 1985 there was the social fund and the regional fund, the agricultural fund,' Delors explains. 'They already existed. When undertaking the accession negotiations with Spain and Portugal, there was concern among the southern members of "the 10" about the different levels of development. To meet these concerns we proposed the Integrated Mediterranean Programme (PIM). This was the first example of coordinated regional cooperation to resolve the economic and social problems of the Mediterranean region.'

'It was the success of the PIM which led to idea of coordinated action or "synthese" and I proposed this idea of economic and social "cohesion" which became a reality through the creation of the cohesion policy. It was evident that the Single Market could not progress without an economic and social cohesion policy. This became one of the foundation stones of the Single Act which I believe revived Europe.' >>>



PROFILE: JACQUES DELORS

Jacques Delors was President of the European Commission from 1985 to 1995 and was the first person to serve three terms in that office.

An economist by training he served in the European Parliament from 1979 to 1981, becoming chairman of its Committee on Economic and Monetary Affairs.

Under President François Mitterrand, Delors served in France as Economics and Finance Minister from 1981-1983, and Economics, Finance, and Budget Minister from 1983-1984.

During his Presidency of the Commission he laid the groundwork for the introduction of the EU's Single Market which came into effect in January 1993. As part of this programme he promoted the development of a cohesion policy for regions of Europe.

In 1996 Delors founded the Paris-based think tank Notre Europe and remains one of its presidents.

In 2010 Delors supported the new initiative Spinelli Group, which was founded to reinvigorate the strive for federalisation of the European Union (EU).

•

Bringing the citizen closer

Delors believes that cohesion policy is a way to bring the European project closer to the European citizen and is a way to remedy the democratic deficit.

He points to the thousands of projects that are financed through cohesion policy which are a demonstrable proof to citizens at grass roots level that the EU is working for them.

Partnership with the regions

He remains passionate about protecting and promoting the Commission's right of initiative and its front-line role in dealing with the regions.

'What I wanted at the outset was a real partnership between the regions and the Commission. This is not, he explains, a Europe of the regions working against the Europe of nation states. It is moreover a partnership between the Commission and the regions through which the Commission would be able to develop an extensive range of tools to promote regional development and at the same time spread good practice.'

What I wanted at the outset was a real partnership between the regions and the Commission. 9

'Unfortunately, he says, what we have seen is an evolution towards excessive centralisation with Member States speaking for the regions. This is not the cohesion policy which I envisaged. The Commission through its programmes and its on the ground experience should have a good sense of how to achieve development. The Commission is the only institution that thinks about Europe every day,' he stresses.

Delors believes that the centralisation which has taken place in all the countries is a setback for Europe of the regions. 'What we envisaged was a partnership where everyone learns from everyone else,' he stresses.

►NOTRE EUROPE – DELORS' BRAINCHILD



Notre Europe is a Paris-based think tank founded by Jacques Delors whose work and policy recommendations are inspired by his thinking.

It recently published a report on future cohesion policy, *The 'Cohesion Pact': Weathering the Crisis* by Marjorie Jouen (available in French and English).

The report argues that:

We must create the conditions for a transition to a 'smart, green and inclusive development model' as advocated by the Europe 2020 strategy and view the cohesion policy as an instrument of social progress and well-being, which may require new criteria for eligibility.

We must re-establish the democratic link between Europeans and the Union by making the results obtained by European funds tangible to them and by relying more heavily on 'community-led local development'.

The future cohesion policy will also be more credible if procedures are simplified, which would require ensuring at all costs that the European funds are accessible to small, local project initiators.

FIND OUT MORE

http://notre-europe.eu/ http://www.notre-europe.eu/en/axes/ competition-cooperation-solidarity/works/publication/ the-cohesion-pact-weathering-the-crisis/ •

Jobs and education

Delors has a long-standing interest in education. In 1971, he initiated France's further education law (la formation professionnelle continue – FPC) which required firms to set aside part of their profits for educational opportunities for their employees. He also chaired a UNESCO Commission on Education for the Twenty-first Century from 1993 to 1996 whose final report was published as 'Learning: the Treasure Within.'

One of his greatest achievements was the launch of the ERASMUS student mobility programme. 'I am personally very satisfied with having pushed through the creation of the ERASMUS scheme. It once again demonstrates the importance of the Commission having the right of initiative. Without this, the ERASMUS programme would never have materialised. This right of initiative of the Commission must be preserved,' he stresses.

'However it is not enough for governments to talk just about education, they also have to create jobs. We need an economy which can create jobs and education of a better quality. The two go together. The idea that if they are being educated they will find jobs is not the case.'

Forgotten youth unemployment

Delors believes that the interests of Europe's youth have been neglected over the past 20 years. 'In the White Paper which I proposed in 1993 on growth and competitivity, I said that we, the adult generation, have a tendency to resolve our problems among ourselves without taking the young generation into account. By accumulating debt, not resolving welfare problems, neglected the weakness of our education system, we have put an excessive burden on our youth – a burden which is inequitable. They are paying for it today.'

The urban and rural environment

While not underestimating the economic importance of SMEs, Delors is quick to point out that this is just one economic factor among many. 'It is not because we are at some point in the economic cycle that we should concentrate on one and forget the others. Our policy should be also concerned about agriculture, the management of natural resources, the forests – which we don't talk about much – territorial balance, and the creative capacity in industry and services. Policies must be designed to permit the maximum initiative in whatever sector to emerge and succeed.'

We should be building a European Union of diversity with the maximum of initiative coming from the base. 9

The former EC President is quick to stress that Europe is the heritage of everyone and regional policy is likewise a matter for everyone. 'Just as the European society is a balance between the society and the individual, it is also a balance between urban movement and rural life and nature. That is our heritage,' he says.

'There is an important phenomenon in society which is called rurality, which is little talked about,' he says. 'We have countries where 80 percent of the countryside is urban. Rurality is thus an essential element and must be protected and allowed to develop. It is here that inequalities are often the most pronounced. It is also the people living there who are best capable of looking after the natural heritage.'

Bottom up development

While bodies such as the Committee of the Regions are useful they do not replace what is needed which is bottom-up development, Delors explains. 'Alongside macroeconomic development, the economic actors at the local level need to be able to mobilize themselves. In France for example I participate in meetings where this local mobilisation is discussed. We have for example the "Sol et Civilisation" organisation which has been founded by French farmers to study the experience of other European countries and spread this knowledge locally.'

'I believe that each citizen should be able to control their destiny through the social economy while at the same time respecting the diversity of Europe and its identity. We should be building a European Union of diversity with the maximum of initiative coming from the base.'



A key objective of the next multi-annual financial framework, 'A budget for Europe 2020', is to leverage extra investment for the delivery of European policy objectives by making more use of innovative financial instruments. *Panorama* takes a look at the added value of financial instruments for regional policy and how the Commission is integrating them in its proposals post-2013.

Used in the right circumstances and in the right way, financial instruments can play a key role in maximising the efficiency and effectiveness of regional policy delivery – a clear priority in the current economic and financial context.

Financial instruments are an alternative way of delivering public sector resources to achieve policy objectives more efficiently by drawing upon commercial practices and actors and stimulating the participation of private sector capital. They come in various forms such as loans, loan guarantees, equity, venture capital and micro-finance. All these have in common a revolving character, meaning that the initial funds can be used several times through various revolving cycles, for example:



Financial instruments can bring further added value through their capacity to attract additional funding and to pool the additional expertise and know-how of different partners including the European Investment Bank (EIB) Group and the private sector. Providing repayable assistance can also encourage better performance on the part of the beneficiaries including better project quality and greater financial discipline.

An impact evaluation of ERDF-funded soft loans in Northern Italy has found that EUR 1 of a small soft loan leveraged EUR 4.5 of private investment, compared to a control group of capital grants to similar enterprises which generated no significant leverage. Moreover, the cost per job was only EUR 30000 for soft loans, but EUR 64000 for grants.







Financial instruments – experience to date

Financial instruments have been available under regional policy in limited amounts since 1994-1999, in particular for small and medium sized enterprises (SMEs). In the period 2007-2013 the use of financial instruments has become more widespread and the scope extended from support to SMEs and include sustainable urban development and energy efficiency.

The latest available data shows that around 5% of ERDF allocations in the 2007-2013 programming period had been delivered to financial instruments by the end of 2011, representing a total of almost 500 funds. Some 25 Member States and one cross-border programme have two or more funds in place for enterprises, while at least seven Member States have funds for urban development and five Member States have set up funds exclusively focused on renewable energy and energy efficiency activities. More than 20000 investments in businesses have taken place.

Funds have been set up at both national and regional levels; some are stand-alone while others are holding funds. Most financial instruments are loan funds, with equity and guarantee funds coming next in terms of number and resources allocated. These funds are creating a multiplier effect with further resources being added from national or regional budgets, from banks and other investors. Recent data shows that each euro of public resources leveraged between one and two euros in loans, between one and three euros in equity investments and between one and eight euros in guaranteed loans.



▶SUPPORT TO ENTERPRISES Finance for Business North East Funds (UK)

This holding fund, managed by North East Finance (Holdco) Limited, has been operating since 2010 and comprises seven specific funds providing a range of loans and equity investments to starts-ups and SMEs in the North East of England. As at 1 July 2012, the specific funds had invested EUR 58 million in support of 412 different SMEs, with EUR 20.5 million coming from the North East England Competitiveness Programme. Another EUR 77 million (EUR 73 million private) has been leveraged meaning that in total North East businesses received EUR 135 million. Through these investments 532 new jobs have been created and 1 180 jobs safeguarded.

► FIND OUT MORE
http://www.northeastfinance.org/

▶ ENERGY EFFICIENCY KredEx (Estonia)

KredEx acts as a holding fund which selects financial intermediaries to provide loans for the renovation of apartment buildings for energy efficiency measures. In comparison to the usual market conditions, these loans offer favourable interest rates (between 3.8-4.7% fixed for 10 years rather than the usual 7-10% fixed for 5 years or floating), maturity (up to 20 years instead of around 12 years) and contract fees (0.5-0.75% of loan amount rather than up to 1% of loan amount). Up to the end of one scheme in 2011, 391 buildings with 14680 apartments have been improved, representing total loans of EUR 34.3 million and average expected energy savings of around 36%.







Micro-credit Microfinance Institute (East-Mid-Sweden)

Set up in 2008, this initiative focuses on improving access to finance for migrant women who often face difficulties in trying to secure capital to start or develop their own business. Initially a project until the beginning of 2011, the 'Microfinance Institute for increased employment, economic and social integration' has now set itself up as a company to lend funds and help overcome these barriers. So far the Microfinance Institute has supported new female entrepreneurs in the start-up of 43 micro-enterprises, creating 48 jobs. One example is Kholoud Yamami who, arriving from Jordan in 2004, received support to set up her business manufacturing Arab biscuits and who now supplies five supermarkets. This project was the 2010 RegioStars winner in the CityStar category – Integration of migrants or marginalised groups in urban areas.

► FIND OUT MORE
http://www.mikrofinansiering.se

•

Implementation support 2007-2013

To promote the use of financial instruments to facilitate access by SMEs and micro-enterprises to finance and investments in sustainable urban development, the Commission developed three joint initiatives together with the EIB Group: JEREMIE for SMEs, JASMINE for micro-finance and, together with the Council of Europe Development Bank, JESSICA for urban development.

Support to interested managing authorities has resulted in more than 110 feasibility studies, thematic studies and gap analyses. In addition the JEREMIE and JESSICA networking platforms launched in 2009 have supported the exchange of know-how and good practice between the Commission, managing authorities and other stakeholders.

To date, 55 micro-credit providers from 16 EU Member States have benefited from institutional assessment or rating and tailor-made training and business development services offered by the JASMINE Technical Assistance Facility. Complementing the work carried out by the Facility, a European code of good conduct for microcredit provision was published in December 2011 by the Commission to promote best practice in micro-lending.

Lessons learned

The implementation of financial instruments through regional policy has posed a number of challenges in practice. These have been highlighted not only by those directly involved in their implementation (the Commission, Member States, managing authorities, EIB Group) but also by the European Court of Auditors and the European Parliament:

- need for legislative amendments and guidance notes to clarify the scope and rules for financial instruments as their use in structural funds programmes became more widespread during 2007-2013;
- limited practical experience by key stakeholders of financial instruments in some cases;
- problems in matching supply with demand, which led in some cases to over-allocation of finance, delays before finance reached SMEs or 'parking' in funds; and
- challenge of balancing private sector objectives of maximising financial returns on investment with the regional policy objectives of contributing to growth and jobs in given Member States and regions.

►EUROPEAN CODE OF GOOD CONDUCT FOR MICROCREDIT PROVISION

This report is available in BG, DE, EL, EN, ES, FI, FR, HU, IT, NL, PL, PT, RO, SK, SV.



▶ JASMINE

Joint Action to Support Microfinance Institutions in Europe: initiative of the European Commission developed with the European Investment Bank (EIB) and the European Investment Fund (EIF). Provides support to micro-credit providers and micro-finance institutions for improved access to micro-credit in the EU.

▶ JEREMIE

Joint European Resources for Micro to Medium Enterprises: initiative of the European Commission developed with the EIF. Promotes the use of financial instruments to improve access to finance for SMEs via Structural Funds interventions.

▶ JESSICA

Joint European Support for Sustainable Investment in City Areas: initiative of the European Commission developed with the EIB and the Council of Europe Development Bank which is aimed at promoting the use of financial instruments for sustainable urban development.

FIND OUT MORE

http://ec.europa.eu/regional_policy/thefunds/ instruments/index_en.cfm



Image based on architectural concept; building still in development.

VISTAINABLE URBAN DEVELOPMENT Urban Development Funds in Wielkopolska and Pomorskie (Poland)

Bank Gospodarstwa Krajowego, the only 100% stateowned development bank in Poland, acts as the Urban Development Fund in two regions – Wielkopolska and Pomorskie.

The Wielkopolska UDF focuses on revitalisation and support of the business environment. Since the signature of the operational agreement in September 2010, the fund has received 26 loan applications totalling EUR 59 million and signed 6 investment agreements totalling EUR 23.2 million (another project valued at approximately EUR 1.5 million has just been approved; the investment agreement will be signed shortly). Projects supported include the renovation of old or historic buildings for use as *inter alia* business incubators and cultural centres.



The operational agreement for Pomorskie was signed in October 2011 and since then the fund has received nine applications totalling EUR 43.5 million and has signed one investment agreement for EUR 4.5 million (another project valued at approximately EUR 5.5 million has just been approved; the investment agreement will be signed shortly).

►FIND OUT MORE
http://www.bgk.com.pl/jessica



>>

2014-2020 proposals - improvements for the future

In view of this experience, the Commission's proposals for 2014-2020 has set out to provide a clearer and more stable regulatory framework for financial instruments implemented under cohesion and regional policy.

The Financial Regulation sets out common rules for EU use of financial instruments in all policy areas financed through the EU budget and aims to establish standardised rules for EU equity and debt instruments. Cohesion and regional policy would still have its own specific rules, but these should be drawn up in a way that ensures maximum consistency and synergies with the rules applicable to financial instruments implemented under other policy areas.

The rules should also provide for increased effectiveness of financial instruments under cohesion policy. Restrictions limiting use of financial instruments to specific sectors have therefore been lifted. *Ex-ante* assessments identifying market failures and sub-optimal investment situations will be mandatory for the design of each financial instrument.

To make it easier for all Member States and managing authorities to make use of financial instruments if they so wish, three implementation options are to be offered:

- contribution to financial instruments set up at EU level, whereby the contributions will be ring-fenced for investments in regions and actions covered by the operational programmes;
- standardised financial instruments set up at national/ regional level (or 'off-the shelf' products) for which terms and conditions are predefined in an implementing act; and
- existing or newly-created financial instruments set up at national or regional level.

Finally, the proposals contain clearer rules on financial management, including measures to ensure a closer link between resources paid to financial instruments and investments in the real economy; speed up disbursement to final recipients; more flexible options to overcome the difficulties faced by national authorities to provide national contributions, legacy provisions to ensure re-use of returned resources in a revolving manner in line with the objectives of cohesion policy; and strengthening of reporting, monitoring and evaluation provisions.

These proposals are currently being discussed at European level. The final outcome will be a more coherent set of rules, which will lay the ground for a more efficient and effective use of financial instruments, to achieve a stronger impact for cohesion policy in 2014-2020.

Next steps

Along with the rest of the Common Provisions Regulation, the provisions on financial instruments will be the subject of on-going discussions with the European Council and European Parliament over the coming months. The aim is to have the full package of regulations, delegated and implementing acts ready by mid-2013 in order to enable a timely start to the 2014-2020 programmes.

In designing measures for the use of financial instruments it will also be important to learn from the experience of the current period. In October 2012 the Commission will prepare a report summarising the information received on financial instruments from Member States in the context of the Annual Implementation Report on the implementation of Structural Funds programmes. In addition, DG Regional Policy's external evaluation network will publish a report on the use of financial instruments in 2007-2013 structural funds programmes in October/November.

The Commission is keen to ensure the optimum framework for fulfilling the ambitions as set out last year in 'A Budget for Europe 2020'. The use of financial instruments through cohesion and regional policy should therefore help '...to magnify the impact of the EU budget, enabling a greater number of strategic investments to be made, thus enhancing the EU's growth potential... and... contribute to the overall development of post-crisis financial markets.'

IN YOUR OWN WORDS

NATIONAL AND REGIONAL PERSPECTIVES ON COHESION POLICY

The European Union comprises more than 270 regions across 27 countries, each with its own specific economic and cultural history and needs. It is important that policy makers, administrators and officials at all levels are aware of the real impact that cohesion policy is having at grassroots level.

Panorama

Panorama

Why Panorama invites the key 'consumers' of cohesion policy at the national and regional level to 'make their voices heard' and give their feedback on European policy in action, whether on current achievements and success, or an

insight into preparations for the next programming period. *Panorama* welcomes your contributions which we may feature in future editions:

▶regio-panorama@ec.europa.eu

In this edition, *Panorama* presents the feedback from five Member States and regions who have given their views on the impact of cohesion policy on their territory and on their citizens. The Communauté urbaine de Bordeaux comments on the Commission's proposals for cohesion policy 2014-2020, whilst the Pomorskie Region focuses on results for the period 2007-2013. Meanwhile, Denmark, Poland and the Walloon Region look ahead to their preparations for the next programming period.

▶POLAND

▶ POLAND GETTING READY TO CONTINUE INVESTING FOR SUCCESS

By mid-2012, there could be no scepticism left about Poland's ability to spend cohesion policy funds efficiently: over three-quarters of the available allocation has been contracted to beneficiaries and the level of payments already made by the European Commission exceeds the EU average.

Cohesion policy investments can be encountered everywhere: new and upgraded roads, a railway connection to Warsaw airport, wastewater treatment plants, energy efficient refurbished buildings, modern cultural centres all contribute to the changing image of the country. Training and measures supporting entrepreneurship help people and businesses find their place in the market. All those investments combined have triggered growth and creation of jobs: it is estimated that the 2011 GDP growth rate was by 0.8% higher than it would have been without cohesion policy. By 2011, EU funds contributed

to raising the employment rate by 3%, which translates to an extra one million people at work. However, what is equally important, the use of EU funds had a positive impact upon the administrative culture in the numerous central and regional institutions involved. Developing strategic approaches and effective management structures, better handling of environmental procedures, and decentralisation by empowering the regions, are a few examples of those indirect gains.

Preparations for programming cohesion policy for 2014-2020 have already begun – the institutions and partners are well aware that the success in spending the future funds depends on good preparation. The process is coordinated by the Ministry of Regional Development and is not limited to planning the spending of EU funds. One of the first milestones was the preparation and approval of the National Regional Development Strategy in 2010, followed by preparation of



long-term and mid-term national development strategies accompanied by eight integrated cross-sector strategies related to key priorities including innovative and effective economy, human capital, energy security, and environment. The starting point for discussion on EU funds 2014-2020 is not just the gaps, but also the potential to be addressed, as well as the most effective scope and form of intervention. In order to find the right answers, the Ministry of Regional Development organises expert debates on various thematic objectives of future cohesion policy, as well as meetings with key actors such as representatives of ministries, cities, regions and business, social and economic partners, including dedicated sessions of the National Territorial Forum.

Throughout the negotiations in Brussels, Poland has supported making future cohesion policy more effective by linking it to targeted *ex-ante* conditionalities. Already in the first half of 2012, the Ministry of Regional Development started coordinating a process of verifying the progress in fulfilling the various conditions and criteria, which are critical for successful spending of future EU funds. Action plans targeted at some problematic areas are being agreed and implemented in cooperation with respective ministries and institutions, in order to allow a smooth start of implementing the new programmes from early 2014.

Przemysław Kalinka

Department of Structural Policy Coordination, Ministry of Regional Development

DENMARK

►STRUCTURAL FUND SUPPORT – THE DANISH WAY

EMPHASIS ON THEMATIC CONCENTRATION AND RESULTS

In 2007-2013, Denmark will be given a total of approximately EUR 500 million – half from the European Regional Development Fund and half from the European Social Fund. This means that Denmark receives the smallest amount per citizen in the EU. Since 2007, initiatives have been aimed at growth and employment based on the six regional business development strategies reflecting local challenges. From the beginning of 2007, until the end of 2011, the structural fund initiatives have had an impact on more than 11000 businesses – and more than 33000 people. Generally speaking, the implementation of the objectives of the programmes is going well.

The Danish Business Authority is the authority managing the two national programmes to increase regional competitiveness and employment – the Regional Fund programme 'Innovation and Knowledge' and the Social Fund programme 'More and Better Jobs'. The focus in the current period is the Lisbon Strategy. Assessments have shown that the implementation of the programmes has been successfully linked to strategies at regional, national and EU levels (supporting the aims of the Lisbon Strategy). By focusing on the aims of Europe 2020 in 2014-2020, Denmark therefore expects that it will be able to draw on its strong experiences with the Lisbon Strategy and local initiatives.

The purpose of the initiatives is currently to influence the business environment by using the strategic framework applicable to both programmes to ensure projects focus on innovation, entrepreneurship, new technology or human resources. This reflects a thematic concentration which does *not* target particular industries or groups.

The strategic focus in the Danish programmes has proved to be robust, for example with respect to the financial crisis. Denmark wishes to retain this thematic concentration, and the Danes may wish to go even further than is currently envisaged. Allocation of funds for predetermined purposes may be a challenge for a recipient country with few and small programmes if the initiatives also need to be concentrated in those areas where the greatest need is being identified.



The Danish projects support development in partnerships. Direct grants for individual business investments are rare. A typical regional fund project is the International Centre for Innovation at the University of Aalborg. Expertise is gathered across businesses in an enterprise network to enable businesses to become better at creating new business models that are difficult to copy. One of the companies has, for example, developed an advanced, autonomous helicopter (drone) for reconnaissance purposes.

Because of the focus point of the programmes, the Danish Business Authority has, in partnership with Danmarks Statistik, put a great deal of work into devising an efficiency measurement system with record-based and impact monitoring of the initiatives. This addresses some of the increased expectation from the rest of the EU that it should be possible to document the impact of the initiatives. Emphasis on results is something Denmark and the EU prioritise highly, and all Danish projects are required to include efficiency evaluations. Among the important factors are the set-up rate, share of innovative businesses and number of growth entrepreneurs.

Based on experiences from 2007, the expectations are currently that growth, business development and employment, local initiatives, partnerships, thematic concentration and an emphasis on results should also be the pivotal points for initiatives in 2014-2020 – we just want to try to do everything a little bit better.

Preben GregersenRegional Policy Director, Danish Business Authority

▶BELGIUM

►WALLOON REGION LOOKING FORWARD TO THE 2014-2020 PROGRAMMING PERIOD

The Walloon Region is implementing two operational programmes cofinanced by the European Regional Development Fund (ERDF) under the 2007-2013 programming period.

The first covers the Province of Hainaut, under the Convergence objective; the second covers the rest of the Walloon Region, under the Regional Competitiveness and Employment objective. Public grants worth just under EUR 1.79 billion are funding activities to stimulate business and job creation,

to support research, innovation and vocational training and to make the region more attractive. The latter is being tackled through urban regeneration projects, rehabilitation and remediation of wasteland and improving infrastructures for welcoming businesses to the area.

Since the start of the projects five years ago, over 9600 new jobs and 863 new businesses have been created in the Walloon Region, and improvement work has been carried out in 29 urban centres and 22 business and industrial estates.

The region is pleased to have supported research in 494 businesses and 22 internationally recognised centres.

The Walloon Region hopes to be able to capitalise on these results under the 2014-2020 programming period and is looking forward to its start.

We are keen for all the negotiations to be concluded swiftly, so that the new programming period can actually begin on 1 January 2014. Since the beginning of the summer, we have therefore been working with an academic expert on preparing the partnership agreement and the operational programmes, which of course will be infused with the Europe 2020 objectives (SMEs, RDI, carbon footprint), not forgetting the key role of the major urban centres in economic development. We aim to submit all the documents to the European Commission during the first half of 2013, so that we will be ready and waiting for the big day. We aim to launch our first call for proposals as soon as the programming period documents have been finalised.

These are no small challenges; however I am certain that we will rise to them, in close collaboration with DG Regional Policy.

Jean Janss

Inspector General, Structural Fund Coordination Department, Public Services for the Walloon Region



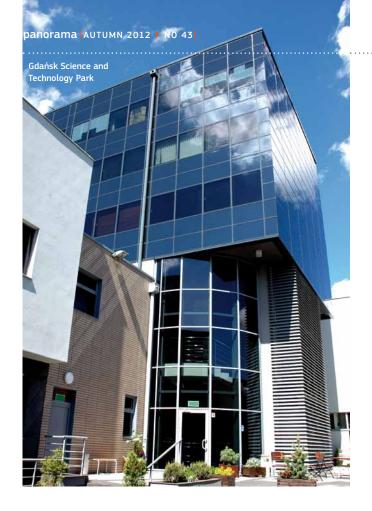
▶POLAND

PEU SUPPORT FOR POLISH SCIENCE

TECHNOLOGY PARKS IN THE POMORSKIE REGION

It has already been eight years since Poland joined the European Union and, without a doubt, this membership and the possibility of using EU funds has contributed enormously to the development of the Pomorskie Region. Thanks to financial assistance obtained in the pre-accession period and subsequently in 2007-2013, the Pomorskie Region has been developing dynamically and the whole community can appreciate the impact of these positive changes.

The Pomorskie Region focuses on investments and development of science and technology parks, incubators and clusters. The first technology park in Pomorskie, the Pomeranian Science and Technology Park, was established in Gdynia in 2001. It was followed by the Pomeranian Innovation and Entrepreneurship Incubator, set up in 2004. More recently, the Gdańsk Science and Technology Park was established in 2006. One of the latest investments in the Pomorskie Region co-financed by the EU is the Słupsk Technology Incubator. Meanwhile, in Pomorskie's renewable energy sector, the Kwidzyn Industry and Technology Park plays a key role in development of micro, small and large enterprises.



The total value of these implemented EU projects, aimed at creating and developing science and technology parks, entrepreneurship incubators and clusters, reaches more than EUR 136 million. Institutions such as parks, incubators and clusters clearly need instant financial support to achieve their goals and to assist businesses. It is expected that such investments, co-financed by EU funds, will provide the region with faster economic growth, making Pomorskie an attractive partner for foreign and local capital investment. Pomorskie is on the right track to achieve these goals by creating new technology parks and increasing the activity of those already in existence.

Marcin Twardokus and Joanna Speiser

Department of Regional Programmes, Office of the Marshal of the Pomorskie Voivodeship

▶FRANCE

►BORDEAUX WELCOMES THE EUROPEAN COMMISSION'S SUPPORT

The Communauté urbaine de Bordeaux (Bordeaux urban community, CUB) welcomes the financial backing the European Commission has given to maintaining the same level of commitment to EU regional policy. EU funds give a genuine boost to projects run by local authorities.

In favour of a more flexible thematic concentration

The CUB warmly welcomes the fact that 11 thematic objectives have been selected, and that the Commission wishes to coordinate funding more smoothly so that these objectives will make a real contribution to the Europe 2020 strategy. Nonetheless, this thematic concentration (80% of ERDF resources focused on three objectives) restricts, at regional level, the options available to project coordinators and the possibilities for working more in line with local policies. The CUB feels that regional and local authorities should be involved in deciding on the thematic objectives at national level.

Recognising the importance of the urban dimension: a step forward, but clarification needed

The CUB is delighted that the Commission has decided to focus on urban issues, since they are a major driver for territorial development. The CUB led the way on an integrated urban project during the 2007-2013 programming period and is keen to repeat this experience for the next programming period. The CUB supports the European Parliament's proposal to devote an entire operational programme to integrated urban development. It has questions regarding the urban development platform that the Commission is proposing, and would argue in favour of a call for applications within each Member State, based on an integrated urban development strategy for a specific local area. Similarly, it awaits clarification as to the scope of Integrated Territorial Investment (ITI) initiatives and how they will be implemented.



Simplification of procedures: a very welcome development

The CUB approves of the Commission's initiative to simplify the implementation, management and monitoring procedures for the Structural Funds. Paperless procedures, the new document storage period, audits proportionate to the size of the funds committed, and the introduction of a single audit for operations involving overall expenditure of less than EUR 250000 are all steps in the right direction, which we applaud. However, there are still some residual procedural problems, and the CUB would like to see the rules on assessing and managing the grants at national level standardised in the next programming period. The procedure for establishing which expenditure items are eligible for an EU grant could also be made easier.

Multi-level governance essential

The CUB approves wholeheartedly of the importance given by the Commission to multi-level governance. As a key player in this policy, the CUB is delighted to have the opportunity to be more closely involved in developing, implementing and monitoring the next programming period. The CUB hopes that this partnership approach will be fully reflected in all national regulations. It will be following the progress in the negotiations attentively, and hopes that its concerns will be heard and passed on.

Anne Raimat

Director, International Relations and Decentralised Cooperation, and

Hélène Beaupetit

Head of European Department Communauté urbaine de Bordeaux

CYPRUS EU PRESIDENCY

PRIORITIES FOR COHESION POLICY

Holding the Presidency of the Council of the EU, during the second half of 2012, makes this one of the most important and challenging periods in the history of Cyprus. Mr Adonis Constantinides, Minister Counsellor, Coordinator for the Multiannual Financial Framework and Chair of the Structural Actions Working Party, outlines the priorities of the Cyprus Presidency for cohesion policy with a special focus on the on-going negotiations for the legislative framework that will govern the policy in the post-2013 period.





▶ ADONIS CONSTANTINIDES Minister Counsellor, Coordinator for the Multiannual Financial Framework and Chair of the Structural Actions Working Party

We live in difficult times in Europe. What are the main Presidency priorities and what can be done to restore confidence and economic growth?

With the aim of working 'Towards a Better Europe', the Cyprus Presidency has set four overall priorities, under which key legislative dossiers and other initiatives will be promoted: (1) a more efficient and sustainable Europe, (2) a better performing and growing European economy, (3) a more relevant EU to its citizens, with solidarity and social cohesion, and (4) closer to its neighbours. All efforts are directed towards bequeathing a better Europe to the next generation, starting by promoting those reforms necessary to overcome the current challenges and enhance growth and social cohesion within the EU. The Cyprus Presidency believes that the driving force for these reforms, and for promoting the well-being of EU citizens, is the fundamental principles and values of the EU itself, as set out in the Lisbon Treaty. On the basis of these values, we aim to promote inclusive growth and job creation, especially for young people, as well as sustainable development and improved quality of life. At this time, more than ever, it is necessary to communicate a message of hope and solidarity to all European citizens, especially those suffering the most from the effects of this unprecedented economic crisis.

▶ All eyes are turned to your Presidency to reach a compromise on the Multiannual Financial Framework (MFF): what are your priorities and how will you proceed?

The MFF is the key tool for structuring the EU's future, and concluding the MFF negotiations for the period 2014-2020 is our top priority. The Cyprus Presidency will build on the progress achieved by the Danish Presidency, in line with the mandate given by the June European Council, and cooperate closely with the Presidents of the European Council, the Commission as well as the European Parliament, fully respecting its role enshrined in the Treaty.

We aspire to arrive at a budget which would be a catalyst for the EU in its efforts to successfully face its challenges, and which would contribute towards our common aim of a better Europe. The MFF should provide adequate resources to contribute towards exiting the economic crisis, and providing a solid basis for stabilising the European economy. The concept of 'quality of spending' is a key element, in order to ensure that programmes bring added value and will be efficiently planned and implemented so that all major EU policies contribute to EU objectives, notably growth and employment.

The MFF will be on the agenda of all General Affairs Councils under the Cyprus Presidency until the negotiations are concluded. In addition, the informal meeting of Ministers of European Affairs in Cyprus is devoted to the MFF. The aim is to reach a political agreement at the European Council before the end of the year.



Cooperation with the European Parliament is important, in order to facilitate a common understanding and to reach an agreement and the timely adoption of the relevant decisions.

Negotiations on the cohesion policy legislation 2014-2020 are a multifaceted process involving a range of actors. How do you seek to advance and finish the process? Which are the elements of the package which you find particularly important? How will you cooperate with the European Parliament?

Cohesion policy is not only the manifestation of European solidarity but also in my opinion, the key EU investment policy, which can significantly contribute to boosting growth and jobs.

We are committed to making the best possible progress in the negotiations. Discussions will proceed in parallel to the MFF negotiations, although the dossier cannot be finalised until an agreement on the MFF is reached.

Although remarkable progress was achieved during the Danish Presidency, important work still needs to be done. Building on this momentum, we have already started intensive work in the Council aiming to conclude all pending issues by the end of 2012, and in particular the Common Strategic Framework, financial management, and management and control systems, territorial development, information and communication, and some other technical aspects.

We are aiming to reach agreement in the Council, as well as achieving a common understanding with all competent EU Institutions, on programming and management issues as soon as possible, in order to facilitate the preparations of Member States and regions for the new period.

Cohesion policy will be on the agenda of the General Affairs Council in October and December with a view to reaching agreement on the legislation, except on the financial issues related to the MFF negotiations. The informal meeting of Ministers of Cohesion Policy in Cyprus aims to facilitate the negotiations, as well as allow a first discussion on the delivery of the new reformed policy.

Close cooperation with the European Parliament is of particular importance and we intend to keep in contact throughout the entire negotiation process. From the autumn, informal trialogues will be initiated and there is strong will from all sides to make as much progress as possible.

Last but not least, we intend to carry forward the work done by previous Presidencies on the promotion and implementation of the Territorial Agenda 2020.

▶FIND OUT MORE
http://www.cy2012.eu



European Territorial Cooperation (ETC) continues to gain prominence and visibility within the context of cohesion policy.

The Commission's legislative proposal, putting forward an increased budget for cooperation, as well as making it one of the two principal goals for the 2014-2020 period, is one of the elements which accounts for this. It is already recognised as an important tool for strengthening the EU's territorial, economic and social cohesion, as well as a major contributor to European integration across borders. The means by which ETC finds solutions to transboundary challenges, reach economies of scale, invent effective mechanisms to generate and share knowledge, and improve governance will be presented during this years' Open Days, with 'Territorial cooperation: an asset for Europe' as one of the three main themes.

Hand in hand with the proposals for more financial weight, the Commission has even greater expectations on what cross-border, transnational and interregional cooperation programmes can achieve. In order to meet the ambitions for ETC, the Commission requires territorial cooperation to be fully embedded in the strategic thinking and decisions at

both a European and national level. Priorities for cooperation should be set in the Common Strategic Framework and the Partnership agreements, and functioning mechanisms of coordination between different EU funding instruments have to be established.

Cooperation programmes should also become more focused. The Commission is proposing to concentrate funding for cross-border and transnational cooperation programmes on only four of the Europe 2020 thematic objectives to increase the impact of these programmes. This should be done in line with the identified specific needs and potential of the cross-border and transnational territories. There are no thematic limitations, however, for interregional cooperation, which should continue to be the key instrument for the exchange of experience and good practice on a whole range of Europe 2020 themes.

In order to underpin the unique nature of ETC in the context of cohesion policy, the Commission has proposed a specific cooperation Regulation, specifying and complementing the general rules set in the Common Provisions Regulation and the ERDF Regulation.



During the ongoing Council negotiations, EU Member States agreed for the need to reinforce the results orientation of programmes, and for more thematic concentration for ETC. The General Affairs Council of 26 June 2012 suggested granting cooperation programmes more flexibility in their choice of thematic objectives: 80% of programme funding should concentrate on four thematic objectives, as originally proposed by the Commission, but the remaining 20% can be used on any of the others from the list. Specific discussions with Member States on the ETC Regulation provisions have started under the Cypriot EU Presidency.

ETC also receives attention and support from the European Parliament. The REGI committee, in its position voted in mid-July 2012, suggested doubling the proportion of the cohesion policy budget going to cooperation: 7% instead of the 3.5% proposed by the Commission. More than 250 amendments on the draft ETC Regulation have been proposed by the Members of the European Parliament.

The draft ETC Regulation gives the Commission the means, through implementing acts, to adopt the list of cross-border and transnational areas to receive support, broken down by cooperation programme. The Commission has already begun

to ponder the issue and share its views: meeting with Member States in Brussels on 5 June 2012, it presented principles to govern the geographic elements of programmes. In order to generate critical mass and resource savings, the Commission mentioned the possibility to reduce the number of cooperation programmes in the future, for example by merging smaller programmes and embedding cross-border cooperation in transnational programmes.

The Commission has also presented geographic scenarios for some transnational programmes, reflecting notably the existence of two EU macro-regional strategies and the accession of Croatia in July 2013.

Most Member States have requested continuity of existing programmes, arguing for the need to capitalise on the good cooperation and heavy investments which have been made in the present programming structures and systems. From their perspective, a major and radical change of programme geography is not desirable.

▶FIND OUT MORE

http://ec.europa.eu/regional_policy/cooperate/cooperation/index_en.cfm

THINK ON STORY

EUROPE'S REGIONSAND CITIES: MAKING A DIFFERENCE



For a decade now the European Week of Regions and Cities – Open Days – has been the key annual event for regional and local authorities. It is the opportunity for thousands of local, regional, national and European decision-makers and experts to gather in Brussels and across Europe to showcase the contributions they are making to the development of their region, and to boosting growth and jobs in Europe, while helping to implement EU cohesion policy. Organised by the European Commission (DG Regional Policy) and the Committee of the Regions, Open Days is the occasion to discuss common regional and local development challenges and to debate possible solutions.

Focus on challenges and change

This year's Open Days comes at a critical time during discussions on the future role and organisation of cohesion policy and will be the opportunity to ignite the debate on the future of Europe, its cohesion policy and its multi-level governance.

Cohesion policy is the second biggest envelope in the EU budget and over the next seven years the Commission is proposing that EUR 336 billion will be injected into the regions.

The policy however is being remodelled as a forward-looking investment and growth policy. This shift goes hand in glove with a change of perspective on economic, social and territorial development.

Future cohesion policy will be more closely aligned to the Europe 2020 strategy for smart, sustainable and inclusive growth, making green and smart growth the number one priority in all regions of Europe. During the Open Days, 43 workshops and seminars will address this topic.

Our common challenge is to bring all EU funds and instruments, including those for rural development, fisheries, regional and social development, together under an integrated territorial approach to create new jobs and to ensure the competitiveness of Europe's regions.

Under the heading 'Europe's regions and cities: Making a difference', the Open Days 2012 workshops are structured around three themes:

- smart and green growth for all;
- territorial cooperation: an asset for Europe;
- delivering results.

Future growth in Europe will largely depend on the capacity of its regions and cities to innovate and to develop a pathway towards green and sustainable growth.

Open Days 2012 will mark the event's 10th anniversary. Looking back over a decade of debates and discussions, showcases and exchanges of best practice, it will be a time for positive reflection during the overall discussions on the future European cohesion policy.



Looking back on Open Days: a regional perspective

In 2003 Catalonia was one of only ten selected regions to participate in the very first edition of Open Days, recalls Joan Prat i Coll, head of the EU Delegation of the Government of Catalonia.

'Each region organised a seminar which was open to all kind of stakeholders. The Government of Catalonia organised a seminar presenting best European practices in the fields of biofuel. It was a great success permitting participants to debate and exchange ideas on this issue and establishing interesting contacts to develop further relations.'

As Open Days evolved into the European Week of Regions and Cities, Catalonia has participated every year. 'Over this 10 year period, we have witnessed how Open Days has become the key annual event for EU, national, regional and local authorities to showcase and discuss EU cohesion policy management, results and prospects. It brings together over 6 000 participants from all over the EU. Over 200 European regions and cities participate actively in Open Days.'

This year, at the initiative of DG Regional Policy, the Catalonia office is hosting the accreditation centre for the registration of Open Days participants at the *Espai*



Catalunya Europa, 227 rue de la Loi, at the centre of Brussels' European quarter.

'This opportunity will give great visibility to our region among the thousands of participants who will visit our premises to collect the conference badges', says Joan Prat i Coll.

► FIND OUT MORE
http://www.opendays.europa.eu/

REFOCUSING STRUCTURAL FUNDING TO HELP TACKLE THE ECONOMIC CRISIS

To counter the effects of the economic crisis, the operation of cohesion policy programmes in Member States worst affected is being adjusted to address the new challenges.

The EU's cohesion policy has a flexible framework which allows resources to be reallocated within a previously agreed programme and permit a retargeting of investment. It also permits a wider reprogramming effort, subject to a decision by the European Commission.

IN ITALY, a major exercise in prioritising spending was initiated in late 2011, which has led to a reallocation of nearly half of the available EUR 8 billion of structural funding to provide strategic support, particularly for the southern regions of Italy (Calabria, Campania, Puglia, Sicily, Basilicata, Sardinia, Molise, Abruzzi). The approach developed by the Italian authorities incorporates key aspects and principles of the reformed cohesion policy proposed by the Commission for the period 2014-2020. The Italian action plan sets out to accelerate the use of funds and concentrate resources on growth and social inclusion. It foresees a reprogramming of EUR 3.6 billion of structural funding which has not yet been committed in favour of education (330 schools), digital agenda (national broadband plan) and new jobs (vocational training, tax benefit system).

As part of a second phase, the priority of the country's national programmes is focused on reducing disparities in opportunities for citizens and supporting greater social inclusion.

Barroso Initiative

To tackle the specific problems of youth unemployment and bring more support to SMEs to create jobs, a further reprogramming of structural funds was approved by the European Council in January 2012.

The Barroso Initiative on youth unemployment and SME finance is to be implemented during 2012 and 2013 and initially targets the eight Member States with the highest levels of youth unemployment – Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain.

'Action teams' composed of national and European Commission officials have been set up to identify appropriate areas where funding should be refocused and some EUR 7.3 billion of structural funding will been scheduled for reprogramming in those countries.

Support to SMEs

Access for finance is a perennial problem for small business across Europe and the problem has been exacerbated by the economic crisis and credit squeeze. As part of the recent reprogramming effort an estimated EUR 8.1 billion (ERDF and national contributions) has been allocated by the end of 2010 to more than 300 equity, guarantees and loans instruments to provide financial support to SMEs throughout the EU. So far an estimated 90 000 jobs have been created or safeguarded in SMEs through these financial instruments which now represent more than 10% of ERDF direct support to business.

Under the Barroso initiative there is greater emphasis on facilitating SME access to finance in areas of high youth unemployment through the use of EU-supported financial instruments.

Support to SME finance in **GREECE**, **SLOVAKIA**, **LATVIA** and **LITHUANIA** will leverage financing of at least EUR 5.1 billion. This will help support 5 000 to 6 000 SMEs permitting commercial growth and providing job security.

IN PORTUGAL about 4000 SMEs will be supported through financial leverage of EUR 1.13 billion provided by the ERDF, the European Investment Bank (EIB) and private finance.



IN SPAIN, EUR 157 million has been reallocated for the creation of a temporary working capital fund for financing innovative SMEs.

GREECE will have a new liquidity instrument of EUR 500 million which will guarantee EIB loans to Greek SMEs.

An estimated 56 000 SMEs are expected to benefit from the reorientation of funding priorities.

Reducing youth unemployment

It is estimated that currently more than 5 million young people in the EU are unemployed today and the numbers are rising. Youth unemployment stands at 30% in Ireland, 43% in Greece and is approaching 50% in Spain, and economic growth on its own is not sufficient to tackle this sectoral problem. The Commission's initiative focuses particularly on young people who are not in employment, education or training as well as on creating jobs. The aim is to stimulate youth employment through greater and more focused use of the European Social and Regional Funds (ESF and ERDF).

IN SPAIN, for example, EUR 135 million has been redirected to the public employment service to help young people find work.

IN IRELAND, EUR 25 million has been directed to the integrated Youthreach programme which provides education, training and work experience to young people who have left school early without any qualification or vocational training.

IN ITALY, the major reorientation of spending which has already been initiated also tackles youth unemployment and includes the financing of an employability plan in Sicily, which should benefit around 50000 young people, and new education activities for 65300 students from the south. In addition, a major initiative aimed at tackling early school leaving has been initiated (worth EUR 311 million) and additional funding is being directed to support youth entrepreneurship, amounting to EUR 100 million.

ECFIN RESEARCH SHOWS POSITIVE IMPACT OF COHESION POLICY

An analysis by the European Commission's Directorate-General for Economic and Financial Affairs (DG ECFIN) shows that the impact of cohesion policy on the economies of the Member States is generally positive.

DG ECFIN has at its disposal the QUEST III model for macroeconomic policy analysis and research which indicates that the implementation of the 2000-2006 cohesion programmes (i.e. between 2000 and 2009) raised aggregate EU-27 GDP by 0.2%, and by 2020 it is projected that this increase will double, reflecting the improvement of the structure of the economies as a result of cohesion policy programmes.

DG ECFIN economists indicate that due to its positive trade effects, the EU as a whole is better off with cohesion policy than without.



►EU STRATEGY FOR THE DANUBE REGION: ONE YEAR IN ACTION

One year after the launch of the Strategy, Commissioner Johannes Hahn has visited several countries in the region to assess progress on the ground.

A macro-regional approach for the Danube Region

Launched in June 2011, the EU Strategy for the Danube Region (EUSDR) is the second major exercise in EU cooperation – following in the steps of the Baltic Sea Region – where ministers and policy-makers implement policies, programmes and projects on a range of common concerns.

With some of both the richest and poorest territories in Europe, it is all the more important in this time of economic crisis for the Danube Region to work together to maximise its potential and generate growth and jobs. The EUSDR helps to facilitate this, and an Action Plan for the region includes concrete actions and projects – for example, to improve interconnections, including navigation in the Danube; promote innovation by exchange of good practice, networking and joint initiatives; and boost competitiveness by linking businesses.

Delivering first results

Travelling from Vienna to Sofia from 27 June to 1 July, Commissioner Hahn visited seven of the participating states. The aim of the trip through Austria, Slovakia, Hungary, Croatia, Serbia, Romania and Bulgaria was to assess progress, better understand issues on the ground, and determine what can be improved.

During meetings with political representatives and other stakeholders it became clear that the Strategy is already producing a new dynamic, with some important results emerging. This was illustrated by some of the projects visited, as shown on these pages, as well as:

- river management project near Vienna, which improves navigation while protecting the environment in new ways using computer modelling and light eco-friendly infrastructure;
- state-of-the art waste water and renewable energy projects (biogas) in Hungary;
- conference on cross-border co-operation in innovation, with Romanian and Bulgarian stakeholders;
- co-ordinated emergency response exercise with the participation of Bulgaria, Romania, Serbia and Austria, highlighting how equipment and approaches can be effectively shared.

Cohesion policy and macro-regional strategies

The macro-regional approach, which brings together Member States (and non-Member States) linked by geographical factors, gives an opportunity to maximise the economic, social and environmental impacts of cohesion and other EU policies. The closer cooperation on strategic planning and deployment of EU funds will make an important contribution to the delivery of Europe 2020, in terms of exchanging good practice, networking and joint initiatives in areas such as growth and jobs; reducing brain drain; cooperative and sustainable development; and improving administrative capacity.

As such, for the 2014-2020 period the Commission is proposing that macro-regional strategies be embedded throughout the programming process (the Common Strategic Framework, Partnership Agreements, and all Operational Programmes, as appropriate).

Next steps

In November 2012 the Commission, together with the Bavarian authorities, is organising the first Annual Forum of the Strategy, which will provide a further opportunity to take stock of the work done, show the added value of the Strategy, raise public awareness, and better plan for the future. We are looking forward to hearing proposals and ideas from all interested stakeholders.



The Vidin-Calafat bridge between Bulgaria and Romania, progressing towards completion at the end of 2012, and part of the trans-European transport network which will aid connections between north west Bulgaria, south west Romania and eastern Hungary.



Commissioner Hahn visited business incubator and science park projects in Osijek (Croatia) (pictured) and Novi Sad (Serbia) where links between research, innovation and enterprises are being developed.

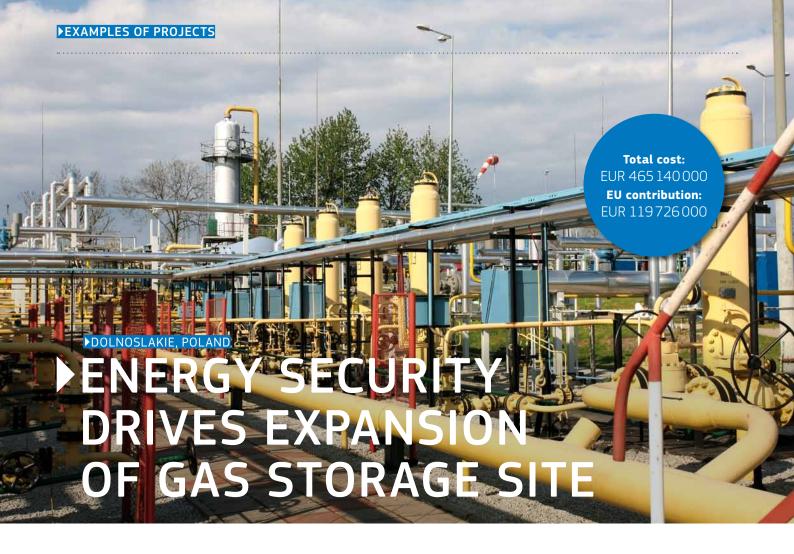


The integrated river Schengen border crossing between Hungary and Croatia at Mohács Port was another of the projects visited by Commissioner Hahn, where all services can access the latest information-sharing technology under one roof, facilitating mobility and trade while improving security.

FIND OUT MORE

http://ec.europa.eu/regional_policy/cooperate/index_en.cfm http://danube-region.eu/

http://balticsea-region-strategy.eu/



A vast new underground gas storage facility in southwestern Poland is up and running, following a three-year expansion project. With a working volume the size of 480000 Olympic swimming pools, the Wierzchowice facility will help to ensure energy security at national and EU levels.

Some 40 km east of the city of Wrocław, Wierzchowice is located in Lower Silesia, famous for its large and productive natural gas fields. The site produced gas for more than two decades until 1995, when its reservoirs became depleted. Today it is used for storing high methane-content gas, thanks to changes made to the reservoir and its infrastructure.

Under a project partly funded by the EU, work began in March 2009 on converting the natural gas reservoir to a gas storage facility. State-of-the-art technology offering maximum energy efficiency – such as new or upgraded compressor units, wells and pipelines – enable the injection and withdrawal of gas as required. Compliant with strict environmental guidelines, the construction and engineering work was overseen by Polish Oil and Gas Company (PGNiG), the nation's largest oil and gas business.

Doubling of capacity

Gas storage capacity at the site has more than doubled from 575 million to 1.2 billion cubic metres. This allows a maximum withdrawal rate of some 4.8 million m³ per day. There are plans to add further storage capacity there in the next few years.

'The investment in Wierzchowice is of key significance, enabling Poland to keep its gas reserves at sufficient levels,' says Robert Kałuża, from the Polish Ministry of Regional Development. 'This is of great importance when dealing with seasonal variations in consumption, or when gas supplies are briefly reduced or disrupted. The infrastructure is also important for the EU strategy for energy security and the development of a common gas market.'

Under EU plans, Poland has set a target of increasing the capacity of its underground natural gas storage facilities by almost 60%. Three gas storage sites are currently eligible for EU funding – Wierzchowice, Strachocina, Kosakowo. Wierzchowice is the largest of these.

FIND OUT MORE

http://www.osm.pgnig.pl/

▶BRNO. CZECH REPUBLIC

NURTURING NEW MATERIALS WITH NANOTECHNOLOGY

Operating at the level of atoms and molecules, nanotechnology's work is invisible to the naked eye. But its ability to modify materials or develop new ones — in sectors as diverse as healthcare and industry — means it can have a big impact. An emerging regional R&D centre in Brno is pushing this technology's envelope, developing new applications and educating tomorrow's experts in the subject.

Nanotechnology can be used to develop materials with unique features. These materials can replace those in current production procedures, which may be environmentally unfriendly and not economically efficient. As a result, research into nanotechnology is a growing priority in the Czech Republic and across the FU

The 'Regional R&D Centre for low-cost plasma and nanotechnology surface treatment' is based in Brno, the country's second city. The project, partly funded by the European Regional Development Fund, aims to create a centre to meet the growing demand from innovative industrial companies for production processes that require the development and use of state-of-the art nanotechnology – but with minimal investment and operational costs, and minimal intervention in current manufacturing procedures.

Changing surface properties

'We're able to call on over 50 years of experience and research at the Institute of Physical Electronics of the Faculty of Natural Sciences of Masaryk University,' says Jan Čech, a member of the project implementation team. He notes that plasma technologies currently being developed enable the adjustment and modification of materials' surfaces. Examples include stronger glued joints, improved inks or colour prints, or thin veneers that ensure a material is more resistant to abrasion, is biocompatible or has antibacterial attributes. 'This is done with cold electric plasma

generated under atmospheric pressures,' he says, adding that plasma is often called 'the fourth state' of substance, as it is not a solid, liquid or gas.

Technologies being developed at the Brno Centre can be applied in traditional Czech industries such as textile, glass or automotive, as well as in electronic industry worldwide. The Centre also offers training opportunities to young professionals seeking a career in the nano- and plasma technologies sector.



FIND OUT MORE

http://www.nanocontact.cz/en/home

NORTHERN PERIPHERY PROGRAMME (NPP)*

STIMULATING RURAL BIOENERGY MARKETS

Rural areas on Europe's northern fringes offer a variety of indigenous renewable energy sources, especially wood and marine biomass. A transnational project linking four countries aims to create thriving local fuel markets that tap into these renewable resources.

Biomass is of increasing interest to the EU, in the drive to get 20% of its energy from renewables by 2020. The RASLRES (Regional Approaches to Stimulating Local Renewable Energy Solutions) project seeks to increase the use and uptake of locally produced bioenergy resources in rural areas of Europe's Northern Periphery Region. This holds the promise of major economic, social and environmental benefits for local communities

The project includes partners from Ireland, Northern Ireland, Scotland and Sweden. Together they looked at ways to create renewable energy markets from local wood, marine biomass (seaweed) and Reed Canary Grass (RCG), an energy crop that grows well in northern Europe. 'We aim to create local jobs from local energy,' says Ian Brannigan Acting Chief Executive of the Western Development Commission (Ireland), lead partners in the project.

Online Bioenergy Tool

Unique to this strategic project is a focus on complete supply chains. This means ensuring that everyone, from suppliers through to users, can be confident these biofuels will be produced in sufficient quality and quantity to foster self-sustaining local markets for renewable energies.

The project's new online 'Bioenergy Tool', launched by the Irish Minister for the Environment, goes a long way towards creating such assurance. Aimed at energy suppliers and users in all four partner countries, it offers local, regional and national information on wood fuel, marine biomass and RCG.



'The Bioenergy Tool supports decision-making to further enhance the transition from energy dependency on fossil fuels to an increased use of renewables,' says Nicolas Forsling, Head of the NPP Secretariat. The tool comes with a Bioenergy Calculator, which shows users the rough financial and emissions savings they could make by switching from fossil fuels to biofuels for their energy needs.

FIND OUT MORE

http://www.raslres.eu/bioenergy-tool/

DUMBRIA ITALY

FOLDED GARMENTS SYSTEM GETS GLOBAL ATTENTION

Moving and distributing garments on a large scale can be time-consuming. A company in Umbria offers solutions to this challenge, producing around 700 automated systems every year. Its latest development, a folded garments distributor, sets the innovation bar still higher.

Located in Perugia, Metalprogetti Spa specialises in the management and distribution of hanging garments. Its systems are sold worldwide for use in sectors ranging from dry cleaning to industrial laundry.

Garment management and handling can throw up a variety of challenges for businesses and factories, especially when each item must be stored and sorted individually. Metalprogetti aims to simplify these processes mainly through automation. Each system is modular and custom-built for every client.

Research and development are important for the company, to ensure it remains competitive. It has an in-house laboratory with nine full-time employees and collaborates with the University of Perugia's Engineering Department. Metalprogetti has more than 40 exclusive patents as a result of the unique technology in its products.

Automated garment folding

The research project 'Study and research for the creation of an innovative distributor of folded garments' received European Regional Development Fund assistance, granted by the Region of Umbria. It led to the creation of a special system for the distribution of folded garments – designed for use in hospitals, analysis institutes, care homes, health spas, factories and so on. These are all places where staff must wear uniforms and personal-protection garments.



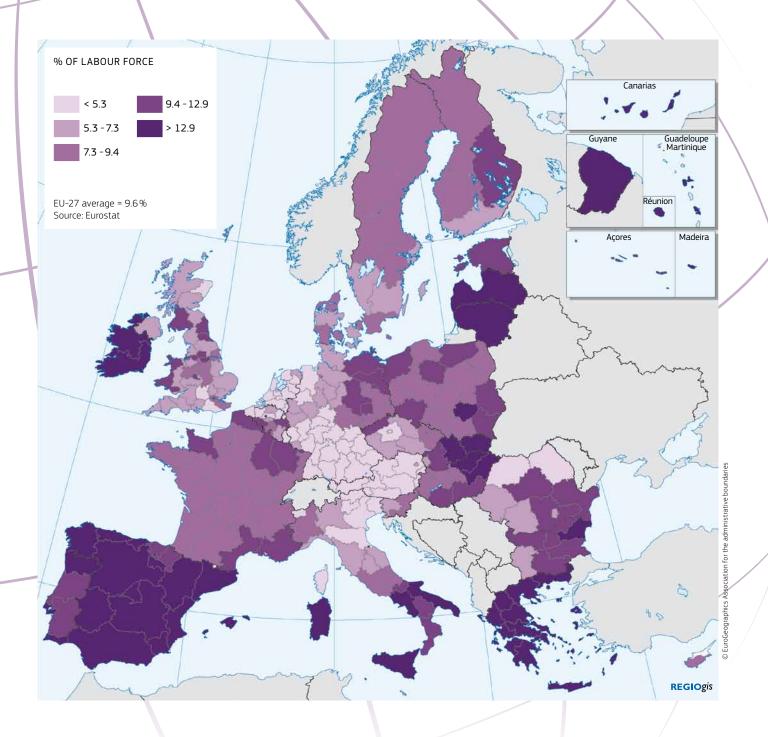
'This new folded garments distributor for the distribution and drop-off of uniforms is now sold worldwide,' says Dr Willebrord Sluijters, at the European Commission's DG Regional Policy, who visited the plant recently. 'It reduces handling times to a minimum, eliminating laborious inspection, sorting and order assembly procedures.'

The new system enables easy pick-up and drop-off of garments or other items. It also offers 100% reliable operations traceability, as it can monitor the number of items that any individual user picks up. Furthermore, the distributor can also handle folded garments and/or objects which are not wrapped. This avoids the need to set up a specialised wrapping line and allows management of the delivery of items that cannot be wrapped, due to their size or shape.

FIND OUT MORE

http://www.metalprogetti.it

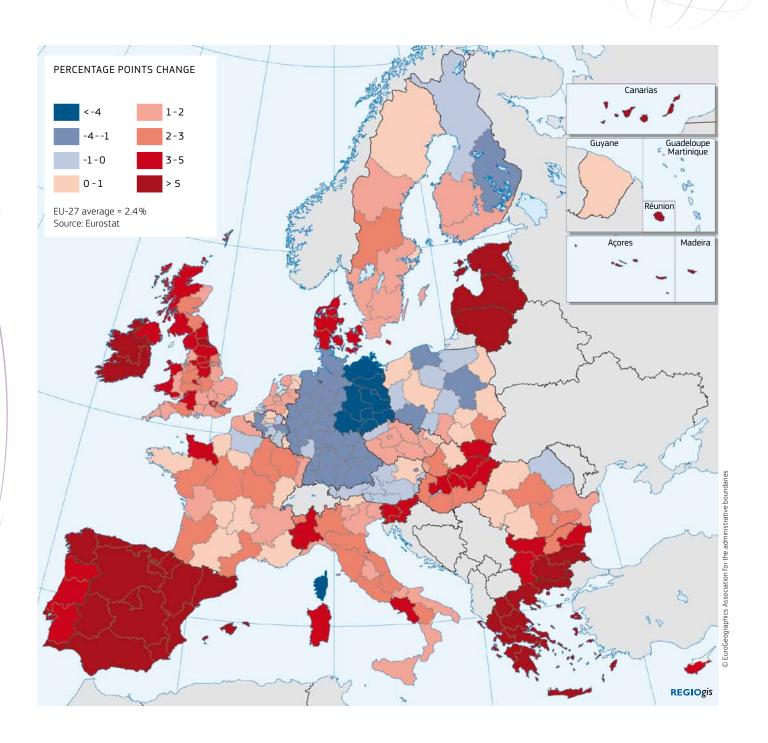
UNEMPLOYMENT RATE, 2011



Regional disparities in unemployment among the EU-27 regions are high. One region in three has an unemployment rate above 10%. The highest rates are registered in Spanish and Greek regions, and in French overseas *départements*. Most of the 41 regions with unemployment rates above 15%

(an increase from 26 regions in 2010) can be found in these three Member States. In contrast, 46 regions mainly located in Austria, Germany, Belgium and the Netherlands, register unemployment rates below 5% – an increase from 34 regions in 2010.

CHANGE IN UNEMPLOYMENT RATE, 2007-2011



Between 2007 and 2011 unemployment rates increased in three out of four regions. The economic crisis across Europe severely hit regions of Spain, Greece, Ireland and the Baltic States, with some regions registering an increase in unemployment of more than 5 percentage points. In contrast, unemployment dropped in regions of Germany, especially in the eastern *Länder* (in part due to labour mobility), Austria, Belgium, Poland and Finland.

LOCAL DEVELOPMENT APPROACH FOR BETTER TERRITORIAL COHESION

EVIDENCE FROM A RECENT EVALUATION

Local development approaches and local partnerships are key elements of future cohesion policy. In the next programming period, local actors can employ Community Led Local Development, Integrated Territorial Investments and Innovative Urban Actions to promote an integrated approach to territorial development.

A recent evaluation – 'Contribution of local development in delivering interventions co-financed by the European Regional Development Fund (ERDF) in the past two programming periods 2000-2006 and 2007-2013' – carried out by IRS (Istituto per la Ricerca Sociale) and IGOP (Institut de Govern i Politiques Publiques), examined the experiences of five regions (see box 1) to provide evidence on the added value of local development for the effective delivery of cohesion policy. It highlighted potentials and limits of the approach and drew useful recommendations for the future.

The evaluation reviews the literature on local development and highlights the most frequently used local development approaches (LDA), the strengths and weaknesses of each and the institutional capacity required for effective implementation. In the 38 Operational Programmes which allocated the largest amounts of ERDF resources to territorial policy, the evaluation looked at the ways LDA operates in different territories and provided a basis to select the five case studies for examination. Each regional case study analyses the network between the main actors, capturing the governance structure that represents a crucial aspect of LDA.

A number of common LDA characteristics emerged among these areas:

- focus on the social and economic development of disadvantaged areas;
- · reference to a specific territory;
- integration of different sectoral policies;
- mobilisation of a plurality of different actors also at the local level.



THE FIVE NUTS 2* REGIONS COVERED BY
THE STUDY AND THE MINI CASE STUDIES
TO IDENTIFY EXAMPLES OF GOOD PRACTICE:

- URBANA CADIZ Project, Andalućia (ES)
- Neighbourhood Mothers, Berlin (DE)
- Integrated Urban Development Programme, Severozápad (CZ)
- PIT 1 Tavoliere, Puglia (IT)
- WCVA Community Capacity Building,
 West Wales and The Valleys (UK)

* Nomenclature of territorial units for statistics



The study found that LDA in delivering interventions co-financed by ERDF:

- Contributes to enhancing the role of local authorities and municipalities. The most frequent institutional arrangement of LDA is the involvement of municipalities in the planning and implementation of European cohesion policy;
- Requires 'time'. The continuity of the programmes from the territorial, thematic and governance points of view is of paramount importance;
- 'Pure' LDA works better if capacity building is one of its goals and one of its main types of interventions. Grass root actors (i.e. small non-governmental organisations, social enterprises, micro firms) and project staff must be given support and assistance to build up the capacity needed to boost community development.

The evaluation suggested that the Community Led Local Development provisions (article 28–31 of the Common Provisions Regulation) represents only one possible way to implement the local development approach, and to reap the benefits of an emphasis on territorial focus, policy integration and the involvement of stakeholders. Other alternatives are possible under different circumstances.

'LDA comes in all shapes and ways and to reduce it to a single model – according to a sort of "one size fits all" philosophy – is clearly impossible'

The study highlights three main models of LDA:

- **Pure LDA:** small territorial focus, integrated thematic approach and inclusive partnership;
- Corrective in sectoral policies: wide or small territorial focus, single thematic focus, partnership as both a tool and a goal;
- LDA in regional policy: wider regional focus, integrated approach, strategic partnership.

The evaluation concluded that new evaluation approaches and tools are needed to capture the intermediate goals of the approach – integration and partnership dimensions – and more generally the overall contribution of LDA.

FIND OUT MORE

The full report can be downloaded at: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/local_dev_final.pdf

MOMENTUM CONTINUES FOR REGIOSTARS WINNER ECO WORLD STYRIA

ECO World Styria, the 'cleantech' cluster in Austria which received the RegioStars Award 2012 in the 'smart growth' category, is going from strength to strength.

The European Award has given a further boost to the innovative concentration of green tech organisations which is now a driving force in the economy of Austria's Styria province.

The Award has already helped raise the international profile of the Austrian cleantech cluster, explains Bernhard Puttinger, CEO of ECO World Styria. 'A multitude of articles about our green tech valley have appeared in the regional, national and international press. The press comment has been very favourable and positions us clearly as a model of "best practice" in this field.'

International cleantech magnet

Indeed Styria's cleantech cluster is turning into a magnet for international energy and environmental engineering specialists.

'Almost every week, delegations are visiting the green tech valley to examine the operation of ECO World Styria and look at the companies working there,' Puttinger says.

'This year we have been visited by 250 experts in the field from Brazil, Russia, the United States, China, France and South-Eastern Europe. In September an investment group from France will be sending a delegation to look at our portfolio of fast-growing enterprises.'

Puttinger feels that the RegioStars Award honours the spirit of innovation of the 180 companies and research institutions working in the field of energy and environmental technology in the Austrian cleantech cluster. 'It is a further confirmation that Styria is now internationally among the top regions for the further development of leading edge green technologies,' he stresses.

Export services

In awarding the 'smart growth' prize to the cleantech cluster in Styria the RegioStars Jury stated: 'The ECO World Styria project is excellent in all aspects of new service innovation. It has taken the cluster concept to a new level of quality and internationalisation. Its outstanding achievement in supporting the creation of new companies, 5 000 new jobs and impressive growth rates, is an important inspiration to other regions in Europe.'

'Decisive for getting the European Award is,' I believe, 'the dynamism with which ECO World Styria is developing and the new impulsion it is giving the region through the development of green technologies,' Puttinger adds. The cluster currently accounts for more than 8% of the gross regional product of Styria.

The RegioStars jury praised above all the innovative services offered by ECO World Styria to its enterprises such as market intelligence and business networking which support export growth. The Technology Round Tables initiated by the cluster and the Cleantech Innovators Club have generated innovative commercial and research projects.

Environmental engineering hotspot

ECO World Styria was founded in 2005 to specialise in energy and environmental engineering and to develop a world level 'green tech' valley in Styria. It plays an important role in the implementation of economic policy in the Austrian province and is a key component of the new Styria 2020 economic strategy.

In 2011, some 32 000 employees were working in the cluster companies whose overall turnover amounted to EUR 7.7 billion with an export quota of around 90%.

►FIND OUT MORE http://www.eco.at



FINALISTS ANNOUNCED



Twenty seven projects have been selected across the 5 categories for the next edition of the RegioStars Awards with the winners to be announced at the ceremony in Brussels on 7 February 2013. The finalists include a number of European Territorial Cooperation (ETC) projects.

SMART GROWTH

- Technopol Programme Lower Austria (AT)
- CoOPTICS Innovation to markets, Thuringia (DE)
- University-Business Knowledge Transfer, Castilla y León (ES)
- UPTEC Parque de Ciência e Tecnologia da Universidade do Porto, North of Portugal (PT)
- SLIM III, North Mid-Sweden (SE)
- Innovation In Crops (InCrops), East of England (UK)

SUSTAINABLE GROWTH

- Green Business Growth in SMEs, Southern Denmark (DK)
- ENWORKS Resource Efficiency Support, North West England (UK)
- Hydrogen region Flanders-South Netherlands (ETC)
- MED-Laine, Sardinia, Tuscany and High Corsica (ETC)
- Cradle to Cradle Islands, North Sea Region (ETC)

- The Living Lab on Wellbeing Services and Technology, Western Finland (FI)
- Individual Employment Paths, Warmińsko-Mazurskie (PL)
- Strides Alliance Partnership, Wales (UK)
- PASE Public Policies and Social enterprises, Marche (leading) (ETC)

RegioStars 2013

SUCCESS, Kent (leading) (ETC)

CITYSTAR

- WienWin, Vienna (AT)
- Park Spoor Noord, Antwerp (BE)
- Neighbourhood Management Berlin (DE)
- Revitalisation of Mill Islands, Bydgoszcz (PL)
- MalmöLund Metropolitan region, Malmö (SE)

INFORMATION & COMMUNICATION

- www.efro.be West Flanders (BE)
- www.eu-fonds.brandenburg.de Brandenburg (DE)
- www.agenciasopa.es Andalusia (ES)
- www.esparama.lt Lithuania (LT)
- COSAFE, Västerbotten (SE)
- www.interact-eu.net Bratislava (leading) (ETC)

FIND OUT MORE

http://ec.europa.eu/regional_policy/cooperate/ $regions_for_economic_change/regiostars_en.cfm$

▶AGENDA

15-16 NOVEMBER 2012

Metz (FR)

Rurban Conference

27-28 NOVEMBER 2012

_Regensburg (DE)

1st Annual Forum of the EU Strategy for the Danube

3-4 DECEMBER 2012

Paris (FR)

Joint INFORM & INIO networks meeting

7 FEBRUARY 2013

Brussels (BE)

RegioStars 2013 Awards Ceremony

More information on these events can be found in the Agenda section of the Inforegio website: http://ec.europa.eu/regional_policy/

MAKE YOUR VOICE HEARD

What are the achievements of cohesion policy in your region? We would like to hear your stories, highlighting the results and tangible benefits for citizens.

You can also tell us about your preparations for the next programming period.

Selected contributions will be featured in the next edition of *Panorama* magazine. Please send your submissions to:

regio-panorama@ec.europa.eu

ISSN 1608-389X

© European Union, 2012

Reproduction is authorised provided the source is acknowledged.

European Commission, Directorate-General for Regional Policy Communication, Information and Relations with Third Countries Raphaël Goulet

Avenue de Tervuren 41, B-1040 Brussels E-mail: regio-panorama@ec.europa.eu

Internet: http://ec.europa.eu/regional_policy/index_en.htm

