EN

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.5.2008
COM(2008) 301 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

on the results of the negotiations concerning cohesion policy strategies and programmes for the programming period 2007-2013

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

on the results of the negotiations concerning cohesion policy strategies and programmes for the programming period 2007-2013

1. INTRODUCTION

The new generation of European sectoral and regional cohesion policy programmes for the period 2007-2013 entails Community support for new investments of some EUR 347 billion, constituting the second largest item in the Community budget. These resources reflect the Union's ongoing determination to reduce disparities among the Member States, regions and individuals in terms of standards of living and levels of opportunity, and to promote economic, social and territorial cohesion against the backdrop of the global economy. The resources are concentrated on Member States and regions falling under the Convergence objective[1] (covering 35% of the Union's population, with 81.5% of the investment resources available[2]) and, even more resolutely than in the past, on factors of competitiveness in line with the Union's top priority, the Lisbon agenda for growth and jobs. Cohesion policy constitutes the major source of financial support from the Union for the growth and jobs strategy, and through the involvement of regional and local actors ensures ownership of that strategy on the ground.

The negotiating process between the Commission and national and regional authorities has been led by a strategic approach ensuring that the national strategies and operational programmes focus on major priorities of the EU, while taking into account the national and regional contexts. Following this intensive dialogue over the last year and a half, all the 27 National Strategic Reference Frameworks (NSRFs) are now in place, together with 429 of the 455 expected operational programmes.

The added value of the negotiation process goes well beyond the financial resources. The discussions with Member States, regions, partners and local actors demonstrated that the policy had acted as a catalyst for change. It had provided a platform for designing effective regional or sectoral strategies to enhance growth, generate more and better jobs and improve financial and delivery mechanisms achieving a long-term impact and a more effective use of public funds. As a result of the negotiation process, the quality of the programmes has improved substantially, and their content has become more closely aligned with major Community priorities.

This Communication provides a summary of these achievements[3].

---

1 Regions of less than 75% of Community average GDP measured on a purchasing power basis.

2 For more details see Annex 1. For financial allocation per Member State please consult: http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm

3 A Commission staff working paper to be published after this Communication will provide a more detailed overview of the results per Member State.

2. COHESION POLICY ADDRESSES TODAY'S PROBLEMS AND FUTURE CHALLENGES

Regional disparities continue to be a challenge in the context of an enlarged European Union and increased competition on a global scale. It is therefore essential that cohesion policy supports the less developed Member States and regions to catch up and reduce regional disparities. Efforts have been made in all Member States to identify territorial needs and shape strategies to mitigate intra-regional and inter-regional imbalances.

In order to pursue the Treaty and policy aims, the new generation of cohesion programmes for 2007-2013 makes a significant contribution to realising the EU's objectives for growth and jobs. It is thus thoroughly aligned with the EU's main economic and policy priorities, supporting sustainable development by strengthening growth, competitiveness, employment and social inclusion and by protecting and improving the quality of the environment[4].

At the same time, through an integrated policy approach, cohesion policy lends a helping hand to individuals, businesses, cities, regions and Member States, as well as candidate countries to overcome global challenges of an unprecedented nature and magnitude in providing a better and a more secure future. The Commission has identified a number of these challenges in its Fourth report on cohesion[5] and in a recent Communication for the 2008/2009 budget review[6]. The sections below highlight how the programmes already address these challenges.

2.1. Cohesion policy at the core of the Lisbon agenda

The new generation of cohesion policy for 2007-2013 is crucial to the Lisbon agenda as a result of a number of key reforms introduced for the new programming period. **One key negotiation result is the substantial increase, compared to the past, in investments supporting the growth and jobs agenda,** especially in the areas of innovation, research, skills and human capital. In the less-developed regions in EU-27, under the **Convergence Objective, 65% of the funds are intended for Lisbon-related expenditure,** while the more-developed regions, under the **Regional Competitiveness and Employment Objective, plan to invest 82% of the funds in Lisbon-related priorities.** More specifically, in the Convergence regions of the EU-15 Member States, 74% of the investments, and in the Regional Competitiveness and Employment regions, 83% were allocated for Lisbon-type expenditure. These figures, however, vary both across Member States and regions. At the top end, Convergence regions in Portugal and Spain target on average 80% of their total allocation, while the Competitiveness regions in Austria dedicate 92% and Denmark and Sweden 91%, of the total to Lisbon priorities.

---

4 Annex 2a and 2b provide a detailed overview on cohesion policy contribution to the main Community priorities.

5 4th report on economic and social cohesion, COM(2007) 273, 30.5.2007.

6 Communication from the Commission: Reforming the budget, changing Europe. A public consultation paper in view of the 2008/2009 budget review; SEC(2007) 1188, 12.9.2007.

The results for the EU-12 Member States demonstrate the integration of Lisbon priorities into their programming documents despite the demand for resources from many other sectors of the economy and no legal obligation to earmark expenditure[7]. The Lisbon-related allocation in these countries is, on average, 59% (for example Poland 64%, Slovakia 59%, Romania 52%).

The growth and jobs strategy is also significant in the programmes under the **European Territorial Cooperation** Objective. Almost half of the resources under this Objective will be used for Lisbon-oriented actions, with a specific emphasis on research and innovation (27% of the total budget allocated to this priority).

2.2. Responding to globalisation and structural change

Increased globalisation and intense competition on the world market provide new opportunities for Member States, regions and cities, but at the same time require adjustment to structural changes and management of their social consequences as well as better functioning of the internal market

Ensuring **accessibility** to the core of the European market and easing access to the new markets is a prerequisite for boosting private investment, enhancing the single market and fostering economic development. The Convergence regions, and especially those in the EU-12, have a serious deficit in transport infrastructure, and hence heavy investment in transport remains a major priority in terms of resource needs (EUR 82 billion in total, or 24% of total funds). Given their starting point, the marginal utility of such investments is high and the expected increase in total factor productivity sizeable. Investment in sustainable transport, such as urban public transport, rail (in Poland, the length of the upgraded rail network is expected to triple from 538 km to 1 786 km), multimodal and intelligent transport systems, accounts for almost EUR 35 billion[8], an increase of 71% from the 2000-2006 period. The transport allocations for investment in TEN-T priorities amounts to almost EUR 38 billion, EUR 13 billion more than in 2000-2006 (Romania plans to use 72% of transport allocation for TEN-T projects). In addition, investment in transport links accompanied by other cross-sectoral interventions has cohesion effects on all regions, but is particularly important for areas with special handicaps, such as sparsely populated areas and outermost regions.

---

[7] Article 9.3 and Annex IV of Council Regulation (EC) No 1083/2006 (OJ L 210, 31.7.2006, p. 25) requires that 60% of the Funds available for the Convergence Objective and 75% of Funds available under the Regional Competitiveness and Employment Objective in the EU-15 Member States have to be allocated to the investments that lie at the heart of the Lisbon strategy: research, innovation, the information society, human resources, and business development. A more detailed overview of how the new cohesion policy strategies and programmes will contribute to the delivery of the renewed Lisbon Strategy for growth and jobs is provided in the Communication "Member States and Regions delivering the Lisbon Strategy for growth and jobs through EU cohesion policy, 2007-2013" COM(2007) 798, 11.12.2007.

[8] This amount increases by EUR 6.5 billion if investments in ports, airports and intelligent transport systems, most of which are also part of the TEN-T network, are taken into account.

Supporting European regions to take advantage of a changing world requires investment in improved competitiveness through developing knowledge, innovation and underpinning Europe's scientific and technological progress to build upon its comparative advantage. By investing in human and physical capital, cohesion policy helps to boost Europe's labour and total factor productivity, a much desired outcome for retaining its competitive edge.

Encouragingly, the Member States have prioritised investments in **R&D and innovation**, by establishing ambitious targets allowing them to move closer to the Lisbon 2010 Objective of 3% of GDP investment in the sector. Cohesion policy will contribute to R&D and innovation with over 86 EUR billion, or 25% of cohesion policy resources. The case of Spain stands out: although financial support for this country has decreased by around 42% compared to 2000-2006 period, R&D expenditure is set to more than double in absolute terms to about EUR 8 billion or 23% of the total financial envelope. In some of the EU-15 countries, the share of total cohesion resources allocated to R&D and innovation is remarkably high (70% in Denmark and some 50% in Finland and Austria). In the EU-12 Member States, around 20% of their total cohesion budget is allocated to R&D and innovation. All these outcomes reflect the efforts made during the negotiations to prioritise R&D and innovation by building on existing research capacities and potential (Slovakia), seeking new opportunities (UK), support for researchers and postgraduate studies in science (Slovenia, Latvia, Estonia, Hungary, Lithuania) and more generally, promoting technology and knowledge transfer, innovation clusters and research-development-business partnerships.

Closely related to the innovation agenda are the efforts under the programmes to develop **knowledge-based service economies** by investing in information and communication technology (ICT) education and training, on-line services to business and citizens and a sustainable broadband infrastructure. Access to broadband internet and the strategic use of ICT have been widely recognised as important for economic development and growth and as drivers for social, economic and territorial cohesion. Regions that efficiently exploit ICT are better equipped to reverse trends in depopulation and de-location of economic activities, but also to increase individual's inclusion and opportunities The overall cohesion policy investment in services and ICT services and infrastructure is expected to more than double compared to the previous programming period, and to reach EUR 15.3 billion with Poland, Italy, Greece, Slovakia and Spain each pledging the largest budgets (above EUR 1 billion).

Converting investment in innovation, knowledge and technology into new jobs requires efforts to promote business development in fields such as **entrepreneurship and business-support** services helping enterprises, mainly SMEs, to increase their competitiveness and to move closer into international markets. Support in these areas accounts for some EUR 27 billion (8% of cohesion policy resources). For example, Finland will support business start-ups with EUR 343 million, while cohesion policy investments in Poland are set to contribute to the planned reduction of the number of days required to establish a business from 60 to 7. EUR 2.8 billion will assist individuals to start new businesses and become self-employed, with outreach to those with particular needs. Furthermore, a majority of Member States indicated commitment to leverage the impact of cohesion policy resources by implementing the JEREMIE initiative[9].

The challenge of increasing global competition requires individuals and businesses to adjust to new circumstances. Providing high-quality education and investing more and more effectively in human capital is crucial for Europe's success in a globalised world[10]. Under the new programmes, some EUR 14 billion have been allocated to help strengthen the **ability of companies and workers** to anticipate and manage change. Out of this sum, around EUR 9.4 billion is assigned to help companies introduce effective human development policies and thus invest more in their main asset: their people. This approach will be based, for instance, on cooperation between different institutions and cluster building (e.g. Denmark), involvement of social partners (e.g. Netherlands) combined with motivating individuals to invest in upgrading their skills through their life time. EUR 2.5 billion have been allocated to help companies and sectors facing globalisation and restructuring to adjust, with proportionately the most significant efforts in Sweden, Finland, Slovakia, Ireland and Poland.

Investments in the infrastructure of a knowledge-based service economy, R&D or ICT require a highly skilled and qualified human potential. An understanding of the importance of **human capital** has led to the allocation of nearly EUR 26 billion to increase the quality and availability of education and training[11], with the focus on comprehensive life-long learning systems, fighting early school leaving (Portugal, Greece, Italy) and ensuring high-quality education for all. A major part of this sum (76%) is allocated in Convergence regions where the reform of education and training is identified as an imperative challenge for further development. This investment is central to help people move smoothly from one job to another, and in consequence crucial for strengthening the 'flexicurity' of the labour markets as well as for reaching the Lisbon targets on educational attainment. Moreover, investing in people's skills is crucial for boosting productivity and thus helping Europe to remain competitive.

2.3. Demographic change and more inclusive labour markets, societies and economies

In the face of demographic decline, **increasing labour participation and enhancing skills** are vital for sustaining wealth, productivity, competitiveness and a cohesive society. To reach the Lisbon target of a 70% employment rate, the new programmes allocate some EUR 19 billion to assist in removing barriers to employment, in particular for women, young people, older and low-skilled workers. Significant sums are allocated under both Objectives, but it is in the Competitiveness regions where the highest proportion of the budget is set aside (average 30.4% for the ESF). For example, Sweden has allocated 67% of its ESF budget to increase labour supply.

---

9 JEREMIE (Joint European Resources for Micro to Medium Enterprises) is a financial engineering instrument developed in cooperation with the European Investment Bank (EIB) aimed at facilitating access to finance for SMEs by providing loans, equities, venture capital and guarantees. Meanwhile twenty Member States envisage making use of the JEREMIE initiative.

10 See Presidency Conclusions, Brussels European Council 13/14 March 2008.

11 The strong focus on education and training in most OP's is in line with the priorities set in the Education and Training 2010 (OMC) work programme.

Thus, even in labour markets with relatively high employment rates, cohesion policy can provide valuable assistance for tailored measures addressed to groups representing untapped resources of labour supply.

The broad spectrum of beneficiaries covered by such actions shows how programmes adapt to the needs of individual Member States and regions and complement national policies. In comparison to the 2000-2006 programming period, support for **migrants** is more prominent. All EU-15, and a significant number of EU-12, Member States plan direct interventions for migrants to a total value of EUR 1.2 billion, combined with more systemic interventions, for example, in the field of education and training systems (e.g. Belgium). Cohesion programmes also contribute by accelerating the social inclusion of the newly arrived into their new societies (e.g. in Spain, integration of migrants into rural, coastal and urban communities, development of information centres for migrant seasonal workers, etc.).

Even where economic performance is strong, some groups and communities still experience **poverty and social exclusion**. This challenge is particularly relevant in many urban agglomerations in most Member States. Some EUR 10 billion have been allocated to help those furthest away from employment to return to the labour market through graduated support, combined with efforts to combat discrimination in the workplace. Particularly high allocations in this area are scheduled in the Competitiveness programmes (18.2% as compared to 10.8% for Convergence programmes). Finally, cohesion policy provides concerted support for ethnic minorities, including the Roma, the biggest minority in the EU. In most of the countries concerned, Roma issues will be addressed through integrated projects.

2.4. Responding to the challenges of sustainable development, climate change and energy

Sustainable development, including the need to mitigate the impact of climate change, has become central to the European policy agenda[12]. Better quality of the **environment** is a common priority in all Member States, with an allocation of around one third of the total cohesion policy budget (EUR 105 billion). In many EU-12 Member States, the policy finances heavy basic investment to improve environmental infrastructure and to help countries comply with EU law in this field, accompanied by actions in training and improving environmental management skills. For example, Romania has decided to target 80% of cohesion resources allocated for environment to attain the environmental *acquis*. Latvia plans to increase from 9% to 62% the percentage of inhabitants benefiting from waste-water management services.

Cohesion policy will contribute with EUR 48 billion (14% of the total budget) to actions in several fields to address the challenges posed by **climate change**, including mitigation and adaptation measures. These efforts will be achieved through supporting direct investment measures, including promotion of **energy efficiency and renewable energies** (EUR 9 billion equally shared between the two categories) and indirect measures, including sustainable urban transport projects (EUR 6.2

---

[12] Presidency Conclusions of the Brussels European Council from March 2007 (http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf)

billion). A stronger emphasis will also be placed on energy infrastructure (EUR 1.8 billion) and on improving the management of energy resources, shifting towards efficient and integrated EU energy policy and interlinking of energy networks, including TEN-E. Clear priority to the latter is given in Poland, Romania and Greece. Italy's share of resources dedicated to energy efficiency and renewable energy will be more than four times higher than in the previous period. Luxembourg is aiming for a reduction of CO_2 emissions by 10% through its cohesion policy investment, while Slovakia aims to reduce the energy intensity of production by over 20%. Many programmes include provision for the development of specific carbon evaluation systems to monitor effects with regard to Kyoto CO_2 emissions targets (e.g. Italy, France, Czech Republic, Malta, England and Wales). Cohesion policy can thus make a substantial contribution to meeting the ambitious targets to reduce energy consumption and greenhouse gas emissions by 20% and to increase the share of renewables in the energy mix to 20% by 2020[13].

3. COHESION POLICY REINFORCES GOOD GOVERNANCE, OWNERSHIP AND INSTITUTIONAL CAPACITIES

3.1. Reinforcing multi-level governance and partnership

The new policy has impacted considerably on national policy-making as it further strengthens the system of multi-level governance. The dialogue engaged in during programme preparation allowed a broader range of stakeholders to participate in the process of designing effective regional and sectoral development strategies, which was also supported by the reform of state aid policy offering additional possibilities for better targeting national and Community funding[14]. Through this more strategic approach the policy extends the implementation of the Lisbon agenda and related policies to the regional and local level, while ensuring that actions are adapted to circumstances on the ground and that there is a genuine commitment to reforms.

The value added of multi-level governance is best exemplified by three sets of instruments which led to the embedding of the Lisbon agenda for growth and jobs in the new cohesion policy. First, at Community level, the October 2006 Community Strategic Guidelines[15] set out the broad priorities for the new programming period. Secondly, the negotiations of the NSRFs prepared by the Member States led to their closer integration with the main Lisbon strategy, and in particular with the National Reform Programmes. The planned level of Lisbon-related expenditure was defined and quantified – 'earmarked' – in all NSRFs. Finally, the negotiations on the operational programmes made it possible to translate national strategies to a specific regional and local context.

[13] Communication from the Commission: 20 20 by 2020: Europe's climate change opportunity; COM(2008) 30, 23.1.2008.

[14] State Aid Action Plan (7.6.2005): COM(2005) 107.

[15] http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/index_en.htm

As a result, the ownership of the Lisbon agenda has been further extended to the regional and local level and to a broader spectrum of stakeholders, hence addressing a key weakness of the first Lisbon policy cycle 2000-2005[16]. For example, in France, the Commission, national and regional authorities and international experts have worked together on developing regional innovation strategies. In Germany, most of the new employment-related interventions have been programmed at regional level. This increased ownership has been accompanied by an increased focus of Lisbon-related actions on skills and life-long learning.

The partnership principle is fundamental for the successful implementation of cohesion policy. Already in the negotiation phase, the Commission paid special attention to applying that principle, with the result that different types of partners (including NGOs, universities or regional development agencies as well as social partners) were involved. The decentralised management of the Funds enables wider involvement of stakeholders in the implementation phase (as planned, for example, in Spain, Ireland, Sweden). In this way the partnership principle mobilises local knowledge and helps growth strategies by targeting local resources in a more efficient and effective way. It also promotes cooperation between the public and private sectors, often formalised through public-private partnerships, thus creating a leveraging effect and strengthening the impact of the investment.

3.2. Building institutional capacities

Effective public policies require a competent and efficient administration. Strengthening institutional and administrative capacity is thus key to promoting structural adjustments, growth and jobs, as well as economic development. Cohesion policy can positively influence the building-up of effective public policies in different ways.

First, the new cohesion policy priority on ‘Institutional Capacity’ will help strengthen the capacities of public administration and public services at all levels in those Convergence regions and Cohesion countries which still suffer from wide institutional weaknesses, despite impressive steps made in recent years. Interventions, often substantial, are planned in all EU-12 Member States as well as in Convergence regions of Greece, UK (Wales), Italy and France, with a total budget of more than EUR 2 billion. These actions support Lisbon reforms in areas such as better regulation, easier business creation, effective management of public policies and the improvement of services provided to citizens and businesses, including reinforcement of the judiciary (e.g. Bulgaria, Slovenia, Poland). Cohesion policy will underpin these measures through investments in e-government support measures of more than EUR 1 billion.

[16] Report from the High-Level Group chaired by Wim Kok: Facing the challenge: the Lisbon strategy for growth and employment; November 2004. http://europa.eu.int/comm/lisbon_strategy/index_en.html

Secondly, as a result, these actions will also contribute to more effective management of the Funds and other public policies. In several Member States, there is evidence that the cohesion policy approach to public policy planning based on multi-annual, strategic programming has been adopted in national policies. In France, the '*Contrats de Plan Etat-Régions'* have adopted the same period and similar policy instruments. In Italy, the 'territorial pacts' promoted by the Commission were generalised to all areas as policy tools for area-based initiatives. In Germany, there was a gradual adaptation of the '*Gemeinschaftsaufgabe*' to the Structural Funds approach. In other countries, domestic regional policies adopted a multi-sectoral integrated approach, for example in Finland and Sweden ('Regional Growth Agreements') and in England ('Regional Economic Strategies').

In addition, all EU-12 Member States will use the JASPERS technical assistance facility[17], which will help develop capacities for preparing good-quality projects, in particular major projects, and thus improve management of cohesion policy.

Effective policy development and its successful implementation through reform also require wide support, and cohesion policy underscores this by cementing the position occupied by the social partners in implementing the policy. Some EUR 1.2 billion have been allocated in the Convergence regions to improve the social partners' role with the highest amount in Spain. . Support to capacity building of NGOs is planned as well, considering their pivotal contribution in delivering services in different fields such as social inclusion, health, consumer policy, etc. An additional EUR 1 billion will reinforce development of employment pacts and networking initiatives to mobilise for reforms in the field of employment and social inclusion.

Cohesion policy plays an important role in preparing candidate countries for EU membership by building capacities and methods for effective policy planning and delivery as well as through investment. The design of the new pre-accession instrument **IPA** has been closely aligned with the cohesion policy architecture, with integrated strategy, multi-annual programming and greater devolution of responsibilities to national authorities. Greater decentralisation of the responsibilities created ownership among line ministries and reinforced strategic planning of investments. Through the 'learning by doing' approach these features should ensure that candidate countries are better prepared for EU membership and future efficient management of cohesion policy funds.

17 JASPERS ('Joint Assistance in Supporting Projects in European Regions') is a technical assistance facility to assist the Member States in preparing quality projects provided by the Commission in cooperation with the EIB and the European Bank for Reconstruction and Development. The JASPERS initiative, with its offices in Warsaw, Bucharest and Vienna, is currently assessing 261 major projects.

4. MAINSTREAMING SUCCESSFUL POLICIES, ENHANCING KNOWLEDGE AND SPREADING GOOD PRACTICES

In drawing up the new programmes, Member States and regions have built on the most successful practices from previous generations of cohesion policy, including the Community Initiatives **URBAN and EQUAL** and **Innovative Actions.** This mainstreaming has brought more opportunities for larger-scale actions with considerably more resources. For example, transnational cooperation building on the EQUAL programme will be supported by some EUR 3 billion, while innovation, including social innovation, is a feature which will develop throughout programme implementation. Mainstreaming the URBAN Initiative provides an opportunity to address urban issues in an integrated manner, especially in countries which have not yet benefited from this initiative with its experimentation, networking, pilot projects (e.g. in Latvia, Lithuania, the Czech Republic, Malta, Cyprus and Estonia). Due to its newness the integrated urban approach and management of urban actions by local authorities will need further monitoring, including further use of the new JESSICA initiative[18].

The third Objective in the new cohesion policy, Territorial Cooperation, has been upgraded in importance as compared to the **INTERREG** Community Initiative, leading to enhanced visibility and an increase in the resources available (from EUR 5.8 billion to EUR 7.8). The Commission has successfully convinced Member States and regions to make use of European Territorial Cooperation programmes as platforms for developing new ideas and joint action plans. Transnational cooperation can, for example, be used in support of strategic development approaches for a larger zone, such as the Baltic Sea region, the Alps, the Mediterranean or the Danube area.

Finally, the new framework of **Regions for Economic Change** will contribute to identifying good practices and exchanges between regions. It will support Europe-wide networks to assist in transferring excellence to projects supported by cohesion policy.

5. CONCLUSIONS — VALUE ADDED OF NEGOTIATIONS

- Cohesion policy is a key Community policy advancing the growth and jobs agenda across all the Union's territories. It addresses critical socio-economic challenges facing Europe in complementarity and in synergy with other Community policies and against the background of global changes. The recent dialogue with Member States and regions has led to adoption of strategically oriented programmes which are set to invest large proportions of their financial resources in creating the conditions for successful competition in the global world.

---

18 JESSICA (Joint European Support for Sustainable Investment in City Areas) is a loan-grant instrument developed in cooperation with the EIB for financing projects for urban renewal and development. More than 80 operational programmes include provisions on JESSICA-type actions.

- One of the key elements in the negotiations was the focus on the Lisbon targets of increasing R&D expenditure to 3% of GDP and increasing the employment rate to 70% through support for investments in basic infrastructure, such as transport, education and training, skills and the adaptability of the workforce, entrepreneurship, the creation of new knowledge or know-how. Improving energy efficiency and increasing the share of renewable energies in the energy mix to 20% is another important focus. As a result, a vast majority of cohesion policy resources (65% in the Convergence regions and 82% in the Regional Competitiveness and Employment regions) will be targeted on the Lisbon-oriented priorities.

- The dialogue between the Commission, Member States and regions led also to a considerable improvement in the quality of the programmes, including more emphasis on evaluation, indicators and monitoring. It has also changed the debate inside Member States and regions on the design and development of more innovative, inclusive and forward-looking public-policy strategies and programmes, including greater use of new innovative financial engineering instruments, such as JEREMIE and JESSICA, in ways appropriate to the varying context in different Member States. Moreover, the relatively rapid agreements with Member States on the new programmes were obtained thanks to engaging in an informal dialogue already at the final stage of preparation of the relevant Community legislation.

- The cohesion policy system of multi-level governance based on decentralisation of responsibilities and a stronger role for actors on the ground has also broadened the ownership of the Lisbon agenda, as called for by the European Council in December 2007[19]. Importantly, this approach also makes for more economic efficiency, as the local and regional levels increasingly tend to be best placed to meet and benefit from global changes. This has also been reflected in the shift towards a more regional approach to programming in comparison with the 2000-2006 period, in particular in the new Member States.

- The investment allocated to institutional capacity should result in a better quality of national institutions involved in policy implementation. This is particularly important in the context of shared management of cohesion policy resources, which requires Member States to implement the programmes in accordance with sound financial management and control practices. In the multi-level system of cohesion policy, the capacities of national and regional administrations are decisive in this respect.

- New publicity requirements asking Member States to draw up plans for communicating cohesion policy actions to the general public, plus the requirement to publish a list of all beneficiaries, will bring more transparency, legitimacy and visibility to the actions supported by cohesion policy.

[19] Council of the European Union, Portuguese Presidency Conclusions of 14 December 2007, Brussels, 16616/07, Conclusion 3.

- The foundations for effective use of cohesion policy funds between 2007 and 2013 have now been laid. Timely and efficient delivery will be essential to produce the desired results. Looking ahead, it will be crucial for Member States and regions to live up to their commitments and to ensure vigorous implementation building on synergies between all available instruments. This requires strong commitment at national and regional levels. The Commission will, jointly with Member States, monitor progress throughout the period to ensure that the programmes remain *focused* on growth-enhancing and job-creating investments, *consistent* with other important Community priorities and *adaptable* to overcome the challenges Europe and its regions will face in the medium term.