

SPEAKING NOTE

Good afternoon.

I would like to extend a warm Scottish welcome to you all for this conference to mark the 10th anniversary of IQ-NET. As Deputy Minister for Communities in the Scottish government, I want to thank you for inviting me to open this important Structural Funds event.

There could not be a better time for an event like this. As you all know, we are at a critical stage in preparing for the future of Structural Funds. The EU budget deal in December was a landmark point, formally recognising the need to extend EU cohesion policy across an enlarged European Union and setting out the collective challenges we will face as a result.

Enlargement has presented us all with difficult questions that will shape the future of European regional policy. How do we ensure that Structural Funds address the EU's Lisbon goals of boosting economic and job growth while maintaining a commitment to economic and social cohesion? With future funding so limited across much of Europe, how can nations and regions use Structural Funds to get the maximum value added?

These are big questions – fundamental to the direction of EU regional policy. The first is a question we have faced in Scotland and which we have tried to answer through our *Framework for Economic Development in Scotland*, our economic development strategy, which balances the competing goals of economic growth and opportunity, social inclusion and sustainable development.

These questions are why we need events like this, not just to ask the big questions, not simply to debate the issues, but perhaps to realise that there is more than one way to answer these questions. In Scotland we have our own thoughts on how these can be answered. It is important that we share these with you but also that we learn from you. With the huge amount of experience in Structural Funds gathered in this room, there is much we can and should learn from each other.

For the last 10 years, the IQ-NET project has allowed nations and regions across Europe to get together to discuss Structural Funds. Its conferences have been given a strong backbone by the excellent research that the European Policies Research Centre undertakes for each event. It has provided unparalleled opportunities for us all to share information and best practice in how to design and deliver Structural Funds programmes. In many ways, IQ-NET brings out what we in Scotland value most in Structural Funds policy: partnership, the willingness to learn from others, and the determination to change when necessary.

In that spirit, I would like to talk now about one of those big questions that is facing us: how the Structural Funds can contribute to the Lisbon agenda? Structural Funds have made a critical contribution to economic development throughout Europe. Here in Scotland, Structural Funds have provided over £1 billion pounds between 2000 and 2006. But in future, reduced funding will mean that Structural Funds will have to be more targeted. They will need to focus not only on those activities which have the highest value added, but those activities which will leave an economic development legacy in Scotland. To do this it is important that Structural Funds are used in a way which complements our domestic policy framework.

In looking to the future, we believe there are different ways in which Structural Funds can support the Lisbon agenda. Clearly, there is a strong role for improving the business sector and the research and innovation capacity of our regions. But I am glad to see that the EU recognises that there are other dimensions to national competitiveness. Central among these is our continuing commitment to reducing regional economic and social disparities.

Regional competitiveness cannot be achieved simply by investing in the high-growth areas of a region. We have to ensure that all parts of a region can contribute to economic growth and minimising regional disparities. But some communities, particularly in major urban centres, are unable to take full advantage of their economic and social assets, often leading to a 'vicious' cycle of decline and economic deprivation.

The Lisbon Council in 2000 recognised that the EU could never achieve its competitiveness aims if it did not also address concentrations of poverty and social exclusion. It is a view we share in Scotland, as reflected in our Regeneration Policy Statement, which states:

Regeneration is a crucial part of growing the economy and improving the fabric of Scotland... Our aim is to turn disadvantaged neighbourhoods into places where people are proud to live... To create areas of choice and areas of connection, rather than inward-looking places excluded from the wider successful Scotland around them. To build mixed and vibrant communities that sustain themselves.

Successful regeneration is, therefore, central to achieving our goal of sustainable economic growth and lies at the heart of our programme to build a better Scotland. Over the 7 years since Scottish devolution, the Scottish Executive and its partners have invested heavily in public services, in communities, and in infrastructure to bring about economic, social and physical renewal; and to make a real and positive difference to Scotland. Our record is a strong one. Structural Funds have played an important role in this and it is important that they continue to do so.

We believe that all parts of Scotland should contribute to, and benefit from, sustainable growth of the economy. Failure to tackle the problems associated with exclusion is not only contrary to our commitment to social justice but also represents a failure to make best use of all of the economic resources at our disposal in order to drive growth. Social justice and competitiveness are not mutually exclusive – the goal of the Structural Funds should be to find ways of bringing them together.

I know that Structural Funds have already played an important role in Scotland in helping tackle social inclusion and community regeneration. I'd like to share with you two examples of projects that Structural Funds have supported where this has worked well.

- First, the Scottish Executive set up a special scheme to help social economy organisations become more competitive and self-sustaining. The Futurebuilders Initiative aims to strengthen the role of the social economy in delivering better public services whilst encouraging the sustainability of the sector.

- The second example is not far from here. Structural Funds supported the Govan Initiative in Glasgow to set up a multimedia technologies programme for unemployed people from areas of social exclusion. Through this scheme, people have gained the confidence and skills needed to take advantage of opportunities presented by the growth in the creative industries in Glasgow.

The examples show how we can balance our social and economic aspirations within the Lisbon framework. Looking to the future, we know that we cannot sustain this kind of activity without some change. With reduced funding, difficult decisions will have to be made about how to target funding on those communities and those activities which need it most. These are difficult decisions that many of us will be facing all across Europe.

In Scotland, we aim to use Structural Funds to complement our existing strategies and to add value to what we already do. Our strategic objectives – as set out in our *Framework for Economic Development in Scotland*, the *Regeneration Statement* and other policy statements – fit well with those set out in the *EU Community Strategic Guidelines*. It is important that we recognise this as we, like many other regions in the EU, develop our strategic objectives for the use of more limited Structural Funds. It is also important that we continue to align domestic and EU policy. Where we have shared domestic and EU goals we must ensure that Structural Funds add maximum value to what we already do.

Our 25-year experience with Structural Funds has taught us that difficult decisions have always had to be made. Ever since Scotland first received Structural Funds over three decades ago, each successive Structural Funds programming round has brought change – to our funding levels, to our programmes and to how we deliver the Funds.

A capacity to change has been one of the virtues of Structural Funds. Over the years, Structural Funds have been at the forefront of introducing key new ideas into economic and social policy. Structural Funds have been instrumental in introducing a strategic approach to economic development programming, to ensuring that policy takes full account of issues such as environmental sustainability and equal opportunities, and to raising the profile of key policy areas like community regeneration. This kind of change can only benefit policy as a whole.

In Scotland, we pride ourselves on how we have adapted to that change. Indeed, the most successful feature of our approach to Structural Funds programming has been our consistent ability to adapt to change, while retaining a core set of principles. Those principles have been:

- a commitment to ensuring Structural Funds add maximum value to what we already do;
- a desire to build on the strength of partnership across Scotland; and

- a willingness to benefit from the experience of others.

And that brings me back to the purpose of this conference: to learn from others. This conference will allow us in Scotland to show you the best of what we do while learning from your own valuable experiences. It will also allow us to share our thoughts in the common EU-wide approach we need to take to address new and developing challenges for future Structural Funds post-2006.

Perhaps that is the greatest value of Structural Funds: it has encouraged us to look beyond our own national and regional borders and realise that there is always something new we can learn. Today will be an excellent chance to put this into practice.

Thank you.

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