



# **Cohesion Policy 2007 - 2013**

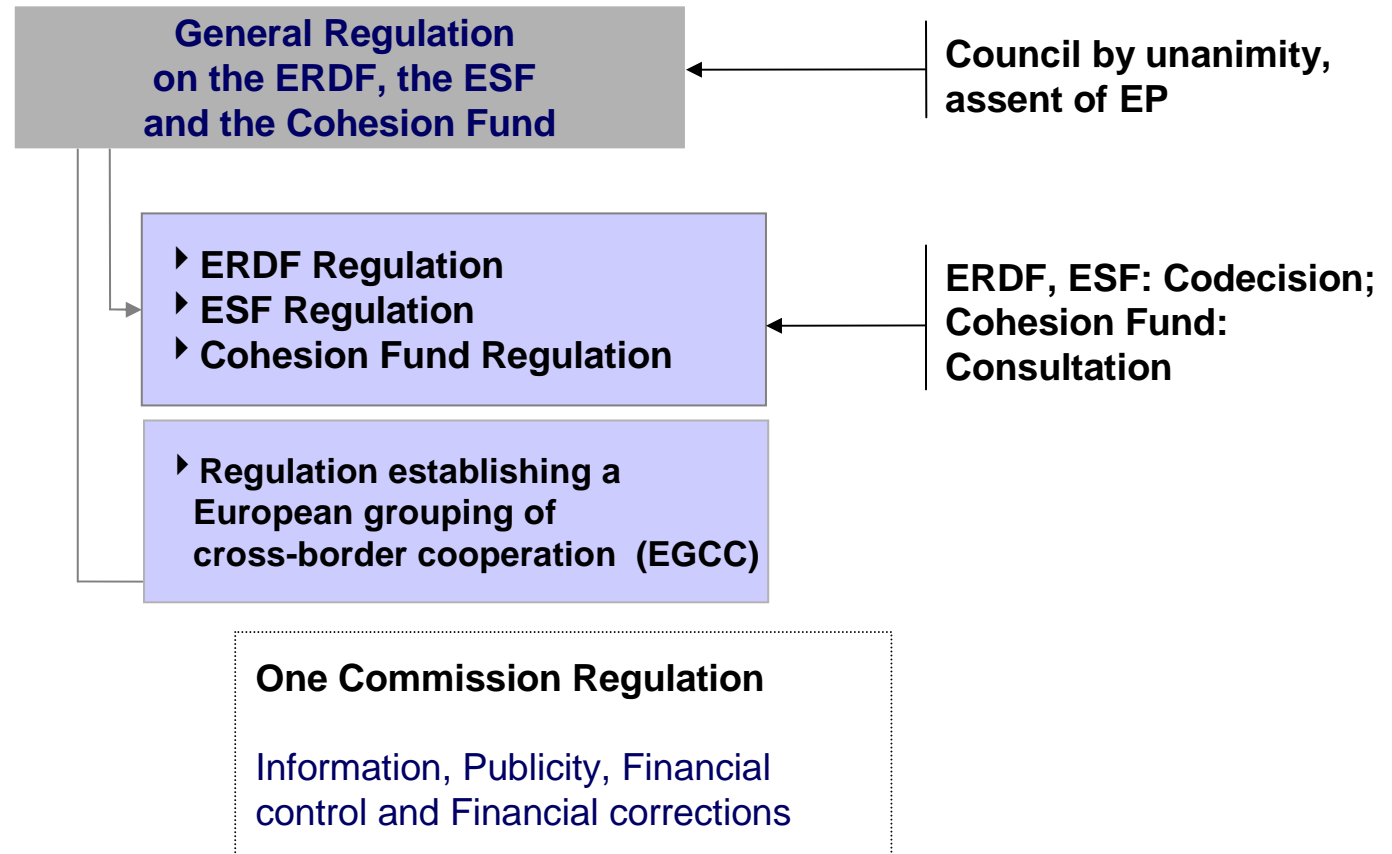
**The Commission's proposal for new regulations**

**14 July 2004**

**[http://europa.eu.int/comm/regional\\_policy](http://europa.eu.int/comm/regional_policy)**



## Proposed new legal architecture



**New:** General Regulation applies to the Cohesion Fund; a new Rural Development Fund now outside Cohesion Policy; one Commission regulation instead of five for specific aspects; eligibility rules simplified and incorporated in the General and Funds' regulations.



## Background

- Between 2001 and 2003:** large debate on future priorities and management with Member States, regions and other players organised by the Commission
- February 2004:** Commission adopts the Communication on Financial Perspectives 2007-13 allocating Euro 336 billion to Cohesion Policy and the 3rd Cohesion Report laying down the framework for the policy's reform
- May 2004:** Third Cohesion Forum in Brussels with over 1,400 stakeholders largely supporting the Commission approach



## Cohesion Policy impact

-  **Growth:** Cohesion instruments increase public and private investment in beneficiary regions
-  **Convergence:** Funds contribute to increasing GDP in regions lagging behind
-  **Employment:** Creation of jobs and maximising potential of human resources
-  Increase physical and human **capital**
-  Better regional and local **governance**
-  **Financial stability** over 7 years



## Cohesion Policy between 2000 and 2006

### Objective

strengthen economic and social cohesion and reduce regional disparities

### Instruments

three Objectives and four Community Initiatives; 49.5% of the population in EU25 live in areas covered by

Objective 1

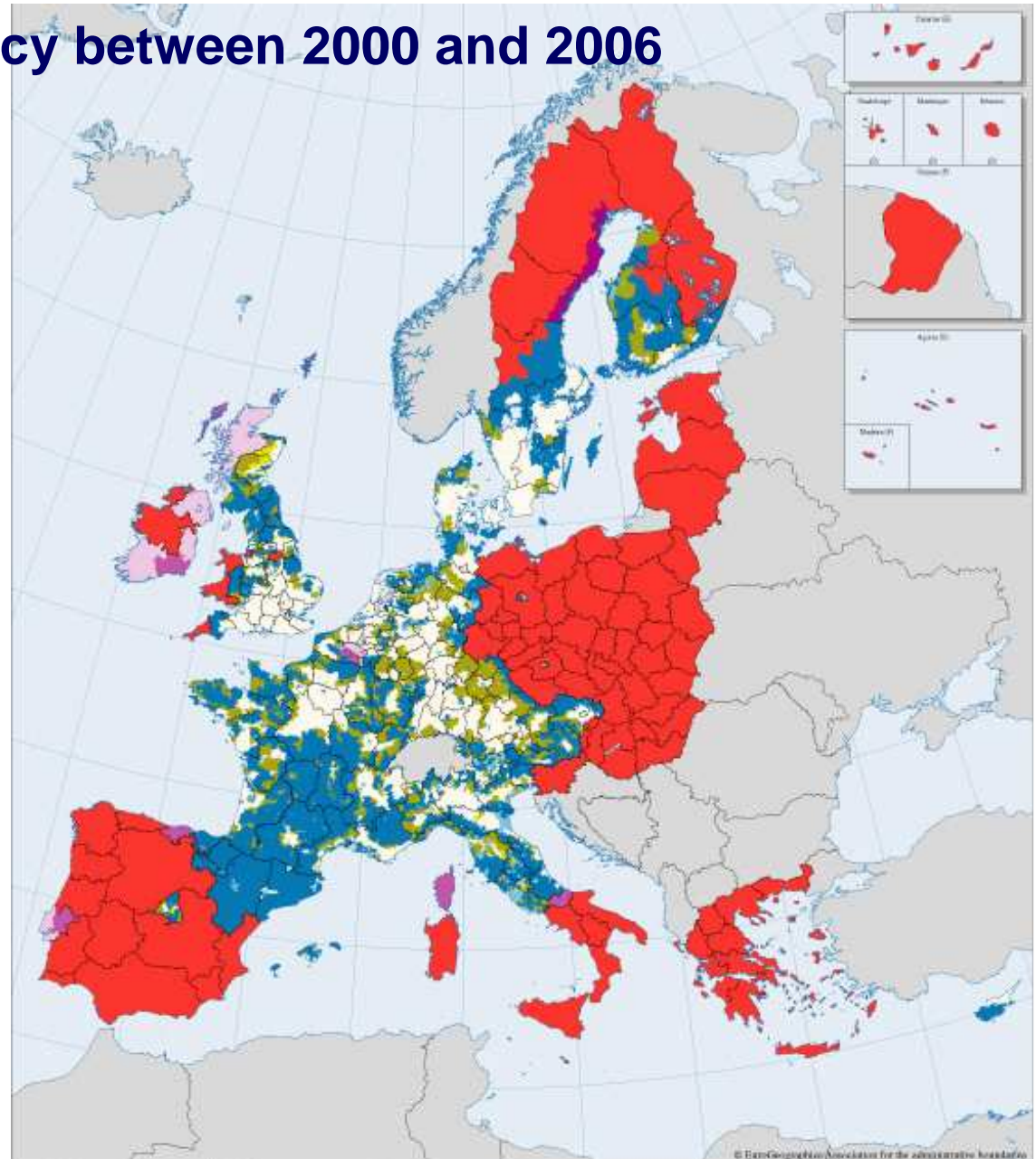


or Objective 2



### Financial resources

about Euro 233 bn  
representing one third of  
the EU's total budget or 0.45%  
of the EU's GDP





**Cohesion Policy  
2007-2013**

**3 Objectives**

**Budget: € 336.1 bn  
(0.41% of EU-GDP)**

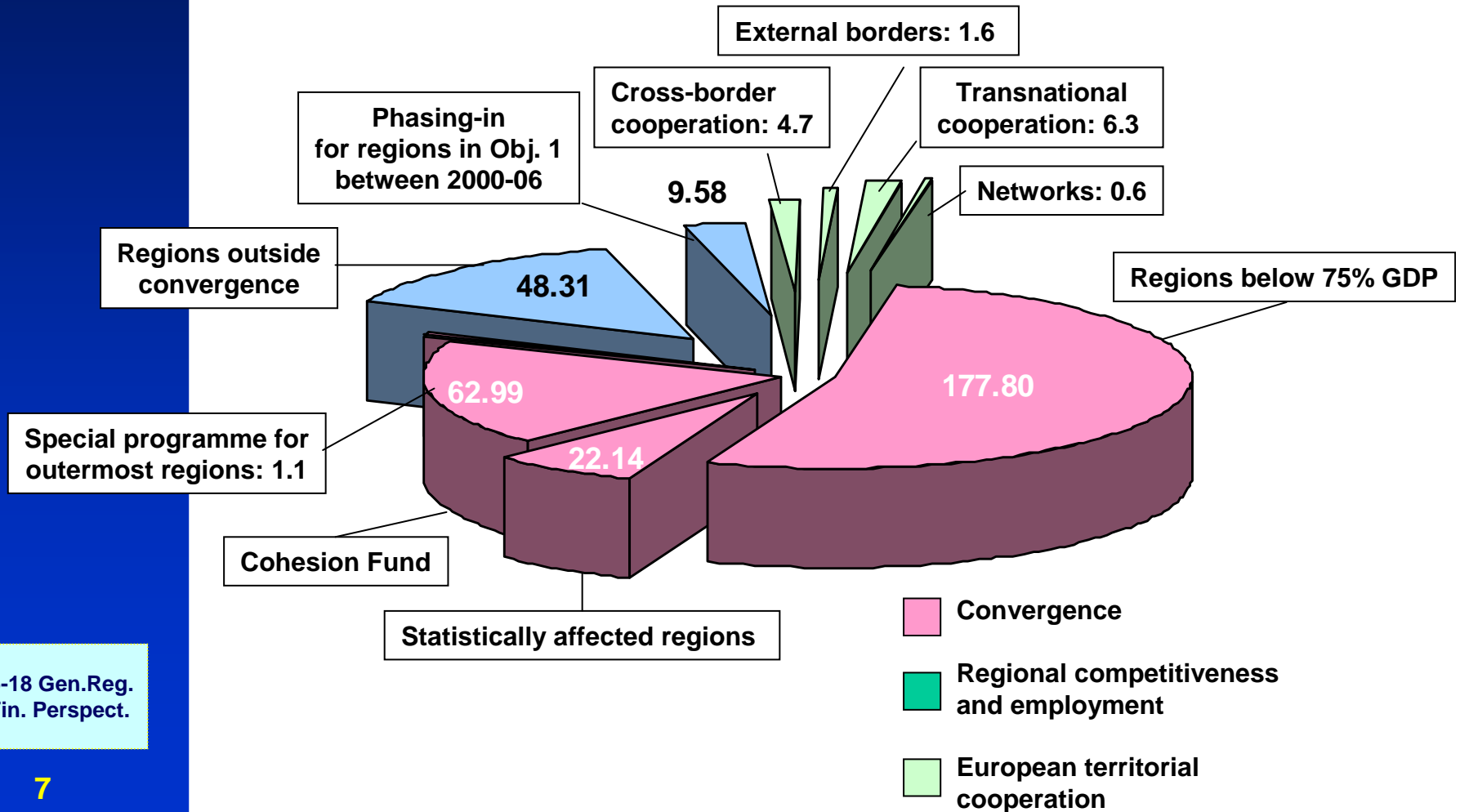
Art. 3-7 and  
15-18 Gen.Reg. and  
Fin. Perspect.

Programmes and Instruments	Eligibility	Priorities	Allocations
<b>Convergence objective</b> <i>including a special programme for outermost regions</i>			<b>78.5%</b> <b>(EUR 264 bn.)</b>
Regional and national programmes ERDF ESF	Regions with a GDP/head <75% of average EU25	<ul style="list-style-type: none"> <li>•innovation;</li> <li>•environment/ risk prevention;</li> <li>•accessibility;</li> <li>•infrastructure;</li> <li>•human resources;</li> <li>•administrative capacity</li> </ul>	<b>67.34%</b> <b>= 177.8 Mrd. EUR</b>
	Statistical effect: Regions with a GDP/head <75% of EU15 and >75% in EU25		<b>8.38%</b> <b>= 22.14 Mrd. EUR</b>
Cohesion Fund	Member States GNI/head <90% EU25 average	<ul style="list-style-type: none"> <li>•transport (TENs);</li> <li>•sustainable transport;</li> <li>•environment;</li> <li>•renewable energy</li> </ul>	<b>23.86%</b> <b>= 62.99 Mrd. EUR</b>
<b>Regional competitiveness and employment objective</b>			<b>17.2%</b> <b>(EUR 57.9 bn.)</b>
Regional programmes (ERDF) and national programmes (ESF)	Member States suggest a list of regions (NUTS I or II)	<ul style="list-style-type: none"> <li>•Innovation</li> <li>•environment/risk prevention</li> <li>•accessibility</li> <li>•European employment strategy</li> </ul>	<b>83.44%</b> <b>= 48.31 Mrd. EUR</b>
	"Phasing-in" Regions covered by objective 1 between 2000-06 and not covered by the convergence objective		<b>16.56%</b> <b>= 9.58 Mrd. EUR</b>
<b>European territorial co-operation objective</b>			<b>3.94%</b> <b>(EUR 13.2 bn.)</b>
Cross-border and transnational programmes and networking (ERDF)	Border regions and greater regions of transnational co-operation	<ul style="list-style-type: none"> <li>•innovation;</li> <li>•environment/ risk prevention;</li> <li>•accessibility</li> <li>•culture, education</li> </ul>	35.61% cross-border 12.12% ENI 47.73% transnat. 4.54% f. networks



# Cohesion Policy 2007-2013

Split by objectives in billion Euro (total: EUR 336.1 billion)



Art. 15-18 Gen.Reg.  
and Fin. Perspect.



## The reform's guiding principles

- Concentration:** a more strategic approach reinforcing the Union's priorities; geographic - about 80% of funding to less developed regions, thematic - focus on Lisbon and Gothenburg agendas
- Simplification:** number of regulations reduced; less objectives - less funds; programming; no zoning any more, mono-fund programmes; a more flexible financial management; proportionality regarding control, evaluation and monitoring; eligibility of expenses
- Decentralisation:** stronger role for the regions and local players



## Concentration: a more strategic approach





- Adoption of overall **strategic document for cohesion policy** by the Council with an opinion of the European Parliament before the new programming period:  
Defining clear priorities for Member States and regions
- Clear link between cohesion policy and **Lisbon & Gothenburg strategies**, increase consistency with Broad Economic Policy Guidelines and the European Employment Strategy
- **Annual report** by the Commission to EU institutions to assess Member States' progress and examination by the Council



# Geographical concentration

Regions below or close to 75% threshold

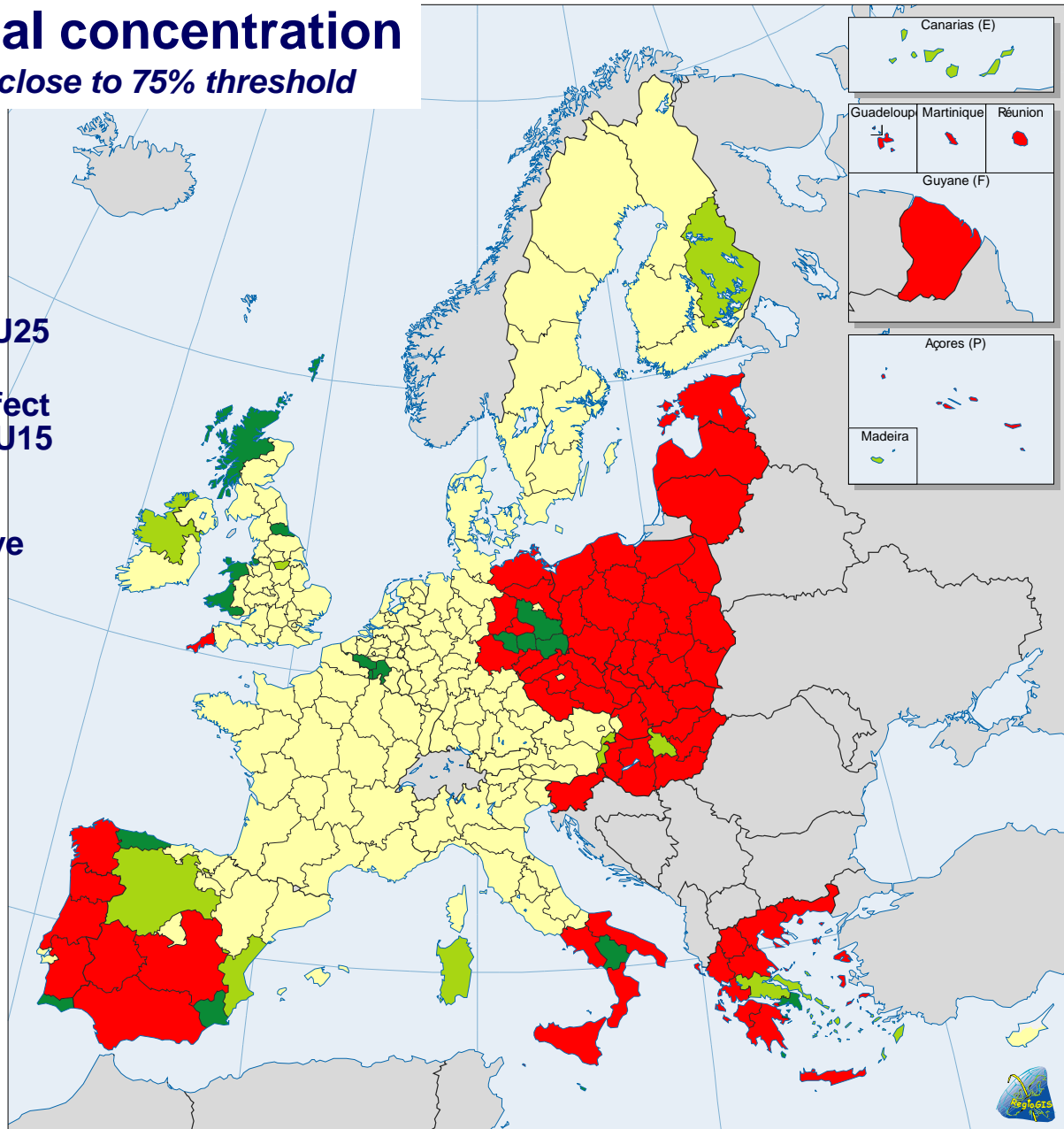
GDP/head average  
1999-2000-2001

-  below 75% in EU25
-  statistical effect  
below 75% in EU15  
above in EU25
-  "naturally" above  
75% because of  
growth
-  other regions

Index EU 25  
= 100

Art. 5+6 Gen.Reg.

Source: Eurostat





## Financial resources: more concentration on less developed regions

**Convergence objective:** 78.5% (EUR 264 bn.) of the total allocation for Member States and regions at NUTS level II, allocation by eligible population, regional and national prosperity and unemployment

**Regional competitiveness and employment:** 17.2% (EUR 57.9 bn.) of the total allocation for regions at NUTS level I or II, allocation by eligible population, regional prosperity, unemployment, employment rate, education level of those employed, and population density

**European territorial co-operation:** 3.94% (EUR 13.2 bn.) of the total allocation for Member States, using eligible population



## Simplification

- **General:** 3 instead of 7 objectives, 3 instead of 5 funds, mono-fund programmes, no zoning outside “Convergence” objective
- **Programming:** 2 steps instead of 3
- **Additionality** only to be verified for convergence objective
- **Financial management** at priority axis level, allows greater flexibility for programme adaptations
- **Eligibility** of expenses defined according to national rules (with a few exceptions)
- **Control system:** proportional if Community cofinancing below 33% and EUR 250 million of total costs



## Decentralisation

- **A stronger role for the regions:** shared management between the European, national, regional, urban and local level
- **all regions** to benefit from Cohesion policy
- **Urban issues:** subdelegation to urban authorities possible



## Maintaining key policy principles (1)



### **Complementarity, consistency and compliance:**

intervention are complementing national, regional, local and Union's priorities, are coherent with strategic framework and conform with the Treaty



**multi-annual programming** ensures continuity



**Partnership:** concerns the strategic and operational aspects of the policy and implies the involvement of regional, urban, local and other authorities, economic and social partners and civil society, environmental and equal opportunities organisations



## Maintenance of key policy principles (2)

- Subsidiarity and proportionality:** interventions respect the institutional system of the Member State and management is proportional to Community contribution in the areas of control, evaluation and monitoring
- Shared management:** Member States and Commission share responsibility for budget control
- Additionality:** Structural Funds may not substitute national public expenditure (applies to "Convergence")
- Equal opportunities for men and women:** applies to all steps in funds management



## Financial resources: reward of quality and more flexibility

- Quality and performance reserve:** 3% of the allocations for the “Convergence” and “Regional competitiveness and employment” objective; Council to decide in 2011 the attribution by quality criteria
- National reserve for unexpected:** 1% of the “Convergence” and 3% “Regional competitiveness and employment” objective to be allocated for unexpected economic and social restructuring



## Strategic guidelines, programming and follow-up

1

### Community's strategic guidelines on cohesion

*proposed by the Commission,  
adpoted by the Council, assent by the  
European Parliament*

2

### National strategic reference framework

*proposed by the Member State in applying the  
partnership principle; reflects on the Union's orientations,  
lays down a national strategy and its programming;  
finally decided by the Commission*

3

### Operational Programmes

*one programme by fund and Member State  
or region, description of priorities, management and  
financial sources; proposed by Member State or region;  
finally decided by the Commission*

4

### Programme management and project selection

*by Member States and regions; "shared management"  
principle = concertation with the Commission*

5

### Strategic follow-up and annual debate

*by the European Council in Spring, based on annual  
report of the Commission and Member States*



## Shared management and control



**General:** Member States have to set up effective systems for management, certification and control of expenditure



**Operational Programmes:** managing authority to implement the programme, certifying authority to certify expenditure, and control authority to carry out audits in accordance with international standards



**Commission:** responsibility remains for the implementation of the general budget implying own audits



**Proportionality:** If Community level of cofinancing below 33% or EUR 250 million, some provisions do not apply



## Modulation of Community contribution rates

- **Participation rates vary** with respect to economic, social and territorial problems and are calculated as share of to **public expenses**:
  - **85%** for the Cohesion Fund; outermost regions and outlying Greek islands
  - **75%** for the “Convergence” programmes  
*(exemption: 80% for member states with Cohesion Fund)*
  - **50%** for the “Regional competitiveness and employment” programmes
  - **75%** for the “European territorial co-operation” programmes
  
- **+10%** for “inter-regional co-operation”  
■ **+5%** (60% maximum) for "regional competitiveness and employment" programmes for areas with natural handicaps (islands, mountains, densely populated areas and regions with external borders before 30 April 2004)



## Convergence and regional competitiveness (1)




*The European Regional Development Fund (ERDF) finances in the framework of the*

-  **“Convergence”** objective:  
research and technological development, innovation and entrepreneurship; information society; environment; risk prevention; tourism; transport networks/TEN; energy networks and renewable energies; education and health investments; direct aids to SMEs
  
-  **“Regional competitiveness and employment”** objective:  
Innovation and the knowledge economy (RTD, technology transfer, innovation in SMEs)  
Environment and risk prevention (NATURA 2000 rehabilitation of contaminated land; promotion of energy efficiency and renewable energies)  
Access - outside urban areas - to transport and telecommunication services of general economic interest



## European territorial co-operation

*The European Regional Development Fund (ERDF) finances in the framework of*

-  **cross-border economic and social activities**  
entrepreneurship and the development of SMEs, tourism, and culture; protection of the environment; better access to transport, information and communication networks and services, and water and energy systems; social and cultural infrastructures in particular in the health and education sectors;
-  **transnational cooperation**, integrated territorial development: water and coastal management, accessibility, advanced communications and information technologies; maritime safety; risk prevention; R&TD and technological development networks etc.;
-  **networking and exchange of experience** among regional and local authorities: co-operation network programmes, studies, data collection, and the observation and analysis of development tendencies in the Union (studies, data collection, and analysis of Community development trends).



## Focus on employment

*The European Social Fund (ESF) finances in the framework of the*

“**Convergence**” and “**Regional competitiveness and employment**” objective:

Increasing adaptability of workers and enterprises;  
enhancing access to employment and participation in the labour market;  
reinforcing social inclusion of people at a disadvantage and combating discrimination;  
mobilising for reforms in the fields of employment and inclusion (pacts, partnerships).

“**Regional competitiveness and employment**” objective:

expanding and improving investment in human capital (education, training, post-graduate studies);  
strengthening institutional capacity and the efficiency of public administrations and other organisations (studies, training for structural fund actors).



## Focus on transport and environmental infrastructure: *Cohesion Fund*

- Multi-annual programming:** the Cohesion Fund will now be programmed together with the ERDF in Operational Programmes for transport and environment infrastructure
- Projects to be co-funded:** Transeuropean transport networks, Priority projects in the field of environment and sustainable development favorising rail, maritime, multi-modal and sustainable urban transport connections and energy efficiency and renewables
- Conditional assistance:** support depends on the Member State's public deficit management



## European grouping for cross-border cooperation (EGCC)

- Background:** difficulties in managing cross-border, transnational and interregional programmes and projects because of different legal and national laws and procedures
- approach:** an institution with a legal personality based on a voluntary 'convention' between Member States and/or regions carrying out cross-border, transnational and interregional programmes and projects based on Art. 159 para. 3 TEC
- no financial responsibility** for Community funds can be delegated to the EGCC



## Next steps

-  **End 2005:** Decision by Council and European Parliament
  
-  **beginning of 2006:** Council adopts Community' strategic guidelines on cohesion
  
-  **2006:** Preparation of programmes for period 2007-2013
  
-  **1 Jan 2007:** Implementation begins