



# **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)**



## 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

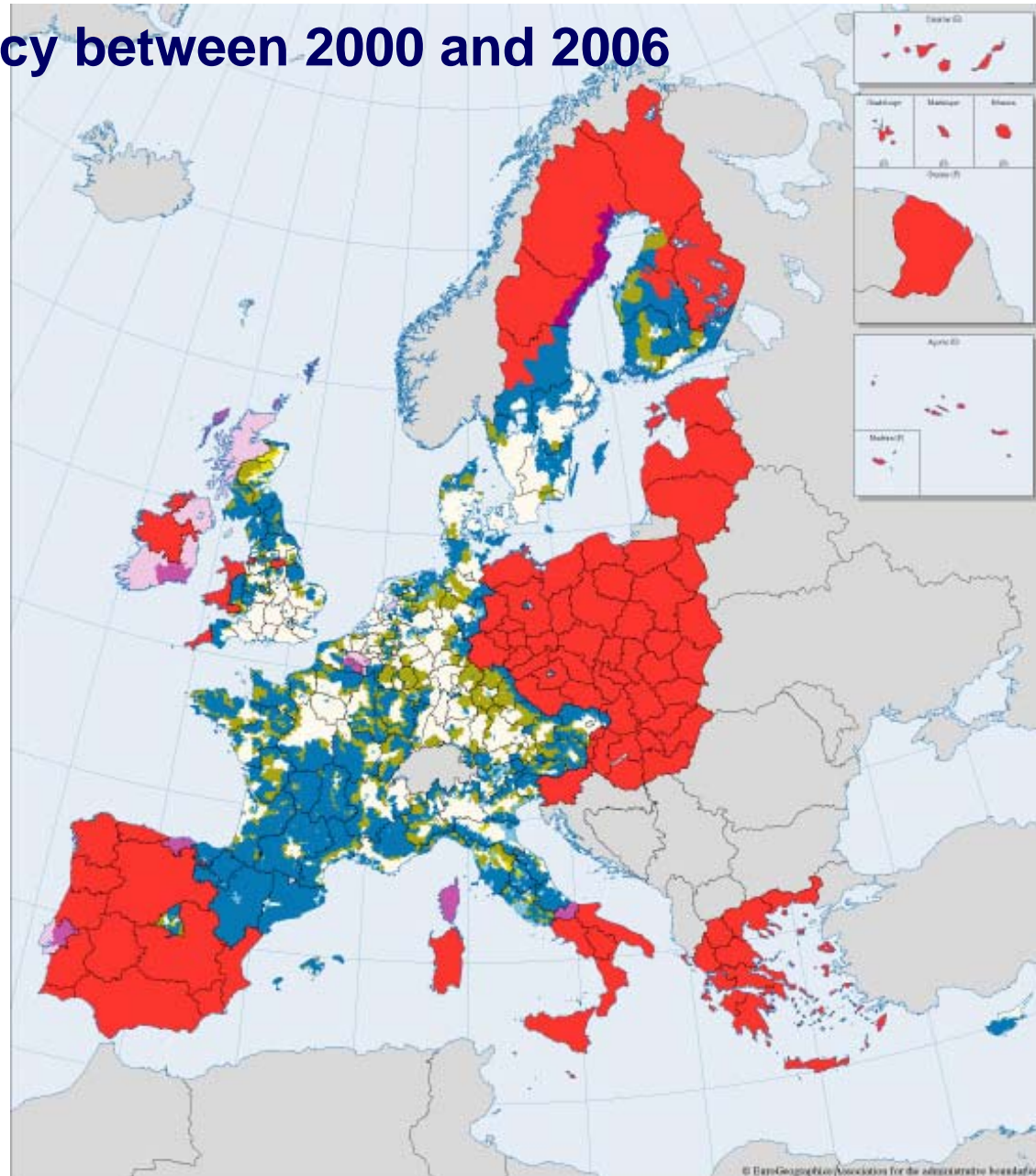


or Objective 2



### Financial resources

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





### Geographical concentration

Regions below or close to 75% threshold

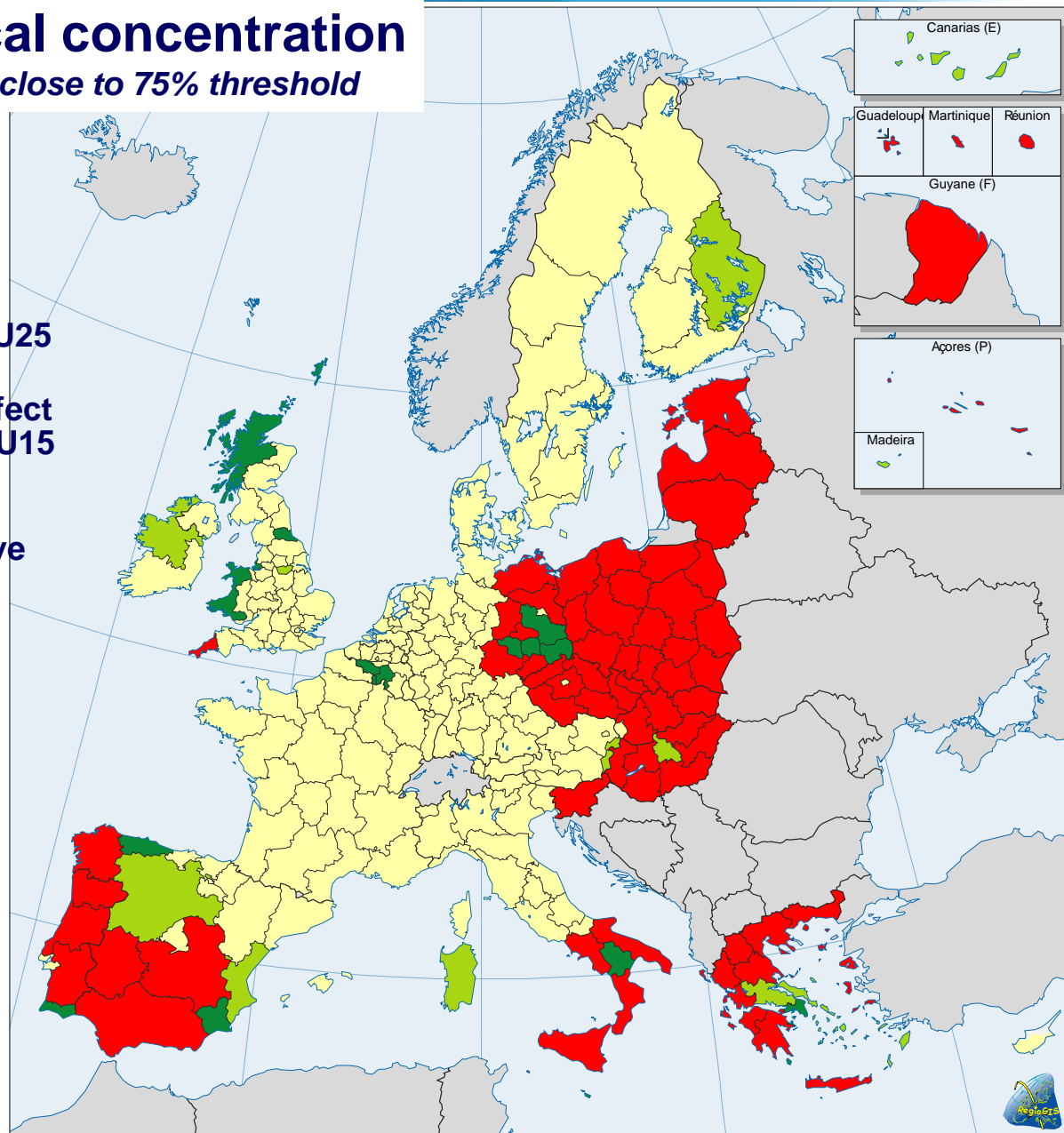
GDP/head average  
1999-2000-2001

- 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







### Cohesion Policy 2007-2013

### 3 Objectives

Budget: €336.1 bn  
(0.41% of EU-GDP)

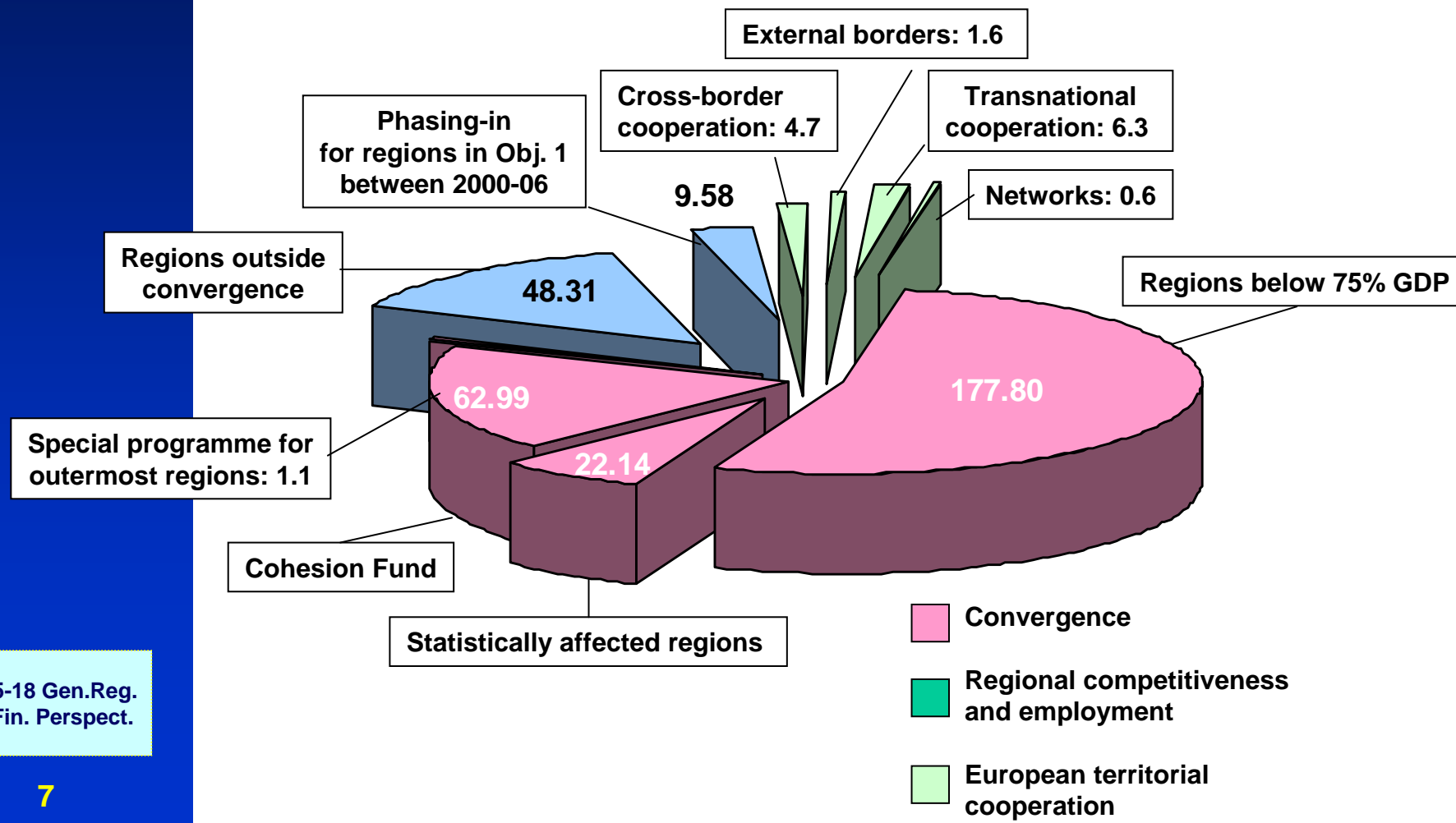
Art. 3-7 and  
15-18 Gen.Reg. and  
Fin. Perspect.

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



## 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 objectives

**Programming:** 2 steps instead of 3




**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 to urban authorities possible



## **Maintaining key policy principles (1)**

**Complementarity, consistency and compliance**

**Multi-annual programming**

**Partnership**



## **Maintenance of key policy principles (2)**

**Subsidiarity and proportionality**

**Shared management**

**Additionality**

**Equal opportunities for men and women**





## 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*



## 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)



## 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