



# EU Cohesion Policy 2014-2020

## Proposals from the European Commission

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# Cohesion Policy is one of the keys that can unlock our economic transformation

J Hahn, 24 February 2012

# Why Change?

- **New Context**
  - Crisis
  - post-enlargement
- **New Demands**
  - Europe 2020 delivery
  - Concentration where funds can bring most benefits
  - Investment for growth
- **New Ideas**
  - Focus on results
  - Pre-conditions for success
  - Simplification

# Legislative package

## - The General Regulation

- Common provisions for cohesion policy, the rural development policy and the maritime and fisheries policy
- Common provisions for cohesion policy only (ERDF, CF, ESF)

## - Fund specific regulations

- ERDF regulation
- CF regulation
- ESF regulation
- ETC regulation

## - EGTC regulation

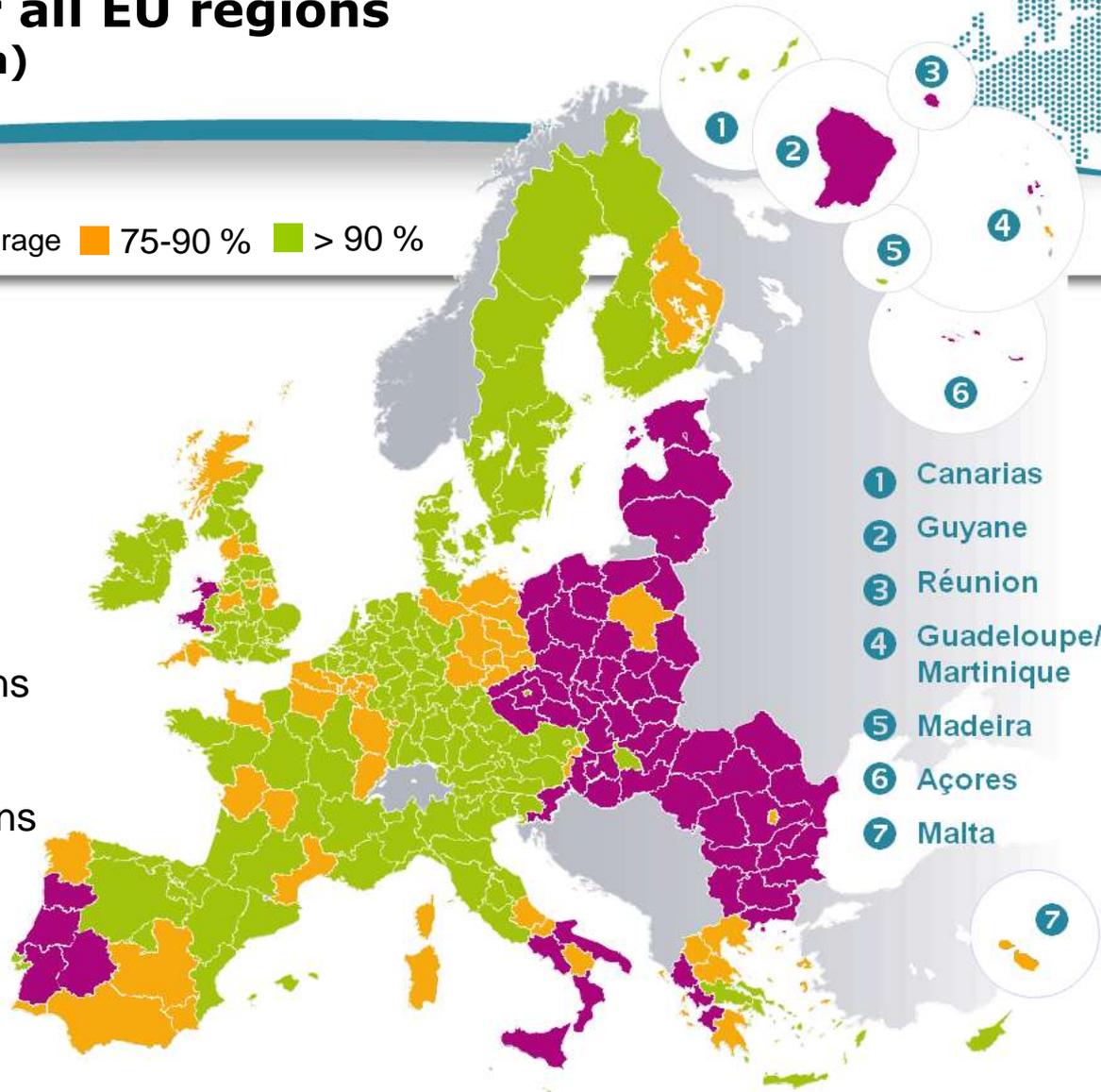
# A fair system for all EU regions (eligibility simulation)

GDP/capita\* ■ < 75 % of EU average ■ 75-90 % ■ > 90 %

\*index EU27=100

## 3 categories of regions

- Less developed regions
- Transition regions
- More developed regions



Regional GDP figures: 2006-07-08  
© EuroGeographics Association for the administrative boundaries

# Geographical coverage of support

- **Three categories of regions**
  - Less developed regions (GDP per capita < 75% of EU average)
  - Transition regions (GDP per capita between 75% and 90%)
  - More developed regions (GDP per capita > 90%)
- The new category of transition regions replaces the current statistical phasing-out and phasing-in regions

According to current data, the Republic of Cyprus will be classed as a more developed region in the next period

# Geographical coverage of support

- Why a new category for transition regions?
  - Fairer system for regions with similar level of economic development
  - Helps to soften the transition between less and more developed regions
- Safety net for regions whose GDP per capita is below 75% of the EU average in 2007-2013

# Financial support from the Funds

Maximum co-financing rates :

- 85 % for the Cohesion Fund
- 75%-85 % for less developed regions depending on the relative wealth of the Member State
- 60%-75% for transition regions
- 50% for more developed regions
- 75% for European Territorial Cooperation

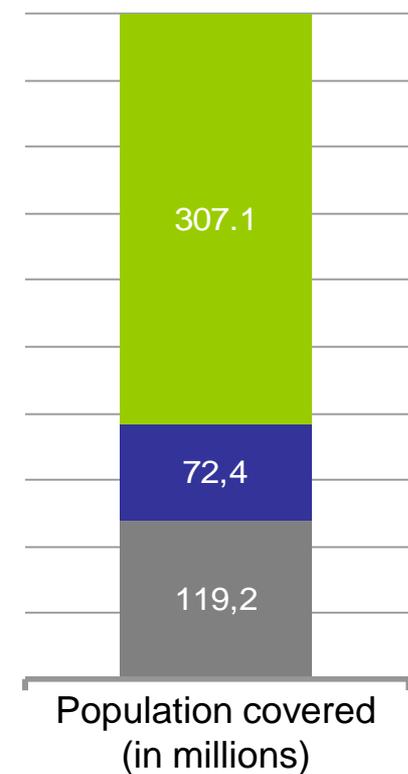
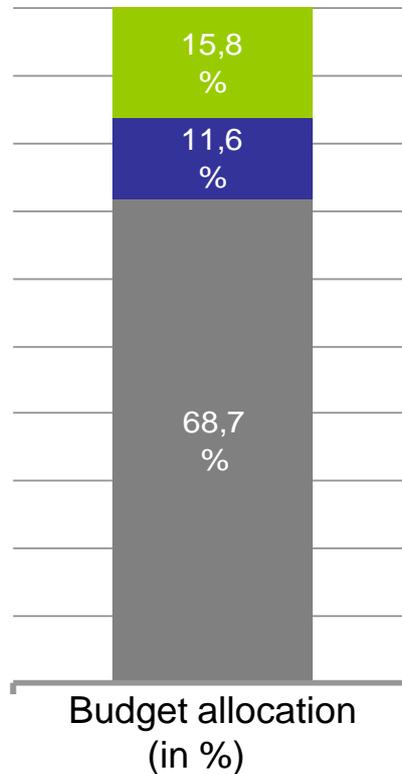
## How will funding be allocated?

■ Less developed regions/MS

<i>Cohesion Fund<sup>1</sup></i>	68.7
<i>Less developed regions</i>	162.6
<i>Transition regions</i>	38.9
<i>More developed regions</i>	53.1
<i>European Territorial Cooperation</i>	11.7
<i>Outermost regions and sparsely populated areas</i>	0.9
<b>Total</b>	<b>336.0</b>

■ Transition regions

■ More developed regions



<sup>1</sup> €10 billion from the Cohesion Fund will be allocated to the Connecting Europe Facility

# Thematic Objectives to Deliver Europe 2020

- 11 Thematic Objectives covering the Europe 2020 priorities

**Smart Growth**

**Sustainable Growth**

**Inclusive Growth**

- Concentration on these priorities is essential

# Thematic Objectives to Deliver Europe 2020

## Smart Growth

Strengthening research, technological development and innovation

Enhancing access to, and use and quality of, information and communication technologies

Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)



# Thematic Objectives to Deliver Europe 2020

## Sustainable Growth

Supporting the shift towards a low-carbon economy in all sectors

Promoting climate change adaptation, risk prevention and management

Protecting the environment and promoting resource efficiency

Promoting sustainable transport and removing bottlenecks in key network infrastructures



# Thematic Objectives to Deliver Europe 2020

## **Inclusive Growth**

Promoting employment and supporting labour mobility

Promoting social inclusion and combating poverty

Investing in education, skills and lifelong learning

Enhancing institutional capacity and an efficient public  
administration

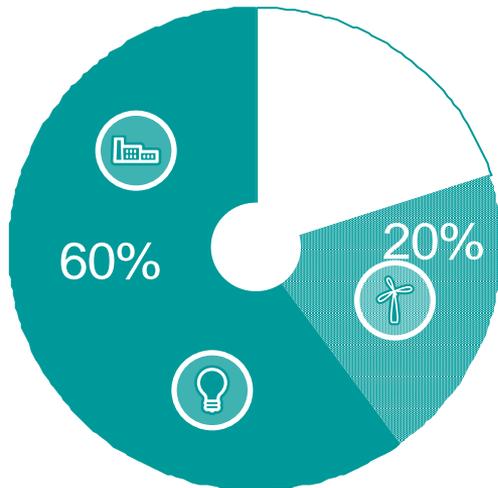
# Concentrating resources to maximise impact

## Concentration of ERDF investments

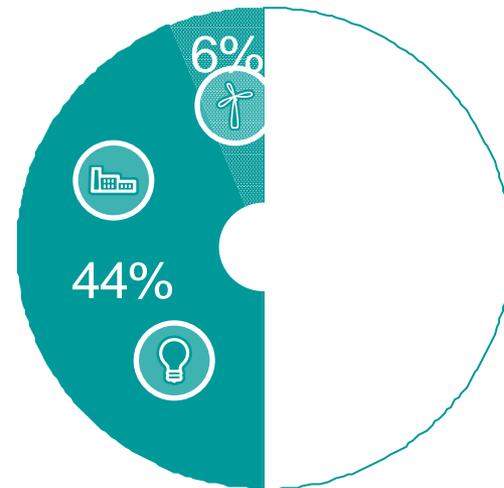
 Energy efficiency & renewable energy

 Research & innovation

 Competitiveness of SMEs



More developed & transitional regions



Less developed regions

Flexibility – different regions have different needs  
Special arrangements for ex-convergence regions

# The Common Strategic Framework Aim and Rationale

- Sets a comprehensive investment strategy for cohesion policy at EU level
- Translates the targets and objectives of Europe 2020 into key actions for Member States and regions
- Ensures better coherence and consistency with the National Reform Programmes
- Covers cohesion, rural development and maritime and fisheries policies and coordination with other EU instruments

# The Partnership Contract

- **Results from negotiation between the Commission and Member State on:**
  - Thematic objectives to address the priorities/targets established in Europe 2020
  - Specific objectives and corresponding indicators that translate Europe 2020 priorities in a national and/or regional context
  - An integrated approach for territorial development supported by the Cohesion Policy Funds, the EAFRD and the EMFF
  - Arrangements for effective implementation: ex-ante conditionalities, partnerships, performance framework
  - Arrangements for efficient implementation: administrative capacity, administrative burden reduction

# Thematic Concentration for Less Developed Regions

## Menu of thematic objectives for cohesion policy in line with the Europe 2020 strategy

- At least 50% of ERDF resources to be allocated to:
  - Energy efficiency and renewables (at least 6% of total)
  - Innovation
  - SME support
- Focus and flexibility – focus on Europe 2020 while flexibility to reflect broader development needs
- At least 25% of the Structural Funds resources for the ESF
- 60% of the ESF allocation to each OP to be concentrated on up to 4 investment priorities

# Thematic Concentration for Transition and More Developed Regions

- **At least 80% of ERDF resources at national level to be allocated to:**
- **Energy efficiency and renewables** (at least 20% of total)
  - Innovation
  - SME support
- **Minimum ESF shares** established for each category of regions:
  - 40% for transition regions
  - 52% for more developed regions
- **70%** (for transition regions) and **80%** (for more developed regions) of the ESF allocation to each OP to be concentrated on up to 4 investment priorities

# Performance Framework Incentives and Pre-conditions

- **Introduction of ex-ante conditionality**
  - Key to ensuring that all conditions for effective investment are in place
  - Directly related to the thematic objectives
  - Specified criteria for fulfilment
- **Performance framework in the Partnership Contract – Ex-post conditionality**
  - Sets out milestones/indicators for performance of programmes
  - Focuses on the achievement of Europe 2020 objectives
  - A performance reserve of 5% will be foreseen and allocated depending on progress on the milestones
  - Where performance is unsatisfactory, the Commission may decide to issue a warning, propose reprogramming resources, or suspend funds
- **Reinforced macro conditionality for the Funds**
  - Progressive linkages between compliance with Sixth Economic Governance Package and cohesion policy framework (this is to be confirmed)

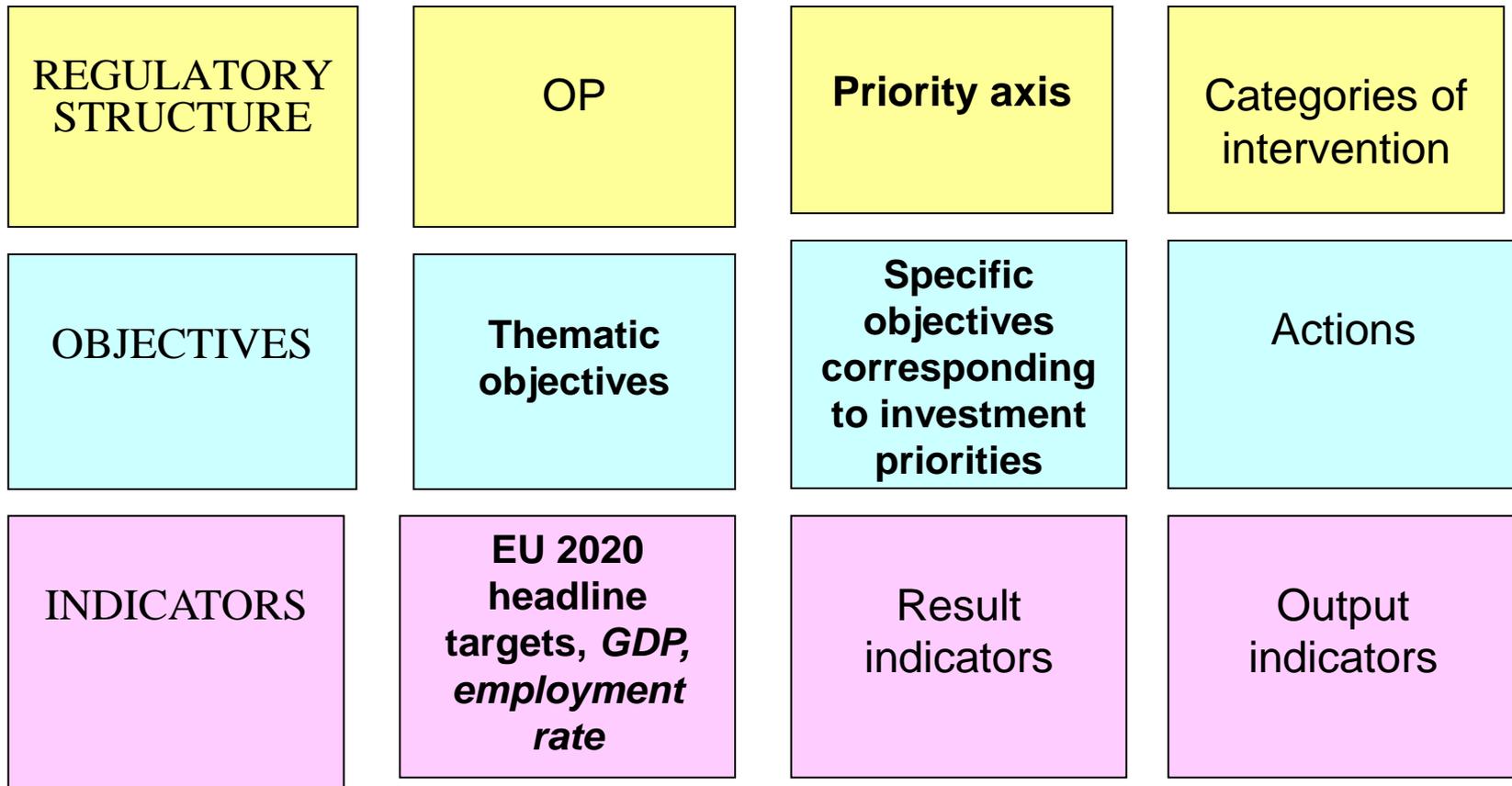
# Supporting Integrated Programming

- **Integrated programme approach**
  - Possibility for Member States to prepare and implement multifund programmes combining ERDF, ESF and the Cohesion Fund
- **Integrated approach to community-led local development**
  - Facilitates integrated investment by small communities including local authorities, NGOS, social partners
  - Integrated local development strategies
  - Local action groups to design and implement these strategies
  - Payment may be by results rather than expenditure
- **Integrated territorial investments**
  - Investments under 1 or more Operational Programmes can take the form of integrated territorial investments
  - Requires urban development strategy or other territorial strategies or pacts

## Structure of priority axes

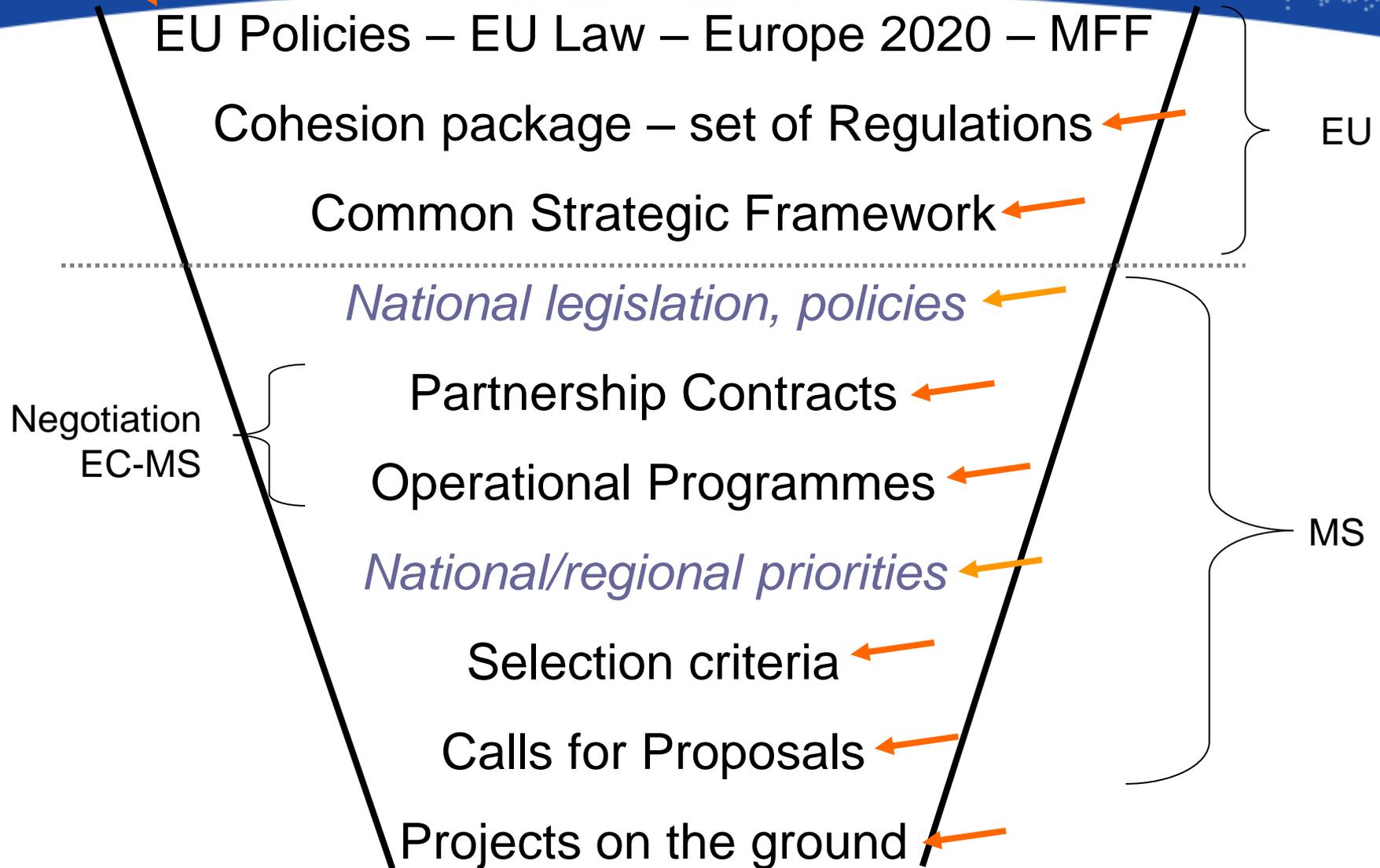
- Each priority axis must correspond to only one thematic objective defined in Article 9 of CPR
  - As a general rule not possible to combine investment priorities under different thematic objectives into a single axis (exception for ESF)
- A priority axis must correspond to one or more investment priorities, defined in the Fund-specific regulations, falling under the same thematic objective. So several priority axes can contribute to one thematic objective
- Priority axes are mono – fund, even where operational programmes are multi-fund
- The design of priority axes should be proportionate to the amount of funding available

# Programming logic





# Shared Management



# Streamlining the Delivery System

- Review of the rules on revenue generation- Introduction of a flat rate approach
- Harmonisation of rules on eligibility and durability across different EU financial instruments
- Clear rules for simplified costs and flat rates
- Clearer rules for use of financial instruments

# Decommitment

- **N+2 rule throughout the whole programming period**
- **Exception for the first year**
  - no automatic decommitment exercise for the first year commitment
  - first year commitment spread over the following years (1/6)
- **Exceptions for *force majeure* or legal proceedings and administrative appeals**
- **No exceptions for major project and state aids**

# Annual clearance of accounts

- **Accounting year = 1 July – 30 June**
- **Submission of accounts and declarations (Managing Authority and Audit body) by 1 February n+1:**
- **Content of certified annual accounts:**
  - Total eligible expenditure entered in CA accounts – paid by beneficiaries
  - Corresponding public support paid
  - Amounts withdrawn or recovered
  - ERDF/CF operations completed
  - Possible provision of maximum 5% for open audit issues
- **Commission decision on clearance by 30 April N+1:**
  - Amount chargeable to the Fund (subject to subsequent financial corrections)

# Closure

- **Rolling closure** of completed operations (ERDF, CF) or expenditure (ESF) within the process of annual clearance of accounts
- **Final closure** – submission of documents by 30 September 2023

# Key Features

## More focus

- On European Union priorities
- On needs of regions/countries/sectors

## More flexibility

- Integrated programming approaches
- Innovative financial instruments

## More effectiveness

- Pre-conditions for programmes
- Use of performance incentives
- Payment on results in specific cases



# **EU Cohesion Policy 2014-2020**

**“to promote balanced and harmonious development, in particular by reducing social and economic disparities between regions”**