



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

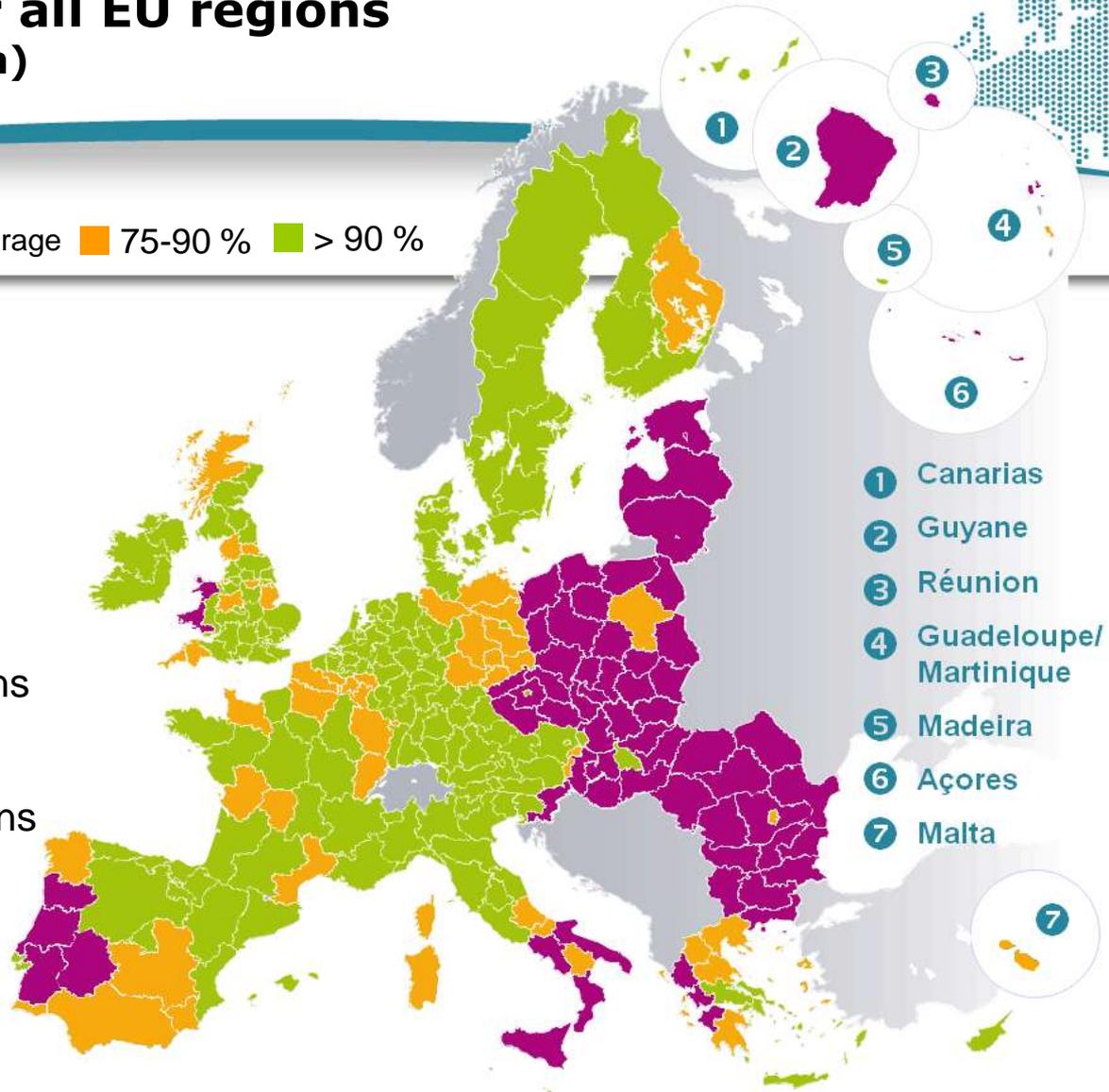
A fair system for all EU regions (eligibility simulation)

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

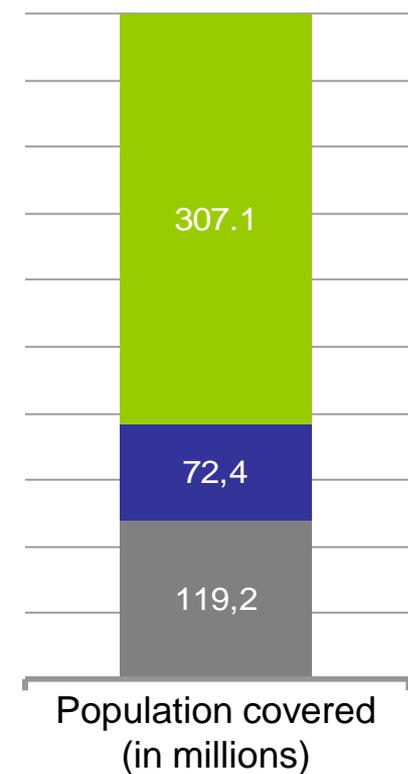
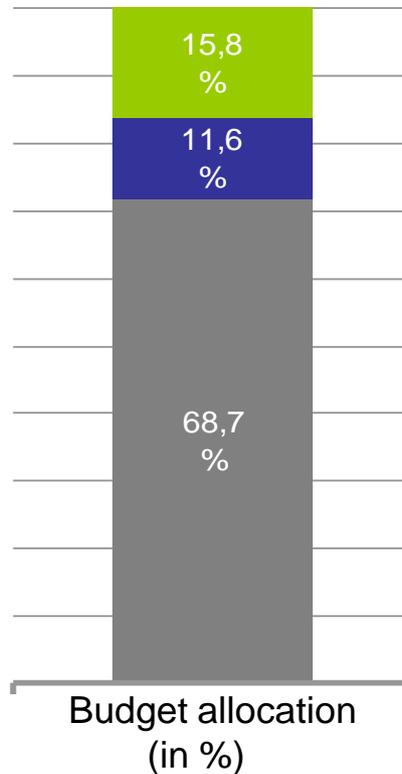
How will funding be allocated?

■ Less developed regions/MS

<i>Cohesion Fund¹</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
Total	336.0

■ Transition regions

■ More developed regions



¹ €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

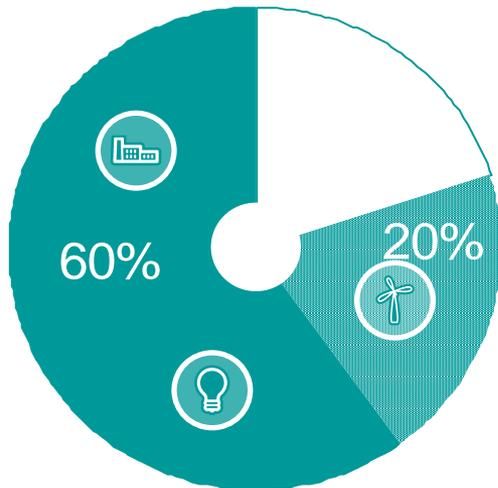
Concentrating resources to maximise impact

Concentration of ERDF investments

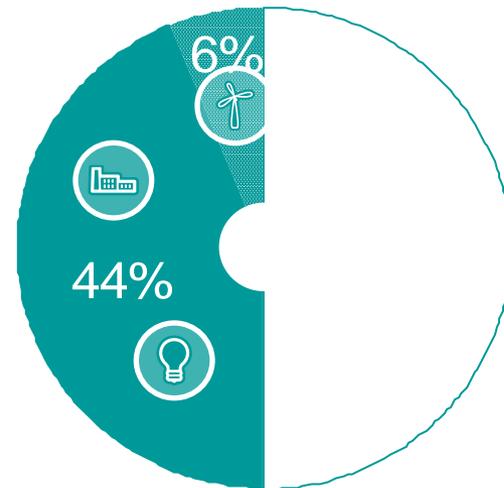
 Energy efficiency & renewable energy

 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)

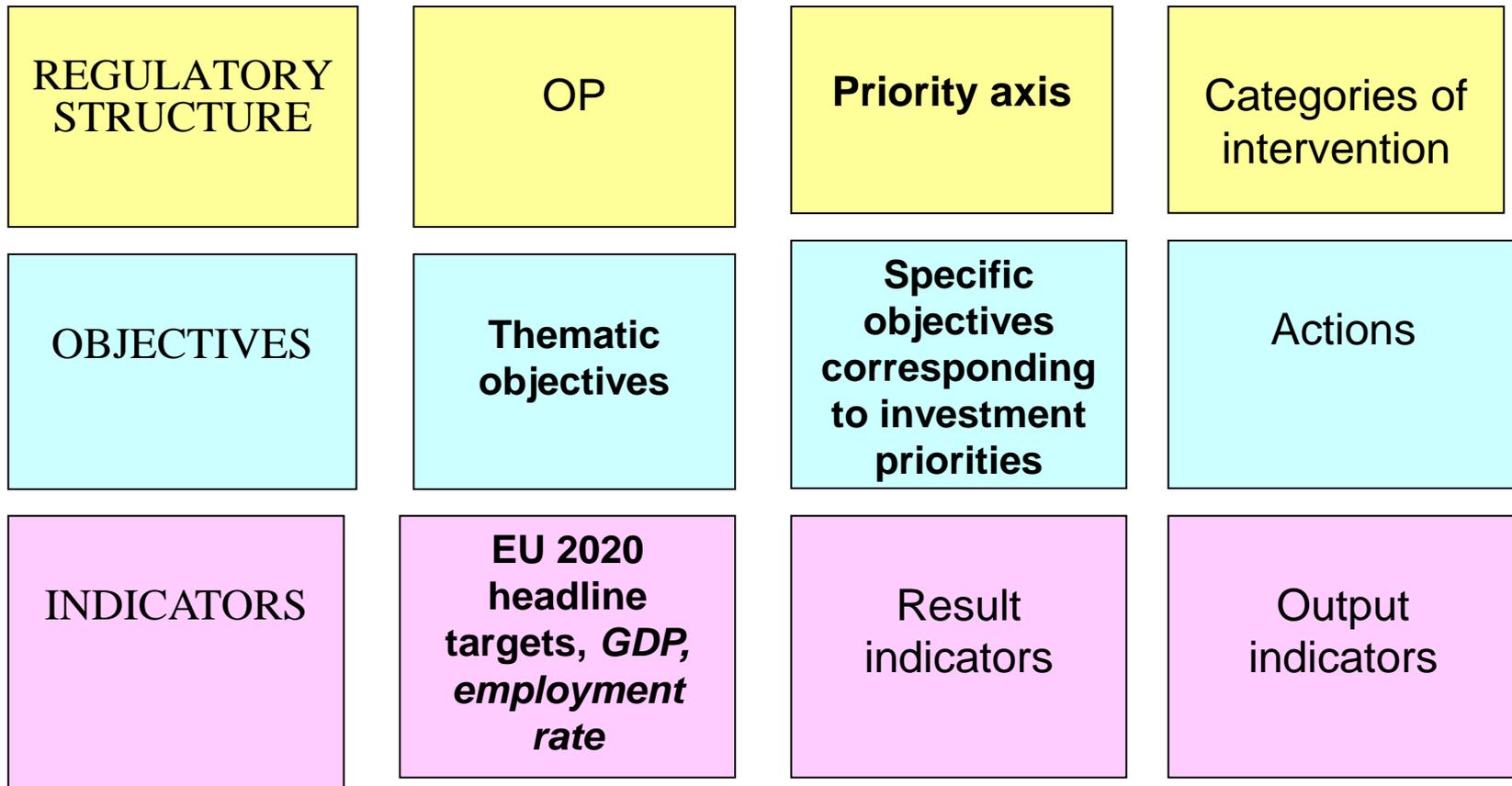
Supporting Integrated Programming

- **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

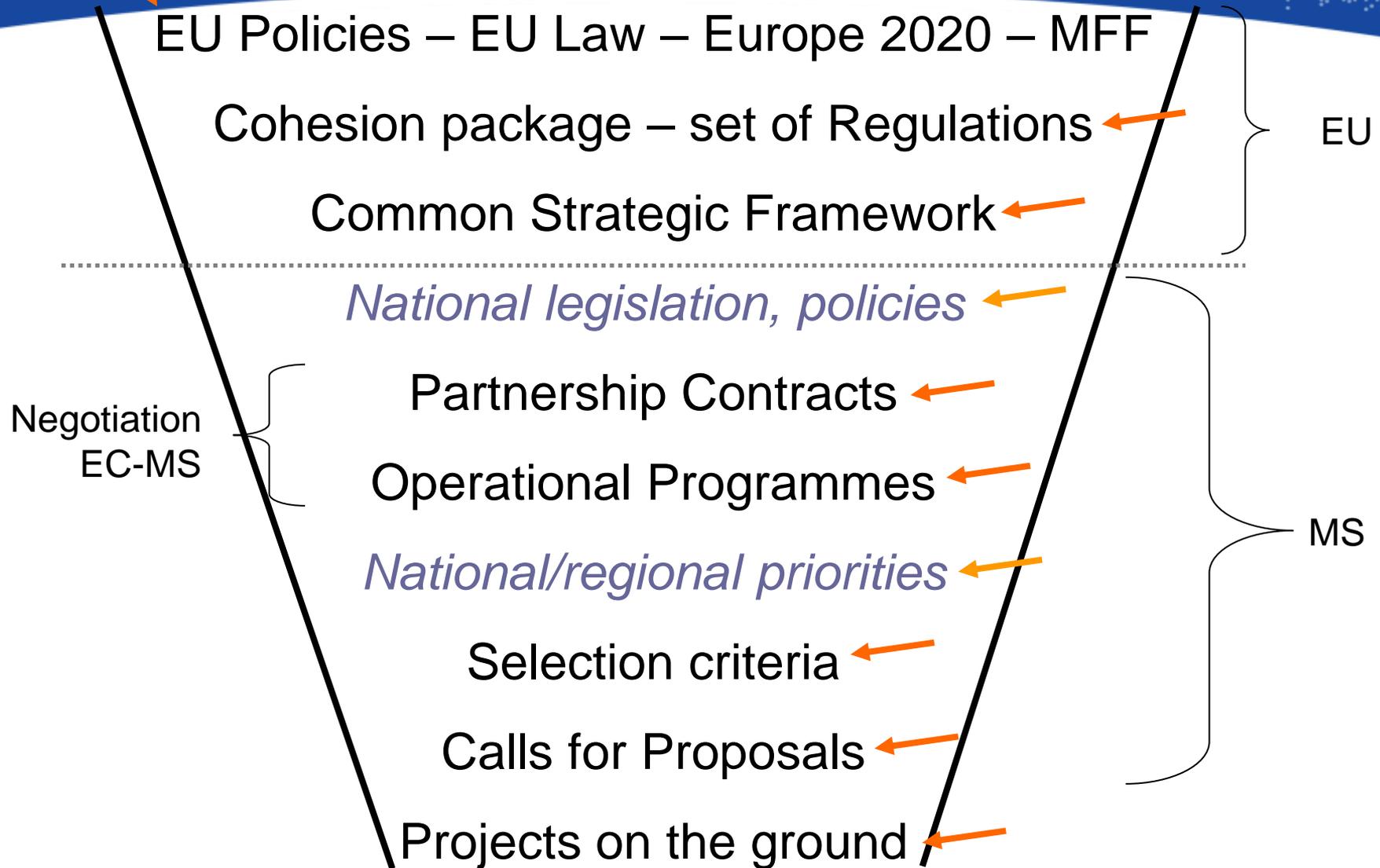
- Each priority axis must correspond to only one thematic objective defined in Article 9 of CPR
 - As a general rule not possible to combine investment priorities under different thematic objectives into a single axis (exception for ESF)
- A priority axis must correspond to one or more investment priorities, 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”