



Background factsheet to issue paper 3: **Addressing different development needs of European regions**

April 2023



Group of high-level specialists on the future of Cohesion Policy

The European Commission, the Directorate-General Regional and Urban Policy (lead) and the Directorate-General Employment, Social Affairs and Inclusion (associated) have set up a Reflection Group on the future of Cohesion Policy. The group includes high-level members from academia and practice and in 2023 will meet nine times to reflect on current and future needs and the functioning of Cohesion Policy.

The group will offer conclusions and recommendations that will feed the reflection process on Cohesion Policy post-2027 including through the 9th Cohesion Report in 2024 and the mid-term review of Cohesion Policy programmes in 2025.

Disclaimer

This paper is an independent input to the reflection paper. The opinions expressed in this paper are the sole responsibility of the authors and do not represent the official position of the European Commission.

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Background Factsheet:

Comparing the thematic intensity of EU investment by country 2021-2027

The EU's Cohesion Policy, with its objective of reducing economic, social and territorial disparities, supports the three basic pillars of sustainable development: (1) economic growth (efficiency) (2) social cohesion (equity) and (3) environmental sustainability. The policy targets investment through the menu of 5 main thematic policy objectives (POs) set out in EU legislation (further broken down into around 40 specific objectives).

In pursuing its high-level objectives, the Cohesion Policy framework has the following components:

- It is funded through different EU funds (ERDF, ESF+, CF, Just Transition Fund (JTF) with variable eligibility criteria and sectoral specificities, which influence investment choices;
- The biggest funds - ERDF and ESF+ - are targeted at categories of region (Less Developed, Transition, More Developed and Outermost Regions) with higher and lower investment intensities;
- EU thematic concentration rules provide minimum requirements for ERDF / ESF+ investment in certain policy objectives (themes) aligned with EU policy priorities;
- It addresses different "Goals" - "Investment in jobs and growth" (national and regional programmes) and "Cross-border cooperation" (Interreg programmes).

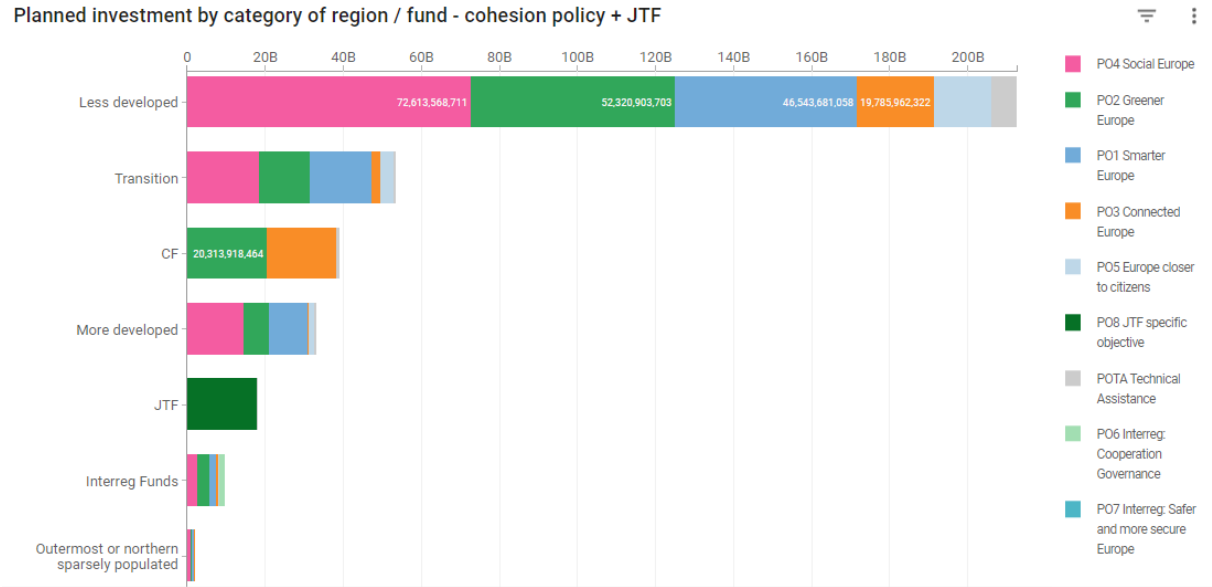
The EU Cohesion Policy legislation provides a framework but does not provide an investment straitjacket. The framework allows variations in the relative scale of funding priorities according to needs and national investment choices. The outcome of programming in shared management with the Member States and regions is that there are important variations by country in the relative importance of thematic funding priorities. For example, the availability of significant National investment programmes in More Developed regions (and the low level of absolute EU financing available) allows such MS to pick and choose where to mobilise EU resources.

1 High level overview by fund / category of region (Cohesion Policy)

The chart below provides an overview of all EU budget allocations by Less Developed / Transition / More Developed / Outermost Regions under the ERDF and ESF+ and other allocations under the Cohesion Fund, JTF and Interreg (including

the Instrument for Pre-accession Assistance (IPA) and the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI)). Less Developed regions receive 70% of all ERDF/ESF+ funding.

FIGURE 1 PLANNED INVESTMENT BY CATEGORY OF REGION/FUND - COHESION POLICY + JTF



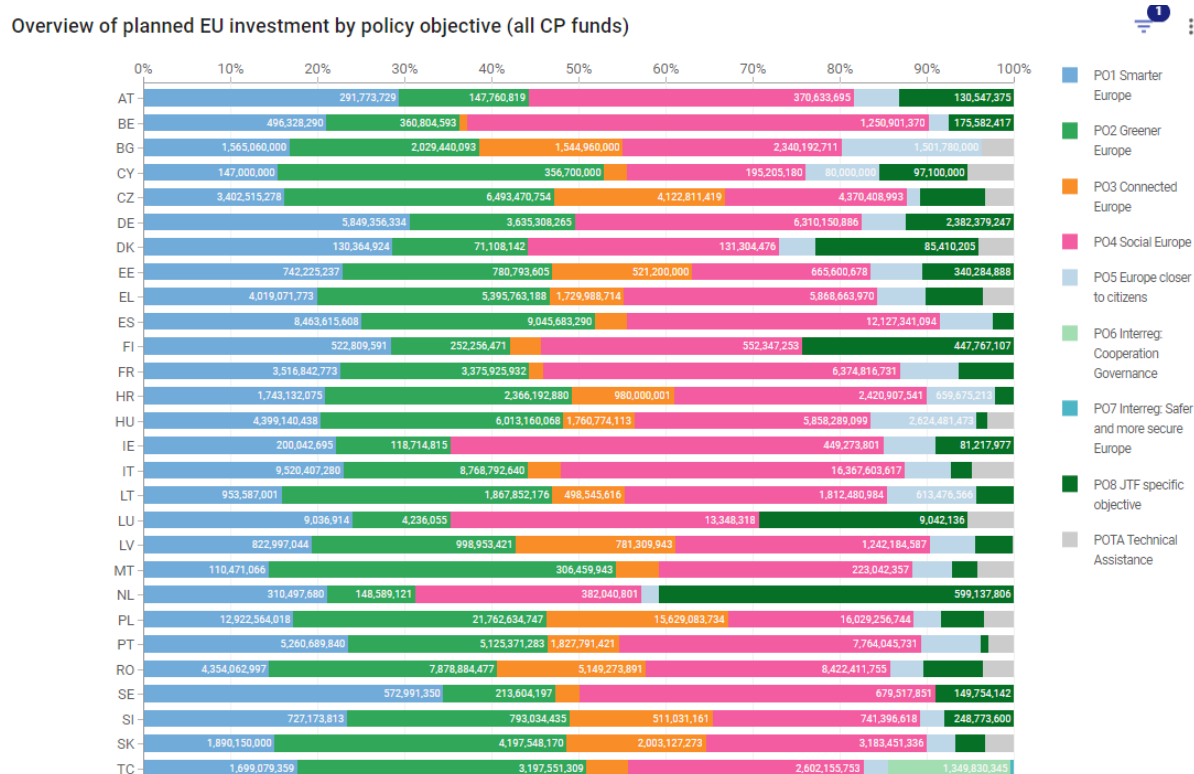
1.1 Cohesion Policy: category of region / funds vs policy objective

The complete Cohesion Policy overview by Member State below displays a highly diversified picture in terms of relative investment priorities:

- SE and DE have the highest shares (>30%) allocated to PO1 Smarter Europe;
- MT and CY have the highest shares (>37%) allocated to PO2 Greener Europe;
- PL and CZ have the highest shares (>20%) to PO3 Connected Europe;
- BE and IE have the highest shares (>50%) allocated to PO4 Social Europe;
- BG and HU have the highest shares (>12%) allocated to PO5 Europe closer to citizens;
- NL and FI have the highest shares allocated under JTF (41% and 24% respectively).

The high level of diversification can be better understood by examining the thematic concentration rules applied by category of region under ERDF (section 2).

FIGURE 2 OVERVIEW OF PLANNED EU INVESTMENT BY POLICY OBJECTIVE (ALL CP FUNDS)



2 Overview of ERDF thematic priorities

The following thematic concentration rules are applied to national and regional allocations (TA excluded) under the ERDF Investment for Growth and Jobs goal:

1. Under the "Less Developed" category of region, at least 25% of ERDF resources to PO1, and at least 30% to PO2;
2. Under the "Transition" category of region, at least 40% of ERDF resources shall be allocated to PO1, and at least 30% to PO2;
3. Under the "More Developed" category of region, at least 85% of ERDF resources shall be allocated to PO1 and PO2 (with at least 30% to PO2).

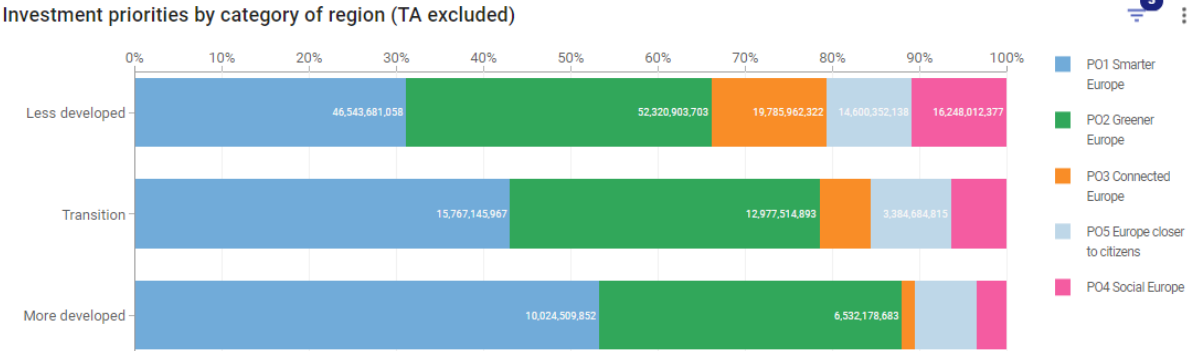
In presenting their national Partnership Agreements each MS had the option to apply the thematic concentration at national level (allowing more flexibility between regional programmes) or at the level of each regional programme. Thematic concentration was applied as follows based on the national choices made:

- National level: AT, BG, CY, DE, EE, EL, FI, HR, HU, LT, LU, LV, MT, NL, PL, PT, RO, SE;
- Regional level: BE, CZ, DK, ES, FR, IE, IT, SI, SK.

The first ERDF chart below presents an EU overview of thematic shares by categories of region.

- Less Developed regions have very high absolute amounts planned for PO1 but it represents a relatively smaller share of the total (31%) compared to Transition (42%) and More Developed (53%) regions.
- Less Developed regions have higher absolute and % amounts planned for PO3 with 13% allocated compared to 1% for More Developed regions.
- PO4 allocations in Less Developed regions amount to EUR 16 bn representing 11% of the total. Only 3% is invested in PO4 overall.

FIGURE 3 INVESTMENT PRIORITIES BY CATEGORY OF REGION (TA EXCLUDED)

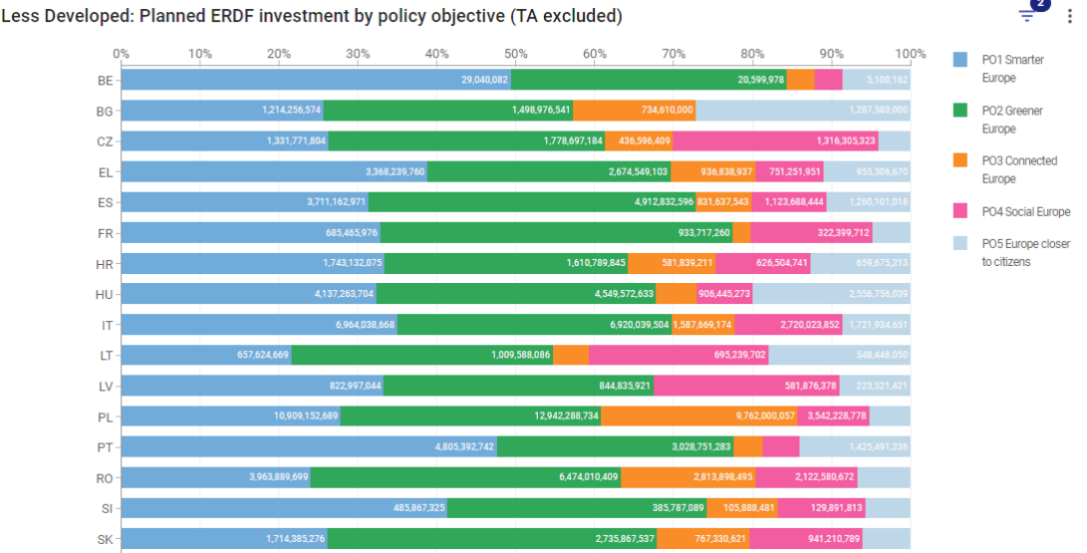


2.1 Less Developed: variations in national ERDF priorities

16 Member States benefit from the highest intensity of support available under the Less Developed category of region.

- PO1 has a high variation in relative share (PT - 48% to LT - 22%).

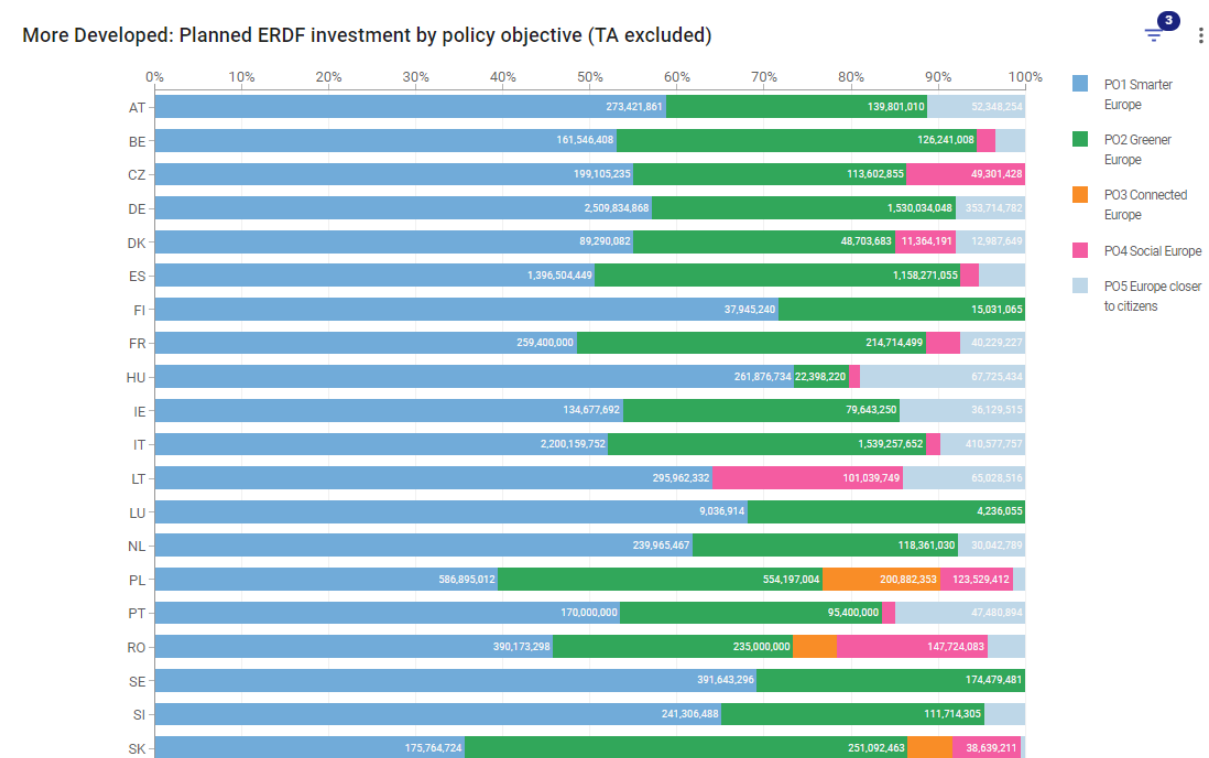
FIGURE 4 LESS DEVELOPED: PLANNED ERDF INVESTMENT BY POLICY OBJECTIVE (TA EXCLUDED)



2.2 More Developed: variations in national ERDF priorities

20 Member States benefit from the lowest intensity of support available under the More Developed category of region. As can be seen in the chart below the thematic concentration rules push programmes to PO1 and PO2 investments. Within those policy objectives there are also investments choices to be made between the 14 specific objectives available.

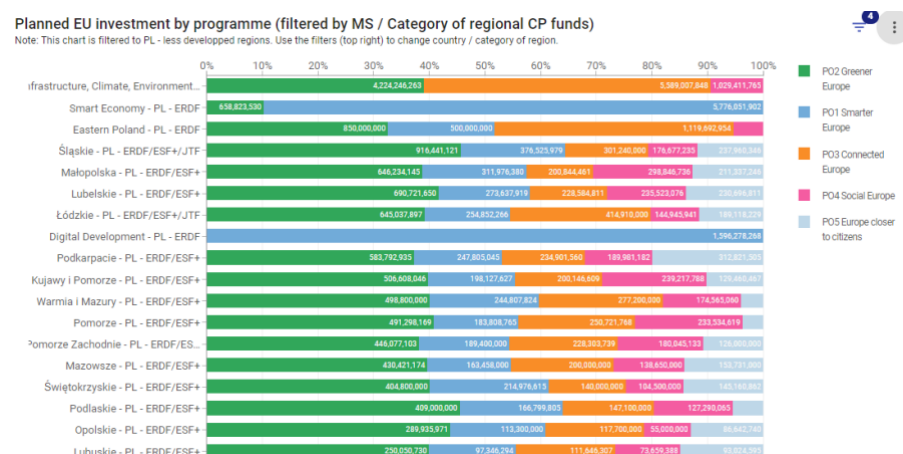
FIGURE 5 MORE DEVELOPED: PLANNED ERDF INVESTMENT BY POLICY OBJECTIVE (TA EXCLUDED)



3 Variations in regional programmes within countries

Poland offers an interesting example as a Member State which opted to apply thematic concentration at the national level, allowing for more flexibility in regional programming. As demonstrated by the chart below, there are differences in the % allocations for policy objectives in the regional programmes.

FIGURE 6 PLANNED EU INVESTMENT BY PROGRAMME (FILTERED BY MS/CATEGORY OF REGIONAL CP FUNDS)



Source: Based on Cohesion Open Data as of 13 April 2023: [Link to dataset](#)

List of Cohesion Policy objectives for 2021-2027

Policy Objective 1 - PO1 Smarter Europe: A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT digital connectivity;

PO2 Greener Europe: A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility;

PO3 Connected Europe: A more connected Europe by enhancing mobility;

PO4 Social Europe: A more social and inclusive Europe implementing the European Pillar of Social Rights;

PO5 Europe closer to citizens: A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives.

PO6 Interreg - Cooperation governance: Better cooperation governance;

PO7 Interreg - Safer and more secure Europe

PO8 Just Transition: Support to the people, economies and environment of territories which face serious socio-economic challenges deriving from the transition process towards the Union's 2030 targets for energy and climate

POTA Technical assistance

