EU Cohesion Policy
2014 – 2020
Proposals from the European Commission

Johannes Hahn, Commissioner for Regional Policy
László Andor, Commissioner for Employment, Social Affairs and Inclusion
European Union
Cohesion Policy

Timeline

- **March 2010**: Adoption of Europe 2020 Strategy
- **Nov. 2010**: 5th Report on Economic, Social and Territorial Cohesion + public consultation
- **June 2011**: Proposal by the Commission for a Multiannual Financial Framework
- **Dec. 2011**: Communication from the Commission: Common Strategic Framework
- **Jan. 2012**: Public consultation on Common Strategic Framework

- **2012 – 2013**: Agreement on MFF and adoption of new legislative package
- **2014**: Entry into force and adoption of programmes
Evolution of Cohesion Policy

- **2000-2006**: Conditions limited to compliance with EU legislation
- **2007-2013**: Earmarking of Lisbon Strategy expenditure
- **2014-2020**: Investment policy: aligned with Europe 2020
  - focus on results
  - thematic concentration
  - incentives and conditionalities
Concentration on Europe 2020 Strategy

Menu of Thematic Objectives in line with the Europe 2020 Strategy

Investments in:
- research & innovation
- information and communication technologies (ICT)
- competitiveness of Small and Medium-sized Enterprises (SMEs)
- shift towards a low-carbon economy
- climate change adaptation & risk prevention and management
- environmental protection & resource efficiency
- sustainable transport & removing bottlenecks in key network infrastructures
- employment & supporting labour mobility
- social inclusion & combating poverty
- education, skills & lifelong learning
- institutional capacity building & efficient public administrations
Reinforcing effectiveness and performance

Performance framework for all programmes
– clear and measurable milestones and targets

Focus on results
– indicators, evaluation and reporting

Pre-conditions for success
– ensuring conditions for effective investment are in place

Performance reserve
– 5% of the budget

Macro-economic conditionality
– compliance with the new economic governance
A fair system for all EU regions (eligibility simulation)

3 categories of regions
- Less developed regions
- Transition regions
- More developed regions

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

*index EU27=100

Regional GDP figures: 2006-07-08
GNI figures: 2007-08-09
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How will funding be allocated?

- **Less developed regions**: 15.8%
- **Transition regions**: 11.6%
- **More developed regions**: 68.7%

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation (in %)</th>
<th>Population covered (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohesion Fund</td>
<td>68.7</td>
<td></td>
</tr>
<tr>
<td>Less developed regions</td>
<td>15.8</td>
<td>162.6</td>
</tr>
<tr>
<td>Transition regions</td>
<td>11.6</td>
<td>38.9</td>
</tr>
<tr>
<td>More developed regions</td>
<td>68.7</td>
<td>53.1</td>
</tr>
<tr>
<td>European Territorial Cooperation</td>
<td>11.7</td>
<td>11.7</td>
</tr>
<tr>
<td>Outermost regions and sparsely populated areas</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>336.0</strong></td>
<td><strong>307.1</strong></td>
</tr>
</tbody>
</table>
Better coherence of EU action: integrated approach

- Common provisions including Common Strategic Framework, Partnership Contract, eligibility rules and community led local development for all funds with structural aim (ERDF, ESF, CF, EAFRD & EMFF)
- National and regional level: possibility for multi-fund programmes combining ERDF, ESF and CF
- “Integrated territorial investments” based on urban or other territorial strategies
An investment-oriented policy

- Promoting the use of loans
  - Increased scope for financial instruments
  - A more efficient alternative to grants
  - Solid legal and operational framework
  - Clear and simplified rules

- Co-financing rate ceilings
  - 75-85% in less developed and outermost regions
  - 60% in transition regions
  - 50% in more developed regions
Simplification for beneficiaries

- Common rules for all funds
  - cohesion policy, rural development and fisheries

- Multi-fund programmes

- Streamlined delivery system
  - Harmonised rules on eligibility and durability
  - Greater use of simplified costs
  - Linking payments with results
  - e-Cohesion
  - Proportional approach to control
European Regional Development Fund

- **Concentration of investments** on:
  - energy efficiency & renewable energy, research & innovation, competitiveness of SMEs

![Diagram showing concentration of investments]

- **Territorial cohesion:**
  - Focus on **sustainable urban development** (at least 5% of the ERDF) & innovative actions for **sustainable urban development** (max. 0.2% of annual funding)
  - Creation of an **Urban development platform**
  - **Outermost and northern sparsely populated regions** (additional allocation)
Cohesion Fund

Supports Member States with GNI per capita < 90% of EU27 average

• Investing in environment
  – Climate change adaptation and risk prevention
  – Water and waste sectors
  – Biodiversity including through green infrastructures
  – Urban environment
  – Low carbon economy

• Investing in transport
  – Trans-European Transport Networks (TEN-T)
  – Low-carbon transport systems and urban transport
Territorial Cooperation

- Increase of financial resources (+30%)
- Thematic concentration and investment priorities
- Simplified rules for programmes involving different Member States (for instance: reduction of the number of authorities involved)
- Easier creation of "European Groupings of Territorial Cooperation" (EGTC)
EU Initiative for Employment & Social Inclusion

- **European Social Fund (ESF)**
  - Pillar of Cohesion Policy and of Common Strategic Framework
  - Investments in shared management with Member States

- **European Globalisation Adjustment Fund (EGF)**
  - Extra-budgetary fund

- **Programme for Social Change & Innovation (PSCI)**
  - Instrument directly managed by the Commission
Europe needs more social investment to develop competitive and inclusive economy in the post-crisis era

Investing in people:

- ESF-financed actions involve ~10 million people every year and 2 moving into new employment each year
- Improving quality of education; making sure people have skills matching the market
- Social inclusion and opportunities for disadvantaged people; access to social services
  → Through these investments, ESF also supports transition to a greener economy, better use of digital technologies, entrepreneurship, research & innovation
European Social Fund

Minimum ESF budget in 2014-2020: € 84 billion

- 7.5% increase on 2007-13
- 25% of Cohesion Policy
- Out of structural funds support (ERDF + ESF), ESF will represent at least:
  - 25% in less developed regions
  - 40% in transition regions
  - 52% in more developed regions
ESF’s reinforced social dimension

- Focusing on the most vulnerable: 20% of ESF allocations for social inclusion actions
- Greater emphasis on fighting youth unemployment
- Mainstreaming & specific support for gender equality & non-discrimination
Human capital as driver for smart, sustainable and inclusive growth

ESF fully in line with the Europe 2020 strategy
- Promoting employment & supporting labour mobility
- Investing in education, skills & life-long learning
- Promoting social inclusion & combating poverty
- Enhancing institutional capacity & efficient public administration
ESF post-2013

- Ex ante conditionality, performance review
- Better coordination with other funds
  - Common Strategic Framework, Partnership Contracts
- Better involvement of social partners, local authorities & NGOs
- Simplification, improving accessibility of funding specially for small beneficiaries
  - More lump sums and standard costs, lighter administration
  - More than 50% of ESF projects are under € 50,000
  - Joint Action Plans: payment for pre-agreed results, rather than for inputs
European Globalisation Adjustment Fund (EGF)

Instrument of solidarity

- Adapting to trade globalization and unexpected crises
- 76,000 laid-off workers helped by EGF since 2006 (€ 355 million)

What's new

1) **Widening scope** – EGF to help also temporary workers, self-employed and farmers (adaptation to new market situation)
2) **“Crisis instrument”** – in major unexpected crises leading to serious disruption of local, regional or national economy
3) **Co-financing** – 50% as the norm, 65% possible if less developed regions involved and if needed
4) More emphasis on **active labour market measures**
5) **Simplified and accelerated** procedures

- Extra-budgetary fund, up to € 3 billion over 2014-2020
Programme for Social Change & Innovation (PSCI)

Nearly € 1 billion over 2014-2020

Progress axis (€ 575m)
• Focus on social innovation & experimentation (min. € 98m)

EURES axis (€ 144m)
• From an info portal & network to a matching tool between CVs and vacancies
• “Your first EURES Job” to help young people find jobs abroad

Microfinance and Social Entrepreneurship axis (€ 191m)
• One-stop shop for EU micro-finance support (financing and capacity-building), with focus on vulnerable groups
• Improving access to finance for social enterprises
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