



# Investing in regions and cities: EU Cohesion Policy 2014-2020



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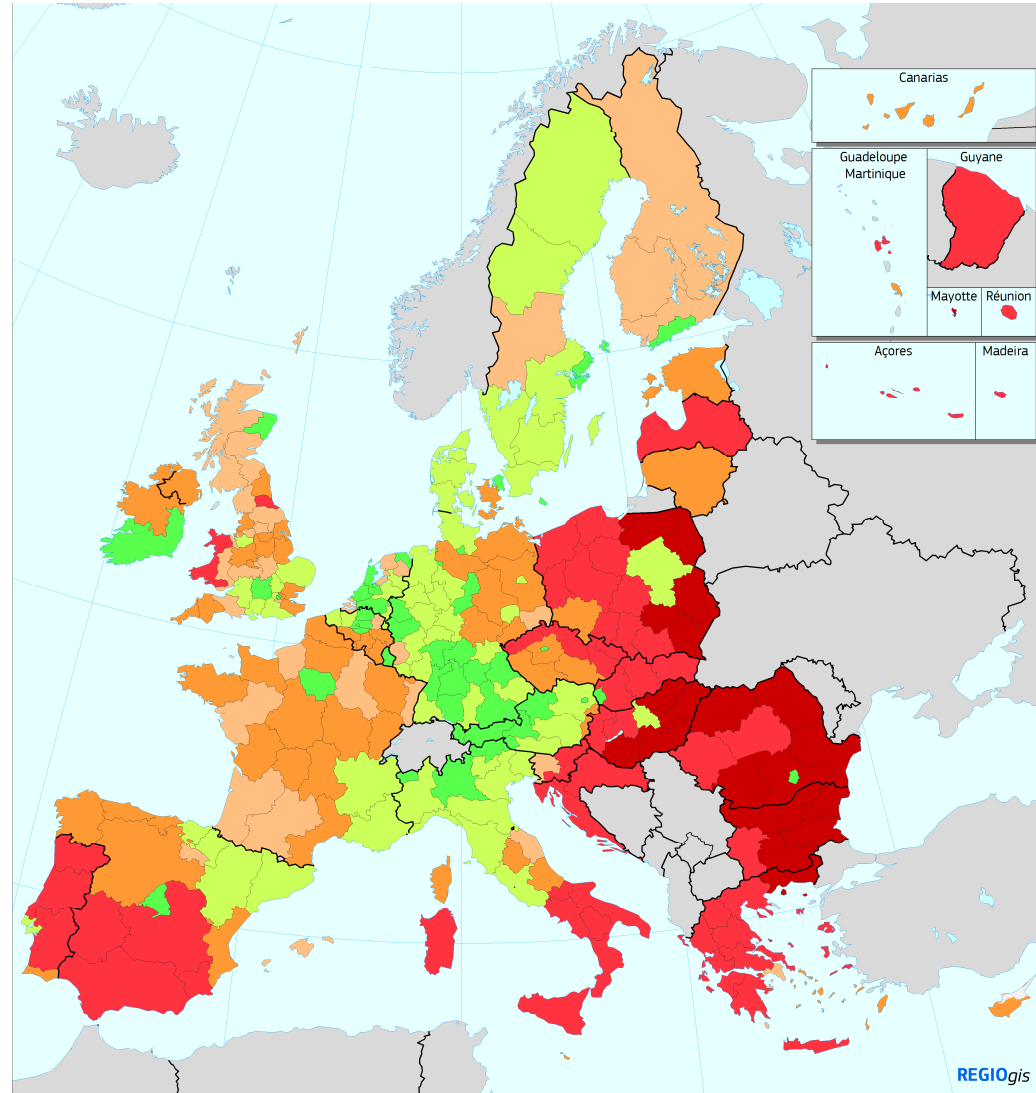
# The European Union is diverse ...

## GDP/capita

GDP per head (PPS), 2014

Index, EU28 = 100

- < 50
- 50 - 75
- 75 - 90
- 90 - 100
- 100 - 125
- >= 125



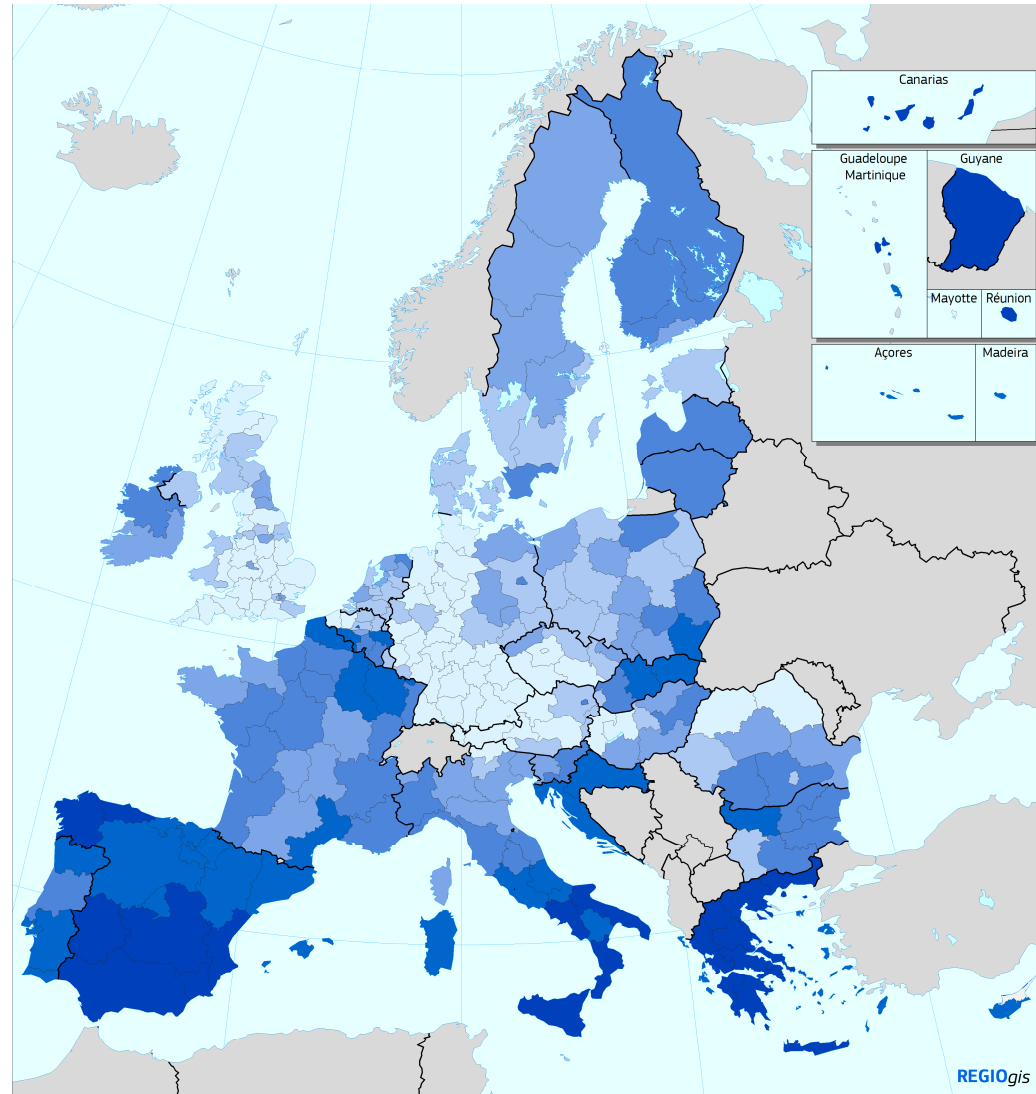
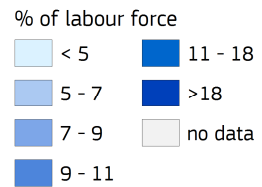


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# The European Union is diverse ...

## Unemployment

### Unemployment rate, 2015





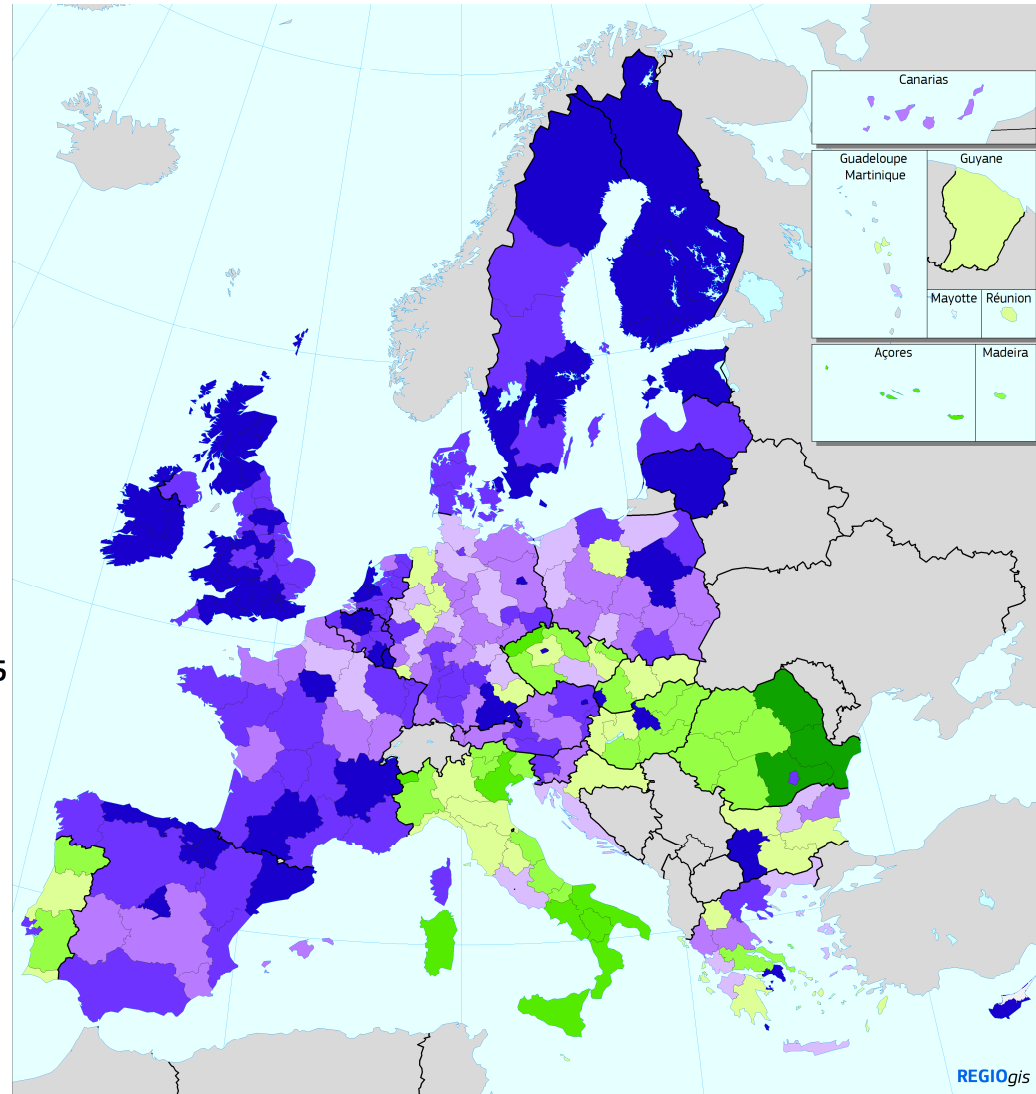
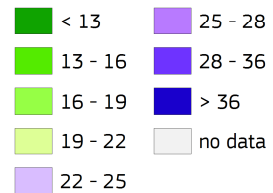
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# The European Union is diverse ...

## Third-level education

Population aged 25-64 with tertiary education, 2015

% of total population aged 25-64



## Why an EU Cohesion Policy?

	Top MS	Bottom MS	Ratio
<b>GDP per person</b> (% average EU-28)	Luxemburg 266%	Bulgaria 47%	5.7
<b>Employment rate</b> (%, ages 20-64)	Sweden 80.5%	Greece 54.9%	1.5

Eurostat figures for the years 2014 (GDP/head) and 2015 (employment rate)

## Why an EU Cohesion Policy?

	Top 10% regions *	Bottom 10% regions *	Ratio
<b>GDP per person</b> (% average EU-28) 2014	180.3%	47.5%	3.8
<b>Employment rate</b> (%, ages 20-64) 2015	81.1%	51.0%	1.6

\* Top / bottom 10% of EU population. In the United States, the difference is only 1.8 and in Japan 2.5 (GDP per person)

EU figures: Eurostat; US and Japan figures : OECD.



## Cohesion Policy finds its origins in the Treaty of Rome

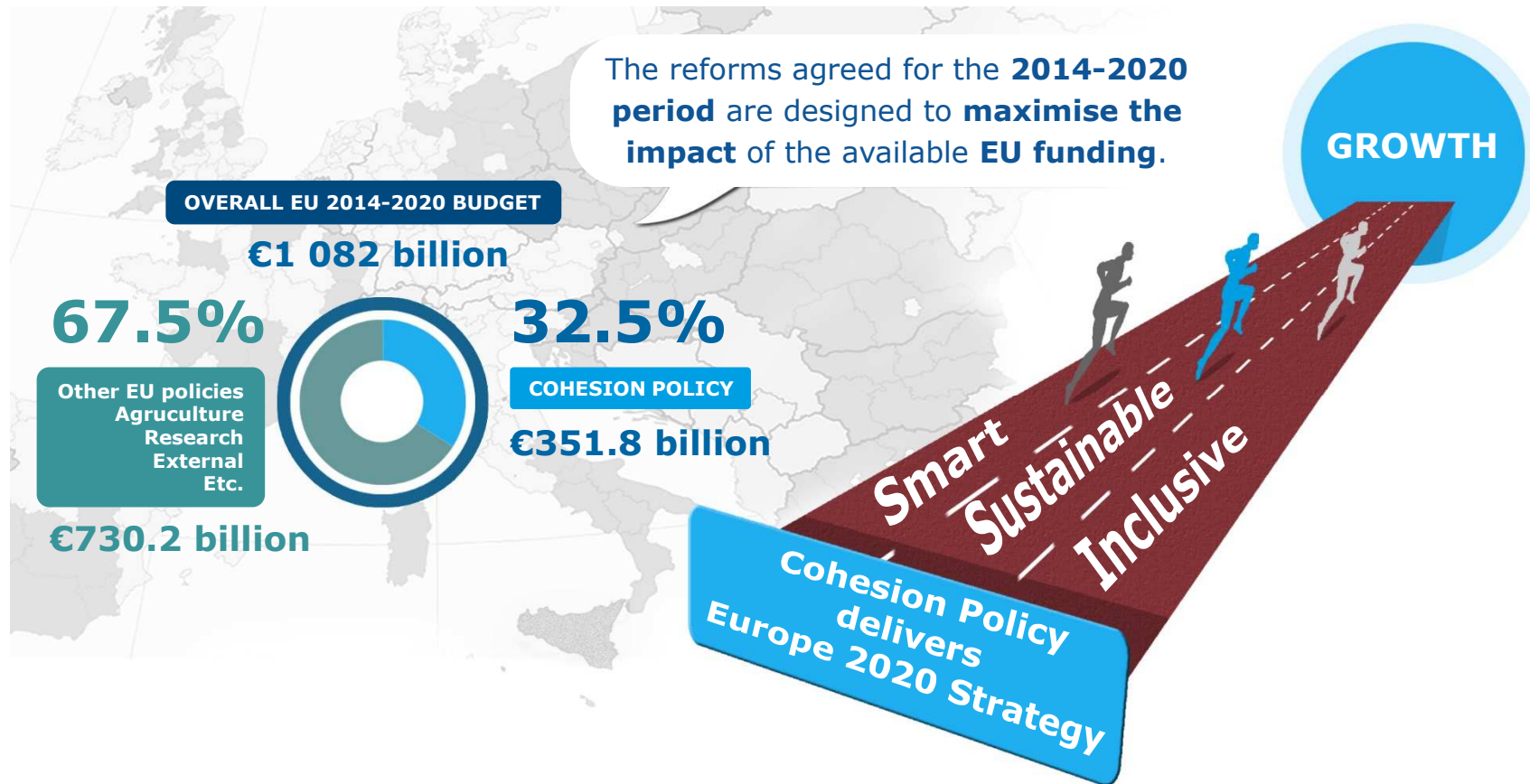
- **Preamble to the Treaty of Rome (1957):** necessity 'to strengthen the unity of their economies and to ensure their **harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions**'.
- **Article 174 Treaty of Lisbon (2010):** 'In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the **strengthening of its economic, social and territorial cohesion**. In particular, the Union shall aim at **reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions**'.

## What is a region?

- **Eurostat has developed a classification of territorial units for statistics (NUTS).**
- Cohesion policy takes into account the NUTS 2 regions which include **from 800 000 to 3 000 000 inhabitants.**
- Currently **276 NUTS 2 regions** in the EU.



## EU Cohesion Policy 2014-2020: 1/3 of the EU budget





## Cohesion Policy delivers the Europe 2020 strategy

- Launched in March 2010: Follow-up to the Lisbon Agenda (2000 and 2005).
- A strategy from the European Commission 'for smart, sustainable and inclusive growth' over the next 10 years
- Smart agenda: innovation; education; digital society.
- Sustainability agenda: climate, energy, and mobility.
- Inclusive agenda: employment and skills; fighting poverty and social exclusion.



## **Cohesion policy supports the 2014-2020 Commission's political priorities**

- Cohesion policy is part of the European Structural & Investment Funds (ESI Funds)
- The ESI Funds are the EU's main investment policy tool: EUR 454 billion allocated in 535 programmes
- Jobs, Growth and Investment / Digital Single Market / Energy Union and Climate / Internal Market / Economic and Monetary Union / EU-US Free Trade / Justice and Fundamental Rights / Migration / EU as a Global Actor / Democratic change



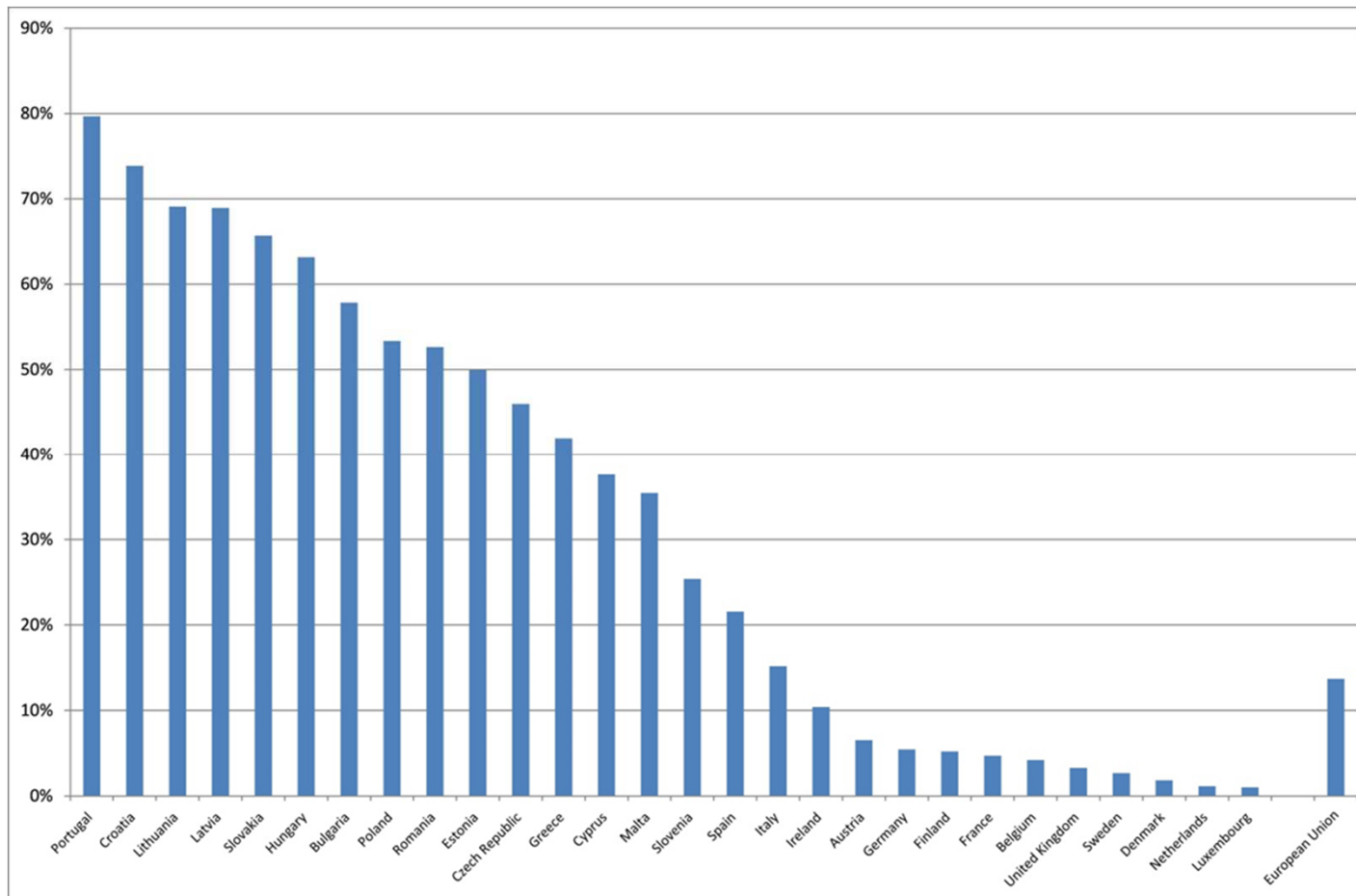
## Five European Structural & Investment Funds (ESI Funds) working together

### PARTNERSHIP AGREEMENT



- **Common rules for ESI Funds**
  - Simplified cost options.
  - E-governance.
  - Eligibility rules.
  - Financial instruments.
  - CLLD- Community –Led Local Development.

## Proportion of ESI Funds in public investment

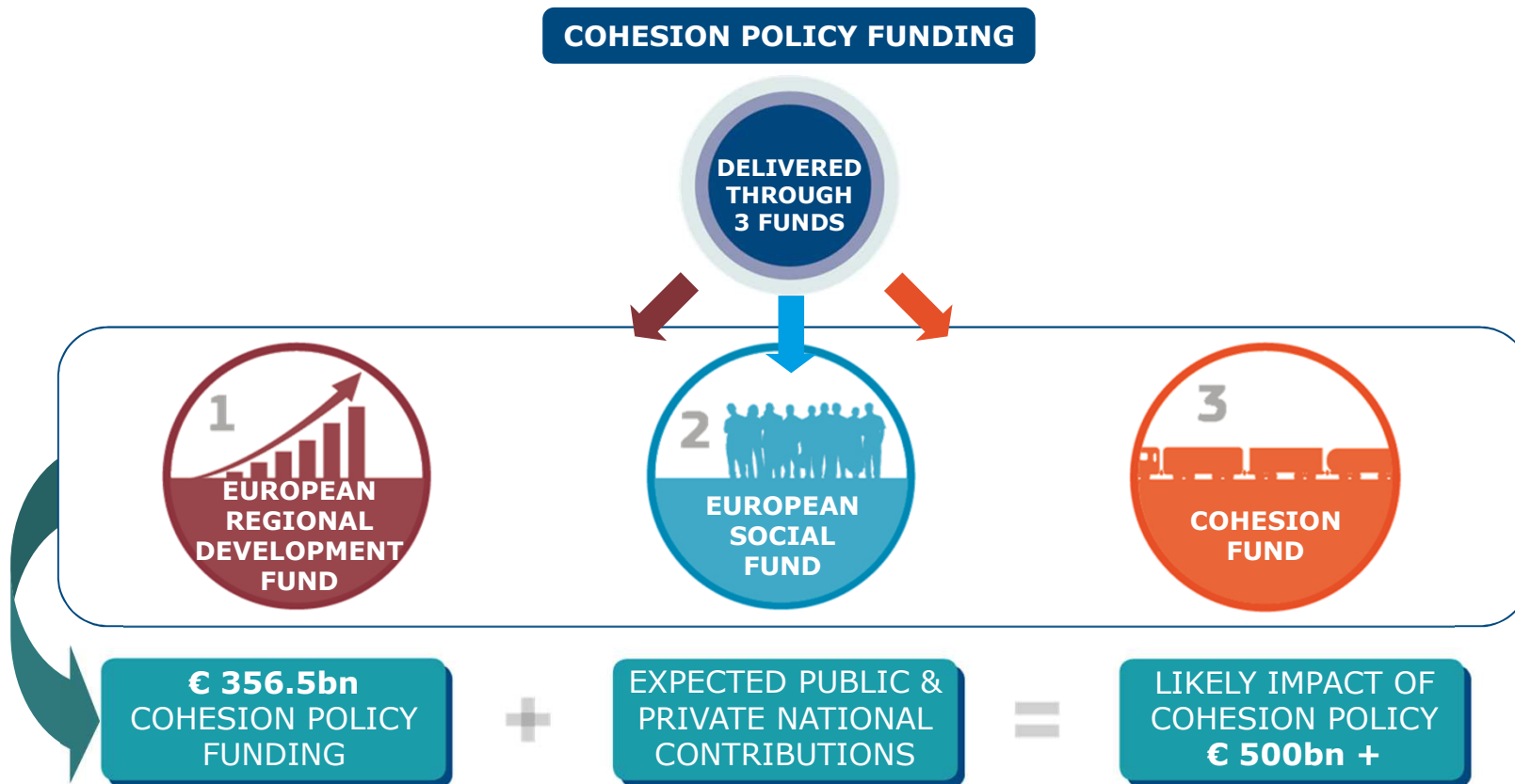




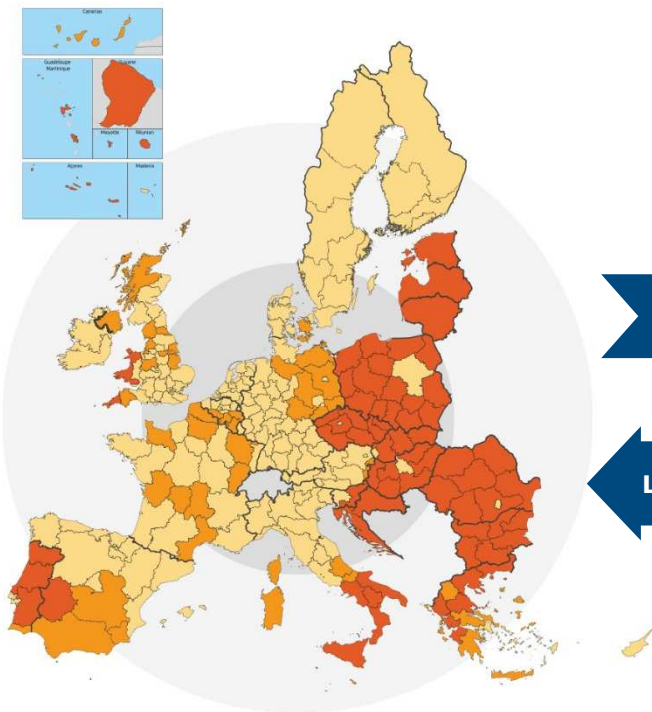
## Investment Plan for Europe

- The European Commission's Investment Plan focuses on removing obstacles to investment, providing visibility and technical assistance to investment projects and making smarter use of new and existing financial resources.
- To achieve these goals, the plan is active in three areas:
  - mobilising investments of at least €315 billion in 3 years
  - supporting investment in the real economy
  - creating an investment-friendly environment.
- The **European Fund for Strategic Investments** (EFSI) drives the Investment Plan for Europe.

## 3 funds to invest in growth and jobs



# Investing in all EU regions



LEVEL OF INVESTMENT

ADAPTED TO

LEVEL OF DEVELOPMENT

**ALL EU REGIONS BENEFIT**

**€ 181 billion**

for less developed regions  
GDP < 75% of EU-27 average



11 icons representing 27% of EU pop.

**€38bn** for transition regions

GDP 75-90% of EU-27 average



4 icons representing 12% of EU pop.

**€57bn** for more developed regions

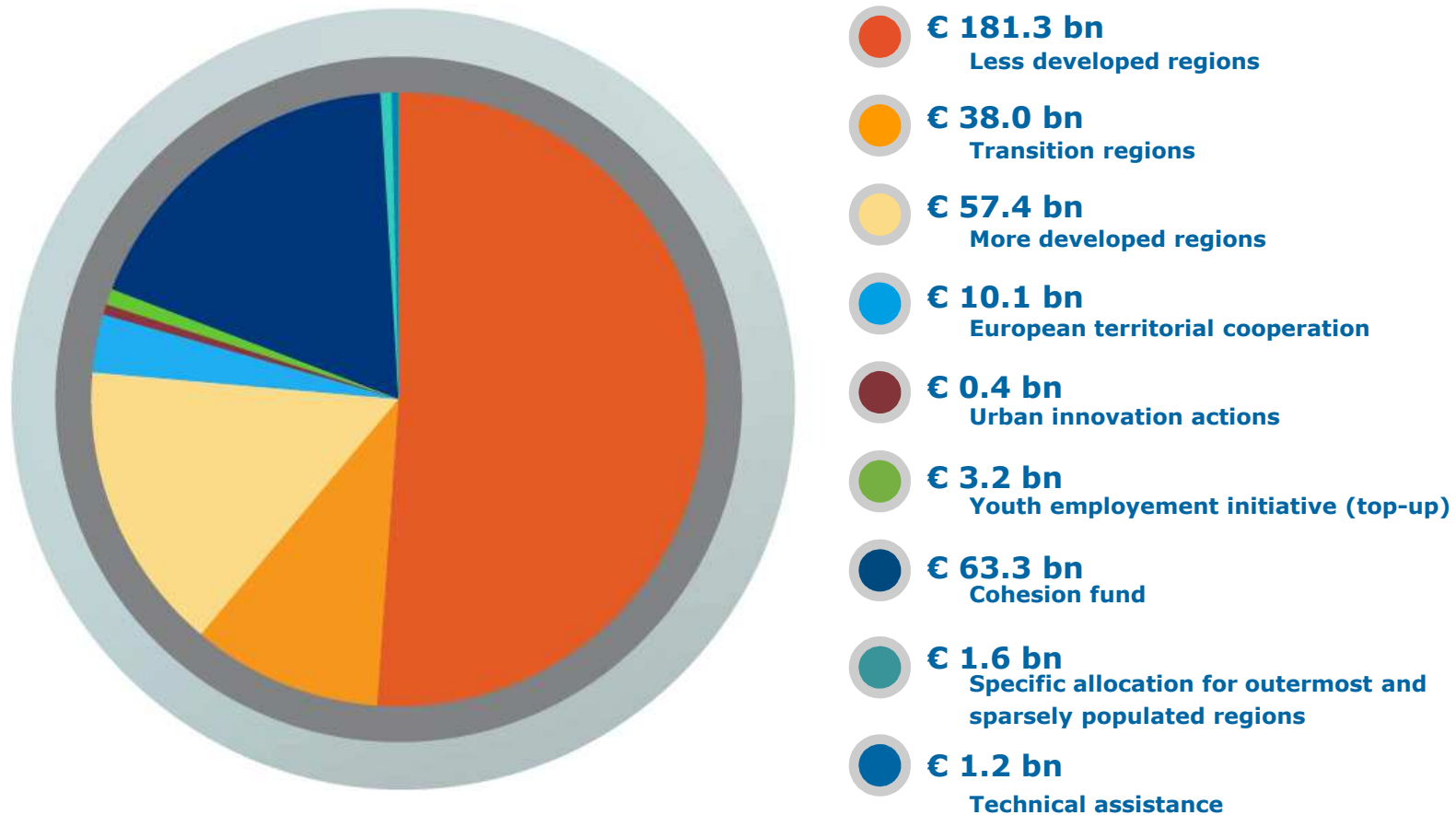
GDP > 90% of EU-27 average



10 icons representing 61% of EU pop.

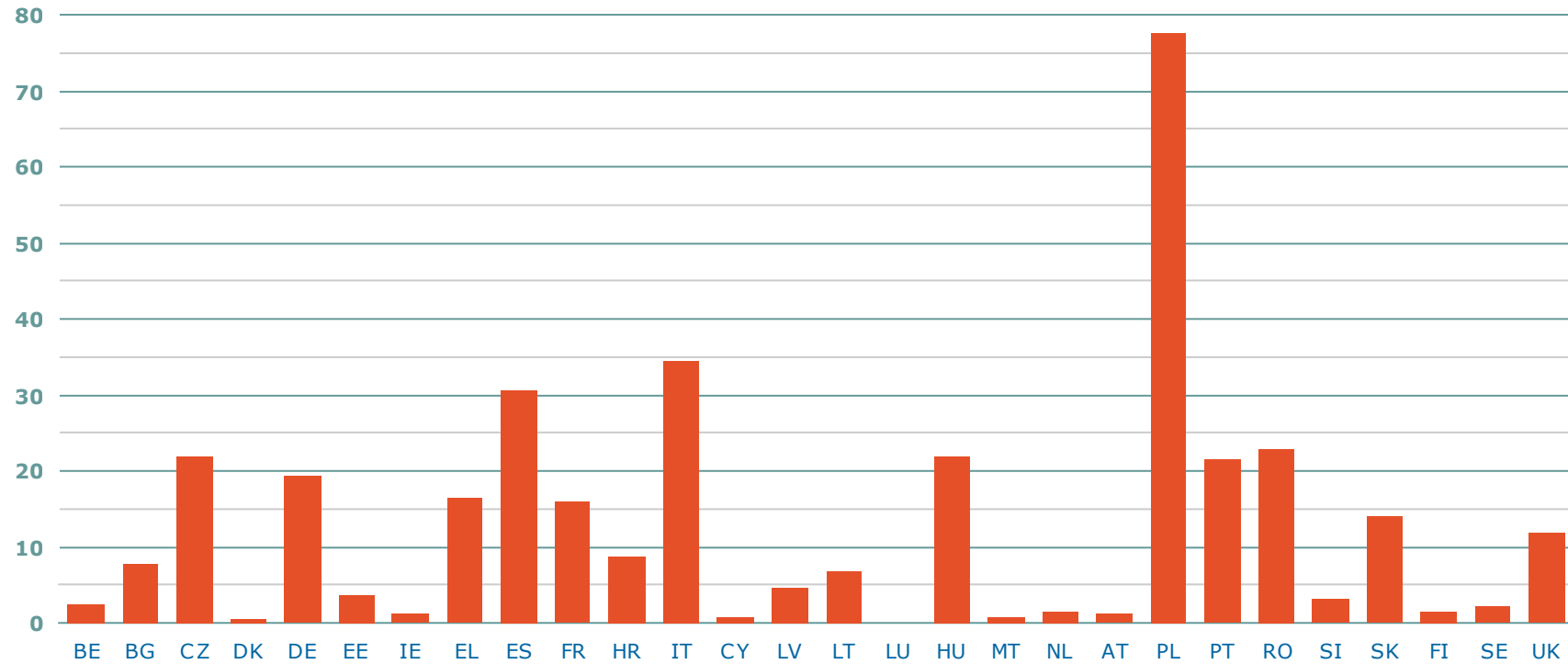


## Cohesion Policy Funding 2014-2020 (€ 356.5 bn)



# Budget allocations per Member State (2014-2020)

Total EU allocations of cohesion policy 2014-2020 (billion €, current prices)



## The method: Programming, Partnership and Shared Management

**Common  
Strategic  
Framework**

**Partnership  
Agreements**

**Operational  
Programmes**

**Management of  
programmes/  
Selection of  
projects**

**Monitoring/  
Annual  
reporting**



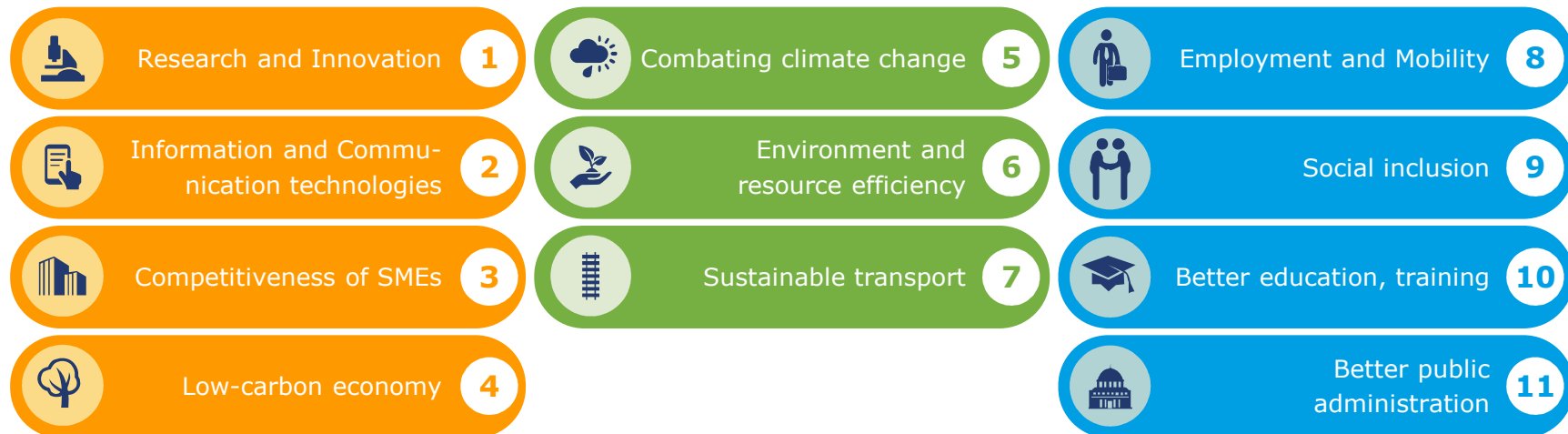
### 3 authorities to implement Cohesion Policy

- A **managing authority** to implement the operational programme, and a monitoring committee to oversee it.
- A **certification body** to verify the statement of expenditure and the payment applications before their transmission to the Commission.
- An **auditing body** for each operational programme to supervise the efficient running of the management and monitoring system.

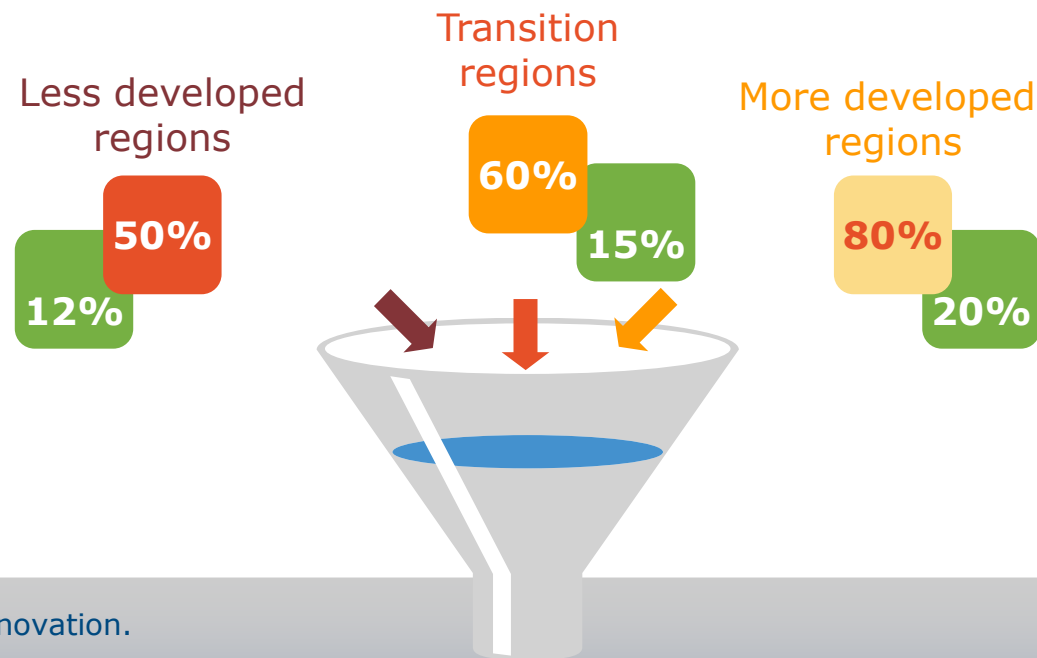






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## 11 thematic objectives



## Concentration of investments on 4 thematic priorities (ERDF)



-  1 Research and Innovation.
-  2 Information and Communication Technology (ICT).
-  3 Competitiveness of Small & Medium Sized Enterprises (SME)-greater use of Financial Instruments.
-  4 Transition to a low CO<sub>2</sub> emissions economy (energy efficiency & renewable energies).

## Focus on results



### Performance reserve

6% funding allocated in 2019 to programmes and priorities which have achieved 85% of their milestones.



## **Strong role for partners in programming & implementation**

### **European Code of Conduct on Partnership**

- A common set of standards to improve consultation, participation and dialogue with partners during the planning, implementation, monitoring and evaluation stages of projects financed by all European Structural and Investment Funds.
- Partners: public authorities, trade unions, employers and NGOs and bodies responsible for promoting social inclusion, gender equality and non-discrimination.



## Necessity of pre-conditions for an effective EU investment

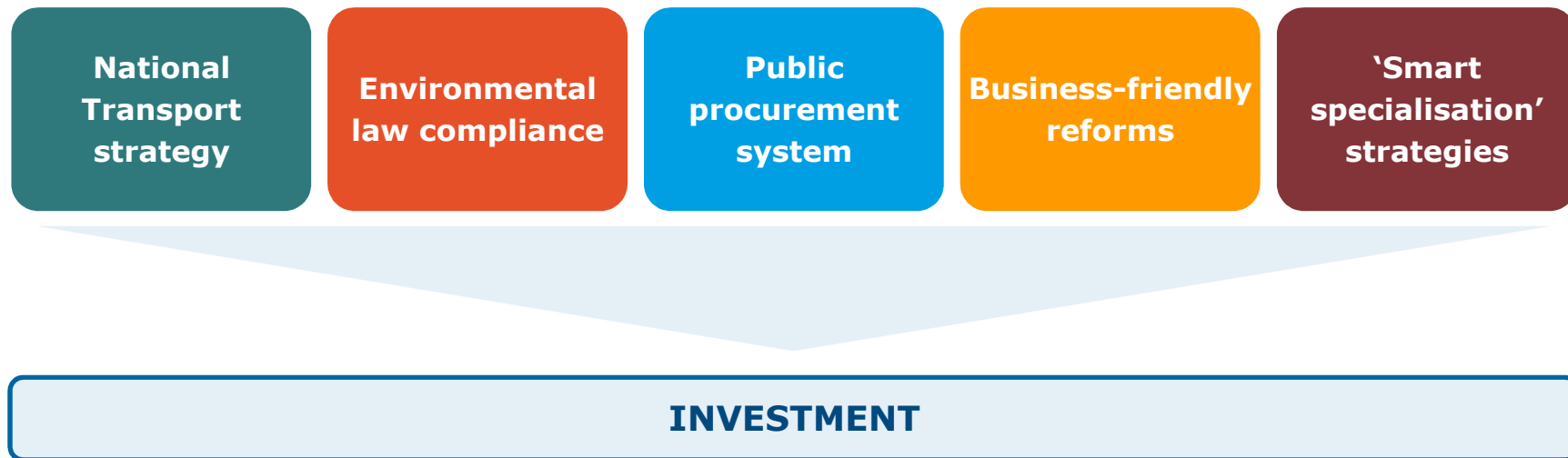
### Thematic *ex ante* conditionalities

- Linked to the **thematic objectives** and **investment priorities** of Cohesion Policy and applied in relation to investments in the **specific thematic area**: strategic, regulatory and institutional pre-conditions, administrative capacity.

### General *ex ante* conditionalities

- Linked to horizontal aspects of **programme implementation** and apply **across all ESI Funds**: anti-discrimination policy, gender equality policy.

## Examples of pre-conditions for EU funding



## **Improving how funds are invested and managed**

- Boosting administrative capacity
- High Level Group on Simplification
- Exchange of regional experts
- Integrity Pacts
- Task Force for Implementation
- Lagging regions initiative
- Training for experts on rules and regulations
- Regio Communities of Practitioners
- Action plan on public procurement



## Role of the European Social Fund

The ESF is Europe's main instrument for **investing in people**: by giving them better skills and better job prospects.

### Main priorities:

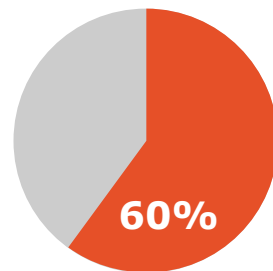
- To improve employment opportunities
- To promote education and life-long learning
- To enhance social inclusion and contribute to combating poverty
- To improve public services

Total ESF allocation 2014-2020: **€ 86.4 billion**

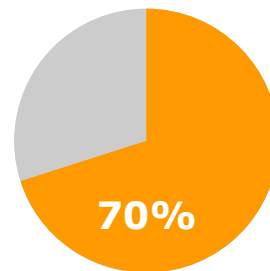
## ESF thematic concentration

- 20% of ESF resources in each Member State for social inclusion, fight against poverty and all forms of discrimination.
- Thematic concentration of each OP on up to 5 investment priorities (out of 19) for employment/mobility, education/training, social inclusion & institutional capacity.

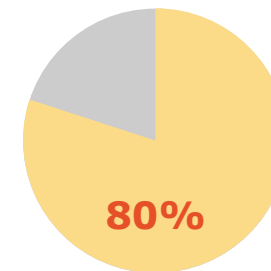
Less developed  
regions



Transition  
regions



More developed  
regions



## Youth Employment Initiative (YEI)

- **A budget of €6.4 billion** for 2014-2020.
- In regions with a youth unemployment rate above **25%**.
- Target group: Individuals "**NEETs**" – young people that are:
  - inactive or unemployed (+long-term);
  - registered or not as jobseekers;
  - residing in the eligible regions.
- First results: as at July 2016, **1.4 million young people** are/have been covered by YEI-supported actions
  - 399,000 persons completed a YEI intervention
  - 243,200 young persons are in employment, education or training after the YEI support ended



## Sustainable urban development: A priority for 2014-2020

**At least 5% of European Regional Development Fund (ERDF) should be invested in integrated sustainable urban development at national level**

- **Integrated urban development strategies** developed by cities to be implemented as Integrated Territorial Investment (ITI), a multi-thematic priority axis or a specific Operational programme.
- Projects are selected by the cities in line with the strategies.
- Urban-rural linkages have to be taken into account.
- Use of community-led local development approaches possible (CLLD): consulting local citizens' organisations.

## Other instruments for Urban Development

### **Innovative actions for sustainable urban development (from 2015)**

- €0.37 bln. for 7 years to promote innovative and experimental projects.
- Calls for interest on annual basis.
- At least 50.000 inhabitants involved.

### **Urban development network**

- Direct dialogue between European Commission and cities implementing integrated urban development and innovative actions.
- Managed by the European Commission.

### **URBACT continues (URBACT III)**

- Programme within European Territorial Cooperation programme, all cities can apply.



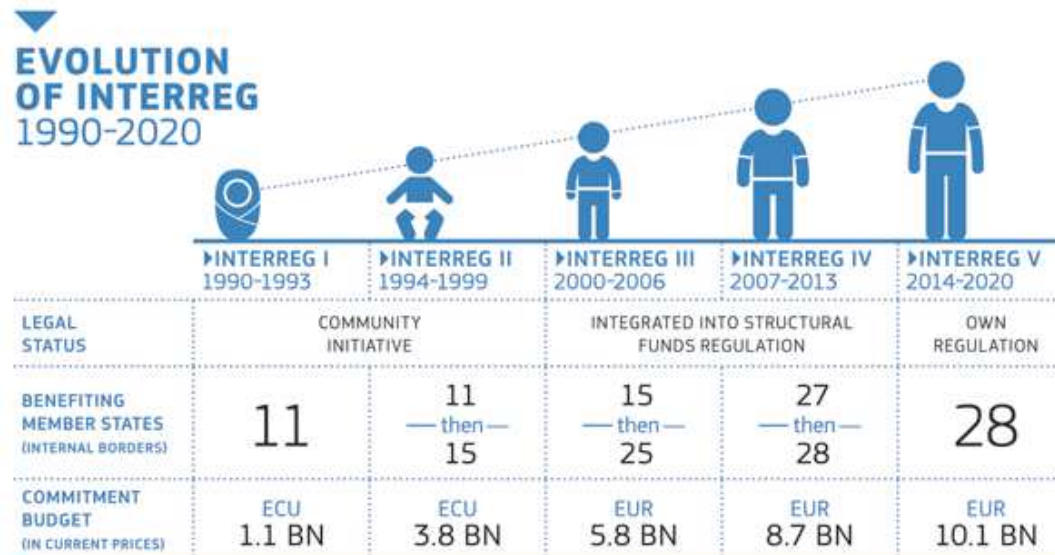


## Urban Agenda for the EU

- The 'Pact of Amsterdam', adopted on 30 May 2016, establishes the Urban Agenda for the EU and lays out its key principles
- 12 partnerships on 12 identified urban challenges
- Action plans designed focus on better implementation of existing EU policies
- Ensuring better access to and utilisation of European funds;
- Improving the EU urban knowledge base and stimulating the sharing of best practices and cooperation between cities.

## European Territorial Co-operation (Interreg)

**3 strands:** Cross-border; Transnational; Interregional.



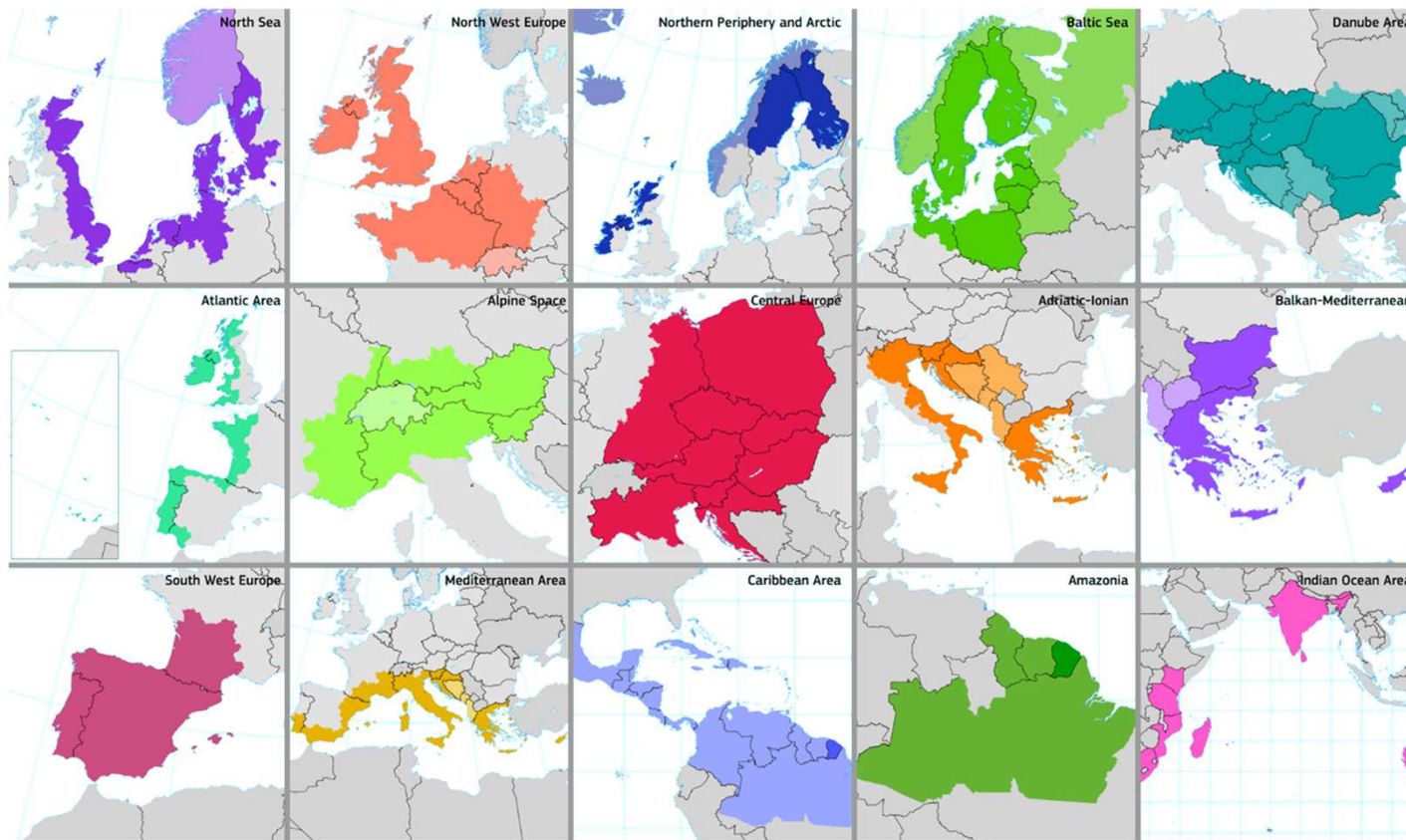
**Budget for 2014-20: €10.1bn = 2.9% of Cohesion Policy budget.**

Over 100 programmes, of which 60 are cross-border.



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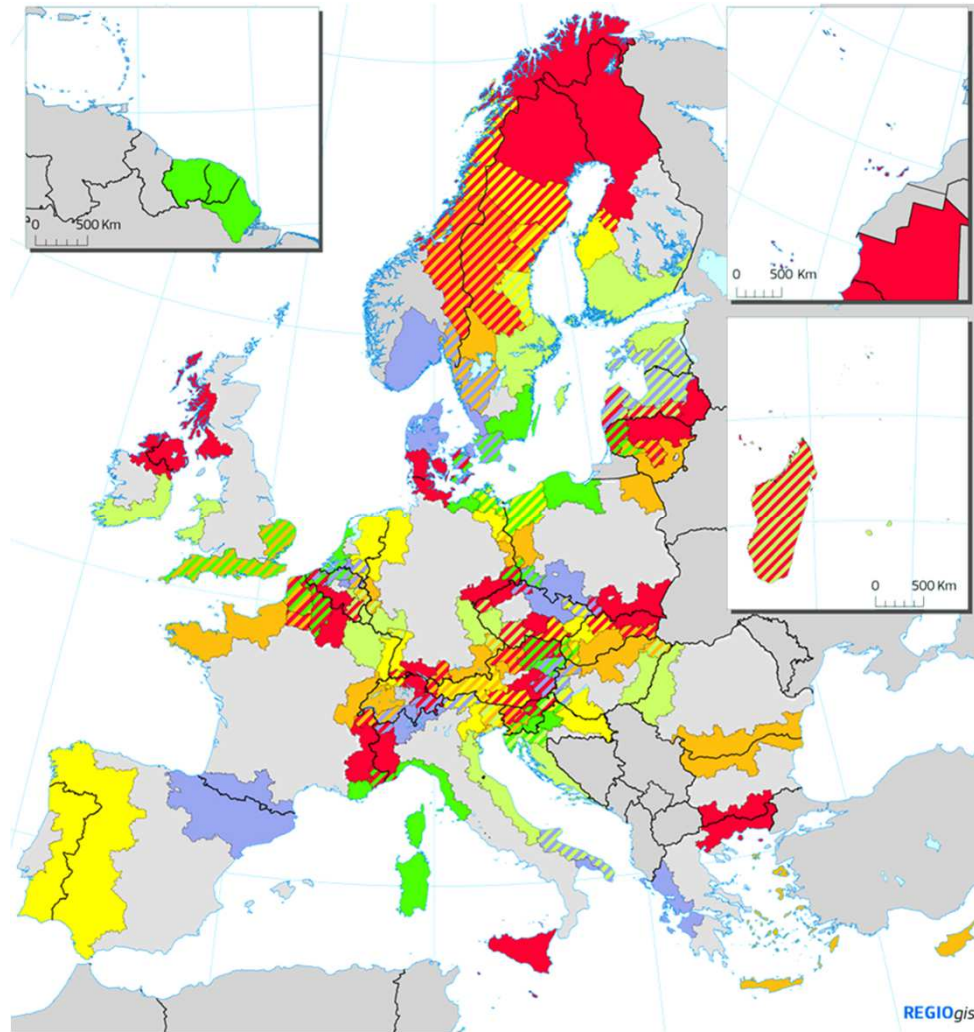
# Transnational Cooperation





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# Cross-border Cooperation



## Cross border review

- Challenges: diverging national legislations on either side of the border incompatible administrative processes, or simply lack of common territorial planning.
- Cross-Border Review launched by DG REGIO structured around 3 pillars:
  1. A study, to provide an inventory of critical border obstacles together with examples of how these have been addressed on certain borders;
  2. An extensive public consultation;
  3. 4 workshops with key stakeholders.

## Macro-regional strategies

### EU Strategy for

- Baltic Sea Region;
- Danube Region;
- Adriatic & Ionian Region;
- Alpine Region



- Maritime Strategy for the Atlantic





## EU and Solidarity Fund

- European Union Solidarity Fund (EUSF) established in 2002 following severe flooding in Central Europe.
- Financial aid for reconstruction.
- To cope with major natural disasters and express EU solidarity towards devastated areas.
- EUSF intervention so far in 70 cases of natural disasters (forest fires, earthquakes, storms, drought, floods).
- 24 European countries have benefitted so far from over € 3.7 billion in aid.

## Thanks to Cohesion Policy...

### Results for the period 2007-2013:

- €346.5bn support provided
- 1 000 000 jobs created – 1/3 of net job created in the EU
- 250,000 SMEs supported.
- 5,000 km of new or reconstructed railroads.
- 30,000 km of new or reconstructed roads.
- Broadband access for 8.2 million more citizens.
- 5.9 million more people connected to new/improved supply of clean drinking water.
- ESF: 15 million participants per year in training.



## Thanks to Cohesion Policy... and ESI Funds:

### Expected results for the 2014-2020 period:

- €454 billion from the EU budget invested through 535 programmes (€637 billion with national co-financing).
- 2 million companies will be directly supported
- 15 million households will have access to high-speed broadband thanks to ERDF
- Decrease of estimated annual greenhouse gas emissions of around 30 million tons of CO<sub>2</sub>
- €120 billion will be allocated to employment, social inclusion, education and training



## EU Cohesion Policy 2014-2020: The key elements

- Link with **EU 2020 Strategy**.
- **Coordinated use** of five European Structural & Investment Funds.
- **Target** resources at key growth sectors.
- Set clear **objectives** and measure **results**.
- Ensure the right **conditions for investment**.
- Enhanced role for the **European Social Fund**.
- Stronger role for **partners** in planning, implementation and control.
- **Integrated approach** to territorial development.
- Reinforce **cooperation across borders**.