EU Regional Policy: an overview

EJA WP6

Specialised Social Services Workshop

Guiding Principles for Specialised Social Services

6-7th December, Zalau, Romania
What is EU Regional Policy?

Regional policy is the vehicle for delivering regional aid

Biggest slice of the EU budget which helps:

- poorer regions catch up
- areas undergoing economic change to restructure
- with the realisation of most other Community policies
What is its purpose?

The EU is one of the world’s most prosperous economic zones

But huge disparities exist among the 271 EU regions – weakens the EU’s dynamism

Hence the political goal of reducing the gaps in development
How does it do this?

Regional policy interventions to reduce disparities and promote economic convergence are spread through 3 funds:

**ERDF**: European Regional Development Fund
**ESF**: European Social Fund

and...

**Cohesion Fund** (applies to MS with <90% average GNI and covers the new member states as well as Greece and Portugal. Spain is eligible on a transitional basis)

....financing thousands of project across Europe each year
Differences in development in the EU-27
GDP per head as a % of the community average
EU 27 Member States GDP per capita in PPS in 2006
Source: Eurostat structural indicators
EU 27= 100
## Disparities across the European Union

<table>
<thead>
<tr>
<th>Hi</th>
<th>Lo</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per cap (% EU27 average)</td>
<td>Luxembourg 251%</td>
<td>Bulgaria 33%</td>
</tr>
<tr>
<td>Population</td>
<td>Germany 82.5 million</td>
<td>Malta 404,000</td>
</tr>
</tbody>
</table>

*In US, this difference is only 2.5 and Japan 2*
<table>
<thead>
<tr>
<th>COMMITMENT APPROPRIATIONS BY HEADING</th>
<th>In billion of EUR, at 2004 prices</th>
<th>In %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Competitiveness for growth and employment (research, innovation, competitiveness)</td>
<td>72.1</td>
<td>8.4%</td>
</tr>
<tr>
<td>1b. Cohesion for growth and employment (regional policy)</td>
<td>307.6</td>
<td>35.7%</td>
</tr>
<tr>
<td>2. Preservation and management of natural resources (Common Agricultural Policy, rural development, environment)</td>
<td>371.2</td>
<td>43.1%</td>
</tr>
<tr>
<td>of which market-related expenditure (CAP)</td>
<td>293.1</td>
<td>34.0%</td>
</tr>
<tr>
<td>3. Citizenship, freedom, security and justice (internal policies; public health, asylum, immigration)</td>
<td>10.3</td>
<td>1.2%</td>
</tr>
<tr>
<td>4. The EU as a global partner (humanitarian and development aid)</td>
<td>50.0</td>
<td>5.8%</td>
</tr>
<tr>
<td>5. Total administrative expenditure</td>
<td>50.3</td>
<td>5.8%</td>
</tr>
<tr>
<td>6. Compensations Bulgaria and Romania (after accession expected in 2007)</td>
<td>0.8</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total commitments</td>
<td>862.4</td>
<td>100</td>
</tr>
<tr>
<td>In % of EU-27 GNI</td>
<td>1.045%</td>
<td></td>
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</table>
What does the EU citizen get for this?

The three funds target:

**ERDF (€201 billion):** regional development, economic decline in industrial or rural areas, competitiveness and co-operation

**ESF (€76 billion):** employment, social inclusion and tackling discrimination

**Cohesion Fund (€70 billion):** environment and transport with overarching aim of “boosting growth and employment”
What do we spend the money on?

European Regional Development Fund and Cohesion Fund (€271 billion)

- Transport
- Environment
- Research/Innovation

European Social Fund (€76 billion)

- Employment
- Human capital
- Adaptability of workers and firms
- Social inclusion
- Capacity building
- Technical assistance
Does this fit with other EU priorities?

Boosting growth and employment central to the wider EU agenda – “Lisbon Strategy”

Lisbon is the EU’s blueprint for competitiveness and sustainable growth

Prioritises:
- increasing levels of innovation to help businesses move up the value chain
- Bringing more of Europe’s population into employment
Who gets what?

**Convergence** 81.9% (regions lagging behind the most)

**Competitiveness** 15.7%

**Territorial co-operation** 2.4%

Total budget €347bn, which will unlock up to €700bn

A method based on what works: Programming, Partnership and Decentralised Management
Geographical Eligibility for Structural Funds Support 2007-2013

Convergence objective (Regions < 75% in EU 25)

Convergence objective statistically affected regions

Objective 'Regional Competitiveness and Employment' Phasing-in regions, "naturally" above 75%

Objective 'Regional Competitiveness and Employment'

Index EU 25 = 100
Who can apply for funds?

Huge range of potential recipients:

- Businesses including SMEs
- Public bodies
- Associations
- Voluntary groups

All projects considered if meet selection criteria of managing authority of relevant programme

Compulsory publication of beneficiary lists
<table>
<thead>
<tr>
<th>Objective</th>
<th>Community Amount (€)</th>
<th>Health infrastructure amount (€)</th>
<th>Health infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convergence</td>
<td>281,316,597,521</td>
<td>4,828,554,914</td>
<td>1.7%</td>
</tr>
<tr>
<td>Regional Competitiveness and Employment</td>
<td>55,173,775,952</td>
<td>263,681,778</td>
<td>0.5%</td>
</tr>
<tr>
<td>European Territorial Cooperation</td>
<td>7,831,459,588</td>
<td>93,126,341</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>344,321,833,061</strong></td>
<td><strong>5,185,363,033</strong></td>
<td><strong>1.5%</strong></td>
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Results of EU Cohesion Policy (figures from 2000-2006 period)

- 8400 km of rail built or improved
- 5100 km of road built or improved
- Access to clean drinking water for 20 million more people
- Training for 10 million people each year
- Over 1 million jobs created
- GDP/capita up 5% in newer Member States
GDP/capita*  ▪ < 50  ▪ 75-90  ▪ 100-125

*index EU27=100  ▪ 50-75  ▪ 90-100 ▪ > 125

Average

Closing these gaps remains a key objective

Regional GDP figures: 2006-07-08
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Proposed EU budget 2014-2020

“Ambitious but realistic” proposals issued by the Commission in June 2011 for the Multiannual Financial Framework (MFF) 2014-2020

- Cohesion Policy 33 % (€336 billion)
- Connecting Europe Facility 4 % (€40 billion)
- Other policies (agriculture, research, external etc.) 63 % (€649 billion)
Reinforcing effectiveness and performance

**Focus on results**
Common & programme-specific indicators, reporting, monitoring & evaluation

**Performance framework for all programmes**
Clear and measurable milestones and targets

**Performance reserve**
5 % of national allocations (by Member State, fund and category of region)

**Ex-ante conditionality**
Ensuring conditions for effective investment are in place

**Macro-economic conditionality**
Alignment with new economic governance
A menu of thematic objectives

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
European Social Fund (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

Reinforced social dimension
20 % of ESF allocations for social inclusion
Greater emphasis on fighting youth unemployment
Mainstreaming & specific support for gender equality & non-discrimination
Cohesion Fund

Supports Member States with GNI/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
Simplification

Common rules - funds covered by Common Strategic Framework
Cohesion Policy, rural development and maritime & fisheries policy

Option of multi-fund programmes
ERDF, ESF and Cohesion Fund

Streamlined delivery system
Harmonised rules on eligibility and durability
Greater use of simplified costs
Linking payments with results
e-Cohesion: “one stop shop” for beneficiaries
Proportional approach to control
An investment-oriented policy

**Promoting the use of innovative financing instruments**

- Extending scope to all areas of investment
- Clearer regulatory framework
- 10 % bonus for innovative financing instruments & community-led development
- A range of options offering flexibility to programme managers

**Maximum co-financing rates**

- 75-85 % in less developed and outermost regions
- 60 % in transition regions
- 50 % in more developed regions
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
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<table>
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<td>Adoption of Europe 2020 Strategy</td>
<td>March 2010</td>
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<tr>
<td>Proposal by the Commission for a Multiannual Financial Framework (MFF)</td>
<td>June 2011</td>
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<tr>
<td>Agreement on MFF and adoption of new legislative package</td>
<td>March 2012</td>
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<td>Common Strategic Framework</td>
<td>2012 – 2013</td>
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<td>Entry into force and adoption of programmes</td>
<td>2014</td>
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