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factsheet | 2006

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Regions and Cities for Growth and Jobs: An overview of Regulations 2007-2013 on Cohesion and Regional Policy

More growth and jobs for all regions and cities of the European Union – this message will be at the heart of Cohesion Policy and its instruments between 2007 and 2013. During that period, the greatest investment ever made by the EU through cohesion instruments will be worth EUR 308 billion (in 2004 prices) to support regional growth agendas and to stimulate job creation. 81.54% of the total amount will be concentrated on the “Convergence” objective, under which the poorest Member States and regions are eligible. In the remaining regions, about 15.95% of the Structural Funds will be concentrated on supporting innovation, sustainable development, better accessibility and training projects under the “Regional Competitiveness and Employment” objective. Another 2.52% will be available for cross-border, transnational and interregional co-operation under the “European Territorial Co-operation” objective. Cohesion and Regional Policy are expected to stimulate additional growth in the regions lagging behind in the order of 10%, and more than 2.5 million new jobs will be created as a result. Compared to the period 2000-2006, the major policy changes are the following:

- Cohesion and Regional Policy is more clearly focused on the renewed Growth and Jobs Agenda, thus stimulating more ownership of the agenda at regional and local level;
- Cohesion and Regional Policy is modernised through a new architecture, including a more strategic approach;
- Cohesion and Regional Policy will operate in a simpler and more efficient way because, for example, the number of instruments will be reduced from six to three, a new “proportionality” principle will provide for less bureaucracy, the number of programming steps will be reduced from three to two, national eligibility rules apply instead of Community rules, and Member States and regions are asked for more responsibility and transparency of the funds’ management.

Based on the Structural Funds regulations, which lay down common management rules, Community Strategic

Guidelines on Cohesion provide for concentration on the objectives of the Union’s Growth and Jobs Agenda. Against this background, Member States prepare National Strategic Reference Frameworks and national and regional Operational Programmes emphasising strategies and fields of intervention. They will be the final source for selecting and funding projects on the ground, a task carried out by national and regional authorities working together with Commission services on the strategic follow-up and issues such as major project selection, control and evaluation. Certain spending targets have been agreed upon to pursue the objectives of the Growth and Jobs Agenda: in the case of the Convergence objective, the target is 60%, and in the case of the Regional Competitiveness and Employment objective, the target is 75% of the total available funding, which needs to be “earmarked” for interventions supporting, for example, research and innovation, the information society and sustainable development.

The Structural Funds regulations 2007-2013

Articles 158-162 of the Treaty establishing the European Communities lay down that the Union should promote an overall harmonious development and strengthen economic and social cohesion by reducing development disparities between the regions. For the 2007-2013 period, the instruments to pursue these objectives have their legal basis in a package of five regulations adopted by the Council and the European Parliament in July 2006:

- A **General Regulation** defines common principles, rules and standards for the implementation of the three cohesion instruments, the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. Based on the principle of shared management between the Union and the Member States and regions, this regulation sets out a renewed programming process,

based on Community Strategic Guidelines for Cohesion and their follow-up, as well as common standards for financial management, control and evaluation. The reformed delivery system will provide for a simpler, proportional and more decentralised management of the Structural Funds and the Cohesion Fund.

- The regulation on the **European Regional Development Fund (ERDF)** defines its role and fields of interventions, such as the promotion of public and private investments helping to reduce regional disparities across the Union. The ERDF will support programmes addressing regional development, economic change, enhanced competitiveness and territorial co-operation throughout the EU. Funding priorities include research, innovation, environmental protection and risk prevention, while infrastructure investment retains an important role, especially in the least-developed regions.
- The **European Social Fund (ESF)** will be implemented in line with the European Employment Strategy, and will focus on four key areas: increasing adaptability of workers and enterprises, enhancing access to employment and participation in the labour market, reinforcing social inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people, and promoting partnership for reform in the fields of employment and inclusion.
- The **Cohesion Fund** contributes to interventions in the field of the environment and trans-European transport networks. It applies to Member States with a Gross National Income (GNI) of less than 90% of the Community average, which means it covers the new Member States as well as Greece and Portugal. Spain will be eligible for the Cohesion Fund on a transitional basis. In the new period, the Fund will contribute alongside the ERDF to multi-annual investment programmes managed in a decentralised way, rather than being subject to individual project approval by the Commission.
- The fifth regulation introduces a **European Grouping of Territorial Co-operation (EGTC)**. The aim of this new legal instrument is to facilitate cross-border, transnational and/or inter-regional co-operation between regional and local authorities. The latter would be invested with legal personality for the implementation of territorial co-operation programmes based on a convention agreed between the participating national, regional, local or other public authorities.

Objectives, eligible regions and instruments

During the 2007-2013 period, the ERDF, the ESF and the Cohesion Fund will contribute to three objectives: Convergence (ERDF; ESF and Cohesion Fund), Regional Competitiveness and Employment (ERDF; ESF) and European Territorial Co-operation (ERDF). Based on a regional GDP below 75% of the EU average, regions are eligible for the Convergence objective while all

other regions have access to the Regional Competitiveness and Employment objective. Geographic eligibility of regions under the European Territorial Co-operation objective concerns either cross-border regions or those belonging to trans-national co-operation areas and is based on a Commission decision. The financial resources for the three objectives and the method of allocating them are fixed in the General Regulation. The amounts are expressed in 2004 prices. The objectives, eligible regions and allocations are as follows:

- The rationale of the Convergence objective is to promote growth-enhancing conditions and factors leading to real convergence for the least-developed Member States and regions. In an EU-27, this objective concerns – within 17 Member States – 84 regions with a population of 154 million, whose per capita GDP is less than 75% of the Community average, and – on a “phasing-out” basis – another 16 regions with 16.4 million inhabitants with a GDP only slightly above the threshold, due to the statistical effect of the larger EU. The amount available under the Convergence objective is EUR 251.1 billion representing 81.5% of the total. It is split as follows: EUR 189.6 billion for the Convergence regions, while EUR 12.5 billion are reserved for the “phasing-out” regions, and EUR 61.6 billion for the Cohesion Fund, the latter applying to 15 Member States.
- Outside the Convergence regions, the Regional Competitiveness and Employment objective aims at strengthening regions’ competitiveness and attractiveness, as well as employment, through a two-fold approach. First, development programmes will help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, the protection of the environment, and the improvement of their accessibility. Second, more and better jobs will be supported by adapting the workforce and by investing in human resources. In an EU-27, a total of 168 regions will be eligible, representing 314 million inhabitants. Within these, 13 regions which are home to 19 million inhabitants represent so-called “phasing-in” areas and are subject to special financial allocations due to their former status as “Objective 1” regions. The amount of EUR 49.1 billion – of which EUR 10.4 billion is for the “phasing-in” regions – represents just below 16% of the total allocation. Regions in 19 Member States are concerned with this objective.
- The European Territorial Co-operation objective will strengthen cross-border co-operation through joint local and regional initiatives, trans-national co-operation aiming at integrated territorial development, and interregional co-operation and exchange of experience. The population living in cross-border areas amounts to 181.7 million (37.5% of the total EU population), whereas all EU regions and citizens are covered by one of the existing 13 trans-national co-operation areas. EUR 7.75 billion (2.5% of the total) available for this objective is split as follows:

EUR 5.57 billion for cross-border, EUR 1.58 billion for trans-national and EUR 392 million for inter-regional co-operation.

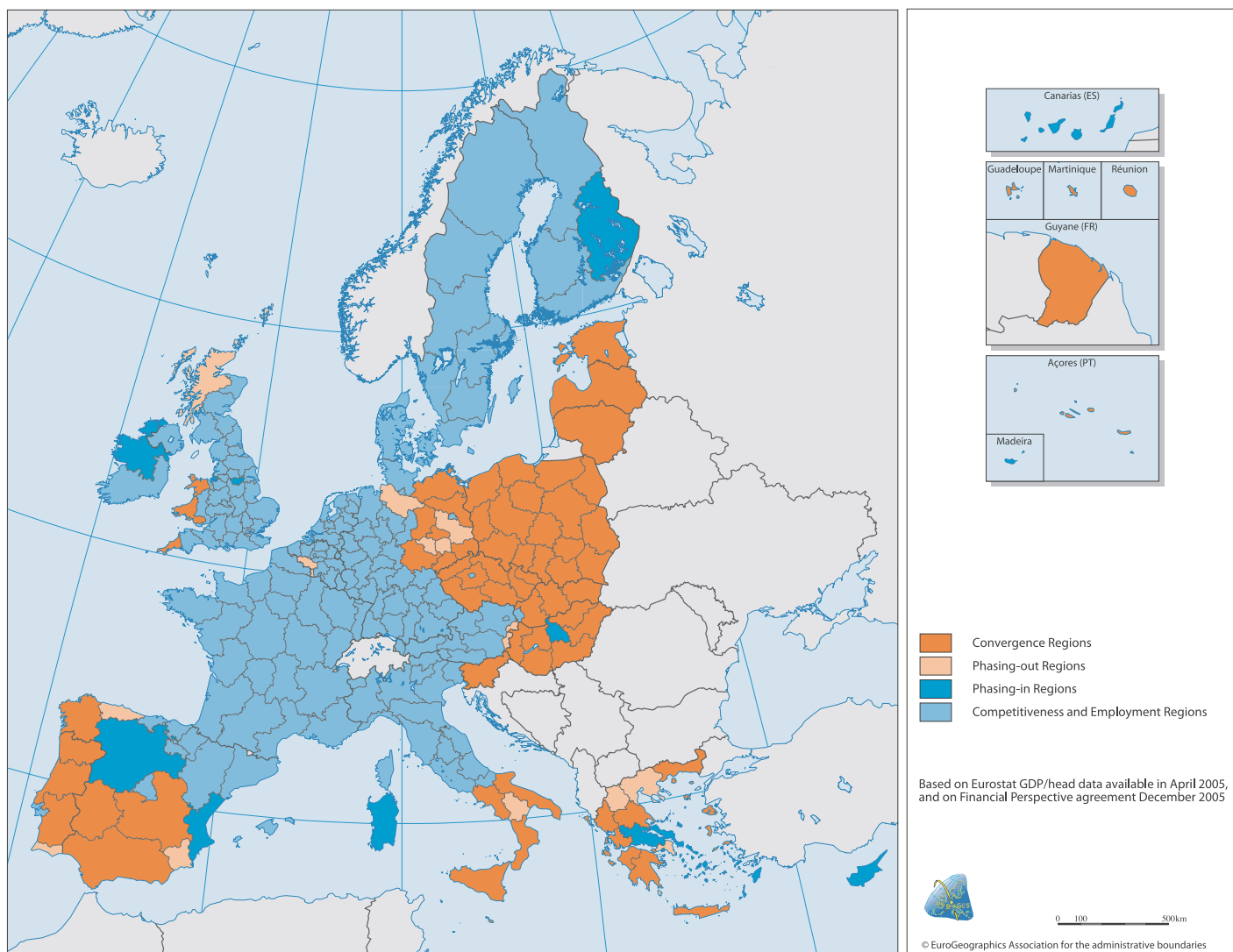
Concentrating cohesion instruments on priority themes

The General Regulation provides for a new concentration of cohesion expenditure on common issues. The so-called

“earmarking” exercise asks Member States to focus the funding on categories stemming from the renewed Growth and Jobs (Lisbon) Strategy. These categories concern priority themes such as research and technological development, innovation and entrepreneurship, the information society, transport (for Convergence regions), energy, including renewable energy sources, environmental protection and human resources and labour market policy related issues.

COHESION POLICY 2007-2013: INDICATIVE FINANCIAL ALLOCATIONS (MILLION EUR, 2004 PRICES)							
	CONVERGENCE OBJECTIVE			REGIONAL COMPETITIVENESS AND EMPLOYMENT OBJECTIVE		EUROPEAN TERRITORIAL COOPERATION OBJECTIVE	TOTAL
	Cohesion Fund	Convergence	Statistical Phasing out	Phasing in	Regional competitiveness and employment		
België/Belgique			579		1 268	173	2 019
Ceska Republika	7 830	15 149			373	346	23 697
Danmark					453	92	545
Deutschland		10 553	3 771		8 370	756	23 450
Eesti	1 019	1 992				47	3 058
Ellas	3 289	8 379	5 779	584		186	18 217
Espana	3 250	18 727	1 434	4 495	3 133	497	31 536
France		2 838			9 123	775	12 736
Ireland				420	261	134	815
Italia		18 867	388	879	4 761	752	25 647
Kypros	194			363		25	581
Latvija	1 363	2 647				80	4 090
Lietuva	2 034	3 965				97	6 097
Luxembourg					45	13	58
Magyarország	7 589	12 654		1 865		344	22 452
Malta	252	495				14	761
Nederland					1 477	220	1 696
Österreich			159		914	228	1 301
Polska	19 562	39 486				650	59 698
Portugal	2 722	15 240	254	407	436	88	19 147
Slovenija	1 239	2 407				93	3 739
Slovensko	3 433	6 231			399	202	10 264
Suomi-Finland				491	935	107	1 532
Sverige					1 446	236	1 682
United Kingdom		2 436	158	883	5 349	642	9 468
Bulgaria	2 015	3 873				159	6 047
Romania	5 769	11 143				404	17 317
Not allocated						392	392
TOTAL	61 558	177 083	12 521	10 385	38 742	7 750	308 041

EU-25: Convergence and Regional Competitiveness and Employment Regions 2007-2013



The level of expenditure to be earmarked for these is 60% for Convergence regions and 75% for regions under the Regional Competitiveness and Employment objective. The provisions only apply to the EU-15 and not to the new Member States.

New regional policy instruments and financial engineering

Three new regional policy instruments for 2007-2013 will help Member States and regions to establish sound and efficient management of the funds and to make better use of financial engineering instruments. A closer co-operation between the European Commission, the European Investment Bank (EIB) and other financial institutions will strengthen capacity-building at the level of national and regional institutions.

- **JASPERS** (Joint Assistance in Supporting Projects in European Regions) seeks to develop co-operation between the European Commission, the EIB and the European Bank

for Reconstruction and Development in order to pool expertise and to assist Member States and regions in the preparation of major projects;

- **JEREMIE** (Joint European Resources for Micro to Medium Enterprises) is an initiative of the European Commission, together with the EIB and the European Investment Fund, in order to increase access to finance for the development of micro, small and medium-sized enterprises in the regions of the EU;
- **JESSICA** (Joint European Support for Sustainable Investment in City Areas) is an initiative of the European Commission in co-operation with the EIB and the Council of Europe Development Bank to promote sustainable investment in urban areas.

More information: http://ec.europa.eu/regional_policy



European Commission
Directorate-General for Regional Policy

July 2006