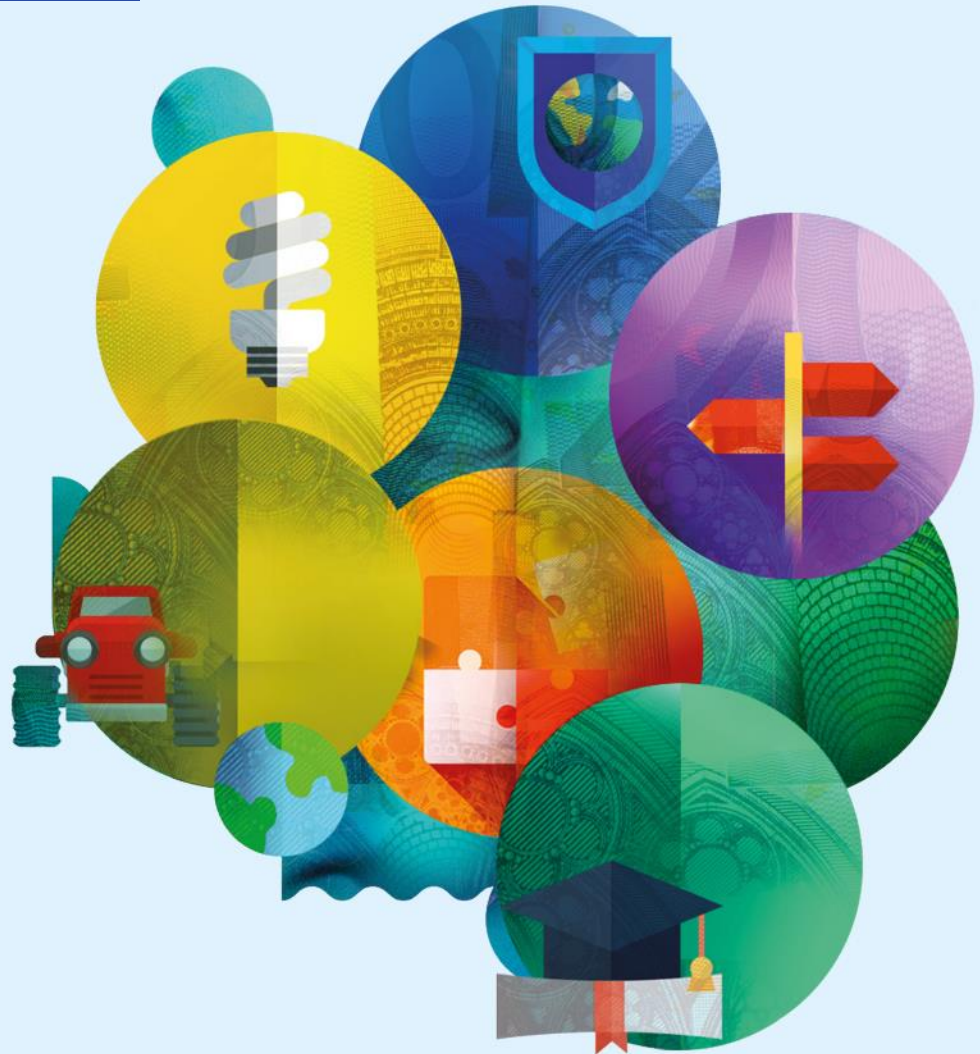


The future of  
**Regional and  
cohesion policy**  
**2nd**  
**Smart Islands  
Forum**  
Athens 14 Sep 2018

*#CohesionPolicy*  
*#EUinmyRegion*





1

# > Modernising & simplifying the policy

# Key themes

## + Modern

- Focus on smart, low carbon
- Enabling conditions [Ex-ante conditionalities]
- link to EU Semester

## + Simple & flexible

- 50% shorter regulations
- 80 key simplifications
- Adapts to emerging needs (migration, global warming, economy)

## > for all regions

- Objective method
- 75% for poorest regions
- Present for emerging needs everywhere

# Cohesion Policy within the new MFF

In billion euro, current prices



## **I. SINGLE MARKET, INNOVATION AND DIGITAL** €187.4

- 1** Research and Innovation
- 2** European Strategic Investments
- 3** Single Market
- 4** Space



## **II. COHESION AND VALUES** €442.4

- 5** Regional Development and Cohesion
- 6** Economic and Monetary Union
- 7** Investing in People, Social Cohesion and Values



## **III. NATURAL RESOURCES AND ENVIRONMENT** €378.9

- 8** Agriculture and Maritime Policy
- 9** Environment and Climate Action



## **IV. MIGRATION AND BORDER MANAGEMENT** €34.9

- 10** Migration
- 11** Border Management



## **V. SECURITY AND DEFENCE** €27.5

- 12** Security
- 13** Defence
- 14** Crisis Response



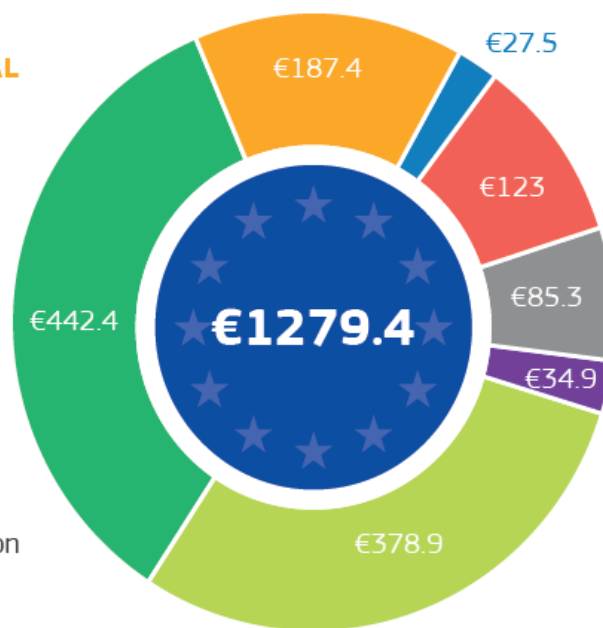
## **VI. NEIGHBOURHOOD AND THE WORLD** €123

- 15** External Action
- 16** Pre-Accession Assistance



## **VII. EUROPEAN PUBLIC ADMINISTRATION** €85.3

- 17** European Public Administration



European  
Commission



# MFF priorities

Research, Innovation & Digital



x 1.6



Youth



x 2.2



LIFE Climate & Environment



x 1.7



Migration & Borders



x 2.6



Security



x 1.8



External Action



x 1.3



*Increase under the new  
long-term EU Budget*

**Combined increase = + €109 billion**

**Climate Mainstreaming  
contributing to climate objectives**



x 1.6



20% of Multiannual Financial Framework  
2014-2020, EU 28 = 206 billion

25% of the Multiannual Financial Framework  
2021-2027, EU 27 = 320 billion

**Combined increase = + €114 billion**

*Note:* Compared to MFF 2014-2020 at EU-27 (including European Development Fund)

## 2 > Allocations & eligibility

# How are Cohesion Policy allocations set?

## *The revised 'Berlin method'*

The allocation method for the funds is still largely based on GDP per capita. New criteria are added (youth unemployment, low education level, climate change, and the migration of non-EU citizens) to better reflect the reality on the ground. Outermost regions will continue to benefit from special EU support.

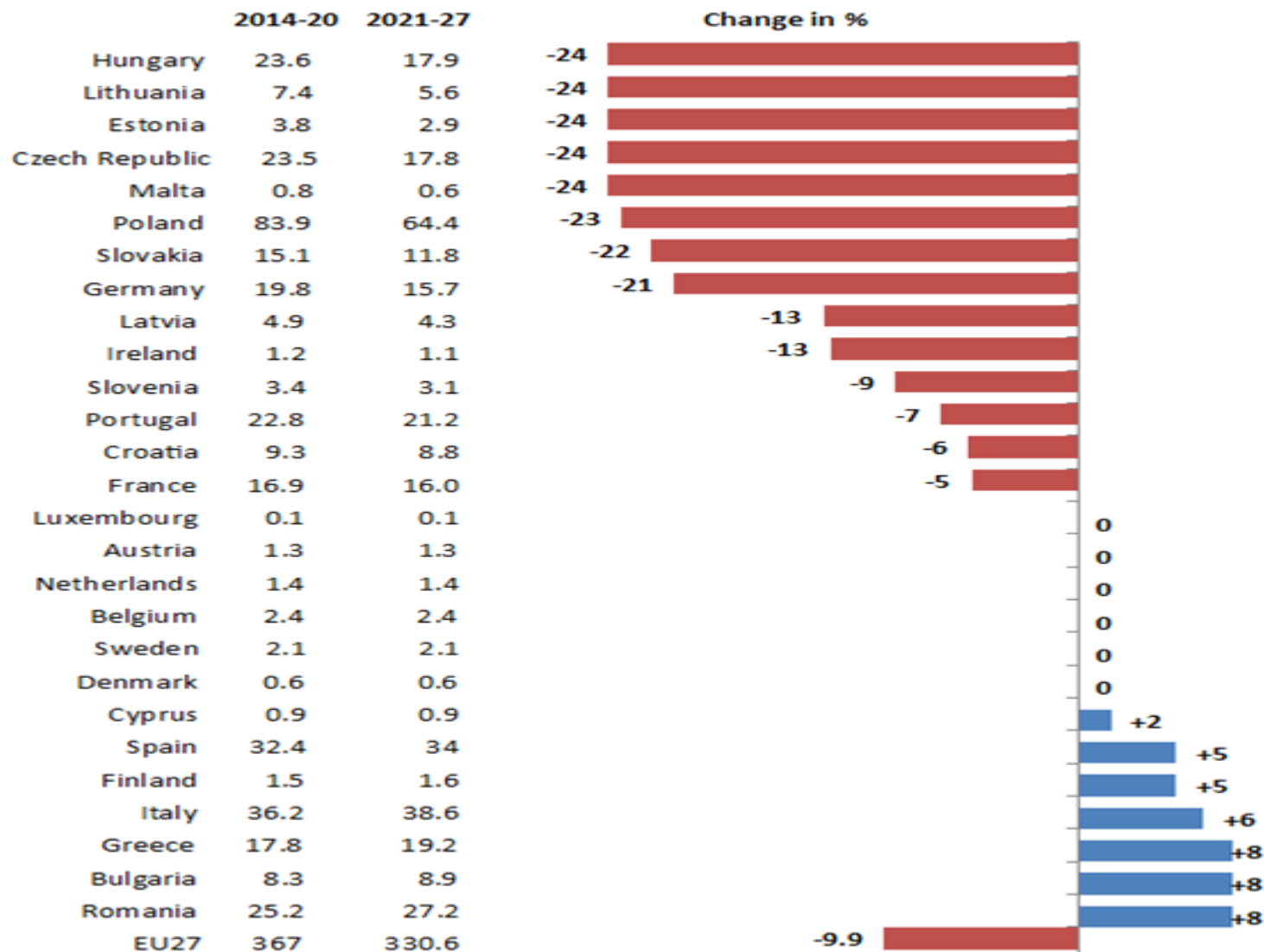
	2014-2020	2021-2027
GDP (incl. GNI for Cohesion Fund)	86%	81%
Labour market, education, demographics	14%	15%
Climate	-	1%
Migration	-	3%
Total	100%	100%

- Labour market: unemployment rate, youth unemployment rate, employment rate
- Education: early school leavers, tertiary level of education, low level of education
- Demographics: population of regions, low density of population
- Climate: Greenhouse gas emissions in the non-ESD sectors
- Migration: Net migration of non-EU citizens

⇒ *In addition, caps and safety nets apply to 17 MS, among which EL*

# Cohesion policy allocations

in billions of 2018 euros



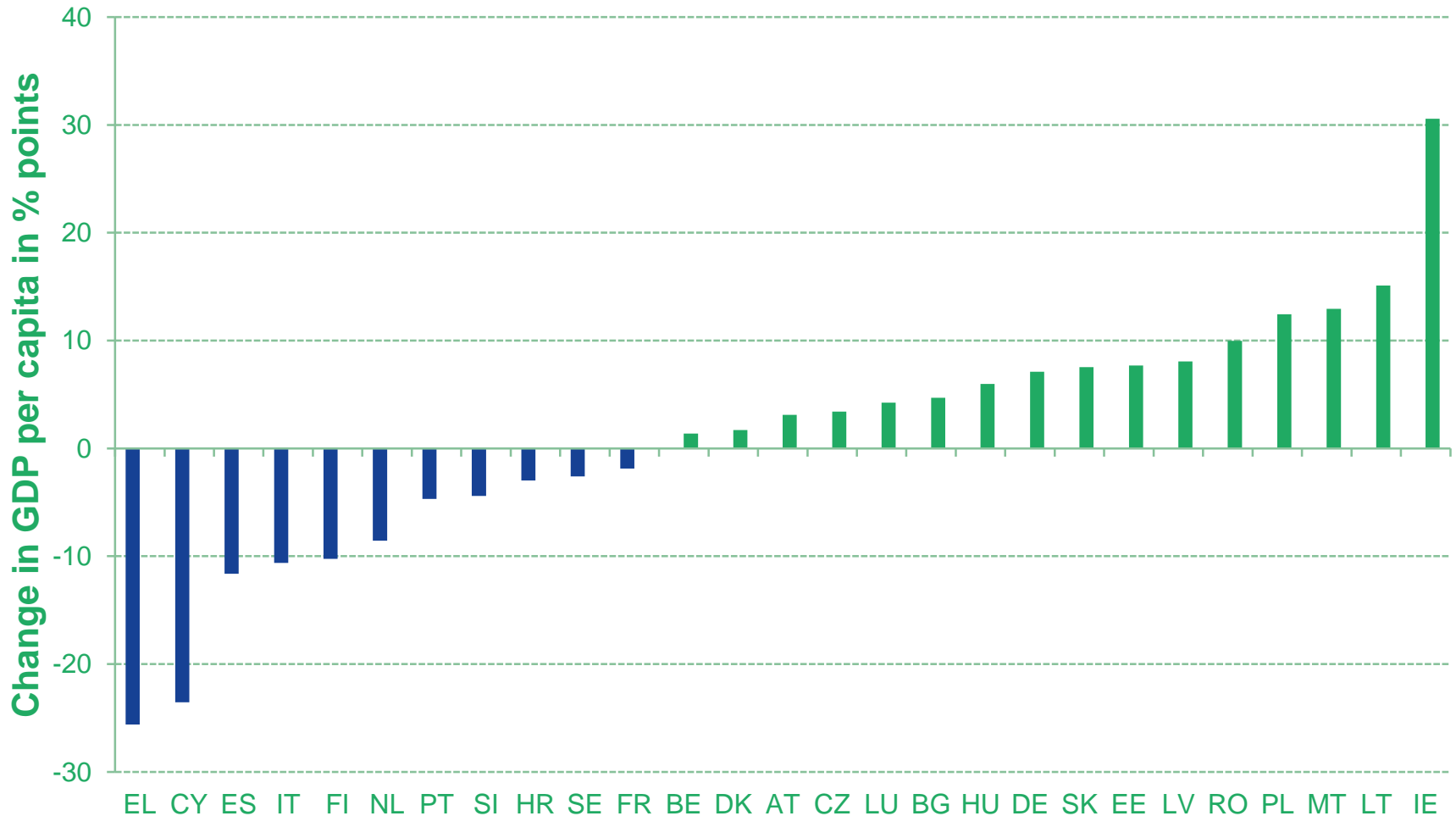
Source: DG REGIO

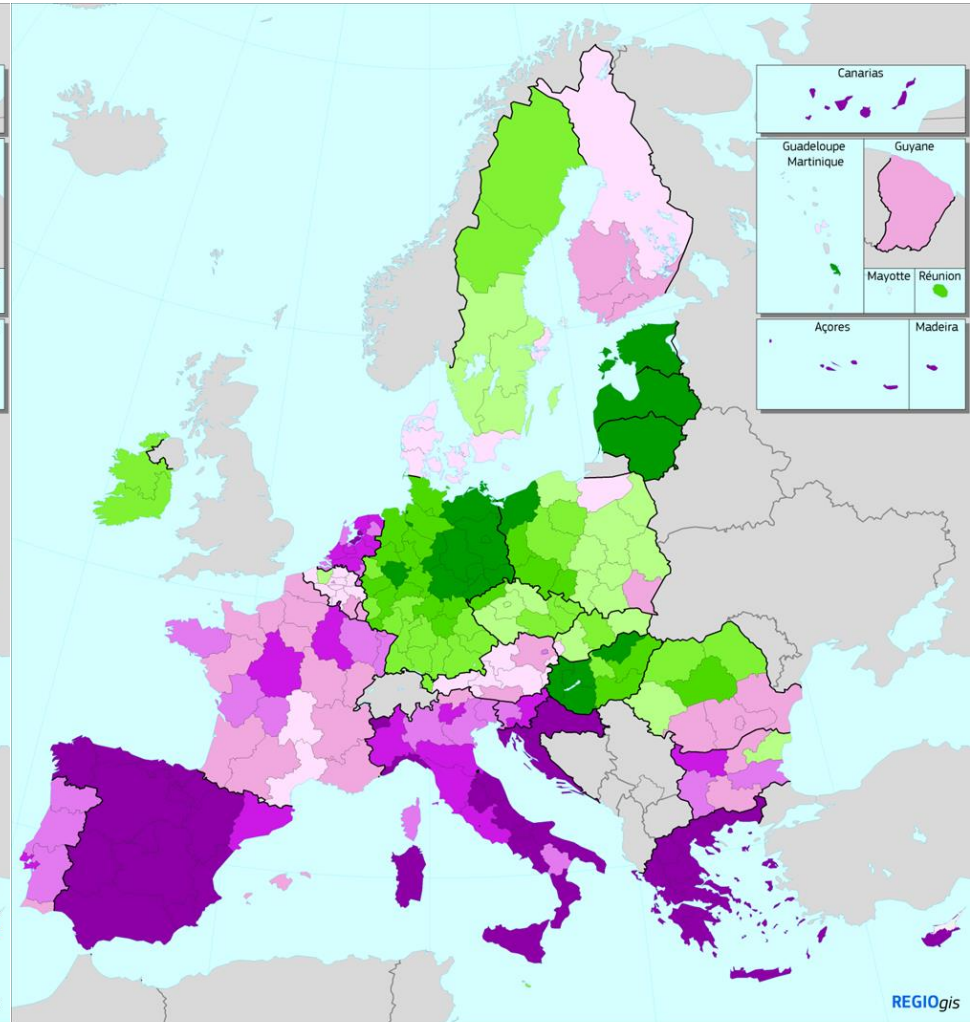
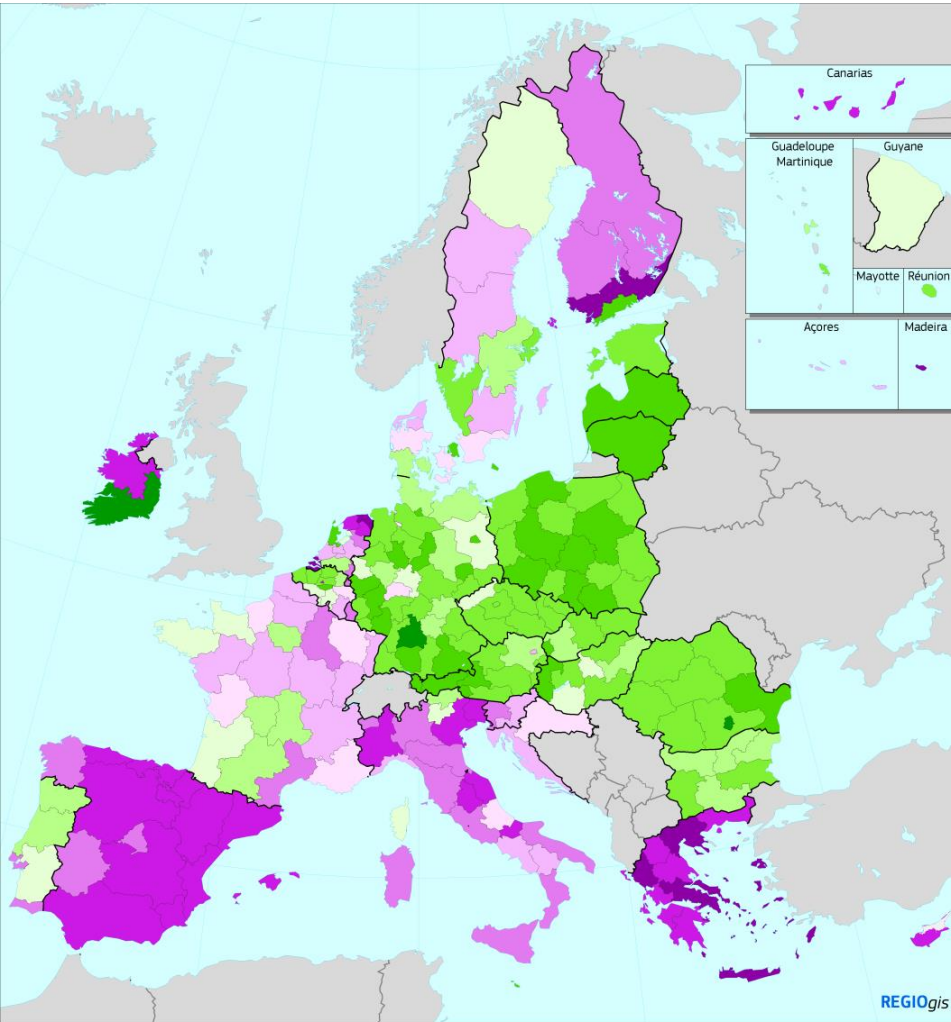


European  
Commission



## The main driver of changes: changes in GDP per capita 2007-2009 vs 2014-2016





Changes in regional GDP per capita, 2007/09 - 2014/16

- percentage points
- = < -20
  - 20 - -10
  - 10 - -5
  - 5 - -2
  - 2 - 0
  - 0 - 2
  - 2 - 5
  - 5 - 10
  - 10 - 20
  - > 20

Source: DG REGIO

0 500 km

© EuroGeographics Association for the administrative boundaries

Change in unemployment rate, 2008/09/10 - 2014/15/16

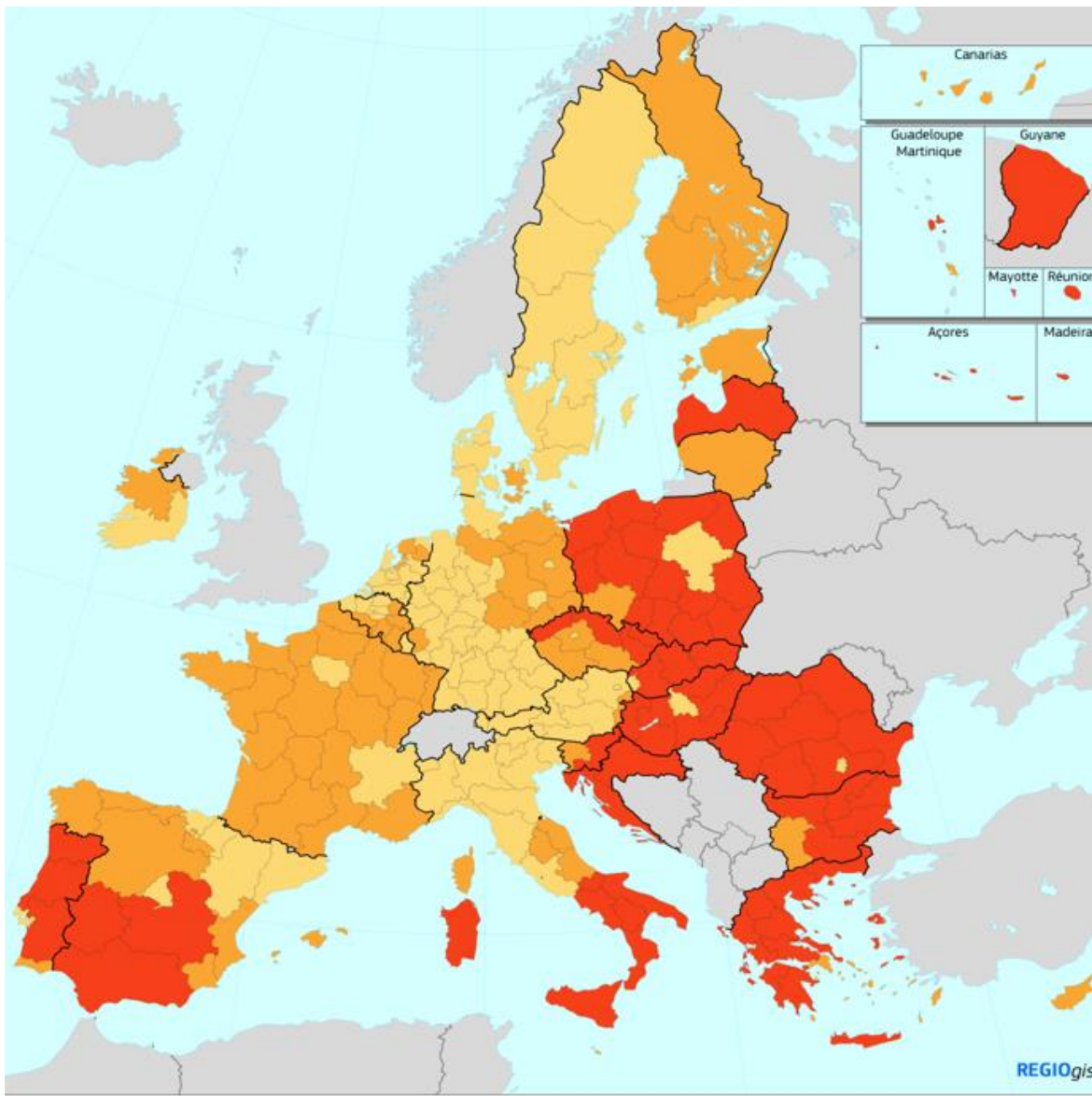
- percentage point
- < -3
  - 3 - -2
  - 2 - -1
  - 1 - 0
  - 0 - 1
  - 1 - 2
  - 2 - 3
  - 3 - 4
  - > 6

Source: DG REGIO

0 500 km

© EuroGeographics Association for the administrative boundaries

# New regional eligibility map 2021-2027



GDP/head (PPS) by NUTS2 region, average 2014-2015-2016

Index, EU-27 = 100

- < 75% (less developed regions)
- 75% - 100% (transition regions)
- >= 100% (more developed regions)

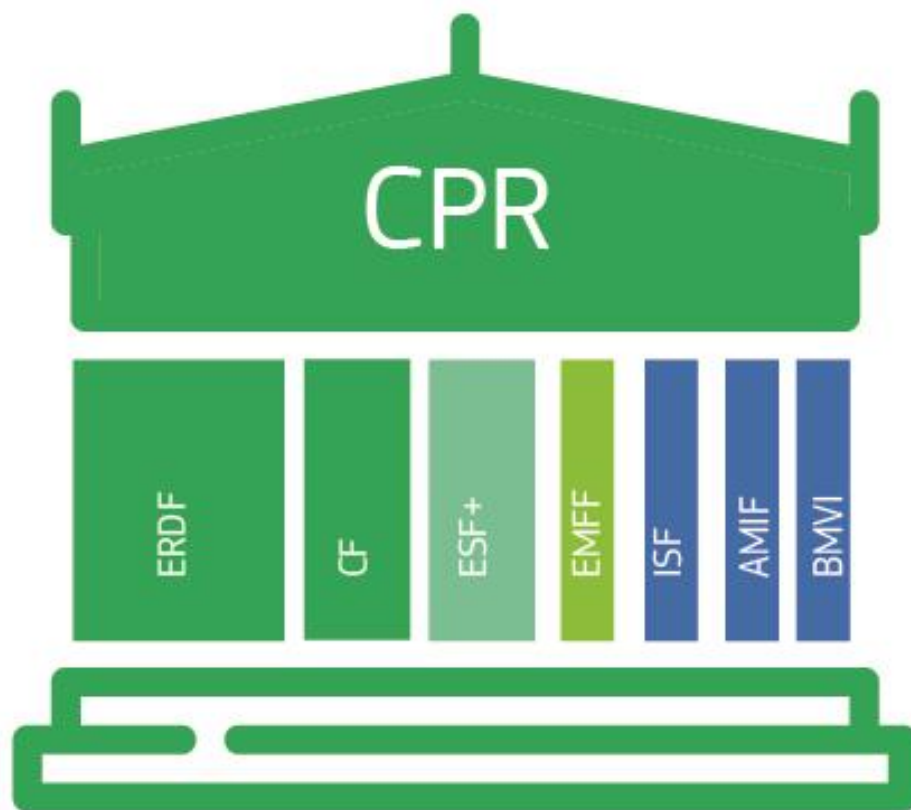
# Continued concentration on less developed and transition

	2014-2020	2021-2027
Cohesion Fund	22%	13%
ERDF Less developed regions	53%	<b>62%</b>
ERDF Transition	10%	14%
ERDF More developed	15%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<i>Share CF + ERDF less developed</i>	74%	75%



# 3 > Legal architecture

# 7 funds, 1 regulation



CPR covers delivery.  
1 set of rules:

- More coherent
- Simpler to learn
- Simpler to combine

EMFF - European Maritime and Fisheries Fund  
ISF - Internal Security Fund  
AMIF - Asylum, Migration and Integration Fund  
BMVI - Border Management and Visa Instrument



# Coherence with other EU instruments

## Key examples:

- **Horizon Europe** ("European excellence")  
ERDF ("regional relevance", smart specialisation, innovation diffusion) & reinforced seal of excellence mechanism
- **CEF/CF**: Transfer of EUR 10 billion from the CF to the CEF; trans-European transport networks projects to be financed both through shared and direct management
- **Migration**: all Cohesion Policy Funds will address long-term needs linked to integration, AMIF will focus on short term needs
- **Reform Support Programme**
- **Investment Stabilisation Function** <sup>(1)</sup>

(1) [http://europa.eu/rapid/press-release\\_IP-18-3972\\_en.htm](http://europa.eu/rapid/press-release_IP-18-3972_en.htm)



# Creating the conditions for success

## Enabling conditions ("ex ante")

- Fewer (35 to 20), clearer, tighter link to policy
- At OP level
- Condition for declaration of expenditure  
(= no more action plan: instead, conditions followed throughout period)

## EU Governance

- European Semester
- Macroeconomic conditionality
- Reform Support Programme
- Rule of law



# 4 > ERDF and CF specifics

# Policy objectives

11 objectives => **simplified and consolidated to 5:**

1. **A smarter Europe** (innovative & smart economic transformation)
2. **A greener, low-carbon Europe** (including energy transition, the circular economy, climate adaptation and risk management)
3. **A more connected Europe** (mobility and ICT connectivity)
4. **A more social Europe** (the European Pillar of Social Rights)
5. **A Europe closer to citizens** (sustainable development of urban, rural and coastal areas and local initiatives)

+ 2 horizontal objectives:

- Administrative capacity building
- Co-operation between regions and across borders (embeds co-operation in mainstream)

# ERDF THEMATIC CONCENTRATION

- Continue spending in the key areas for growth and jobs
- Concentration at national level
- At national level based on GNI per head => flexibility in allocation

For countries with:	minimum % PO1 ("smarter Europe")	minimum % PO2 ("greener, low carbon EU")
<b>GNI below 75%</b>	35%	30%
<b>GNI 75-100%</b>	45%	30%
<b>GNI above 100%</b>	60%	PO1 + PO2 min. 85%

- 6% of budget to urban development, delivered through local development partnerships (can overlap with above)

# Sustainable urban development and interventions for specific territories

- New dedicated specific objective (under PO5) for **integrated development of urban areas**
- 6% of ERDF to go to urban development, delivered through local development partnerships via various tools
- European Urban Initiative: a coherent approach to capacity building, innovative actions, knowledge and policy development and communication
- **New dedicated specific objective (under PO5) for the development of island areas** (and rural, coastal, and mountain)
- Requirement for local development strategies – local ownership



# 5 > Simplification and flexibility



# General

- The architecture itself – 7 Funds, 1 regulation
- Regulation half as long as in previous period
- Handbook of 80 key administrative simplifications (\*)  
(examples on next slides)

(\*) [http://ec.europa.eu/regional\\_policy/sources/docgener/factsheet/new\\_cp/simplification\\_handbook\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/factsheet/new_cp/simplification_handbook_en.pdf)

# Programming

## What's in?

- Simplified, more focused and strategic programming in structured form
- Performance-oriented: Mid-term review in 2025
- Synergies: Closer link with the European Semester
- Synergies: eg. with Horizon Europe programme ('Seal of Excellence')
- Annexes: to replace some 40 empowerments from 2014-2020

## What's out?

- No more changes of the PA during period
- Eliminated overlaps between PA and programmes (e.g. enabling conditions only in OPs)
- Fewer procedures: combining technical adjustment with (simplified) performance review

# More flexible



New framework combines the necessary stability in investment planning with the appropriate level of budgetary flexibility to cope with unforeseen events:

- New transfer possibility: Member State may request the transfer of up to 5 % of programme resources to another EU instrument
- Simpler reprogramming: up to 5% of a priority (3% of programme) without Commission decision.
- "5+2" Programming: mid-term review will determine if changes in the OPs are needed for the last 2 years, based on emerging priorities, performance and the most recent Country-Specific Recommendations
  - 5 years programmed initially
  - 2026-27 allocations programmed after mid-term reviews in 2024-25 (basis: emerging needs, performance)
  - Technical adjustment fed in (modifying allocations from 2025)



# Simpler reimbursement

## What's in?

- SCOs (simplified cost options). Unit costs, fixed rates, lump sums.
- "Financing not linked to costs" (= based on conditions or milestones)
- Technical Assistance linked to implementation or milestones

## What's out?

Easier reimbursement of eligible costs = less paperwork, less invoices

NB: These measures are potentially the most cost-saving simplifications. Study suggests could save 25% of administrative costs.

# Eligibility

## What's in?

- Flexibility when responding to natural disasters
- Separate and clearer rules on relocation and project sustainability
- For operations < 5 million € of total costs, VAT eligible. In all other cases VAT is ineligible.

## What's out?

- No more specific rules on revenue generating operations
- No more appraising and adopting major projects by COM - instead "*operations of strategic importance*" followed by monitoring committee

# Increased use of financial instruments

Encouraging Financial Instruments (FIs) by simplification:

- Lighter ex-ante assessments required
- Integrated rules for grants and FIs  
(=> easier to manage rules, easier to combine instruments)
- Simpler rules on eligibility, payments and management fees
- No separate reporting

Voluntary contribution up to 5% of each Fund to new "InvestEU" instrument (with specific InvestEU rules, but cohesion objectives)

# New possibilities for cooperation

- **Interreg**: removing cross border obstacles and supporting interregional innovation projects
- **Interregional** and **cross-border cooperation** will be facilitated by the new possibility for a region to use parts of its own allocation to fund projects anywhere in Europe jointly with other regions.
- The **new generation** of interregional and cross-border cooperation (“Interreg”) programmes will help Member States overcome cross-border obstacles and develop joint services. COM proposes a new instrument for border regions and Member States who wish to harmonise their legal frameworks, the **European Cross-Border Mechanism**.
- Building on successful pilot action from 2014-2020, COM Commission proposes to create the **Interregional Innovative Investments**. Regions with matching ‘smart specialisation’ assets will be given more support to build pan-European clusters in priority sectors such as big data, circular economy, advanced manufacturing or cybersecurity.



# Performance, monitoring, evaluation & audit

## What's in?

- Performance framework will cover all output and result indicators
- MS will report all implementation data every 2 months and the Cohesion Open Data Platform will be automatically updated
- Annual performance review: dynamic policy dialogue between OP authorities and COM
- lighter controls for OPs with good track record, with increased reliance on national systems and the extension of the “single audit” principle, to avoid duplication of checks.

## What's out?

- Performance reserve (replaced by "5+2")
- Annual implementation and progress reports for cohesion policy
- Ex ante evaluation

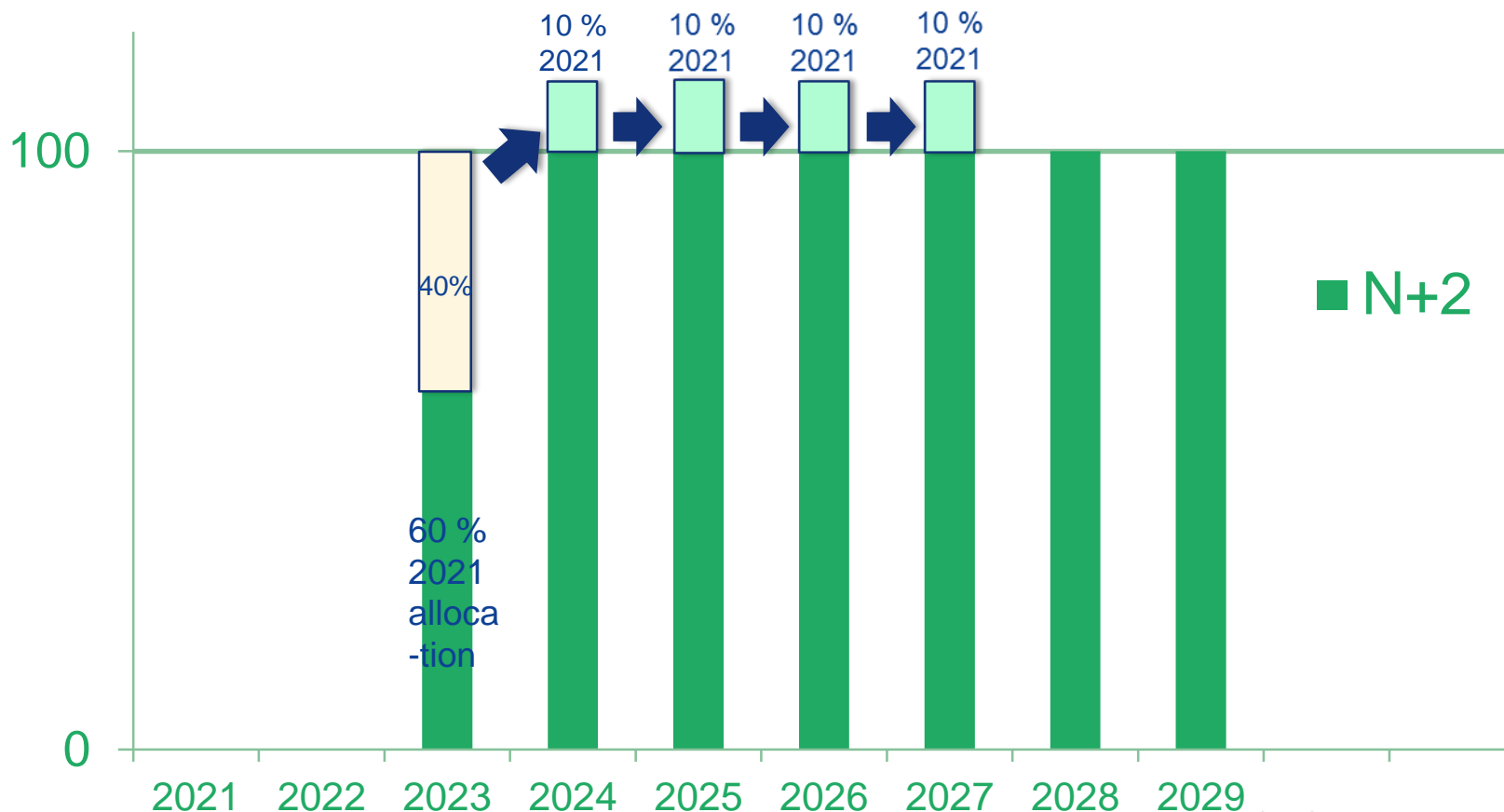
# 6 > Solidarity and responsibility

# Lower EU co-financing ceilings

Ceilings on EU contribution	
70%	Less developed regions Outermost regions Cohesion Fund Interreg
55%	Transition regions
40%	More developed regions

# From "N+3" to "N+2": phased in by 2028

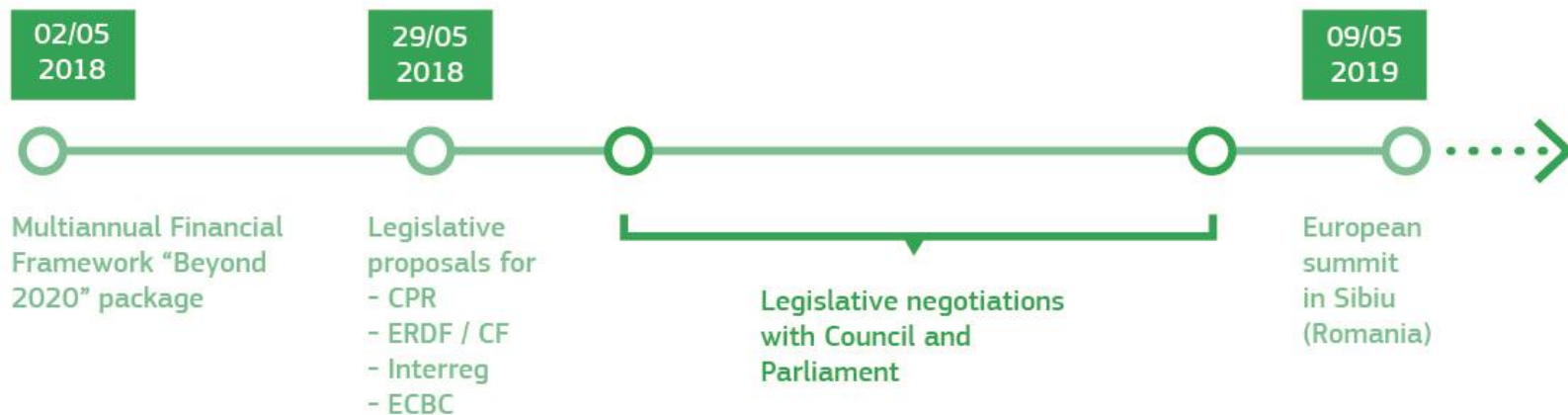
- 60% of 2021 allocation subject to "n+2" rule in 2023
- Remaining 40% due in 10% tranches over 2024-27 ("n+x")





# 7 > Next steps

# Timeline





Thank you for  
your attention  
Σας ευχαριστώ  
για την  
προσοχή σας  
Mario Rodrigues



#CohesionPolicy  
#EUinmyRegion