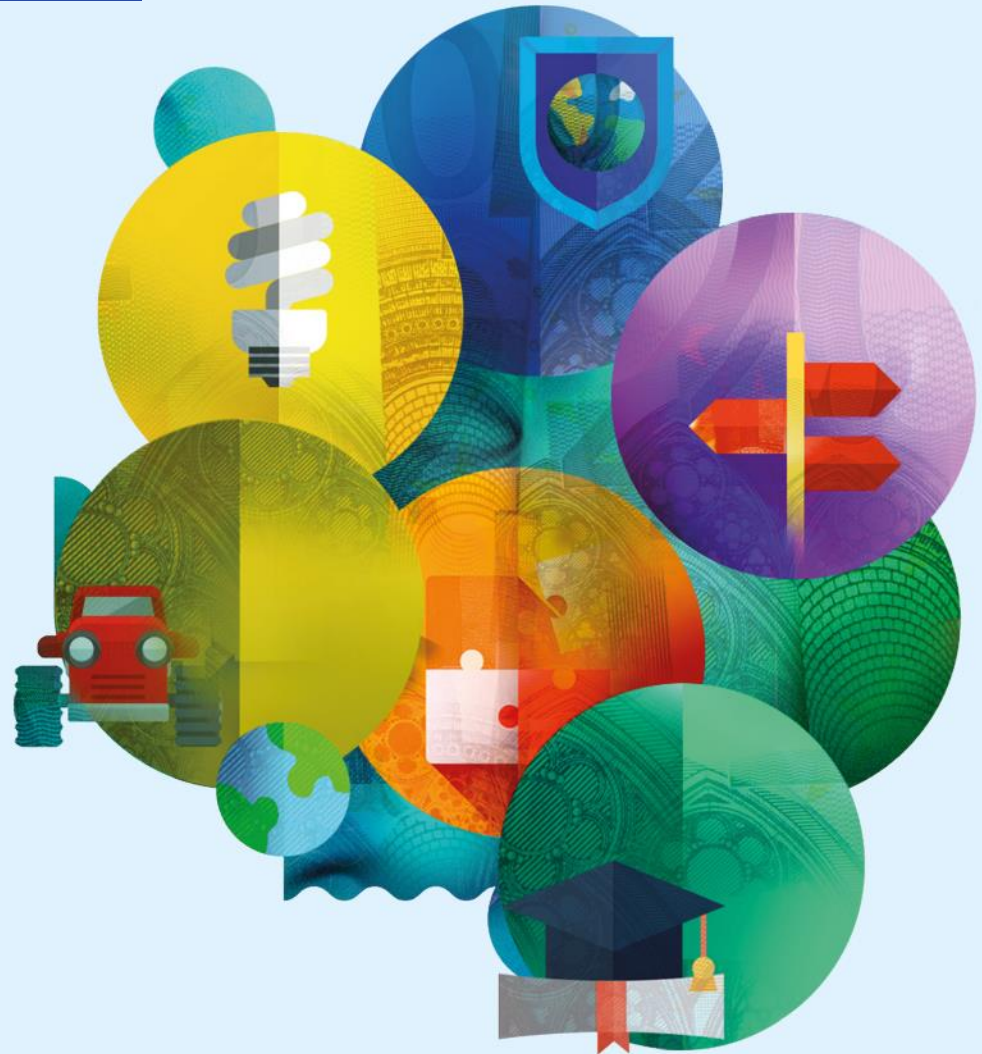


EU Budget for the future CPR and cohesion policy

REGI committee 20 June 2018

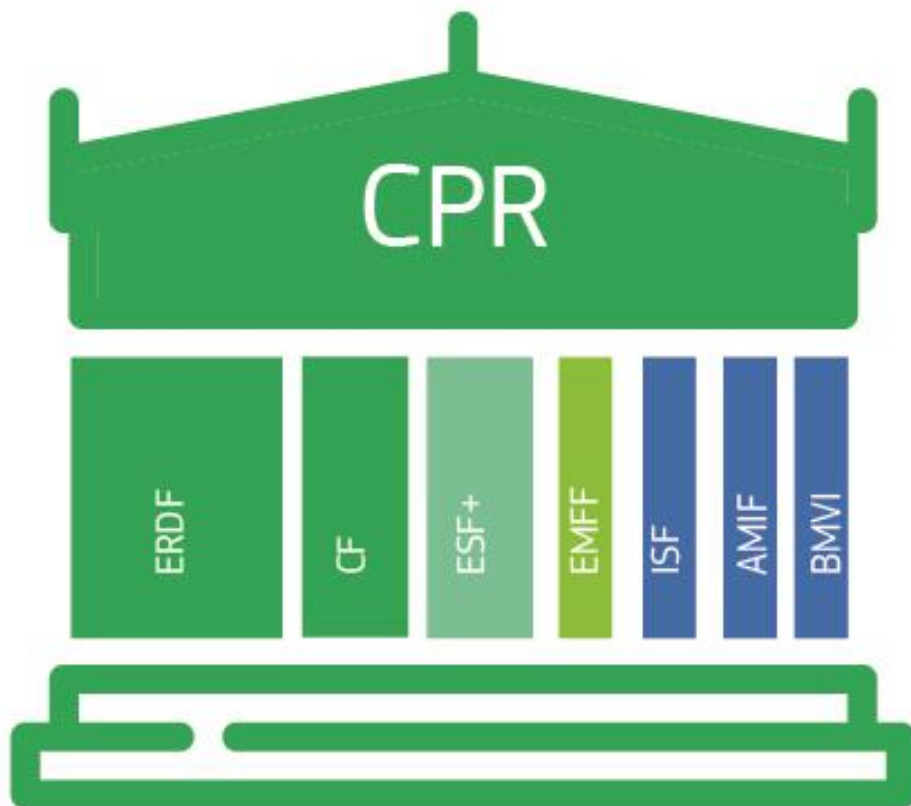
Eric von Breska
DG REGIO

#CohesionPolicy
#EUinmyRegion



Common Provisions Regulation (CPR)

7 funds, 1 regulation



CPR covers delivery.
1 set of rules is:

- More coherent
- Simpler to use
- Simpler to combine



Where do today's instruments fit?

Common Provisions Regulation

- Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI
- Delivery elements are here

ERDF/CF regulation

- Single regulation for both funds
- Policy priorities are here, eg:
 - specific objectives
 - thematic concentration
 - urban development
 - outermost regions

ETC regulation

- Territorial co-operation funded by ERDF
- Includes external assistance
- New interregional innovation instrument

ECBM: off-the-shelf legal instrument to simplify cross-border projects



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)



Creating the conditions for success

Enabling conditions (used to be "ex ante")

- Fewer (35 to 20), clearer, tighter link to policy
- 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



Simpler, less administrative burden

- Simpler architecture: 7 Funds, 1 rulebook (½ as long)
- Handbook of 80 key administrative simplifications, e.g:
 - **Simpler reimbursement based on SCOs**
TA linked to implementation
NB: these changes could reduce administrative burden by >25%
 - **VAT eligible below 5 million (96% of projects, 46% of cost)**
 - **No specific rules for revenue generation, major projects**
 - **No more designation procedure**
 - **For "low error" programmes, more reliance on national systems**
 - **Rules for financial instruments aligned with rules for grants**

More flexible

- Simpler reprogramming: up to 5% of a priority (3% of programme) without Commission decision.
- "5+2" Programming:
 - **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)**
- New transfer possibility: Member State may request the transfer of up to 5 % of programme resources to another EU instrument



Performance, monitoring and evaluation

What's in?

- Performance framework will cover all output and result indicators
- "Open data" on progress every 2 months
- Structured policy dialogue between COM and MS in the annual review meeting

What's out?

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

More transparent, more partnership

- Enhanced role of monitoring committee, with increased transparency
- 'Code of conduct' rolled over
- Strengthened and simplified communication requirements

Increased use of financial instruments

- Encouraging financial instruments (FIs) by simplification:
 - **Lighter ex-ante assessments**
 - **Integrated rules for grants and FIs => easier to master 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. Rules of InvestEU, but cohesion objectives.



Coherence with other EU instruments

5 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, while AMIF will focus on short term needs.
- Reform Support Programme
- European Investment Stabilisation Function

Allocations and financing

Step 1: "Berlin method"

(% indicates financial weight)

	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

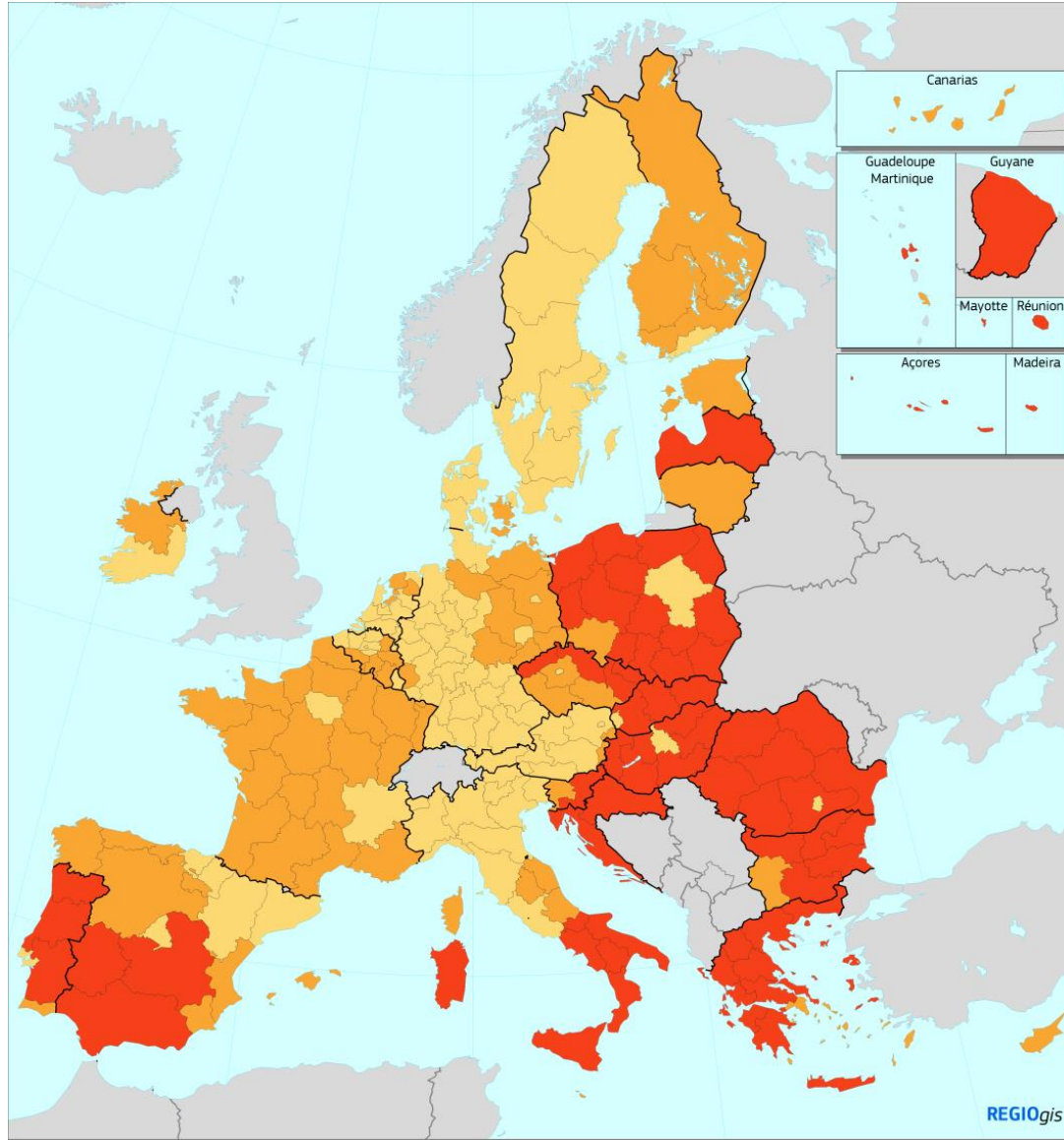
Education: early school leavers, tertiary level of education, low level of education

Demographics: population of regions, low density of population

Climate: Green House gas emissions in the non ETS sectors

Migration: Net migration of non EU citizens

New regional eligibility map 2021-2027



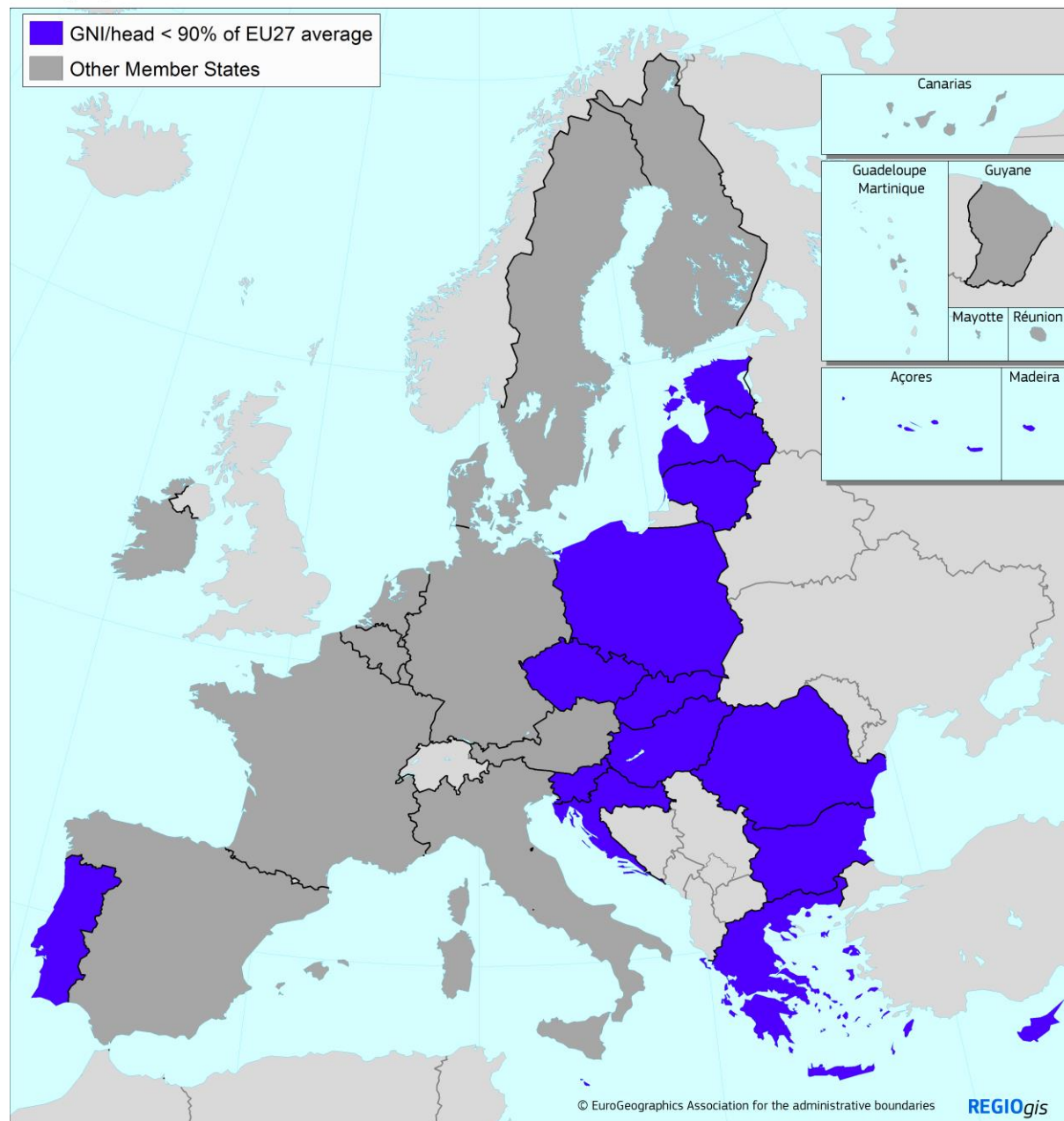
GDP/head (PPS) by NUTS2 region, average 2014-2015-2016

Index, EU-27 = 100

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

Cohesion Fund eligibility 2021-2027

Category



Allocations by Member State

Member State	2021-27 allocation (billions, 2018 prices)	Change from 2014-2020 period (%)	Aid intensity (EUR/head)	Change from 2014- 2020 period (%)
BG	8.9	8	178	15
RO	27.2	8	196	17
HR	8.8	-6	298	0
LV	4.3	-13	308	0
HU	17.9	-24	260	-22
EL	19.2	8	254	12
PL	64.4	-23	239	-24
LT	5.6	-24	278	-12
EE	2.9	-24	317	-22
PT	21.2	-7	292	-5
SK	11.8	-22	310	-22
CY	0.9	2	147	-5
SI	3.1	-9	213	-11
CZ	17.8	-24	242	-25
ES	34.0	5	105	3
MT	0.6	-24	197	-28
IT	38.6	6	91	5
FR	16.0	-5	34	-9
FI	1.6	5	42	2
BE	2.4	0	31	-5
SE	2.1	0	31	-6
DE	15.7	-21	27	-20
DK	0.6	0	14	-3
AT	1.3	0	21	-4
NL	1.4	0	12	-3
IE	1.1	-13	33	-17
LU	0.1	0	16	-14
EU27	331	-9.9	106	-11

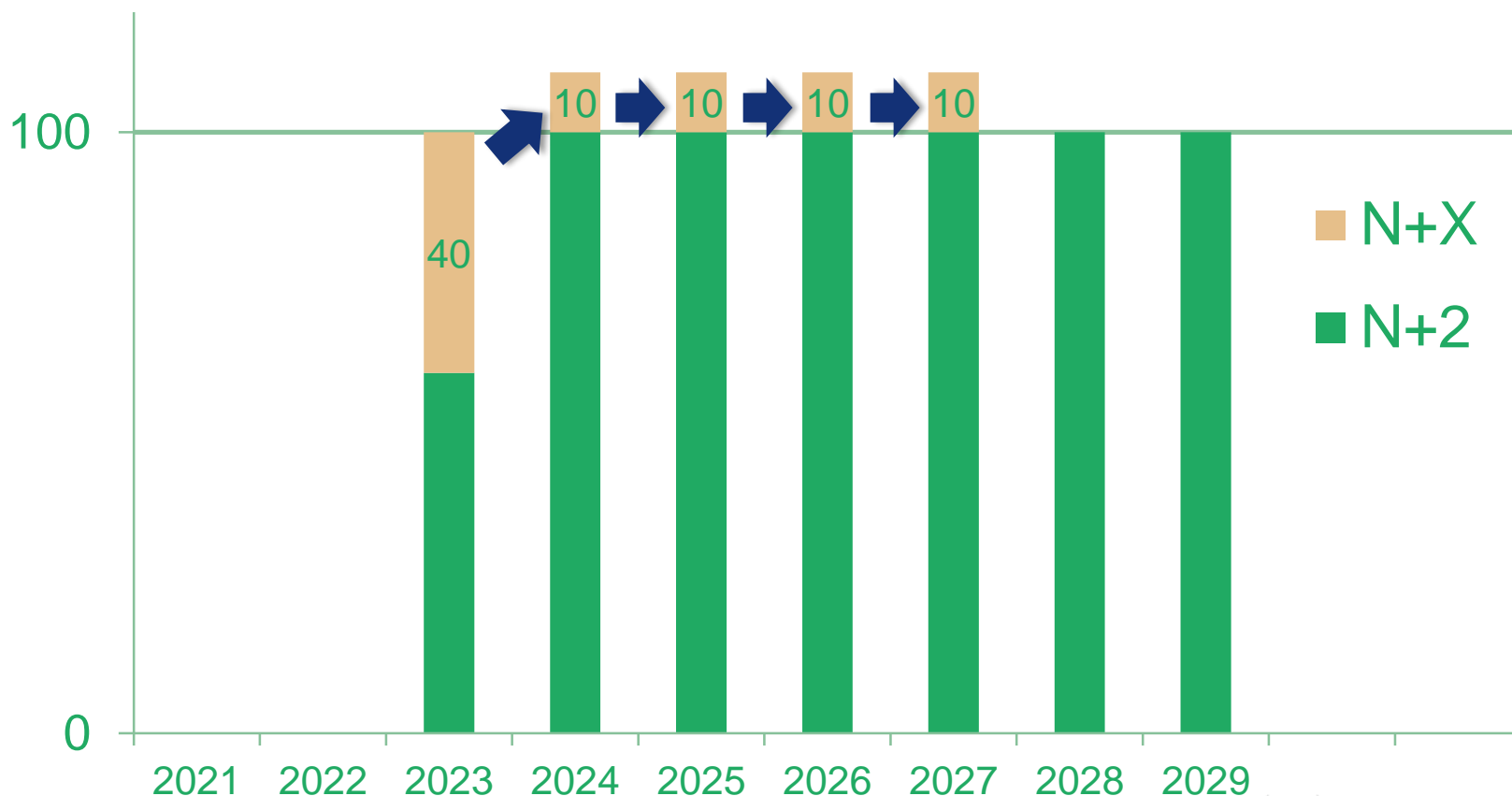
Lower EU co-financing ceilings

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

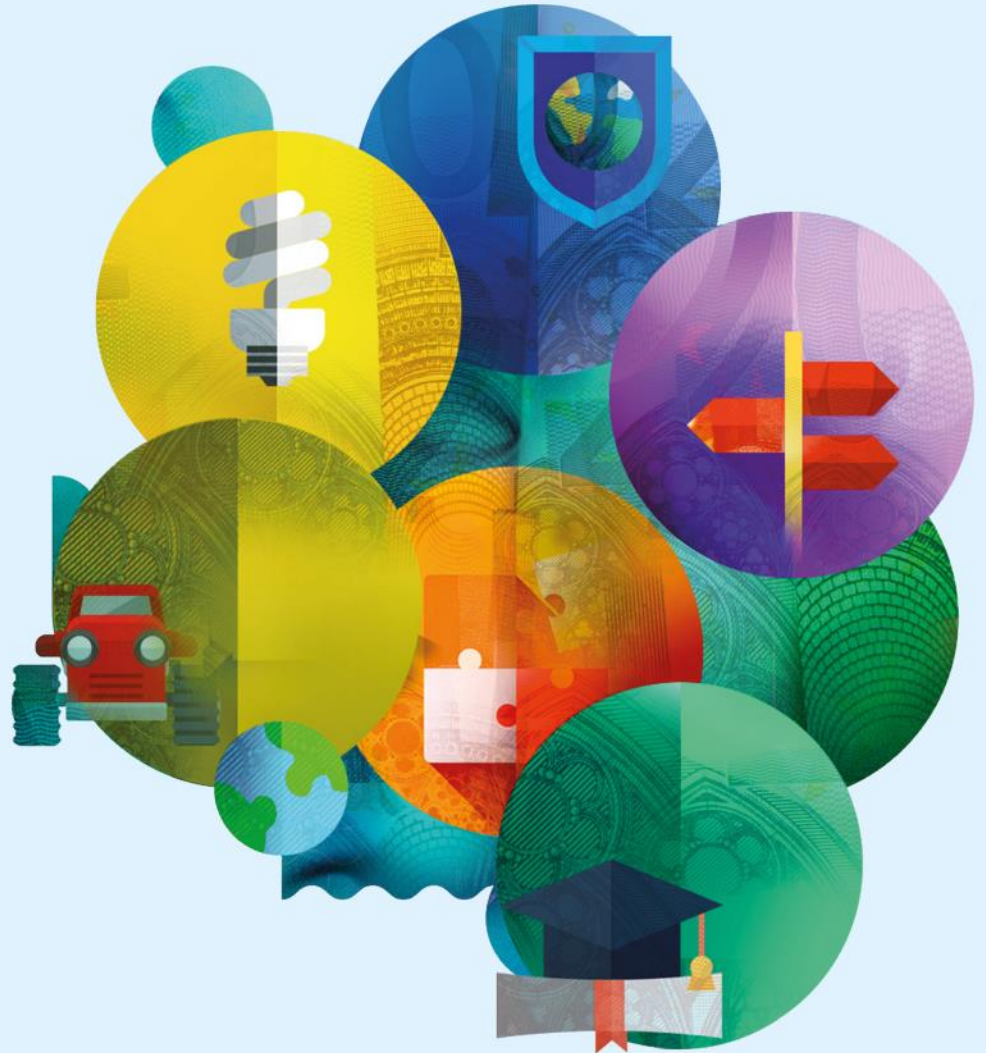
"Quid pro quo": Additionality requirements
VAT eligibility

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")



**Thank you for your
attention!**



ERDF and Cohesion Fund

Operationalising the policy objectives (Art. 2)

- The 5 policy objectives (smart, green/low-carbon, connected, social, closer to citizens) implemented with 21 specific objectives
 - Example: smarter Europe has 4 specific objectives (innovation, digitisation, SMEs and skills)
- New: each specific objective now has a common result indicator, (enables aggregation, comparison, reporting in open data) (Art. 7)
- Provision under each policy objective for horizontal measures:
 - a. Capacity building for programme managers & implementing bodies
 - b. Enhancing cooperation (inside and outside a given Member State)

ERDF thematic concentration (Art. 3)

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

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

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

Scope: excluded actions (Art. 6)

- **On efficiency grounds** (undertakings in difficulty, airports, broadband where 2 networks already)
- **Where other EU mechanisms exist** (decommissioning of nuclear power, reducing greenhouse gasses)
- **Environmental policy choices** (construction of nuclear power stations, residual waste treatment, fossil fuels)
- **Other policy choices** (tobacco)

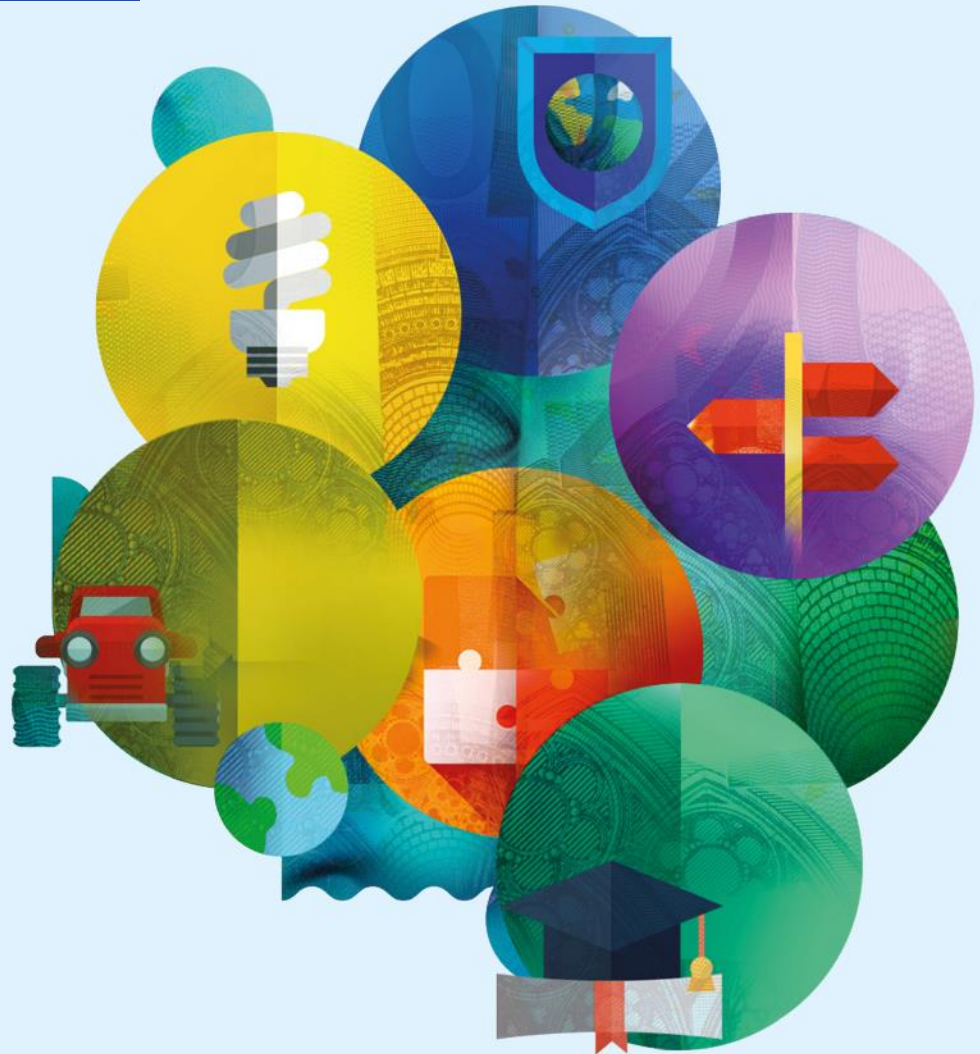
Sustainable urban development (Art. 8, 9,10)

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

Outermost regions (Art. 11)

- Guadeloupe, French Guiana, Martinique, Réunion, St. Martin, Mayotte, the Azores, Madeira, Canary Islands
- "Remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development" (Article 349 TFEU)
- To offset the Art. 349 constraints, cohesion policy may support:
 - Investment in airports (Art. 6)
 - Operating costs (eg of transport) – *additional allocation*
 - Provision of public service obligations – *additional allocation*

**Thank you for your
attention!**



Interreg

Changes

1. Cross-border programmes: from fund distributors to centres of strategic planning (linked to effective functional areas)
2. **New:** Member States, third and partner countries, OCTs on equal footing
3. **New:** External cross-border cooperation (= incorporation of IPA/ENI cross-border aspects)
4. **New:** Maritime co-operation goes from CBC to sea-basin level
5. **New:** Specific component for the outermost regions (with co-operation outside EU)
6. **New:** Interregional innovation investments
7. **New:** European Cross Border Mechanism

5 Components of Interreg

- **Terrestrial cross-border cooperation (component 1)**
- **Transnational cooperation and maritime cooperation (component 2)**
- **Outermost regions cooperation (component 3)**
- **Interregional cooperation (component 4)**
- **Interregional innovation investments (component 5)**



Policy and specific objectives for Interreg

All ERDF and Cohesion Fund policy and specific objectives available. In addition:

1. Under the policy objective 'A more social Europe':
 - ERDF scope enlarged to cover ESF-type actions
 - Derogation for PEACE PLUS
3. 'A better Interreg governance' (capacity building, macroregional strategies, people-to-people, civil society...)
4. 'A safer and more secure Europe' (external border crossing management, migration management, protection of migrants)

THEMATIC CONCENTRATION

	Percentage	On what?
Components 1, 2 and 3	At least 60%	Maximum of 3 out of 5 policy objectives
Components 1, 2 and 3	Another 15%	Better Interreg governance or Safer and more secure Europe
Transnational programme supporting a strategy	100%	Objectives of the strategy
Maritime programme supporting a strategy	At least 70%	Objectives of the strategy

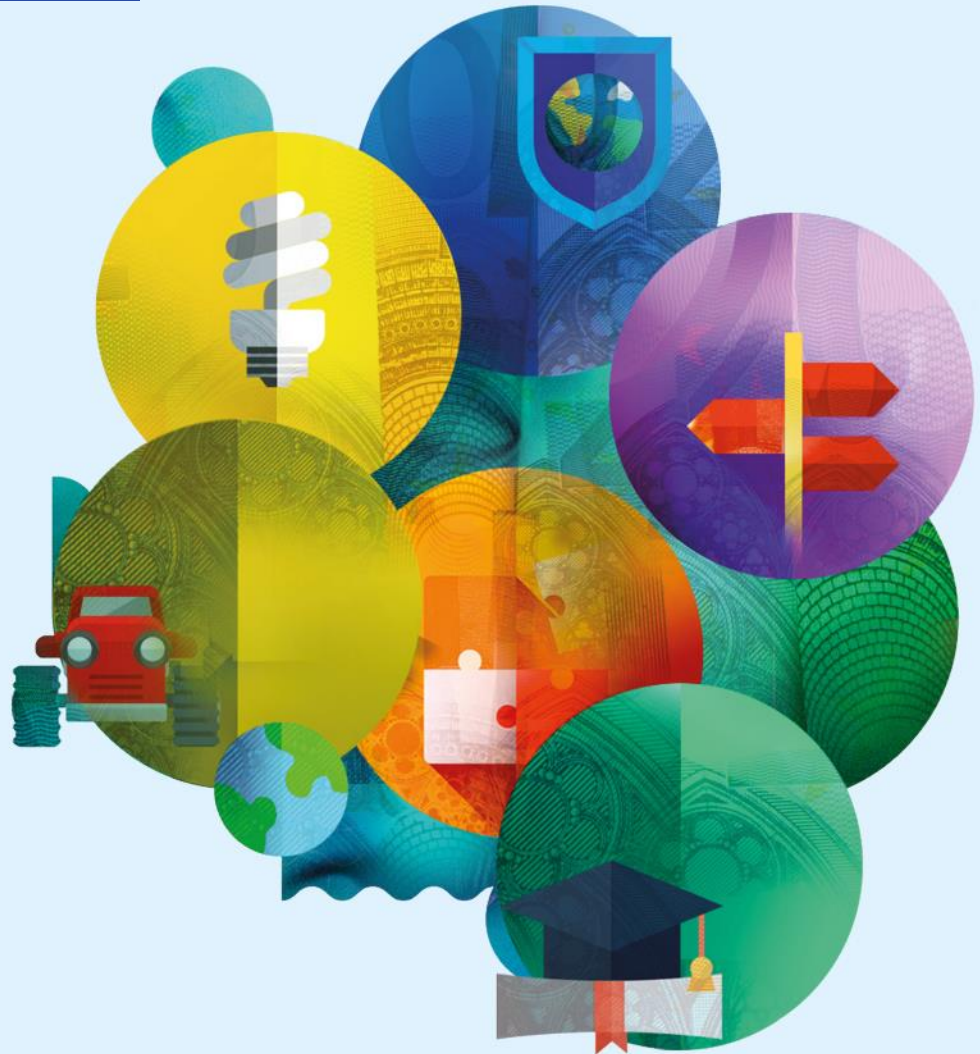
Additional new aspects

- Co-financing rates: 70% at programme level; 85% for external border programmes
- Partnership agreement: only list of interreg programmes
- Eligibility rules integrated into regulation
- Small project fund definition included
- Monitoring Committee, transmission of data fully included in regulation
- Travel and accommodation flat rate

Simplification elements

- Flat-rate technical assistance approach
- New rules on VAT eligibility
- No requirements for revenue-generating projects
- Single error rate approach for Interreg programmes
- Elimination of certifying authority
- No more annual reports
- Combination of pre-financing and annual pre-financing

**Thank you for your
attention!**



European Cross Border Mechanism (ECBM)

Example: extension of Strasbourg (FR) tram to Kehl (DE)



Strasbourg – Kehl tram. Obstacles included:

Adaptation of tram equipment (lights, wheels, fire extinguisher)

Mixing of road signals for road and tram traffic

Legal status of equipment: bridge, tram platform, ticket machines.

Coordination of public certification for the circulation of trams

Installation of travel ticket machines with mixed systems

Separate tariff system

Recognition of travel tickets

Distribution of tickets sellers

Responsibility for **security & policing** during cross border travels

Conditions for financial support through ministries

... led to a lengthy process

2009 Memorandum
of Understanding



2016
Convention on Tariffs

Other examples (among many)

- Firefighters and ambulances often cannot help because of cross border legal differences
- Different legal provisions hamper traineeships
- Lack of legal certainty for medical practitioners in hospital across the border

What are ECBM, ECBC and ECBS?

- Off the shelf legal instruments (no impact on EU budget)
- Tackling administrative barriers by allowing limited application of one Member State's rules in a neighbour.
- Voluntary (but effective system on each border obligatory: Art. 4)
- The European Cross Border Mechanism (ECBM) has 2 options:
 - Commitment (ECBC): itself enables derogation from normal rules
 - Statement (ECBS) signatories undertake formally to legislate to amend normal rules

**Thank you for your
attention!**

