Information Guide

Structural Policy

A guide to the European Union’s Structural Policy, with hyperlinks to sources of information within European Sources Online and on external websites

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Introduction

EU regional policy is an investment policy. It supports job creation, competitiveness, economic growth, improved quality of life and sustainable development. These investments support the delivery of the Europe 2020 strategy.

Regional policy is also the expression of the EU’s solidarity with less developed countries and regions, concentrating funds on the areas and sectors where they can make the most difference. Regional policy aims to reduce the significant economic, social and territorial disparities that still exist between Europe’s regions. Leaving these disparities in place would undermine some of the cornerstones of the EU, including its large single market and its currency, the euro.

During the period 2007-2013, the EU will invest a total of €347 billion in Europe's regions.

The funding helps, for example, to improve transport and internet links to remote regions, boost small and medium-sized enterprises in disadvantaged areas, invest in a cleaner environment and improve education and skills. EU funding is also invested in innovation, developing new products and production methods, energy efficiency and tackling climate change.

From: DG Regional Policy web page What is regional policy?.

Background

The objective of reaching balanced development throughout the European Union by fighting regional economic disparities has existed from the start of European integration. It was translated into a structural policy from the 1970s and gradually assumed more importance. Also called ‘regional policy’ or ‘cohesion policy’, it is now referred to in the Treaties as ‘economic, social and territorial cohesion’.

The completion of the Single Market proved to be a successful project for the newly-founded European Union, yet it became clear that this had to be complemented with increased efforts to support the less prosperous regions. This was in order to avoid a further divergence in development levels with only those regions profiting from the Common Market which were already prospering before.

In September 2007, speaking on the theme ‘European Regional policy: History, Achievements and Perspectives’ (SPEECH/07/542) Commissioner Hübner identified three factors behind the ‘rationale’ of modern regional policy:

Firstly, as the Single European Act and, later, Maastricht Treaty, followed the Union’s second enlargement, they both established the link between the level of economic development and the capacity of countries and regions to participate in European integration.

Secondly, the reference to region’s participation in economic development calls the policy to bring unused regional resources into play. In other words, regional policy has a clear objective - it is not about redistribution; it is about mobilizing endogenous, local potential of development.
Finally, [the] Single European Act is talking about the policy which shall foster structural adjustment. This means that the policy’s focus is on long term change in the investment pattern and on overcoming structural barriers to development.

In order to track developments of regional convergence or divergence and to assess the impact of the EU's structural policy the European Commission has to submit reports on economic and social cohesion. These are available on the Inferegio Reports page [archived]. The First Cohesion Report, 1996 (NB: zip file only) was followed by:


On 30 May 2007, the Commission adopted its ‘Fourth report on economic and social cohesion’ (COM(2007)273; available also in a ‘glossy’ version, titled Growing regions, growing Europe; see also Press Release SPEECH/07/380). The first report to analyse the economic, social and territorial situation of the 27-Member Union and its 268 regions, it claimed that cohesion policy had helped regional development (see Press Release IP/07/721).

In her speech ‘Future of Cohesion Policy: towards exploring options’ at the Informal Ministerial Meeting on Territorial Cohesion and Regional Policy, in the Azores, on 24 November 2007 (SPEECH/07/742) Commissioner Hübner noted that:

Cohesion policy is no longer just a tool to help regions catch up with the Union’s average and reaffirm themselves within their own territory, but also to find their place in global world markets.

Within this approach, a consensus seems to materialise around the idea that European cohesion policy is, first and foremost, a development policy whose main objective is to foster growth and ensure equality of opportunity throughout the Union. It is worth repeating once more that the essence of the paradigm shift we have been talking about in the past months is in the increased focus the policy should put on opportunities for the future, by mobilising underexploited potential, rather than on compensation for the problems of the past.


Cohesion policy has made a significant contribution to spreading growth and prosperity across the Union, while reducing economic, social and territorial disparities. The fifth report on economic, social and territorial cohesion shows that the policy has created new jobs, increased human capital, built critical infrastructure and improved environmental protection, especially in the less developed regions. Undoubtedly, without cohesion policy, disparities would be greater. Yet the lasting social effects of the crisis, the demand for innovation arising from increased global challenges and the imperative to make the most of every euro of public expenditure call for an ambitious reform of the policy.

In its own Conclusions on the Fifth Report, the Council outlined the achievements of Cohesion policy, gave an overview of the policy’s relation to the Europe 2020 Strategy.
Legal basis

Prior to the Treaty of Lisbon entering into force, provisions concerning the EU’s structural policy were set out in Articles 158-162 of the Treaty establishing the European Community.

With the advent of the Treaty of Lisbon, ‘Economic, social and territorial cohesion’ is now the subject of Title XVIII (Articles 174-178) of the Treaty on the Functioning of the European Union (TFEU).

Article 174 states:

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.

Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.

Article 175 requires Member States to conduct and coordinate their economic policies so as to attain the objectives set out in Article 174. In addition, Article 175 requires the Union to:

support the achievement of these objectives by the action it takes through the Structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section; European Social Fund; European Regional Development Fund), the European Investment Bank and the other existing Financial Instruments.

Under Article 176, the European Regional Development Fund:

is intended to help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.

While Article 177 states that a Cohesion Fund:

shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure.

Decision-making

Decision-making in the field of structural policy is outlined in Articles 177 and 178 of the TFEU. Under Article 177, the European Parliament and the Council, in consultation with the European Economic and Social Committee and the Committee of the Regions in accordance with the ordinary legislative procedure, define the tasks, priority objectives and the organisation of the Structural Funds. Rules on coordination of the various Funds are defined by the same procedure, as are (under Article 178) implementing regulations relating to the European Regional Development Fund.
Elsewhere in the TFEU, Article 164 concerns procedures for adopting implementing regulations relating to the European Social Fund.

**The European Investment Bank**

The [European Investment Bank](https://www.eib.org) (EIB) was set up in the Treaty of Rome (1957) as a long-term financing institution for the Community. It is meant to pursue the EU's objectives – such as economic and social cohesion – by raising funds on the market and channelling them towards [investment projects](https://www.eib.org) in disadvantaged regions. The EIB is financially autonomous and does not draw from the EU's budget, but being backed by the Member States it can borrow and lend money at very favourable conditions (see also [Summaries of EU legislation](https://www.eib.org)).

Article 309 of the [Treaty on the Functioning of the European Union](https://eur-lex.europa.eu/summary) states:

In carrying out its task, the Bank shall facilitate the financing of investment programmes in conjunction with assistance from the Structural Funds and other Union Financial Instruments.

**Funding structural policy**

In order to pursue its cohesion policy, the European Union has set up a number of funds to part-finance regional and horizontal measures in the Member States. The principles and rules of the EU's instruments of structural funding are set out in a series of [Regulations](https://eur-lex.europa.eu/summary).

The main funds for the 2007-2013 funding period are:

- Cohesion Fund
- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- European Union Solidarity Fund (EUSF)
- European Grouping of Territorial Cooperation (EGTC)
- Instrument for Pre-accession Assistance (IPA).

Provisions common to the Cohesion Fund, ERDF and ESF are set out in [Council Regulation (EC) 1083/2006](https://eur-lex.europa.eu/summary) (see also [Summaries of EU legislation](https://eur-lex.europa.eu/summary)).

The Local Government Association’s April 2010 publication [More than money: maximising the true value of EU funds](https://www.legislation.gov.uk/summary) identified six ways in which EU regional policy offers distinct added-value over domestic programmes:

- financing projects that would not otherwise exist
- stable seven-year programming period
- developing new multi-sectoral, multi-level partnerships
- additional private and public sector match funding
- ‘space’ for policy innovation
- sharing knowledge across boundaries.

**Cohesion Fund**

The [Cohesion Fund](https://eur-lex.europa.eu/summary) was set up in 1994 as a special support facility for economically weaker Member States. In order to qualify for Cohesion funding a Member State’s GNP per capita has to be less than 90% of Community average. In addition, funding can be
suspended if a Member State runs an excessive budget deficit and therefore does not comply with the criteria of economic convergence.

During the 2007-2013 programming period, the Cohesion Fund will apply to Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. Ireland dropped out of the Fund’s scope on 1 January 2004, having reached a GDP level above the EU average. Spain remains eligible for phasing-out funding only.

Funding under the Cohesion Fund takes the form of project-based support (rather than programme-based support). Under Article 177 of the Treaty on the Functioning of the European Union, the Cohesion Fund:

shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure.

The Commission’s ‘Annual report on the Cohesion Fund (2011)’ was adopted on 7 November 2012 as COM(2012)642 (information is limited to the 2000-2006 funding period, as Regulation 1084/2006 establishing the Cohesion Fund does not require an annual report on the Cohesion Fund for the 2007-2013 programming period). Details on implementation, monitoring and audit in 2011 of projects adopted in the 2000-2006 period are presented for individual Member States in the Commission Staff Working Document SWD(2012)362 (see also Summaries of EU legislation [archived] and European Parliament Library Briefing ‘Financial management, control and audit in Cohesion Policy’).

European Regional Development Fund

The European Regional Development Fund (ERDF) was established in 1975. Under Article 176 of the TFEU, the ERDF is intended to:

help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.

In the 2007-2013 programming period, the ERDF focuses on a number of thematic priorities reflecting the nature of the ‘Convergence’, ‘Regional competitiveness and employment’ and ‘European territorial cooperation’ objectives.

Regulation (EC) 1080/2006 establishes the tasks of the ERDF and its scope with regard to the Convergence, Regional competitiveness and employment and European territorial cooperation objectives defined in Article 3(2) of Regulation (EC) 1083/2006 on common provisions for the Cohesion Fund, ERDF and ESF.

For more details see Summaries of EU legislation [archived].

European Social Fund

The European Social Fund (ESF) was the first fund to be established. Set up in 1960 its aim is to tackle unemployment in the Member States and to support the EU’s strategic employment policy.

The ESF currently falls under Articles 162-164 of the TFEU. Article 162 states that the ESF:

shall aim to render the employment of workers easier and to increase their geographical and occupational mobility within the Union, and to facilitate their
adaptation to industrial changes and to changes in production systems, in particular through vocational training and retraining.


For more details see Summaries of EU legislation [archived] and publication The European Social Fund. Investing in people. What it is and what it does

**European Union Solidarity Fund**

The European Union Solidarity Fund was set up in 2002 to support Member States (including future Member States) in the event of major natural disasters. Endowed with an annual budget of €1bn it is aimed at providing ‘fast, effective and flexible emergency financial aid’, not long-term measures or compensation for private financial losses. Support from the EUSF was for example granted after the 2002 floods in Central and Western Europe, the ‘Prestige’ oil disaster in Northern Spain, and the 2003 forest fires in Portugal.

In April 2006, a new Solidarity Fund was proposed, with a number of changes to its predecessor, including extending the scope from natural disasters to include industrial / technological disasters, public health emergencies and acts of terrorism (see Press Release MEMO/06/153 and Summaries of EU legislation).

The 2008 Annual Report on the EUSF (issued as COM(2009)193) included a summary of the first six years experience of applying the Fund. According to the EUSF Annual report 2009 (COM(2011)136 of 23 March 2011), six applications for EUSF aid were made in 2009 and one of them – the L’Aquila earthquake in Italy – resulted in grants of almost half a billion euros being made by the Fund. The report concludes that the Solidarity Fund proved effective in responding to major disasters by making substantial financial assistance available within a reasonable time frame. However, 2009 also demonstrated the difficulties in activating the EUSF in cases of slowly unfolding disasters, such as drought, when the requirement to submit applications within 10 weeks of the first damage can be difficult to meet. The Commission is to address this issue in a Communication on the future of the EUSF later in 2011.

**European Grouping of Territorial Cooperation**

Intended to facilitate cross-border, transnational and/or inter-regional co-operation between regional and local authorities, the European Grouping of Territorial Cooperation (EGTC) was established under Regulation (EC) 1082/2006, as part of the 2007-2013 reform of regional policy. EGTCs are legal entities which may engage in appropriate cooperation with or without EU funding. According to the Committee of the Regions EGTC page, an EGTC:

is dedicated to the management and implementation of territorial cooperation programmes or projects co-financed by the Community through the European Regional Development Fund (ERDF), the European Social Fund (ESF) or/and the Cohesion Fund, but it can use all the other financial instruments of the EU, or it can simply implement tasks without European co-funding.

For more details see Summaries of EU legislation.

**Instrument for Pre-accession Assistance**

In order to help candidate countries to adapt their standards to the European Union’s acquis, financial assistance is an essential part of the Union’s pre-accession strategy. The
current Instrument for Pre-accession Assistance (IPA) came into force on 1 January 2007, bringing all pre-accession support into a single instrument. It superseded the previous initiatives Phare [archived], ISPA [archived], SAPARD [archived], and CARDS [archived].

The IPA targets the candidate countries (the former Yugoslav Republic of Macedonia, Croatia, Turkey) and the potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo – as defined by UN Security Council Resolution 1244). It comprises five components, two of which apply to all the countries concerned: ‘support for transition and institution-building’, and ‘cross-border cooperation’. The other three focus exclusively on candidate countries: the ‘regional development’ component supports preparations for implementing the European Regional Development Fund and Cohesion Fund; ‘human resources development’ concerns preparation for the European Social Fund; ‘rural development’ looks at preparations for implementing the Common Agricultural Policy and related policies, including the European Agricultural Fund for Rural Development.


See also Summaries of EU legislation [archived].

**Funding in practice**

For the 2000-2006 programming period, areas eligible for assistance were denoted as:

- **Objective 1** - regions lagging behind in their development (funding provided from the ERDF)
- **Objective 2** - regions facing structural difficulties (funding provided from the ERDF)
- **Objective 3** - areas outside Objective 1 regions (funding provided from the ESF to help develop human resources through measures related to the labour market)

For 2007-2013, the European Regional Development Fund, European Social Fund and Cohesion Fund contribute to **three new objectives**:

- Convergence
- Regional Competitiveness and Employment
- European Territorial Cooperation

The **Convergence** objective seeks to ‘promote growth-enhancing conditions and factors leading to real convergence for the least-developed Member States and regions’ – defined as those with per capita GDP of less than 75% of the EU average. This objective has a budget of €282.8 billion, divided between 84 ‘convergence’ regions in 17 Member States (€199.3 billion), 16 regions being ‘phased out’ of previous funding (€14 billion), and Cohesion Fund provision in 15 Member States (€69.5 billion).

The **Regional Competitiveness and Employment** is intended to strengthen competitiveness, attractiveness and employment in 168 regions of the 27 Member States, 13 of which previously had Objective 1 status. Together with the Convergence objective, this objective encompasses the former Community Initiatives EQUAL and URBAN II.

The **European Territorial Cooperation** (ETC) objective is based on the former Community initiative INTERREG. ETC aims to ‘strengthen cross-border cooperation through joint local
and regional initiatives, trans-national cooperation aiming at integrated territorial development, and interregional cooperation and exchange of experience’. The budget for this objective is €8.7 billion, split into €6.44 billion for cross-border activities; €1.83 billion for transnational, and €445 million for inter-regional cooperation.

The ERDF helps finance all three new objectives; the ESF contributes to the Convergence and Regional Competitiveness and Employment objectives; and the Cohesion Fund supports the Convergence objective.

For 2007-2013, cohesion policy will account for 35.7% of the total EU budget (€347.41 billion). The funds will be divided by objective as follows: 81.54% for Convergence; 15.95% for Regional Competitiveness and Employment; 2.52% for European Territorial Cooperation. Assistance for new Member States will be 166% higher than in the 2000-2006 period, but the EU15 countries will see their funding fall by 30%.

The Commission has provided a map of the regions covered by the Convergence Objective and the Competitiveness and Employment Objective. There are also lists of the regions covered by the Convergence objective, Regional Competitiveness and Employment objective, and European Territorial Cooperation objective.

Each of the objectives receives funding from one or more of the Structural Funds. Money from the Structural Funds is allocated to Member States by the Commission, with national authorities then being responsible for disbursing it. Under the 2007-2013 Regulations, each Member State prepares a National Strategic Reference Framework (NSRF) which defines the strategy chosen by the State and proposes a list of Operational Programmes (OPs) which it plans to implement. The draft programmes are subject to negotiation with the Commission, with resources being allocated once agreement is reached. Programmes are managed by national or regional authorities. For each operational programme, the Member State appoints a managing authority, a certification body, and an auditing body. The Commission is also involved in programme monitoring, funding approved expenditure and verifying programme control systems. For details of programmes approved in each Member State, see eligible regions and financial allocations.

For 2007-2013, funds must target the priorities of the Lisbon strategy. The Commission and the Member States are responsible for ensuring that 60% of the expenditure of all Member States for Convergence and 75% of the expenditure for Competitiveness and Employment target these priorities. For expenditure to be eligible, it must be incurred between 1 January 2007 and 31 December 2015.

According to the principle of additivity, EU funds must never replace national funding but add to it, and Member States have to provide evidence to prove this. Depending on the objective concerned, the maximum level of project funding which can be co-financed varies:

- Convergence: between 75% and 85%
- Competitiveness and Employment: between 50% and 85%
- European Territorial Cooperation: between 75% and 85%
- Cohesion Fund: 85%

The remaining funding has to come from national sources or the private sector, hence the Commission encouraging partnerships to be set up for the funding and to involve regional and local actors in the planning and funding process.

Strategic Guidelines for Cohesion policy, establishing the priorities for investment under the new programmes in accordance with the Lisbon Strategy, together with a Communication on the specific contribution of cities to growth and jobs (see Press Release IP/06/983). Under the Guidelines, programmes co-financed through the cohesion policy should target resources on three priorities:

- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

Adopted by the Council in October 2006 (see Press Release IP/06/1331), the Guidelines establish the priorities for investing money from the ERDF, ESF and Cohesion Fund for national and regional aid programmes, in line with the Lisbon Strategy. The Guidelines are the basis upon which national authorities draft their NSRFs for 2007-2013. (See also: Funds management [archived] and Evaluation of Cohesion Policy [archived]).

On 19 February 2008, the Commission adopted an 'An action plan to strengthen the Commission’s supervisory role under shared management of structural actions' (COM(2008)97; see also Press Release IP/08/264). A response to recommendations from the European Court of Auditors, the Action Plan:

focuses on improving primary control at management level in Member States: this is the level which is most crucial to reduce potential risk. Gaps and errors at this level result from complex rules that are not correctly understood or applied, which is why reducing these through training and guidance beforehand for managing authorities is crucial.

The Plan is based on a two-pronged strategy: helping Member States do a better job of checking the eligibility of project expenditure before submitting payment claims to the Commission; and taking tougher measures to suspend payments and make financial corrections where Member States fall below standards.


In Making it work: the European Social Fund, the UK’s House of Lords European Union Committee (Ninth Report, Session 2009-10, published 30 March 2010; also available in pdf format) looked at the ESF in practice, how to measure its effectiveness, and its future. The report Summary stated:

During the course of our inquiry we were struck by the worth of the ESF for all Member States. In particular, we agree with the Commission that the ESF is a concrete expression across the EU of solidarity among all of Europe’s citizens.

It is essential that existing and future ESF projects, and the money directed towards them, are considered in the context of domestic schemes, many of which have similar aims to ESF-funded provision. Regional flexibility is of the utmost
importance for the successful operation of the ESF and we consider that regions should have greater flexibility to decide how the ESF can best improve people’s employability within their specific local context, while recognising the national and European nature of the Funds.

**Structural Funds 2007-2013**

On 15 July 2004 the Commission made proposals for cohesion policy during the 2007-2013 financial planning period. The legislative package proposed leaving the budgetary share more or less unchanged at about a third of the total, but re-aligning structural measures along three new priority objectives: Convergence, Regional competitiveness and employment, and European territorial cooperation.

In July 2006, the Council and European Parliament adopted the legislative package for 2007-2013 (see Press Release IP/06/924). The package of five *Structural Funds Regulations 2007-2013* comprises:

- **Regulation 1083/2006**, defining common principles, rules and standards for the implementation of the ERDF, ESF and Cohesion Fund. Based on the principle of shared management between the EU and Member States and their regions, the new system is intended to be ‘simpler, proportional and more decentralised’.
- **Regulation 1080/2006** defining how the ERDF should be used, with priorities including research, innovation, environmental protection and risk prevention.
- **Regulation 1081/2006**, under which the 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.
- **Regulation 1084/2006** setting out Cohesion Fund eligibility criteria (it applies to Member States with a Gross National Income (GNI) of less than 90% of the Community average; Greece, Portugal and the new Member States therefore qualify; Spain is eligible on a transitional basis).
- **Regulation 1082/2006** on the European Grouping of Territorial Co-operation (EGTC), a new legal instrument to facilitate cross-border, transnational and/or inter-regional co-operation between regional and local authorities.

In addition, during the period 2007-2013, there were four new regional policy instruments to assist Member States and regions establish sound and efficient Fund management and make better use of financial engineering instruments:

- **JASPERS** (Joint Assistance in Supporting Projects in European Regions) aims to develop cooperation between the Commission, the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD) to assist Member States and regions in preparing for major projects.
- **JEREMIE** (Joint European Resources for Micro to Medium Enterprises) brings together the Commission, the EIB and the European Investment Fund (EIF) to increase access to finance for the development of micro, small and medium-sized enterprises in the regions.
- **JESSICA** (Joint European Support for Sustainable Investment in City Areas) sees the Commission, EIB and the Council of Europe Development Bank working together to promote sustainable investment in urban areas.
- **JASMINE** (Joint Action to Support Microfinance Institutions) was a 2008-2011 pilot initiative to help provide funding to microenterprises.
According to a December 2007 Commission press release (IP/07/1904), the main message of the Communication ‘Member States and regions delivering the Lisbon strategy for growth and jobs through EU Cohesion Policy, 2007-2013’ (COM(2007)798) is that the reform of cohesion policy:

is starting to bring tangible results and is reaffirming its role as one of the main Community policies delivering the Lisbon strategy for 2007-2013.

Giving an overview of national strategies and programmes prepared by the 27 Member States, the Communication ‘shows that most of the Cohesion Policy budget totalling €347 billion will be invested in key Lisbon-related priorities, such as the knowledge economy, research, development and innovation, human capital and business development.’

Investment in innovation (one of the Lisbon strategy’s four priority actions) will amount to €85 billion in the 2007-2013 period – three times the amount for 2000-2006 (see Press Release IP/07/1904).

In brief, the main differences from the 2000-2006 funding regime are a clearer focus on the new Lisbon Strategy; a more modern, strategic approach; and a simpler, more efficient, less bureaucratic system.


On 31 March 2010, the Commission adopted the Communication ‘Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013’ (COM(2010)110; see also Press Releases IP/10/396, MEMO/10/115). The report identified five priority areas ‘facing delays generally or a lack of homogenous progress across the Member States’: rail; energy and environmental investments; digital economy; social inclusion; governance and capacity building.

On 28 May 2010, the European Commission adopted a proposal for a Regulation ‘on the Financial Regulation applicable to the general budget of the European Union’ (COM (2010)260; check progress via the PreLex dossier; see also Press Releases IP/10/629, MEMO/10/222). If adopted, the new rules would introduce a range of measures, including making it easier to combine public and private funding; raising the threshold above which a simplified administrative procedure applies (from €25,000 to €50,000); and creating multi-donor trust funds to pool resources of the EU, Member States and others to provide coordinated financial assistance in crisis and post crisis situations.

On 26 January 2011, the Communication ‘Regional Policy: contributing to sustainable growth in Europe 2020’ (COM(2011)17; Press Release IP/11/99) set out the role for Regional Policy in contributing to the implementation of the Europe 2020 strategy, and in particular to the flagship initiative A Resource Efficient Europe.

Information on the beneficiaries of EU funding is available via the EU grant recipients and contractors website.
European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund (EGF) exists to support workers who lose their jobs as a result of changing global trade patterns (for instance, when a large company closes or a factory is relocated). The EGF funds measures intended to help redundant workers find new jobs as quickly as possible. It is intended to provide immediate, one-off help for workers suffering from the impact of globalisation – as opposed to the European Social Fund, which can help support longer term management of change. The EGF can provide a maximum of €500 million per year.


For further information, see the EGF page and Summaries of EU legislation [archived].

Financial crisis

On 24 February 2009, in the context of the global financial crisis, the Commission announced a package of measures to give Member States more flexibility in their use of the Structural Funds. The changes extended the deadline by which allocations from the 2000-2006 funding period must be used (see Press Release IP/09/310).

Adopted on 7 April 2009, Council Regulation (EC) 284/2009 was intended to ensure quicker and more targeted use of Structural Funds to help tackle the economic crisis. It amends Regulation 1083/2006 concerning general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (see also Press Release 8585/09).

On 22 July 2009, changes to Cohesion policy rules were announced, with the potential for 100% of European Social Fund project costs to be reimbursed in 2009 and 2010 (see Press Release IP/09/1175).

Regulation (EU) 539/2010 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund is intended to make optimal use of funding from the EU by simplifying the rules governing Cohesion policy. It introduces a single threshold of €50 million for major projects under the ERDF and Cohesion Fund and amends the types of initiatives eligible for funding under the Structural Funds (see Press Release IP/10/838).

The future of regional policy

Speaking on 11 January 2008 on the theme ‘What future for regional policies after 2013?’ (see SPEECH/08/27) Regional Policy Commissioner Danuta Hübner identified challenges facing the new European cohesion policy:

- acceleration in economic restructuring as a result of the rapidly changing division of labour at international level
- changes in the structure of the population which is ageing and decreasing
- pressure on territories related to climate change
- rising energy prices which impact on the structure of our economies.
On 18 June 2008, the Commission announced that contributions to a public consultation favoured a strong Cohesion policy after 2013 (see Press Release IP/08/962).

Speaking on 1 July 2008 (see SPEECH/08/366), Commissioner Hübner shared her views on possible future directions of Cohesion policy and outlined the timetable for deciding on a post-2013 policy.


Commissioner Hübner gave more detail in a speech on 26 November 2008 (SPEECH/08/651), confirming that a summary of responses to the Green Paper would be published by Summer 2009 and a new regulatory framework would be proposed ‘around 2011-12.’

The summary of responses was subsequently included in the ‘Sixth progress report on economic and social cohesion’ of 25 June 2009 (COM(2009)295), with the most significant issues defined as: Definition, scope and scale of territorial cohesion; Better coordination and new territorial partnerships; Better cooperation; Improving understanding of territorial cohesion.

On 9 December 2008, Commissioner Hübner presented the findings of the report Regions 2020: An Assessment of Future Challenges for EU Regions (see also Press Release IP/08/1910). The report included a ‘vulnerability index’, showing the likely regional impact of four of the Union’s biggest challenges: globalisation, demographic trends, climate change, and energy use and supply. The Commission said that the findings of the report would feed into the debate on the future of Cohesion policy.

Further information can be found on the Inforegio Territorial Cohesion [archived] page and in Summaries of EU legislation.

In April 2009, Fabrizio Barca, Ministry of Economy and Finance of Italy, published the report An agenda for a reformed Cohesion Policy (subtitled 'A place-based approach to meeting European Union challenges and expectations'; see also Press Release IP/09/642 and Barca report page [archived]).

Requested by Commissioner Hübner, the report argued for a reform of governance based on 10 'pillars':

1. An innovative concentration on core priorities and a conservative territorial allocation
2. A new strategic framework for cohesion policy
3. A new contractual relationship, implementation and reporting aimed at results
4. A strengthened governance for the core priorities
5. Promoting additional, innovative and flexible spending
6. Promoting experimentalism and mobilising local actors
7. Promoting the learning process: a move towards prospective impact evaluation
8. Refocusing and strengthening the role of the Commission as a centre of competence
9. Addressing financial management and control
10. Reinforcing the high-level political system of checks and balances.

On 10 February 2011, Members of the European Parliament’s Policy Challenges Committee called for all EU regions to be eligible for regional funding (see Press Release 20110207IPR13274):
The majority opinion in this committee is clearly that we should keep the financing at least at the same level as in this multiannual financial framework. It is also necessary that the cohesion policy covers all regions (...). Even richer countries, like Sweden and Finland, have regions with great needs.

The 'Seventh progress report on economic, social and territorial cohesion' was adopted on 24 November 2011 as COM(2011)776. It highlighted the regional and urban dimension of the Europe 2020 Strategy, and called for significant efforts and investments are needed in the regions in order to achieve the smart, sustainable and inclusive growth objectives.

**Proposals for 2014-2020**

On 6 October 2011, the European Commission announced a draft legislative package on Cohesion policy for 2014-2020. The proposals envisage a simplified framework with two goals reflecting the aims of Europe 2020: ‘Investment in Growth and Jobs’ in Member States and regions, and ‘European territorial cooperation’.

The proposed budget for 2014-2020 is €336 billion (2007-2013 funding was €350 billion). Of the €336 billion, €160 billion will be invested in less developed regions. For 2014-2020, three categories of funding will be available according to regions’ relative poverty:

- ‘Less developed’ regions, with GDP per capita below 75% of the EU average, will qualify for co-financing at 75%-85%
- ‘Transition’ regions, with GDP per capita of 75%-90% of the EU average, will be eligible for support at 60%
- ‘More developed’ regions, with GDP per capita above 90% of the average, will be able to claim co-financing at 50%

The Commission’s package comprises the following documents:

- **COM(2011)607**: Proposal for a Regulation on the European Social Fund (check progress via PreLex dossier)
- **COM(2011)609**: Proposal for a Regulation on a European Union Programme for Social Change and Innovation (check progress via PreLex dossier)
- **COM(2011)610**: Proposal for a Regulation amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and implementation of such groupings (check progress via PreLex dossier)
- **COM(2011)611**: Proposal for a Regulation on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (check progress via PreLex dossier)
- **COM(2011)613**: The Future of the European Union Solidarity Fund
- **COM(2011)615**: Proposal for a Regulation laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European...
The Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006 (check progress via PreLex dossier)

The proposal for a ‘Common Strategic Framework’ (CSF) aims to replace current sets of strategic guidelines and provide a single source of guidance for all five future Funds. According to the Proposal for a CSF Regulation (COM(2011)615), the Framework:

will translate the objectives and targets of the Union priorities of smart, sustainable and inclusive growth into key actions for the ERDF, the CF, the ESF, the EAFRD and the EMFF which will ensure an integrated use of the CSF Funds to deliver common objectives.

Partnership Contracts between the Commission and each Member State will set out the commitments of partners at national and regional level and the Commission. They will be linked to the objectives of the Europe 2020 Strategy and the National Reform Programmes. They will set out an integrated approach for territorial development supported by all the CSF Funds and include objectives based on agreed indicators, strategic investments and a number of conditionalities. They will contain commitments to give yearly account of progress in the annual reports on cohesion policy, on rural development policy and in other public reporting.

The CSF is scheduled to be adopted when the 2014-2020 Cohesion policy package is approved (see also Press Release IP/12/236 and panorama inforegio, issue 40, Winter 2011/2012 Cohesion Policy 2014-2020: Investing in Europe’s regions).

The 2014-2020 CSF proposals require each Member State to organise a partnership with relevant bodies, including local authorities, social partners and civil society. Guidance on setting up appropriate partnerships was given in the 24 April 2012 Staff Working Document ‘The partnership principle in the implementation of the Common Strategic Framework Funds - elements for a European Code of Conduct on Partnership’ (SWD(2012)106; see also ‘Partnership in cohesion policy. Reinforcing implementation of this key principle Inforegio Panorama 42, Summer 2012).

On 20 June 2012, the Communication ‘The outermost regions of the European Union: towards a partnership for smart, sustainable and inclusive growth’ (COM(2012)287) set out how the Commission plans to work with the outermost regions (OR) for smart, sustainable and inclusive growth (see also SWD(2012)170 and European Parliament Library Briefing 23 March 2012 ‘EU funding for outermost and sparsely populated regions’).

On 26 June 2012, the Council agreed a second partial general approach towards adopting the new rules on Cohesion policy (see Press Release PRES/12/262).

In its 20 February 2013 Communication ‘Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020’ (COM(2013)83) the Commission called on Member States to re-orientate their policies towards social investment. Part of a wider ‘Social Investment Package’, the Communication set out three priorities for action, including making the best use of EU funds (notably the ESF) to support social investment (see also Press Release IP/13/125 and Social Investment Package page).
Information sources in the ESO database

Find updated and further information sources in the ESO database:

10 Economic and social cohesion - Structural policy - Regional policy
10.1 Economic and social cohesion: General [all categories]
   - Key source
   - Legislation
   - Policy-making
   - Report
   - Statistics
   - News source
   - Periodical article
   - Textbook, monograph or reference
   - Background
10.1.a Regional networks and groupings
10.2 Structural Funds
10.2.a European Regional Development Fund (ERDF)
10.2.b European Social Fund (ESF)
10.2.c Innovative actions
10.3 Community Initiatives
10.4 Cohesion Fund
10.5 European Investment Bank
10.6 Spatial Planning

Further information sources on the internet

- European Commission: DG Regional Policy
  - Homepage
  - Regional Policy website (Inforegio)
    - Who we are
    - Policy
    - What's new
    - In your country
    - Project
    - Information sources

- European Commission: DG Eurostat
  - Homepage
    - Regions and Cities

- Europa
  - Policy areas: Regional Policy
  - Summaries of EU legislation
    - Regional policy (includes factsheets under the headings: Management of regional policy, Provisions and instruments of regional policy, Review and the future of regional policy)

- European Commission: DG Communication
  - RAPID press releases database - Regional policy (pre-set search)

- Legislative and policy making information
  - Treaty on the functioning of the European Union: Article 174-178
  - EUR-Lex: Legislation: Structural policy
  - EUR-Lex: Preparatory legislation: Structural policy
- EUR-Lex: Consolidated legislation: *Structural policy*
- EUR-Lex: Case Law: *Structural policy*
- EUR-Lex: Summaries of EU Legislation: *Structural policy*
- European Commission: DG *Structural policy*

- Court of Justice of the European Union: InfoCuria
  Homepage: at ‘Subject-matter’ box, click icon at far right to open list of subjects. Choose ‘Regional policy’ and click ‘Enter’ to return to main search page. Select dates if required. Hit ‘Search’ at top or bottom of page.

- European Parliament: Legislative Observatory (OEIL)
  Homepage: Carry out a Search: scroll down right-hand menu and expand ‘Subject’; then expand ‘Economic, social and territorial cohesion’; then expand ‘Regional policy’ (if no menu is shown, click ‘OK’ at the search box to display it).

- Council of the European Union
  - There is no Council specifically responsible for structural policy, so search for relevant press releases using terms such as ‘structural policy’ or ‘cohesion fund’

- European Parliament
  - Committee on Regional Development (REGI)

- European Parliament: Fact Sheets
  - Section on Common policies has a section on Regional and cohesion policy, with a number of Fact Sheets, including: Economic Social and Territorial Cohesion, European Regional Development Fund, The Cohesion Fund, The Solidarity Fund, The outermost regions, Regional state aid and European Grouping of Territorial Cooperation (EGTC).

- European Economic and Social Committee
  - Economic and Monetary Union, Economic and Social Cohesion (ECO)

- Committee of the Regions
  - Commission for Territorial Cohesion Policy (COTER)
  - European Grouping of Territorial Cooperation (EGTC)

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**Eric Davies**  
**ESO Information Consultant**  
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