

Spring School

**Good Governance as an Essential Tool for
Economic Development**

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**The Importance of the EU Funds in the
Cohesion Process**

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TARTU ÜLIKOOOL
EUROOPA KOLLEDŽ

EU's re-distributive tool

What do you know about EU Cohesion and regional policy?

Is a policy with the stated aim of improving the economic well-being of regions in the EU and also to avoid regional disparities. More than one third of the EU's budget is devoted to this policy, which aims to remove economic, social and territorial disparities across the EU, restructure declining industrial areas and diversify rural areas which have declining agriculture.

Structure of the presentation

- *Historical development*
- *Instruments and tools available*
- *Criteria and data*
- *Most recent developments*
- *Best and “worst” practices*
- *What do the Europeans think*

EU Cohesion policy: background

Induced by necessities...

1957 – Treaty of Rome

1958 – Setting up of the European Social Fund (ESF)

1962 – Creation of the Agricultural Guidance and Guarantee Fund (EAGGF)

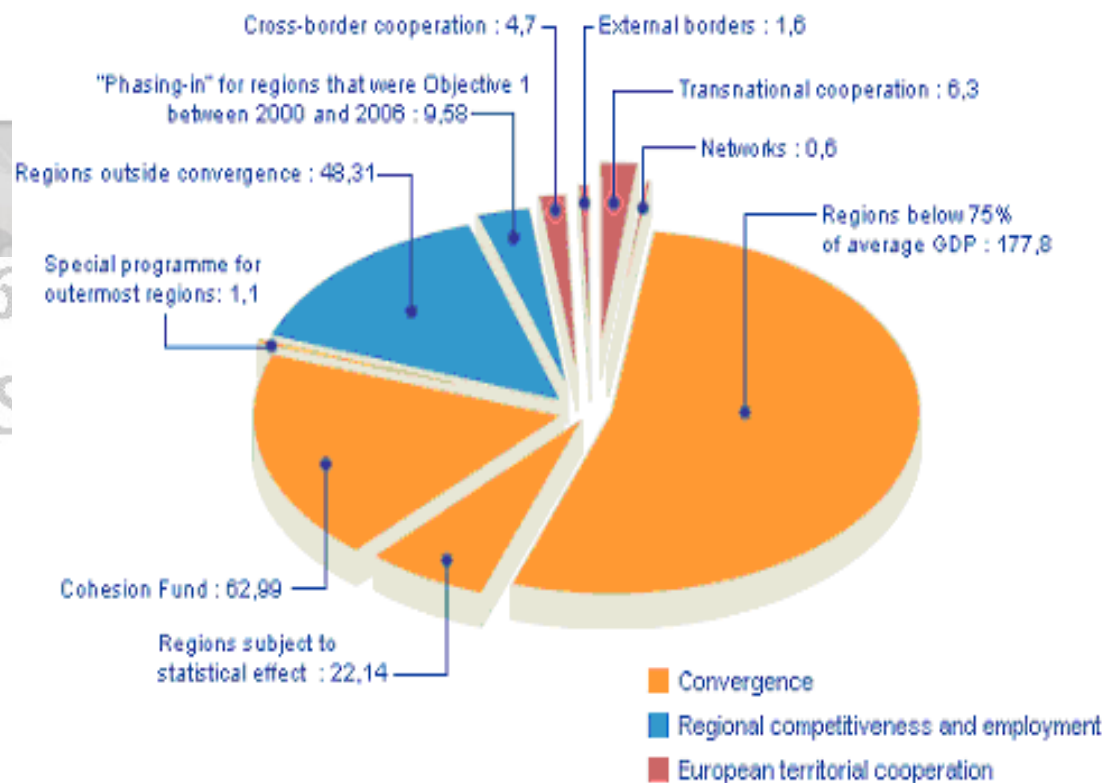
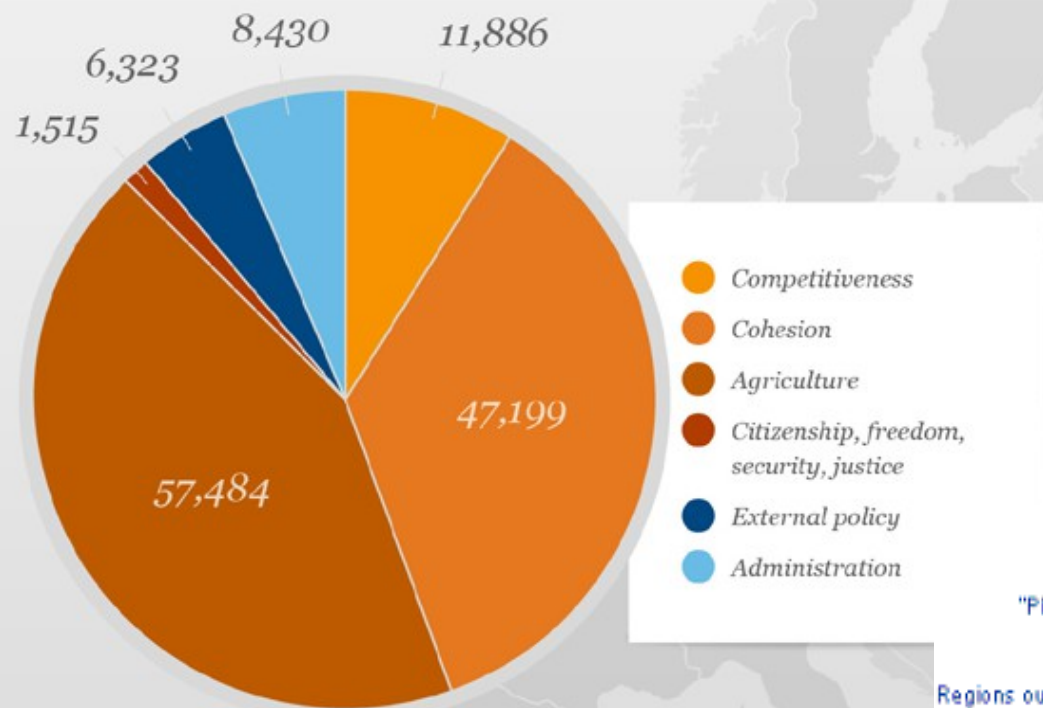
1975 – Creation of the European Regional Development Fund (ERDF)

1986 – The Single European Act lays the ground for EU cohesion policy

1988 – Overhaul of the operation of then Solidarity Funds (SF now)

1992 – Treaty of European Union establishes cohesion as one of its objectives

Some data (2007 - 2014)



EU Cohesion policy at a glance

The Cohesion Policy programme for 2007-2013:

€347 billion or 35.7 % EU budget

Three financial instruments:

European Regional Development Fund

European Social Fund

Cohesion Fund

EU Cohesion policy at a glance

The Cohesion Policy has three objectives:

Convergence objective

for regions with a GDP below 75% of the Community average (81,5% of the Cohesion policy funds);

Regional competitiveness and employment objective

for all other regions (16% of the Cohesion policy funds);

European territorial cooperation objective

for cross-border, transnational and interregional cooperation (2,5% of the Cohesion policy funds).

Convergence objective

The goal: to promote growth-enhancing conditions and factors leading to real convergence for the least-developed Member States and regions.

17 new member states and their 84 regions, 154 million people - with per capita GDP at less than 75 % community average

“Phasing-out” regions - 16 regions, 16.4 million people - with per capita GDP only slightly above the threshold

The Splits - €282.8 billion

Convergence regions: €199.3 billion

“Phasing-out” regions: €14 billion

The Cohesion Fund (15 old EU states): €69.5 billion

Regional Competitiveness and Employment objective

The goal: to strengthen the competitiveness and attractiveness, as well as employment, through anticipation and promotion of economic change and adapting the workforce and investing in human resources.

The Splits – 55 billion Euros

19 member states

168 regions – 43.6 billion Euros, 314 million people

13 “phasing-out” regions – 11.4 billion Euros, 13 regions, 19 million people

European Territorial Co-operation objective

The goal: to strengthen cross-border co-operation through joint local and regional initiatives, trans-national co-operation aimed at integrated territorial development and interregional co-operation and exchange of experience.

The Splits – 8.7 billion Euros

181.7 million people / 13 transnational co-operation areas

Cross-border co-operation – 6.44 billion Euros

Transnational co-operation – 1.83 billion Euros

Inter-regional co-operation – 445 million Euros

European regional development fund

The objective of the ERDF is to help reinforce economic and social cohesion by redressing regional imbalances. This is achieved by supporting the development and structural adjustment of regional economies, including the conversion of declining industrial regions.

Objective convergence

Modernising and diversifying economic structures

Creating sustainable jobs

Stimulating economic growth

Attention to urban, remote, mountainous, sparsely populated, and the outermost regions

Regional competitiveness and employment

Innovation and knowledge economy (e.g., research and technological development, innovation and entrepreneurship, financial engineering)

Environment and risk prevention (e.g., cleaning up polluted areas, energy efficiency, clean urban public transport, risk prevention plans)

Access to transport and telecommunications

Territorial cooperation

Cross-border economic, social, and environmental activities

Transnational cooperation/ Inter-regional cooperation, including networking and exchange of experiences between regional and local authorities

European Social Fund

The European Social Fund (ESF) is the European Union's main financial instrument for supporting employment in the member states of the European Union as well as promoting economic and social cohesion. ESF spending amounts to around 10% of the EU's total budget.

Improving human capital (34% of total funding)

Improving access to employment and sustainability (30%)

Increasing the adaptability of workers and firms, enterprises and entrepreneurs (18%)

Improving the social inclusion of less-favoured persons (14%)

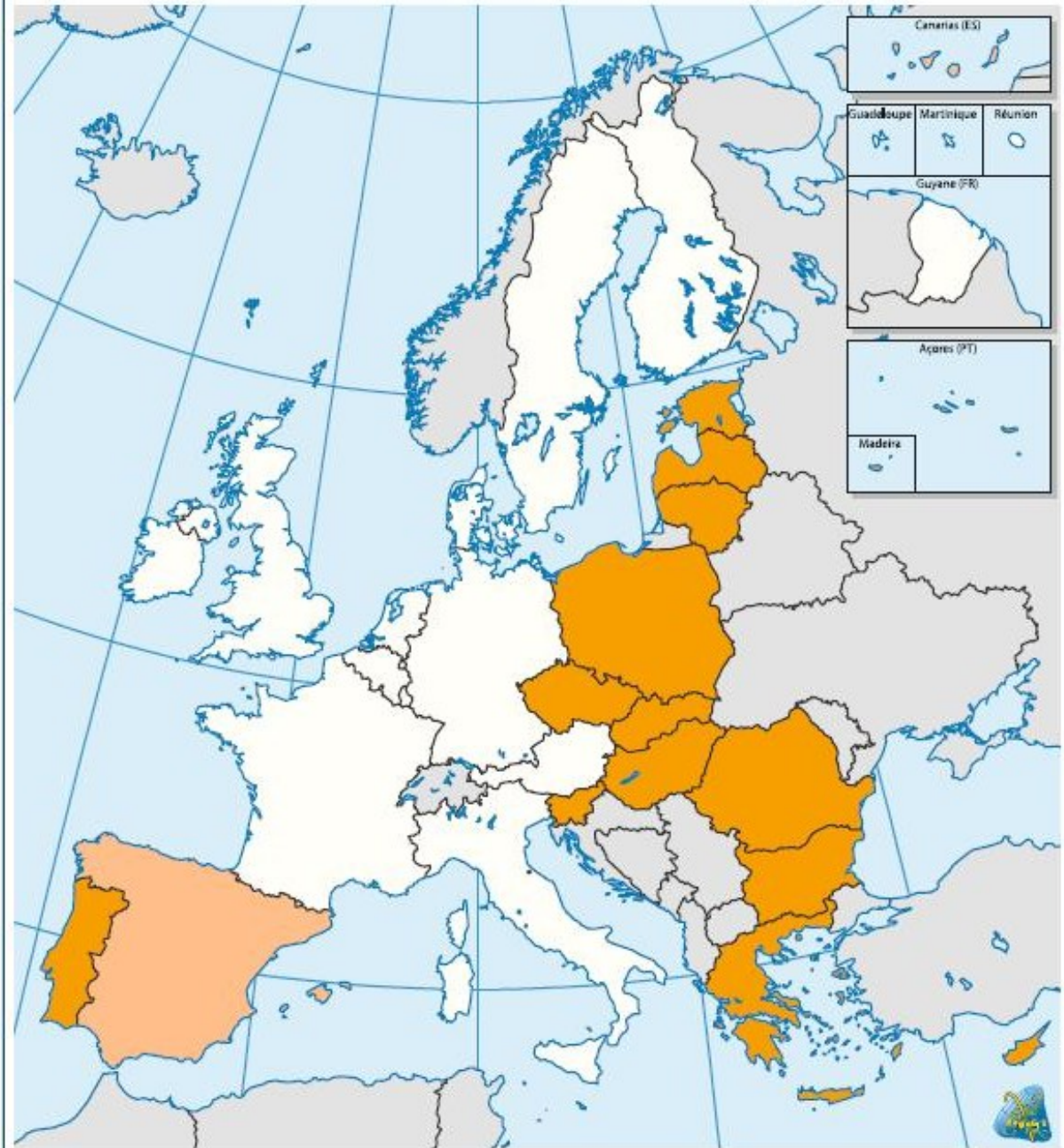
Strengthening institutional capacity at national, regional and local levels (3%)

Mobilisation for reforms in the fields of employment and inclusion (1%)

The Cohesion Fund

Member States with a Gross National Income less than 90% of the Community average receive a total of €69.5 billion for investment programmes in the fields of environment and trans-European transport networks

Convergence – Cohesion Fund



From 2007 to 2013

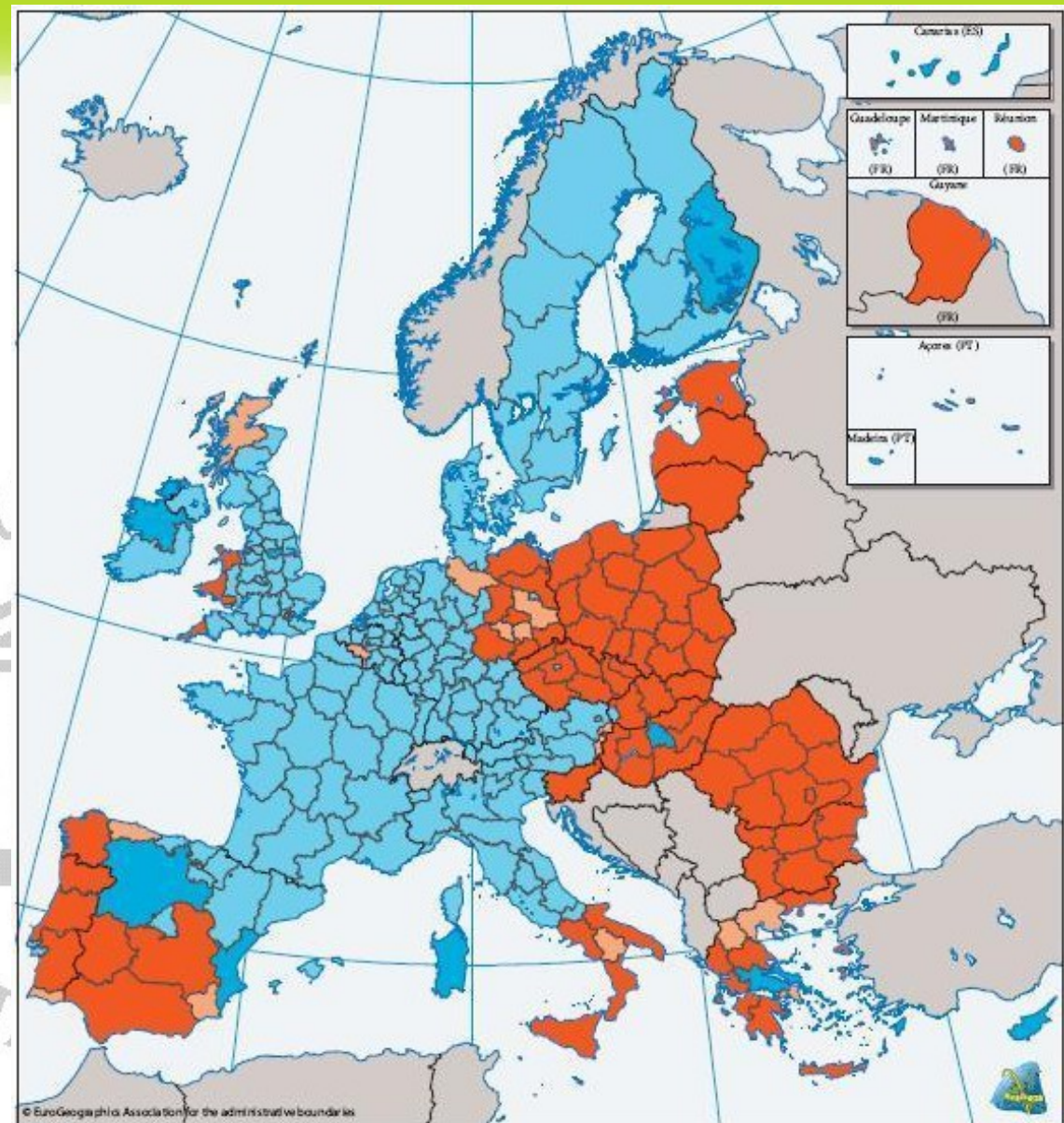
- States eligible for the Cohesion Fund
- States eligible for Cohesion Fund transitional support

166 %

the financial assistance to new EU member states is 166 % higher than in the previous programming period;

30 %

the old EU15 states will receive 30 % less aid.

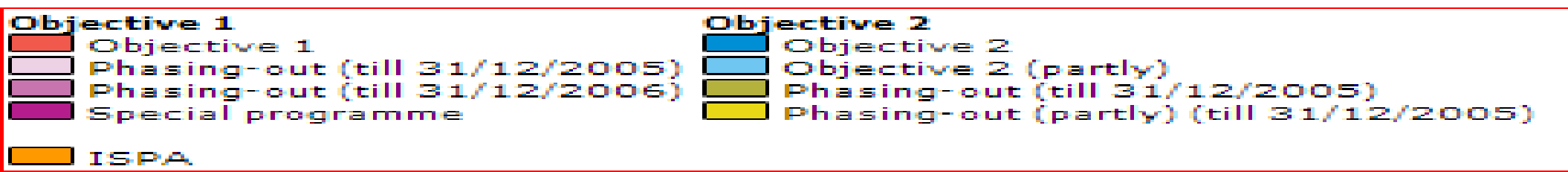
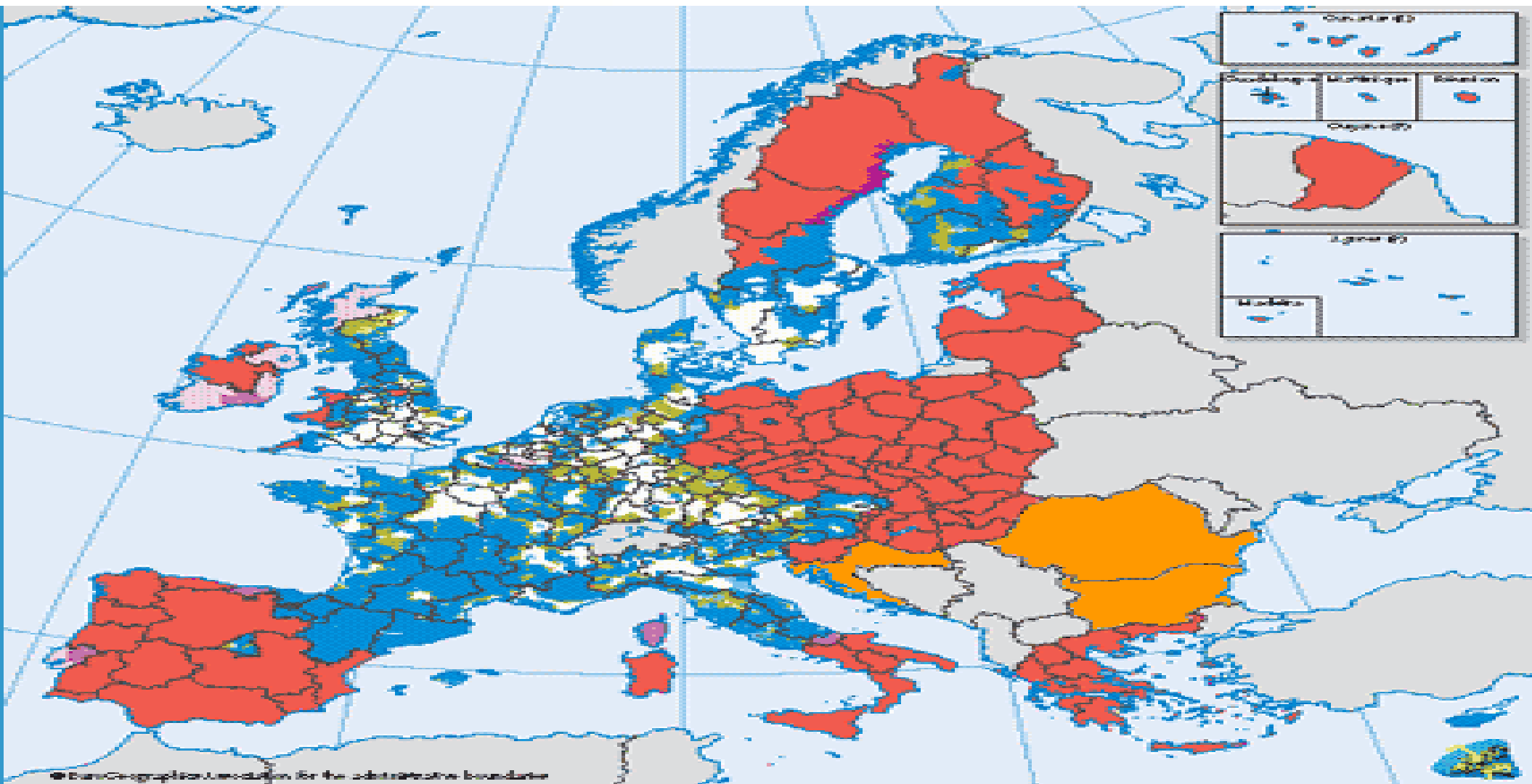


**Structural Funds 2007- 2013:
Convergence and Regional Competitiveness Objectives**

- Convergence Regions
- Phasing-out Regions
- Phasing-in Regions
- Competitiveness and Employment Regions

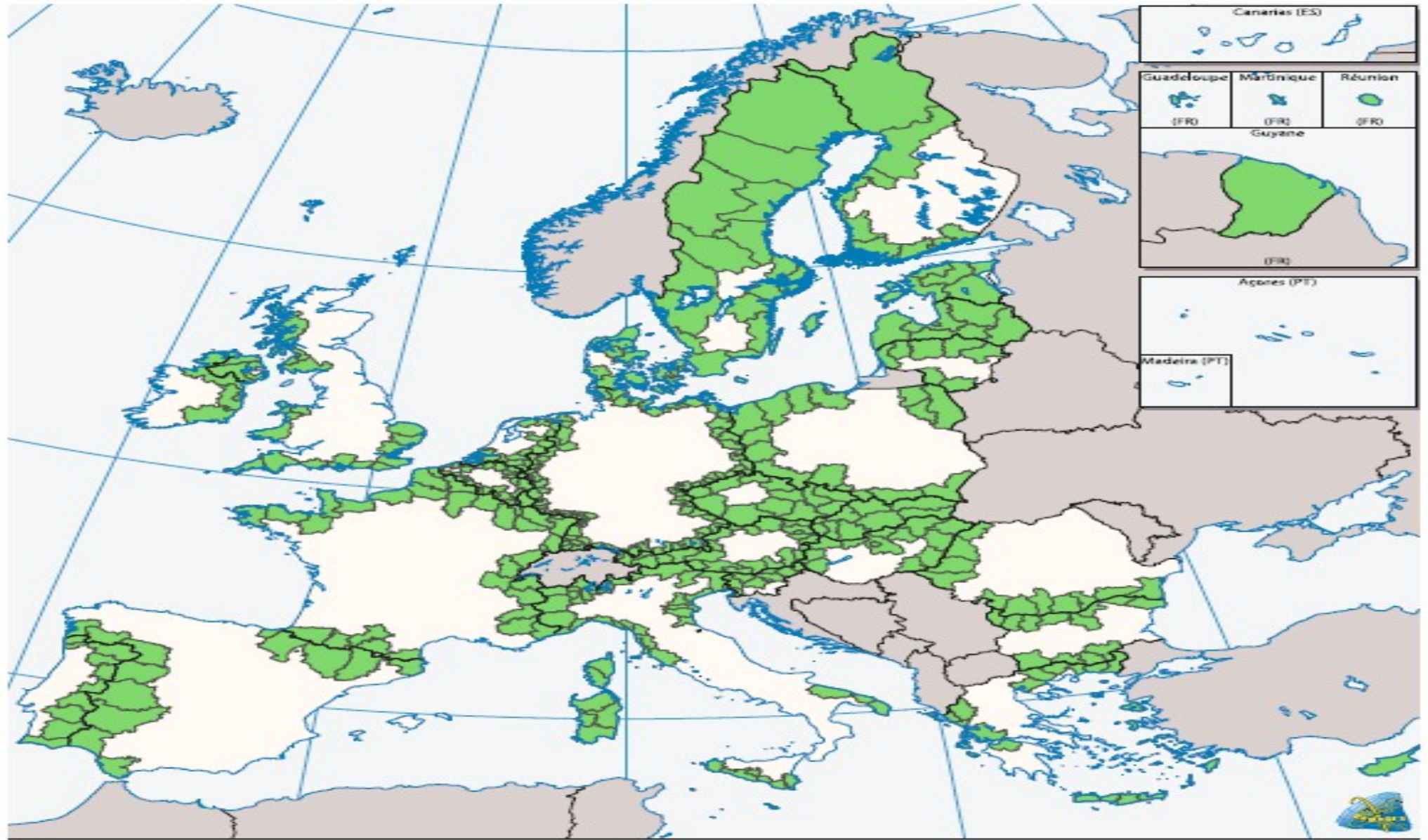
Position as of October 2006.
Regional boundaries in Bulgaria and Romania are indicative only

Impact of enlargement (2000-6)

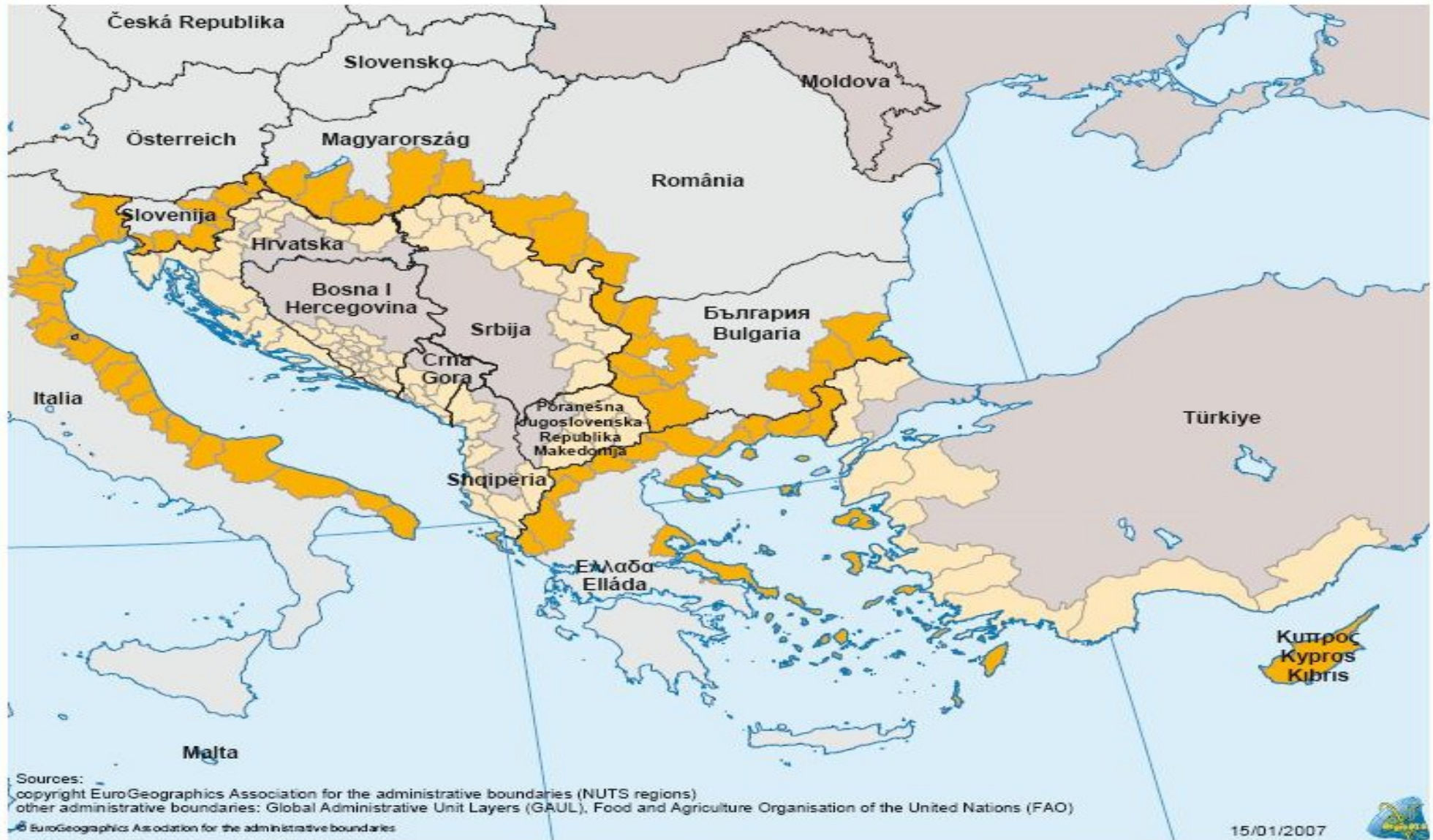


European territorial cooperation objective

Cross-border cooperation (ERDF)



Cooperation - Instrument for Pre-Accession Assistance



EU 27 cooperation areas
Other cooperation areas

Warning: regional boundaries with non-EU countries are indicative only.

One case of Trans-national territorial cooperation

The Baltic Sea Region Programme 2007-2013 is a financing tool for co-operation in the Baltic Sea Region.

Financed by European Territorial cooperation objective

The Programme co-finances projects in fields of:

Priority 1: Fostering innovations

Priority 2: Internal and external accessibility

Priority 3: Baltic Sea as a common resource

Priority 4: Attractive & competitive cities and regions

Practical outcomes of the priorities: feasibility studies, new business opportunities, investment proposals and direct investments strategies, action plans, policy approaches, good practice solutions.

Baltic Sea Region Programme area 2007 - 2013



■ EU Member States
■ non-EU States

What's next?

Lisbon Treaty

Territorial cohesion

Co-decision

Europe 2020

Greater thematic approach, more focus, greater coherence

Structural reforms

Reform of economic governance

Budgetary/fiscal constraints and risks



Europe 2020

3 thematic priorities: smart, sustainable, inclusive growth

5 EU headline targets – translated into national ones

- Employment rate, R&D investment, climate change, renewable energy and energy efficiency, education and social inclusion/poverty

7 flagship initiatives – EU & national action

- Innovation Union, Youth on the Move, Agenda for New Skills and Jobs, Platform against poverty, Industrial Policy, Resource efficient Europe, Digital Agenda

Mobilising existing EU instruments:

- Single market
- External dimension
- Stability and Growth Pact (SGP)
- EU and national Budgets & new financing instruments

Problems / How sustainable?

- *Impact of the crisis*
- *General decrease in EU budget*
- *Increasing contradictions among the member states (both at political and citizenry level)*
- *Problems of accountability*
- *Waste of money*
- *Un-spent amounts of money*
- *Lack of administrative capacity*

Bad cases



Good case



European Union
Regional Development Fund

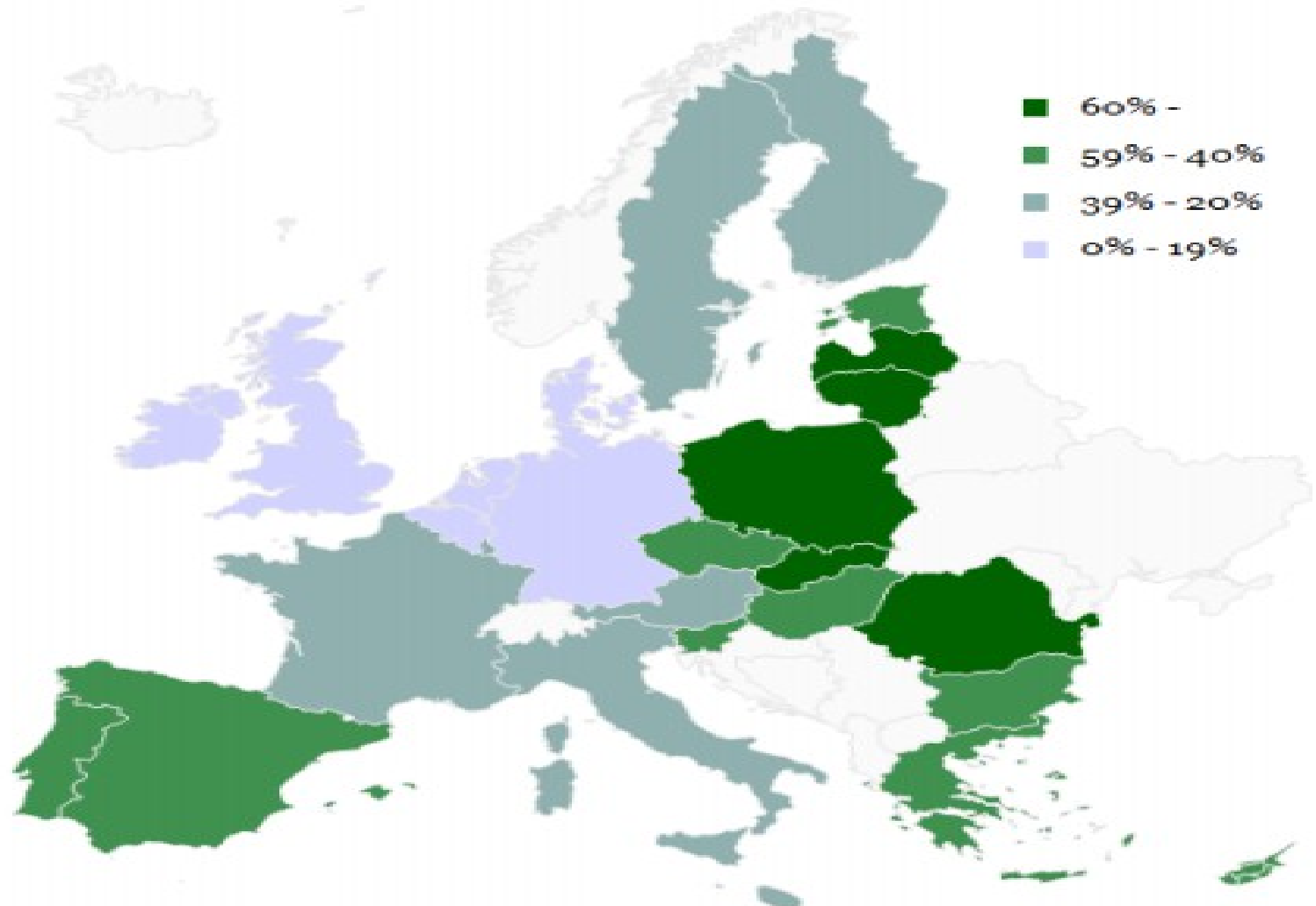


Investing in your future

What do Europeans think?

| | |
|------|-----|
| SK | 71% |
| PL | 69% |
| LV | 68% |
| LT | 66% |
| RO | 64% |
| SI | 59% |
| HU | 59% |
| CZ | 58% |
| EE | 57% |
| PT | 50% |
| EL | 45% |
| BG | 45% |
| ES | 43% |
| CY | 41% |
| MT | 39% |
| FI | 34% |
| EU27 | 34% |
| IT | 33% |
| SE | 28% |
| LU | 26% |
| FR | 25% |
| AT | 22% |
| DE | 19% |
| NL | 19% |
| IE | 17% |
| DK | 16% |
| BE | 15% |
| UK | 13% |

Proportion of citizens aware of EU regional support projects in their area

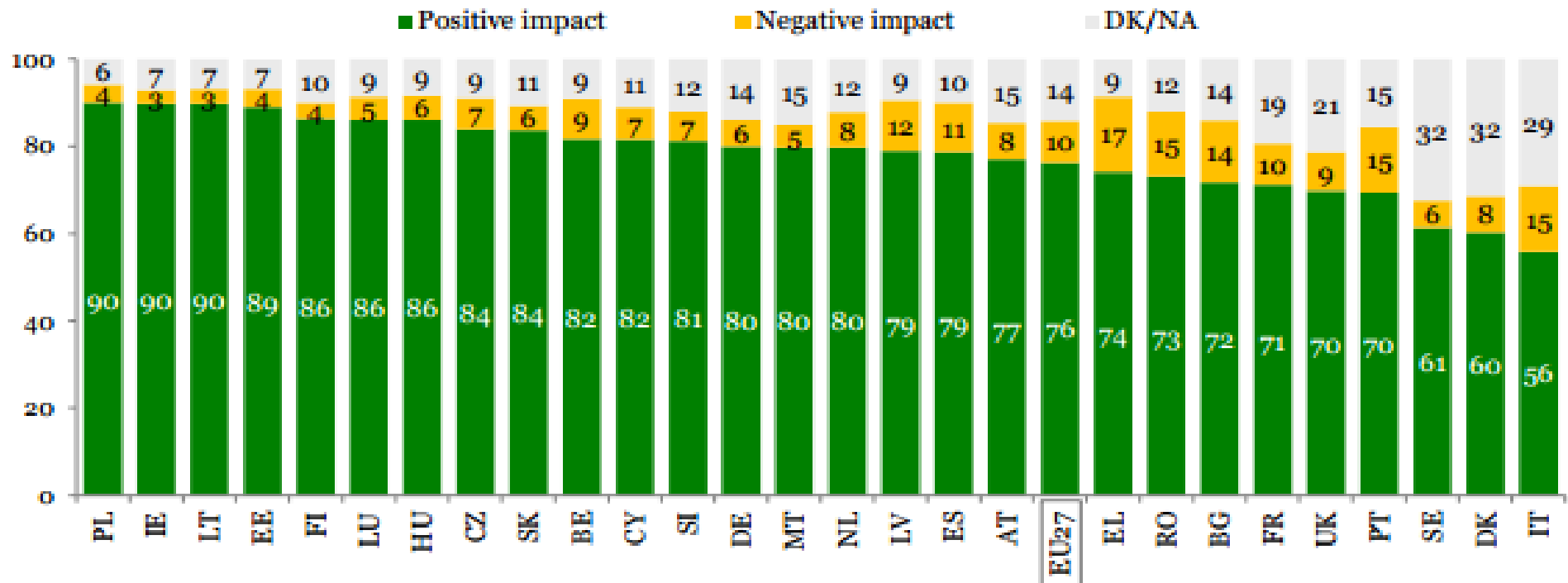


Q1A. Europe provides financial support in regions and cities.
Have you heard about EU co-financed projects to improve the area you live in?

What do Europeans think?

Perceived benefits of EU regional support projects for respondents' areas

(Base: those who had heard about EU co-financed projects)

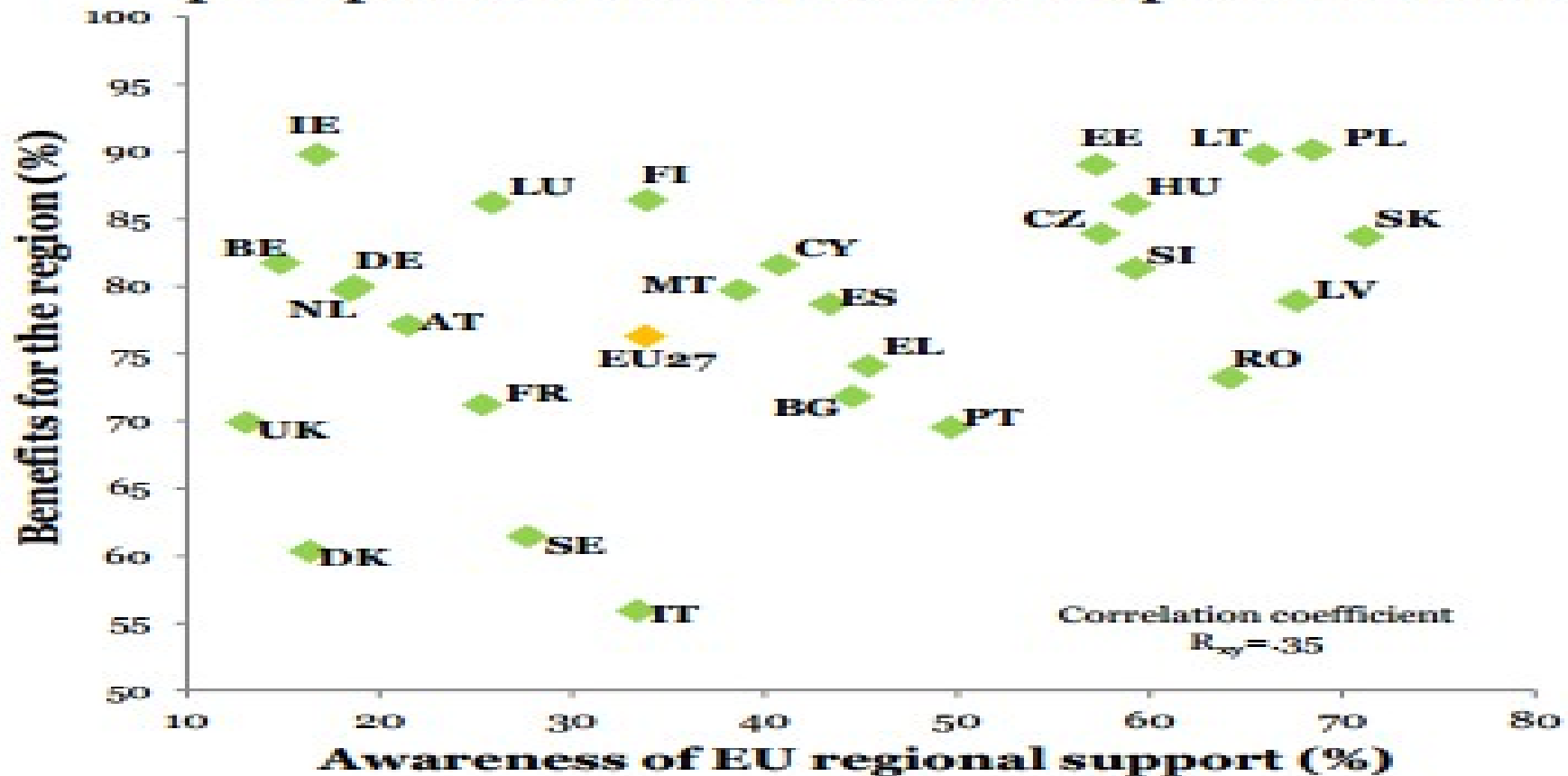


Q1C. Taking into consideration all the projects you have heard about, would you say that this support had a positive or negative impact on the development in your city or region?

Base: those who had heard about EU co-financed projects, % by country

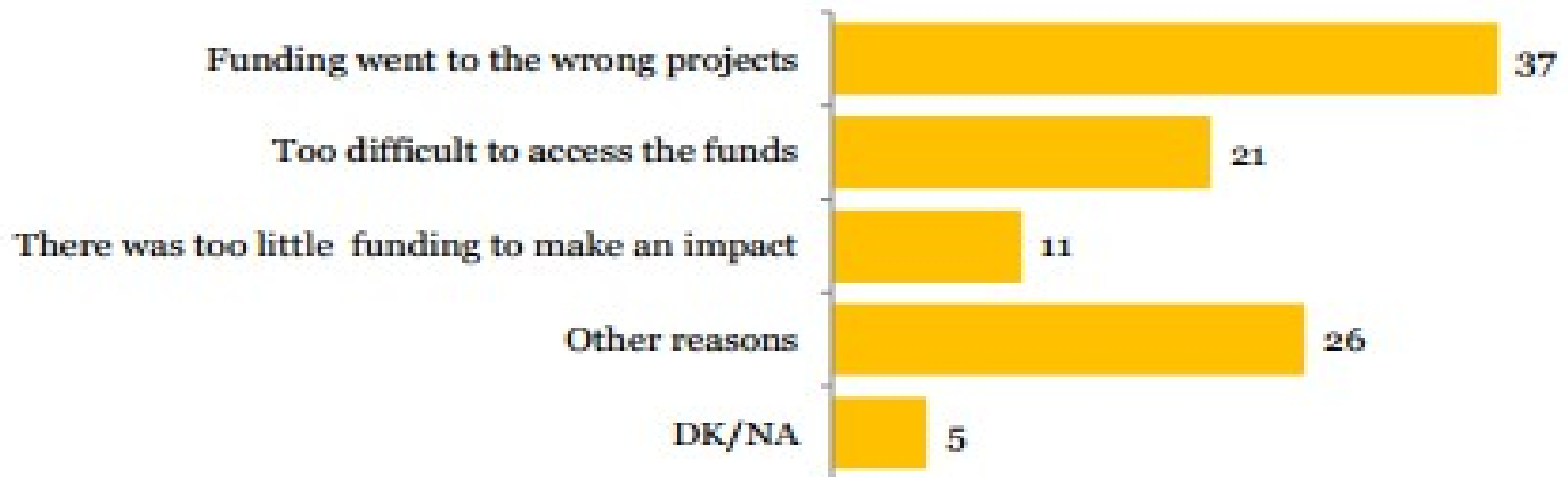
What do Europeans think?

Relationship between awareness of EU regional support and perceptions about benefits for respondents' area



What do Europeans think?

Reasons why EU regional support projects were seen to have had a negative impact

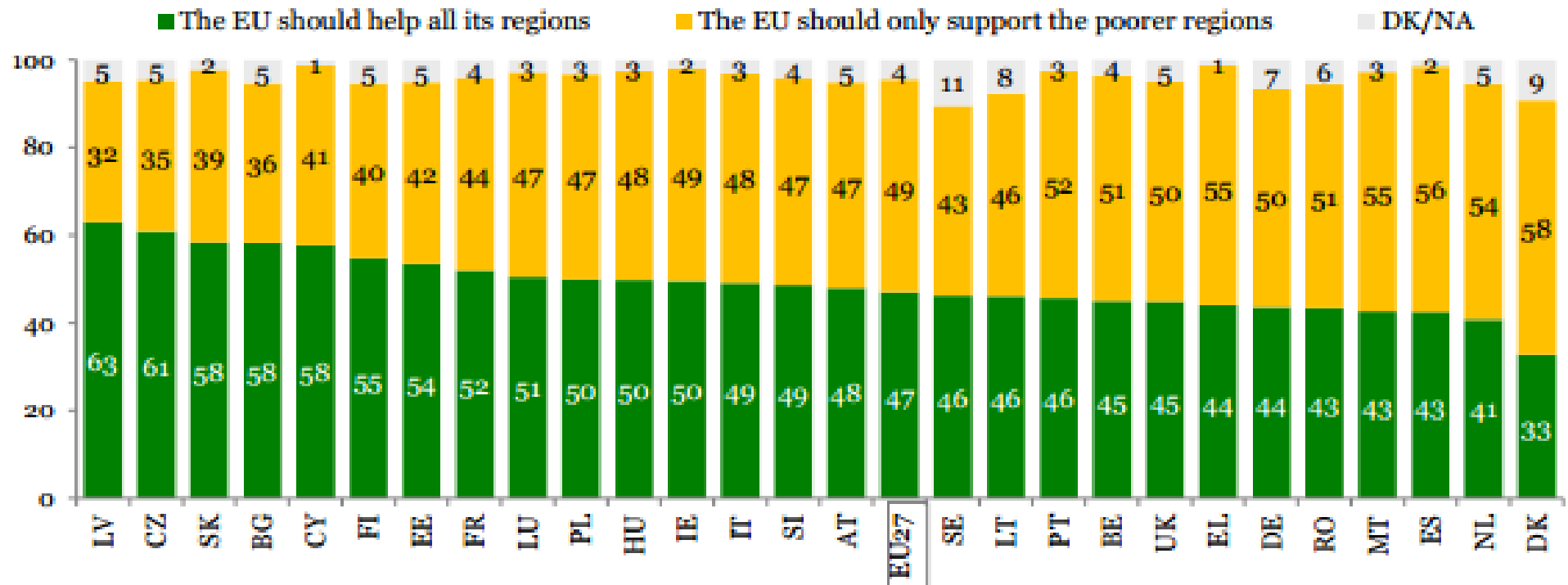


Q1D. Why do you think it was negative?

Base: those who had seen a negative impact of EU regional support in their area, % EU27

What do Europeans think?

Should the EU support all regions or focus exclusively on the poorer ones?

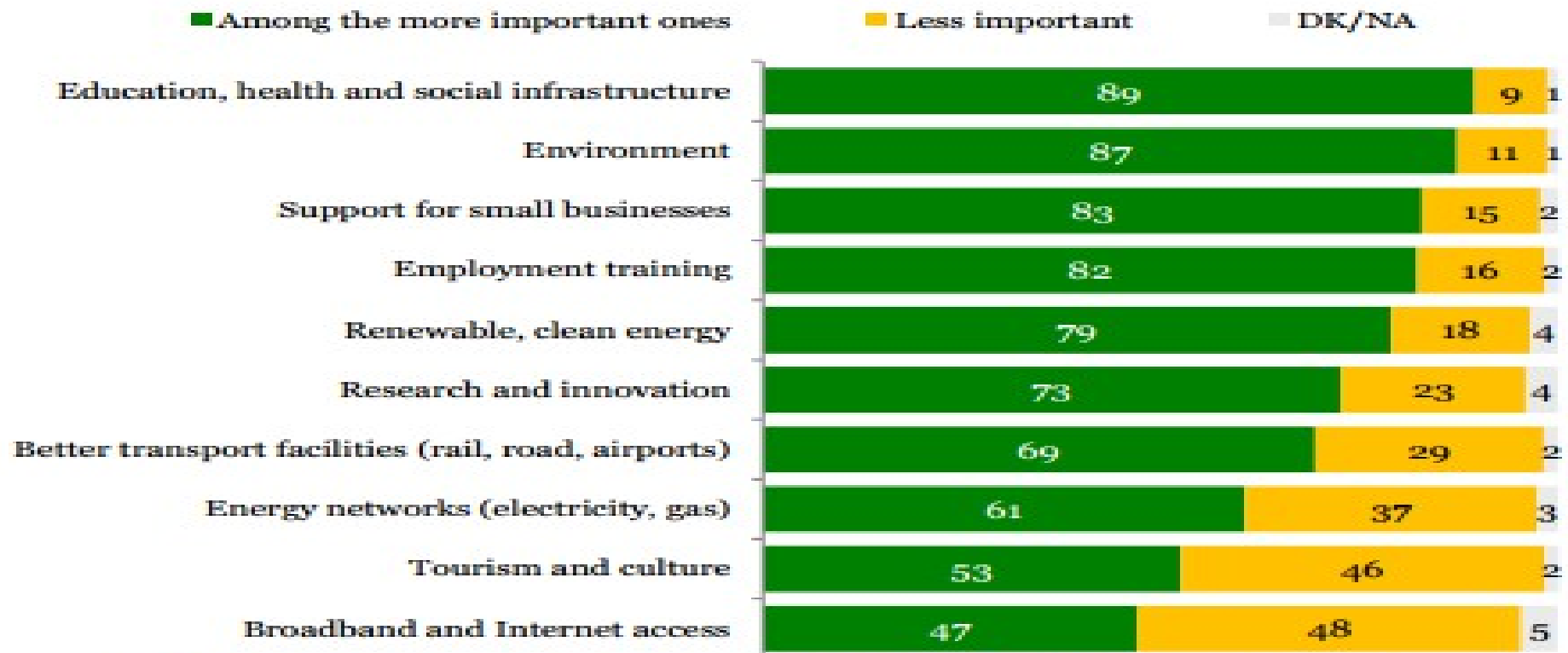


Q4A. Outside the poorest regions European regional policy also supports economic development projects although there is less money available. In your opinion, should the EU support all regions or concentrate exclusively on the poorer ones?

Base: all respondents, % by country

What do Europeans think?

EU regional policy – respondents' views on priority sectors

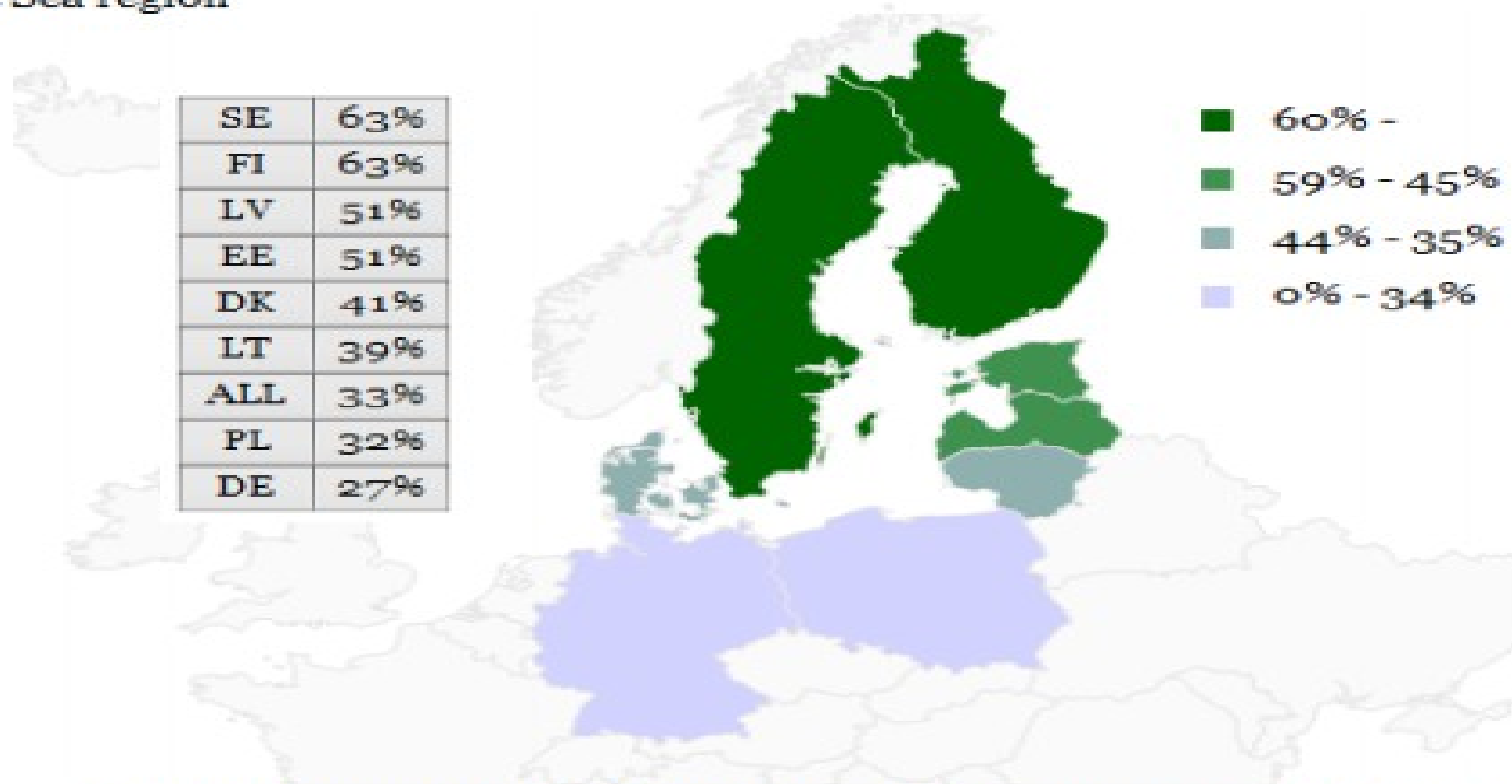


Q5. EU regional policy can support many different sectors. I will read a list of areas to you. Please tell me for each of them, if you consider them among the more important or less important ones for your city or your region?

Base: all respondents, % EU27

What do Europeans think?

Proportion aware of the strategy to promote cooperation between countries of the Baltic Sea region



Q8. Are you aware that there is strategy to promote cooperation between the countries around the Baltic Sea?

Base: all respondents from the Baltic Sea countries, % by country