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**COMMUNITY POLICIES**  
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## EU Financial Perspective 2007-2013

*European Council 15 and 16 December 2005: Presidency Conclusions*

- Concerning cohesion policy, the Presidency conclusions confirm the new **structure of objectives** (convergence; regional competitiveness and employment; European territorial cooperation) and the **policy's role** in pursuing the Lisbon agenda (expenditure concentrated on Lisbon objectives).
- They fix the level of **allocations between objectives**, geographical eligibility and the allocation method (by region or Member State), including upper transfer limits.
- In addition, the conclusions define several transitional arrangements (e.g. phasing out the Cohesion Fund for certain countries), exceptions (e.g. eligibility; co-financing), and a list of **special treatments** (e.g. additional financial allocations) of several Member States and regions.



# EU Financial Perspectives 2007-2013

Presidency conclusions of 19 December 2005: Financial Table

<b>COMMITMENT APPROPRIATIONS BY HEADING</b>	<i>In billion of EUR, at 2004 prices</i>	<i>In %</i>
1a. Competitiveness for growth and employment	72.1	8,4%
<b>1b. Cohesion for growth and employment</b>	<b>307.6</b>	<b>35,7%</b>
2. Preservation and management of natural resources	371.2	43,1%
<i>of which market-related expenditure</i>	<i>293.1</i>	<i>34,0%</i>
3. Citizenship, freedom, security and justice (excl. EUSF)	10.3	1,2%
4. The EU as a global partner (excl. EDF)	50.0	5,8%
5. Total administrative expenditure	50.3	5,8%
6. Compensations BG/RO	0.8	0,1%
<b>Total commitments</b>	<b>862.4</b>	
<b>In % of EU-27 GNI</b>	<b>1.045%</b>	



## Comparison between Commission proposal and Council agreement

Objective	Commission proposal in %	in billion Euro	Council agreement in%	in billion Euro
Convergence	78.54 %	264	81.7 %	251.3
Regional Competitiveness and Employment	17.22 %	57.9	15.8 %	48.8
European Territorial Cooperation	3.94 %	13.2	2.44 %	7.5
<b>Total</b>		<b>336.1</b>		<b>307.6</b>



# Objectives, Structural Funds and instruments

2007-2013

Objectives	Structural Funds and instruments		
Convergence	ERDF	ESF	Cohesion Fund
Regional Competitiveness and Employment	ERDF	ESF	
European territorial Cooperation	ERDF		
	infrastructure, innovation, investments etc.	vocational training, employment aids etc.	environmental and transport infrastructure, renewable energy
	all Member States and regions		MemberStates with a GNI/head below 90%



## Financing: Differentiation of co-financing rates

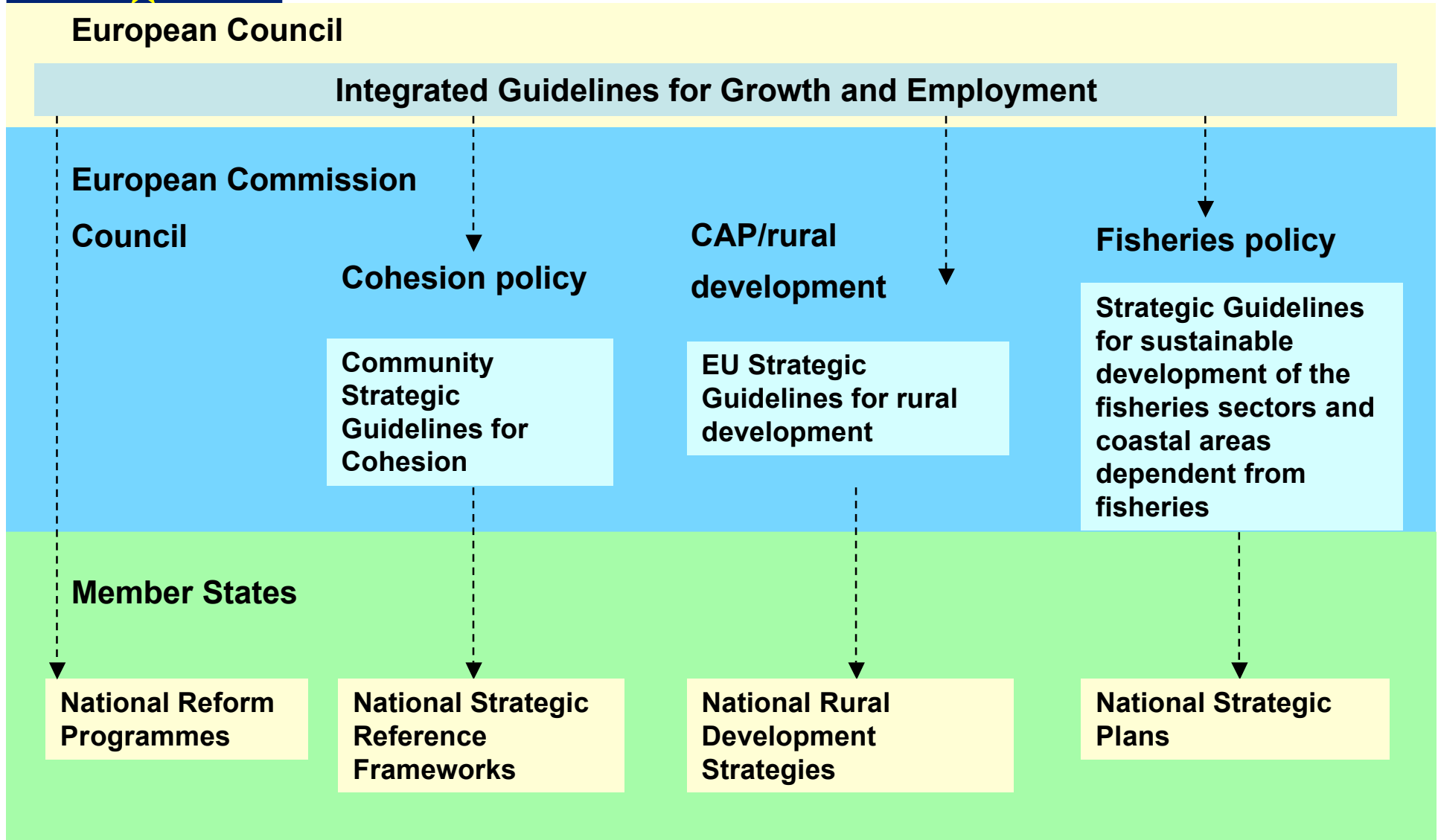
Criteria	Member States, regions	ERDF, ESF	Cohesion Fund
(1) Member States whose average per capita/ GDP below 85% between 2001-03	CZ, EE, GR, CY, LV, LT, HU, MT, PL, <b>PT</b> , SI, SK, BG, RO	<b>85%</b>	<b>85%</b>
(2) Member States other than those under (1) eligible to the Cohesion Fund	ES	<b>80%/50%*</b>	<b>85%</b>
(3) Member States other than those under (1) and (2)	AT, BE, DK, DE, FR, IR, IT, LU, NL, SE, SF, UK	<b>75%/50%*</b>	-
(4) Outermost regions referred to in Article 299 (2) of the Treaty	regions in ES, FR, <b>PT</b>	<b>85%</b>	<b>85%**</b>

\* The first rate concerns regions eligible under the "Convergence"; the second one those under the "Regional Competitiveness and Employment" objective

\*\* If applicable



# "Lisbon-new" and Cohesion, rural development and fisheries policies





## Community Strategic Guidelines: objectives

1. **Strategic dimension of cohesion policy strengthened** to ensure community priorities are better integrated in national and regional development programmes.
2. Efforts to ensure **greater ownership of cohesion policy** on the ground
  - reinforced dialogue between Commission, MS and the regions
  - clearer, more decentralised sharing of responsibilities such as financial management and control while promoting PPPs





## The new Strategic guidelines: building in the Lisbon agenda (1)

- 1) **Making Europe and its regions a more attractive place to invest and work**
  - expand and improve transport infrastructures
  - improve the environmental contribution to growth and jobs
  - address the intensive use of traditional energy sources
- 2) **Improving knowledge and innovation for growth**
  - increase and improve investment in RTD
  - facilitate innovation and promote entrepreneurship
  - promote the information society for all
  - improve access to finance

**Priorities**



## The new Strategic guidelines: building in the Lisbon agenda (2)

### 3) More and better jobs

- attract and retain more people in employment and modernise social protection systems
- improve adaptability of workers and enterprises and the flexibility of the labour market
- increase investment in human capital through better education and skills
- administrative capacity
- health and the labour force

### 4) Territorial Cohesion and co-operation

- The contribution of cities to growth and jobs
- Supporting the economic diversification of rural areas
- Cooperation: cross-border/trans-national/interregional



## Strategic guidelines, programming and follow-up

1

### Community's strategic guidelines on cohesion

*proposed by the Commission,  
adpoted by the Council, assent by the  
European Parliament*

2

### National strategic reference framework

*proposed by the Member State in applying the  
partnership principle; reflects on the Union's orientations,  
lays down a national strategy and its programming;  
finally decided by the Commission*

3

### Operational Programmes

*one programme by fund and Member State  
or region, description of priorities, management and  
financial sources; proposed by Member State or region;  
finally decided by the Commission*

4

### Programme management and project selection

*by Member States and regions; "shared management"  
principle = concertation with the Commission*

5

### Strategic follow-up and annual debate

*by the European Council in Spring, based on an  
annual report of the Commission and Member States*



## Programming: Earmarking "Lisbon priorities"

- Presidency conclusions stipulate that **expenditure targets** will be set under both the convergence (60%) and regional competitiveness and employment (75%) objectives for policies which contribute directly to achieving the Lisbon objectives.
- The Commission currently prepares a list of those **categories of expenditure** concerning research and innovation, human capital, business services, major European infrastructures and energy efficiency and renewables.
- **Exception:** these provisions shall not apply to Member States that acceded the Union after 2004.



### Next steps

- **Budget 2007-2013:** Council, European Parliament and Commission need to agree upon a new Inter-institutional Agreement (April/May?).
- **Cohesion Policy regulations and Strategic Guidelines for Cohesion:** the set of five regulations will possibly be agreed by the Council (February 2006) and by Council and EP (June/July 2006).
- **Programming and implementation:** Member States and regions to propose National Strategic Reference Frameworks and Operational Programmes (second half of 2006), which will be adopted by the Commission (2006/2007).



## Possible GDP and productivity growth

*Simulation of 2005 based on Hermin model*

	Impact on GDP growth		Productivity (2013)
	Additional GDP (2013)	Of which supply side-effects (from 2014)	
République tchèque	10,90%	63%	2,30%
<i>Slovaquie</i>	<i>10,90%</i>	<i>63%</i>	<i>2,30%</i>
Hongrie	8,40%	49%	4,10%
Pologne	9,80%	36%	5,70%
<i>Slovénie</i>	<i>6,80%</i>	<i>34%</i>	<i>2,70%</i>
<i>Lituanie</i>	<i>11,10%</i>	<i>43%</i>	<i>5,80%</i>
Lettonie	12,40%	13%	6,10%
Estonie	11,10%	43%	5,80%
<i>Bulgarie</i>	<i>11,80%</i>	<i>15%</i>	<i>7,00%</i>
Roumanie	11,80%	15%	7,00%
<b>Portugal</b>	<b>2,80%</b>	<b>47%</b>	<b>1,70%</b>
Grèce	1,20%	18%	0,50%



## Possible employment growth

*Simulation of 2005 based on Hermin model*

	Legend on employment	
	Simulation in 2005	Simulation (assessable)
Belgium	0,000	000
Denmark	0,000	00
France	0,000	100
Germany	0,000	000
Greece	0,000	00
Ireland	0,000	00
Italy	0,000	00
Netherlands	0,000	00
Portugal	0,000	00
Spain	0,000	000
Sweden	1,000	00
United Kingdom	0,000	00
Average	0,000	00,1



## Cohesion Policy 2007-2013 and the outermost regions

- 7 regions and 3 Members states:
  - PT : Azores and Madeira
  - FR : Guadeloupe, Martinique, Reunion Island and Guiana
  - ES : Canary Islands
- A special status recognized by EC Treaty : article 299&2
- Communication from the Commission on a stronger partnership strengthened for the outermost regions [COM(2004)343 and 543 final]





## **What about the eligibility under the territorial cooperation objective?**

- Transnational and cross-border cooperation :  
Canary Islands and French outermost regions
  
- Transnational cooperation : Madeira and Azores



## Additional allocation to compensate extra-cost

- ERDF will contribute to finance operating aids (**NEW**)
- Operating aids: regional aid aimed at reducing a firm's current expenses (to offset the additional costs arising in the pursuit of economic activity from the factors identified in Article 299(2) of the Treaty)
- Rate : 50%