



European Union
Regional Policy



EUROREG
**Centre for European Regional and Local
Studies**
University of Warsaw

***'Cohesion policy and the
Economic Crisis'***

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European Commission - DG Regional Policy

Warsaw, 14 October 2010

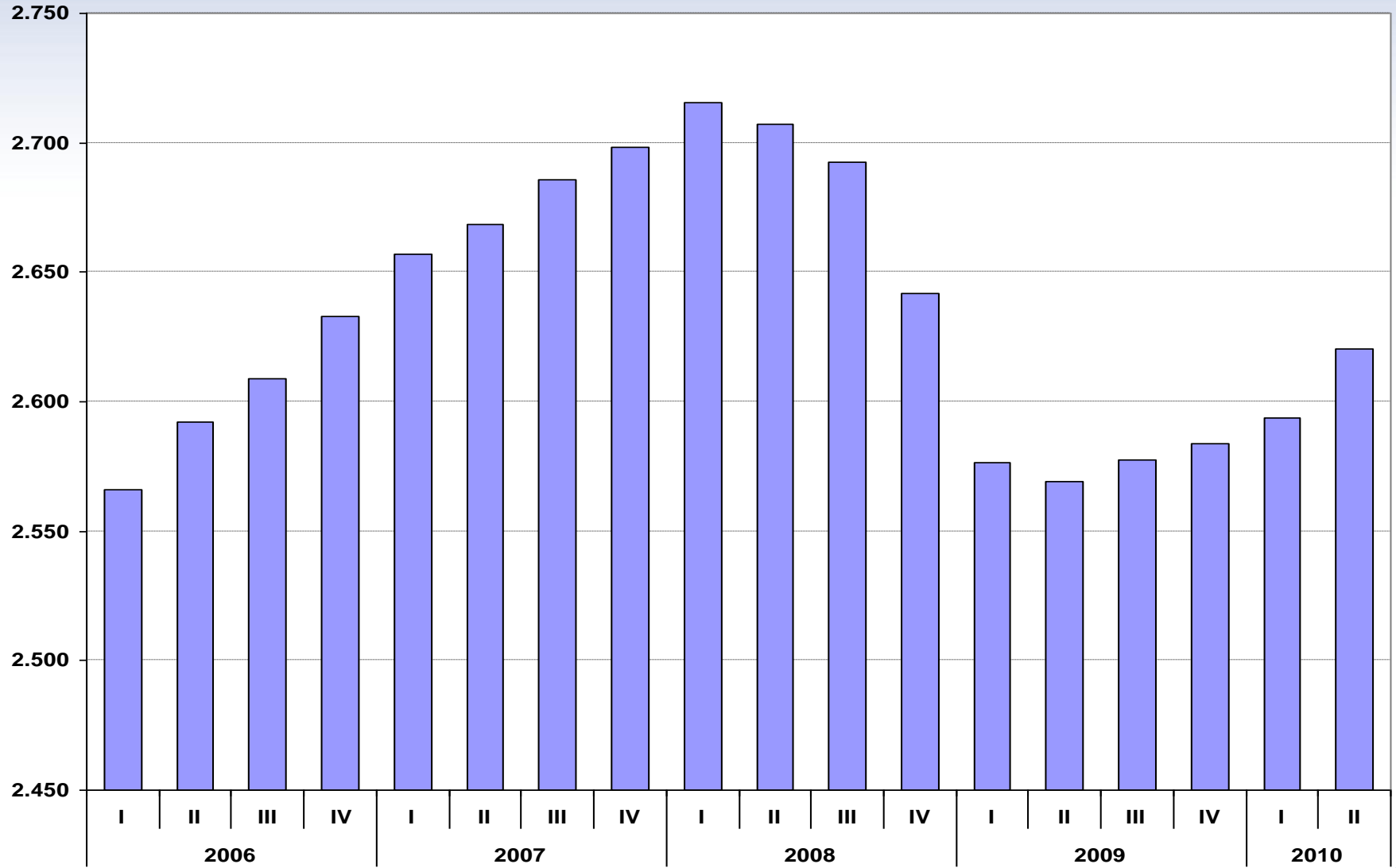


Structure of the presentation

- **Financial and economic crisis – Facts and figures**
- **Impact of the crisis on EU regions**
- **The EU policy response – European Economic Recovery Plan**
- **Cohesion Policy - a key element of the European Recovery Plan**
- **Conclusions**

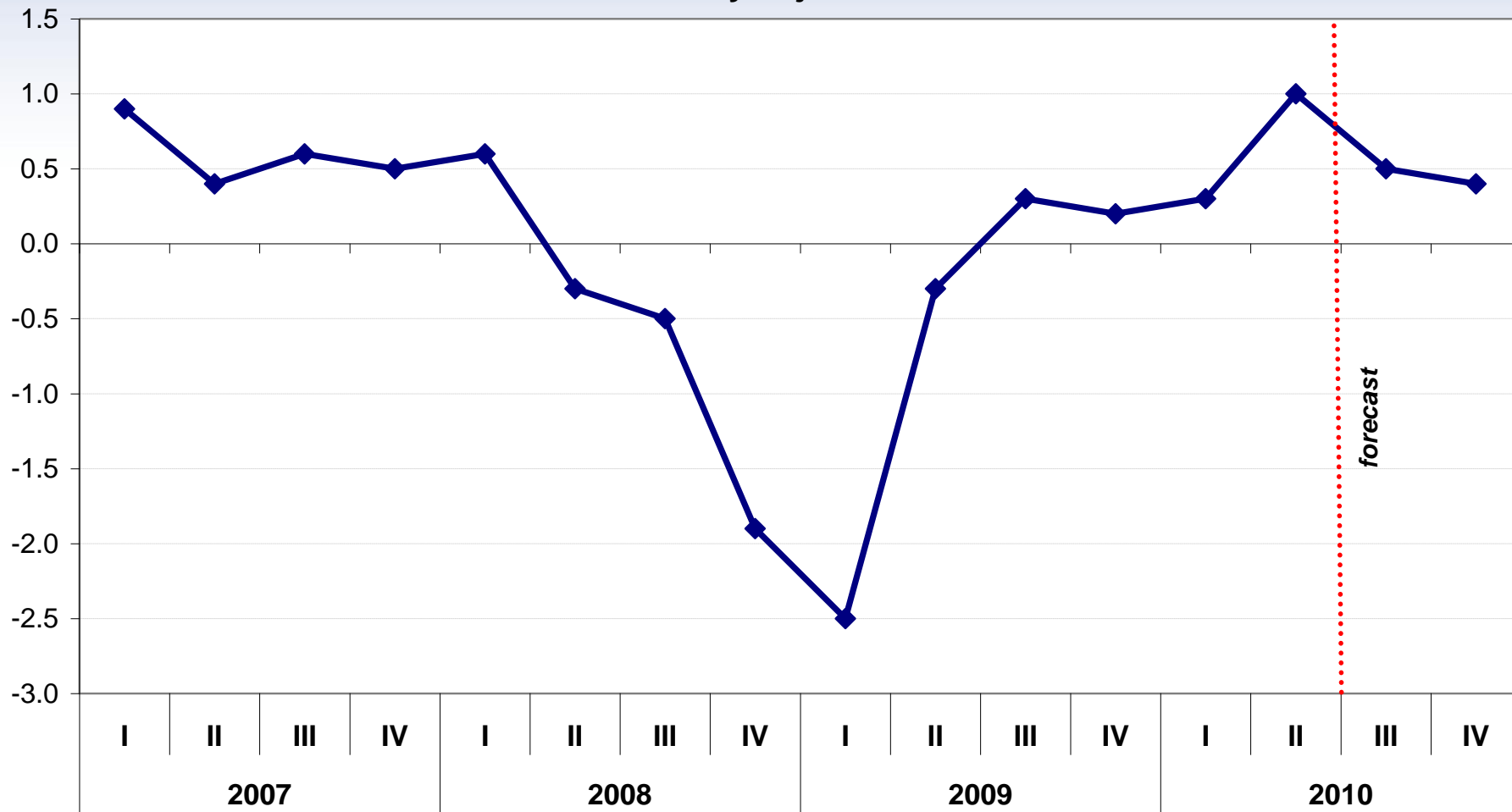


**EU27 - GDP in billions of euro, (at 2000 exchange rates) -
seasonally adjusted**



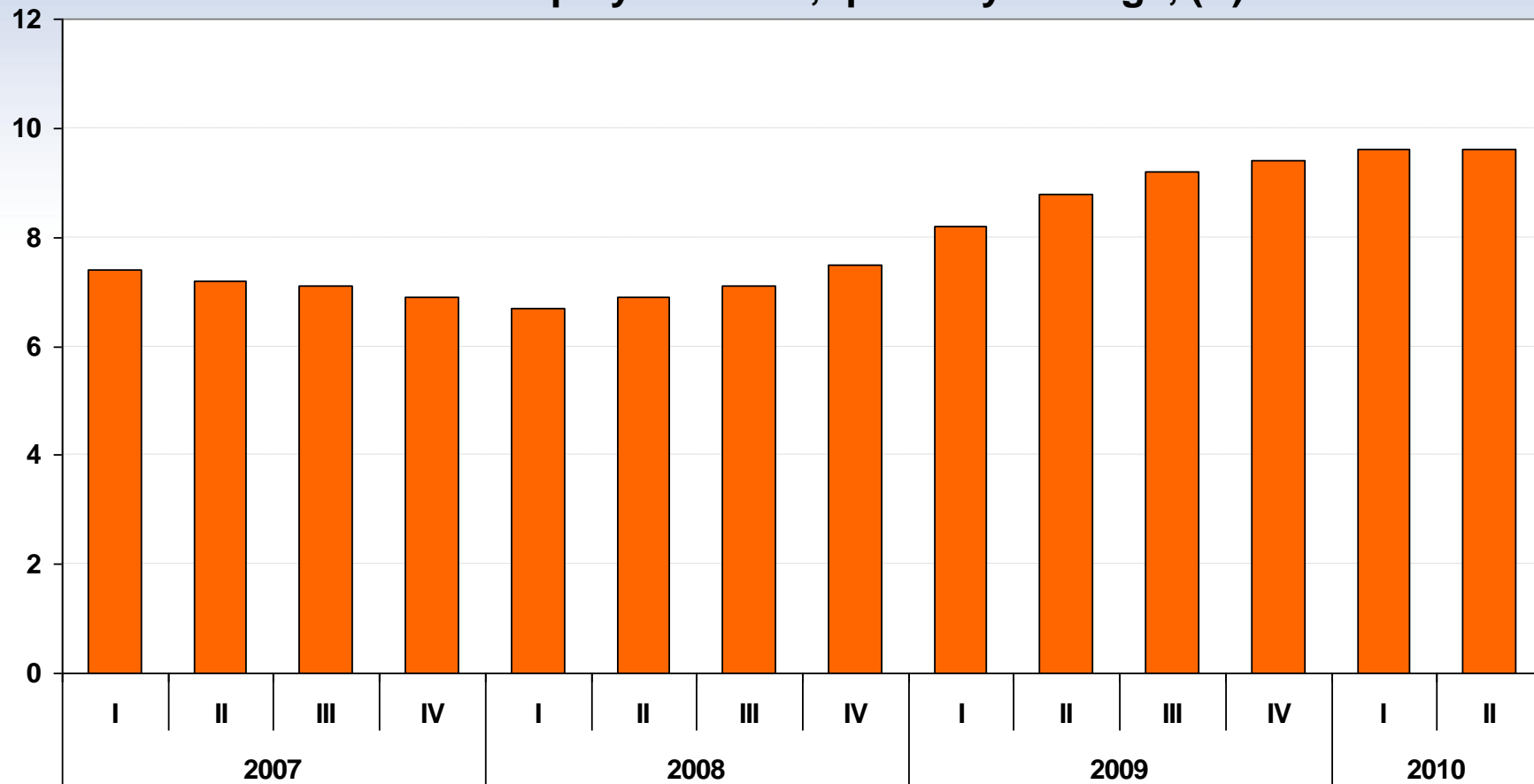


Growth rate of GDP in volume - Percentage change on previous period - seasonally adjusted data



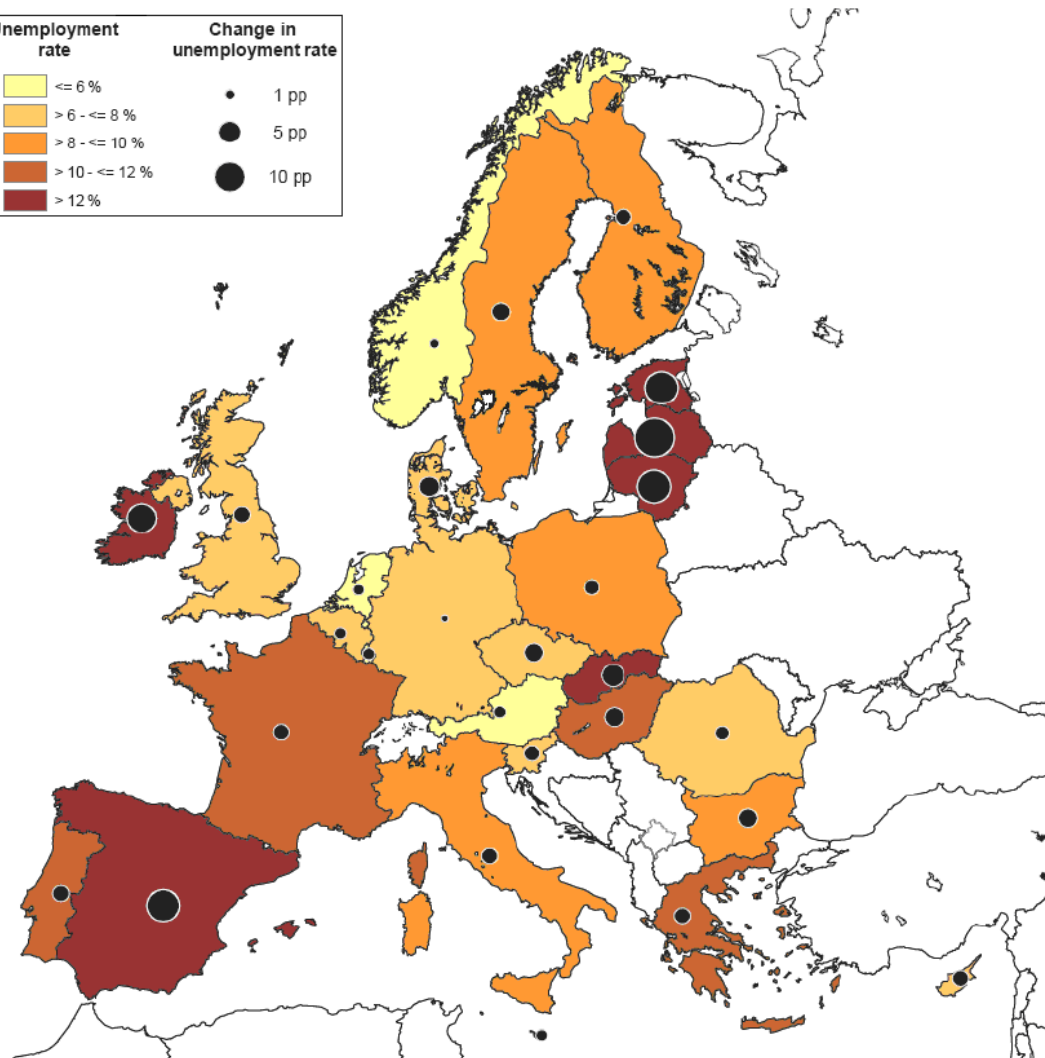


EU27 - Unemployment rate, quarterly average, (%)



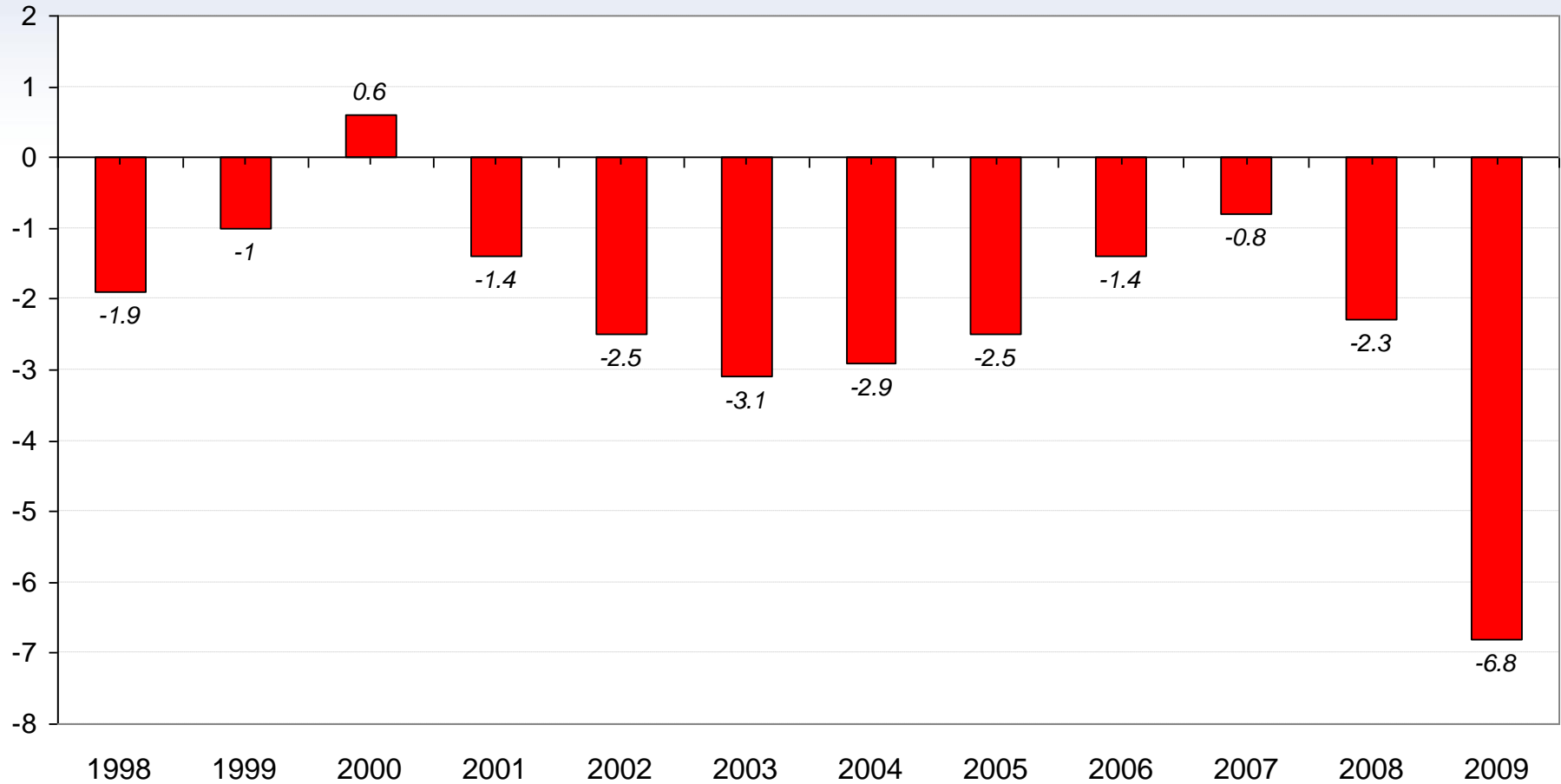


Unemployment rate in February 2010 and increase in the rate since the start of the crisis in the EU27 by Member State, seasonally adjusted



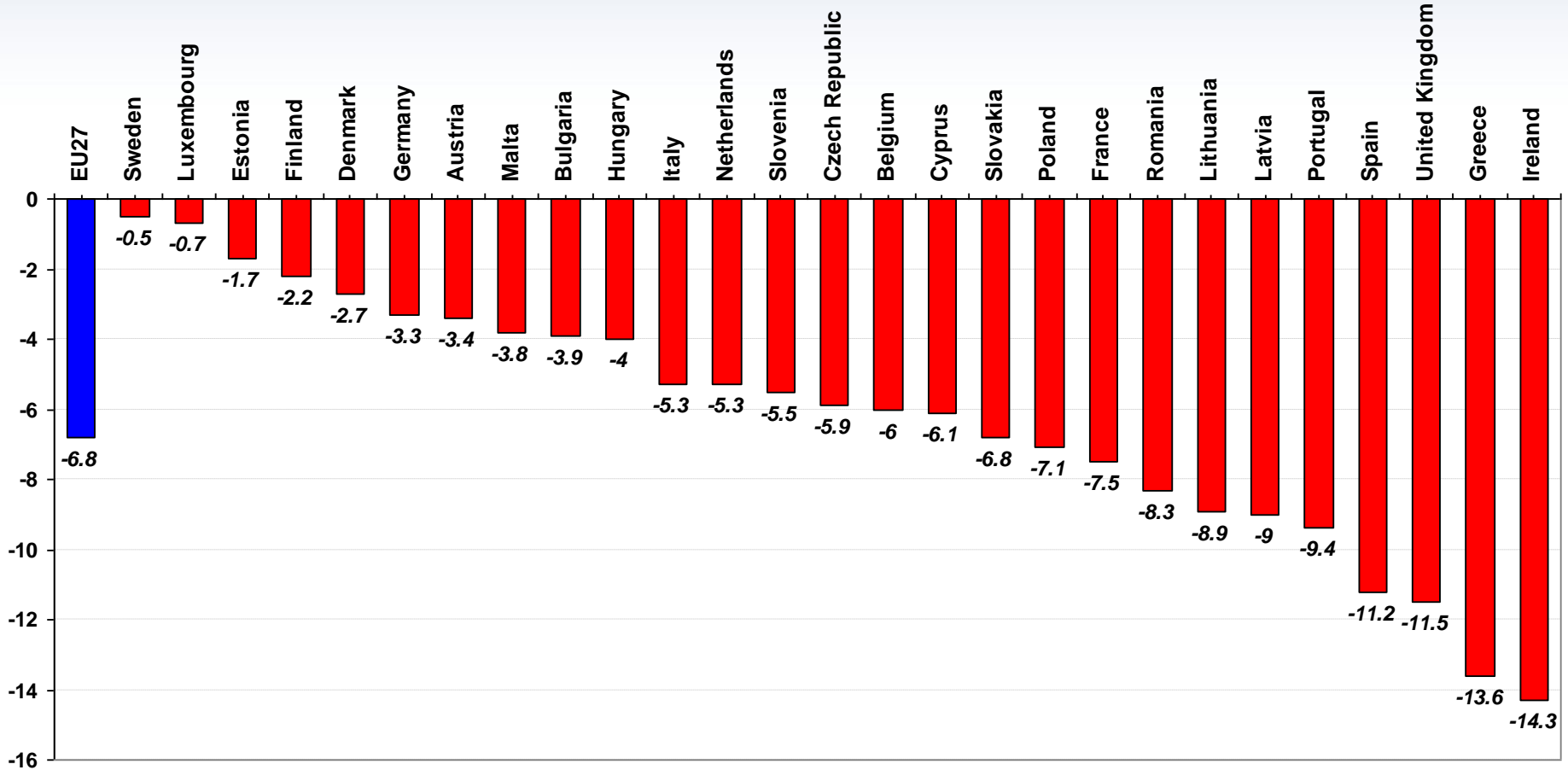


EU27 - Average General government deficit in percentage of GDP





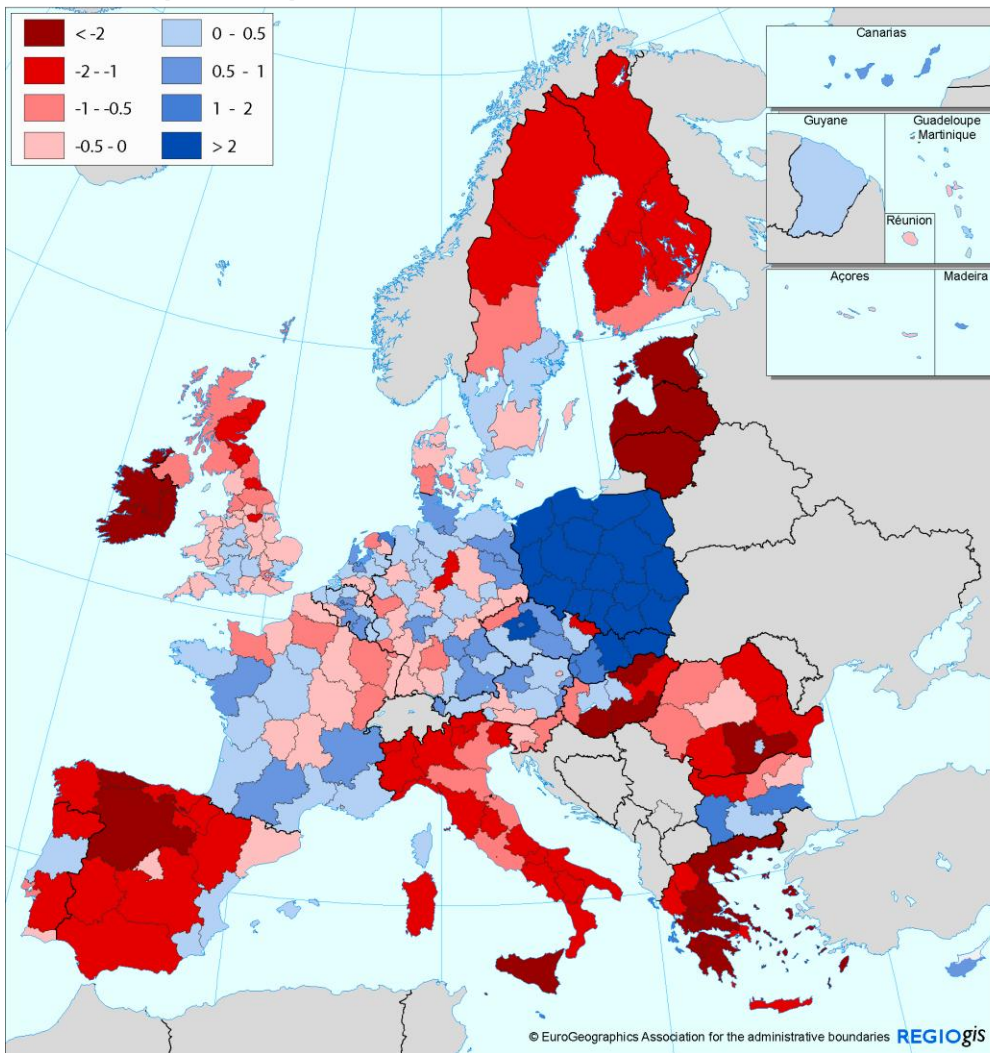
General government deficit in percentage of GDP - 2009





Projected regional GDP growth, 2007-2011

Annual average % change



Source: Oxford econometrics



The European Economic Recovery Plan

EER = €200 bn	EU = €30 bn	EC = €15 bn	CP = €6.3 bn
		EIB = €15 bn	EIB = €15 bn
	MS = €170 bn	MS = €170 bn	MS = €170 bn



Cohesion Policy: response to the economic crisis

Main objectives:

1. Greater flexibility

- Possibility to modify Cohesion Policy programmes towards greater focus on jobs, business, infrastructure, and research and innovation.
- Frontloading the proportion of EU contribution for individual projects.
- Extension of the final date of eligibility for the 2000-2006 operational programmes.
- Simplification of the financial management of Cohesion Policy programmes.
- Many OPs already flexible enough to accommodate specific new measures to combat the crisis.
- Seventeen Member States have amended their operational programmes in response to the economic crisis.
- Frontloading of Community expenditure has been adopted in several countries.



Cohesion Policy: response to the economic crisis

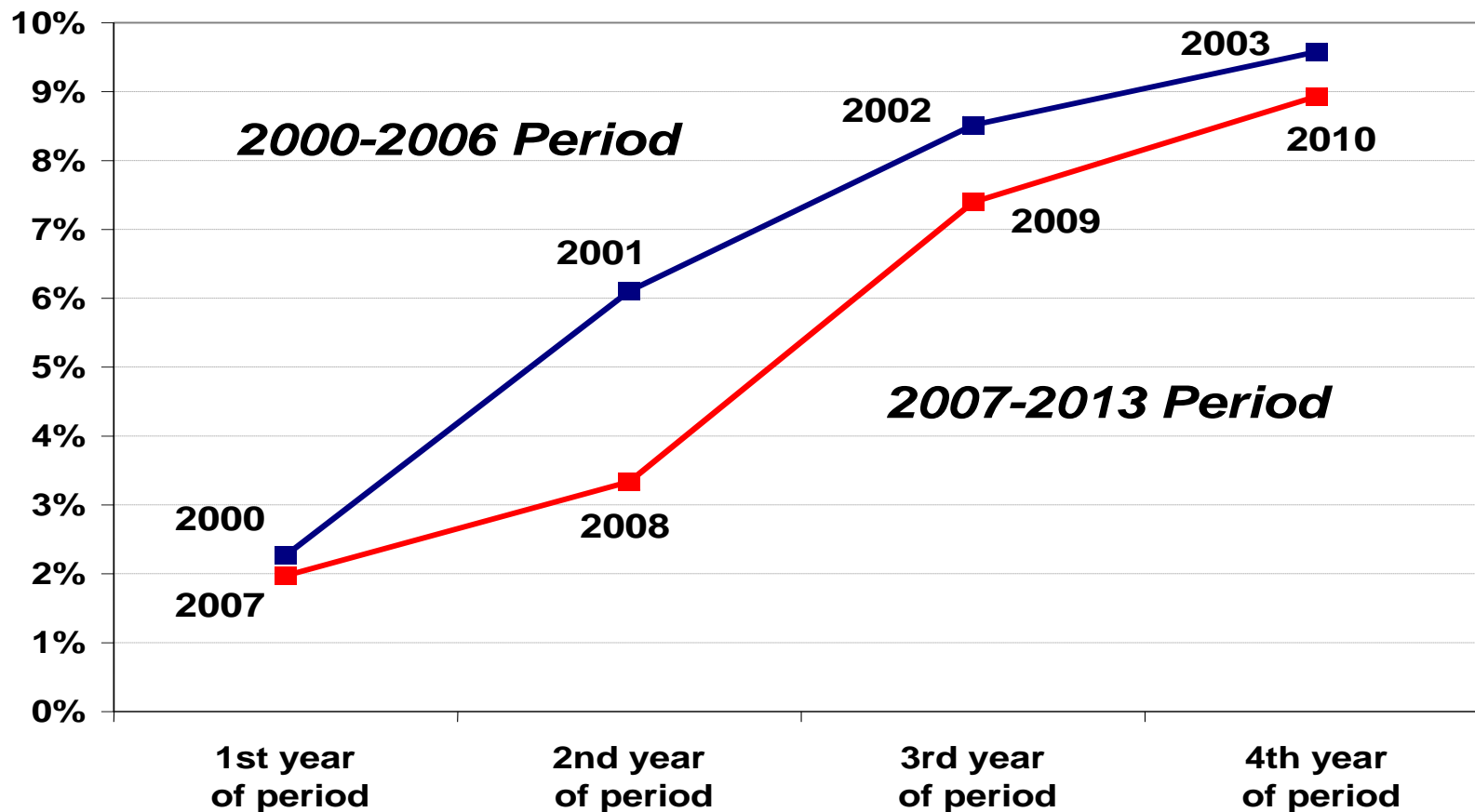
Main objectives:

2. Head start

- Increasing the advance payments to provide an additional cash injection of €6.3 billion in 2009 within the financial envelope for the 2007-2013 period.
- Measures to help Member States accelerate the development of major projects:
 - resources available to JASPERS to help Member States fasten the preparation and implementation of major projects;
 - acceleration of intermediate payments for major projects.
- Easing conditions allowing for additional aid, notably in the areas of State aid, State guarantees for loans and risk capital aid.
- These measures had a clear impact on the structure and pace of cohesion policy spending. Interim payments per month since 1 January 2009 show a marked increase in the 2007-13 period from September 2009.



Absorption of cohesion funding 2007-2013



Initial slow take-up of funds BUT spending is accelerating



Cohesion Policy: response to the economic crisis

Main objectives:

3. Target Cohesion Policy programmes on smart investment

- Modify programmes to put greater emphasis on smart investment.
- = Investment in areas such as energy efficiency, clean technologies, renewable energy, broadband networks, matching skills with future labour market needs or opening up new finance for research-intensive and innovative SMEs.
- Encourages Member States and regions get the most out of the JEREMIE and JASMINE initiatives.
- Fourteen Member States reported having action in smart investment, with or without modification of the Operational Programmes.
- Twelve Member States have accelerated or expanded their use of JEREMIE, in order to support SMEs
- Fourteen JESSICA funds have been established in nine Member States.



Conclusions

- **Cohesion policy provides powerful support for budgetary stability and public investment in the EU.**
- **Cohesion policy has a key role to play in the European Economic Recovery Plan to help the Member States counter the effects of the crisis.**
- **With its strong emphasis on innovation, knowledge, human capital and green economies, Cohesion Policy will contribute to enhance sustainable growth in the future.**
- **This will even be reinforced with the alignment of the future policy to the Europe 2020 strategy.**



A look into the future...

- Align more firmly Cohesion Policy and its delivery mechanisms with the priorities of Europe 2020
- Concentrate financial resources on a limited number of priorities
- Introduce stronger incentives and conditionality
- Strengthen accountability and transparency