

EU Cohesion Policy response to the economic crisis: Investing in the real economy

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European Economic Recovery Plan 11-2008 - Aims

- Stimulate demand and boost consumer confidence
- Lessen the human costs and the impact on the most vulnerable
- Speed up shift to low carbon economy
- Pursue the necessary structural reforms, supporting innovation and the building of the knowledge economy

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European Economic Recovery Plan - Principles

- Exploit synergies through co-ordinated actions
- Draw on all available policy levers, fiscal policies, structural and financial market reforms
- Ensure coherence between immediate actions and the EU's medium and longer term objectives

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European Economic Recovery Plan Actions

- Actions in the four priority areas of the Lisbon Strategy
- People – employment support, create demand for labour...
- Business – SME support i.p. EIB loans 30Bn, simplification, state aid....
- Infrastructure and Energy – broadband....
- Research and Innovation – clean technologies for cars, high speed internet....

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Role of Cohesion Policy in the financial and economic crisis

- **Important role in restoring confidence because of its**
 - ❑ **Focus** - supporting priority Lisbon themes: people, business, energy and infrastructure, research and innovation.
 - ❑ **Stability** - secure source of financing over seven years upon which the regional and local partners can rely for investment in coherent strategies
 - ❑ **Flexibility within the programmes** - tackling short-term needs while maintaining long-term priorities
- **Potential to give a short term stimulus (i.e. Convergence regions)**

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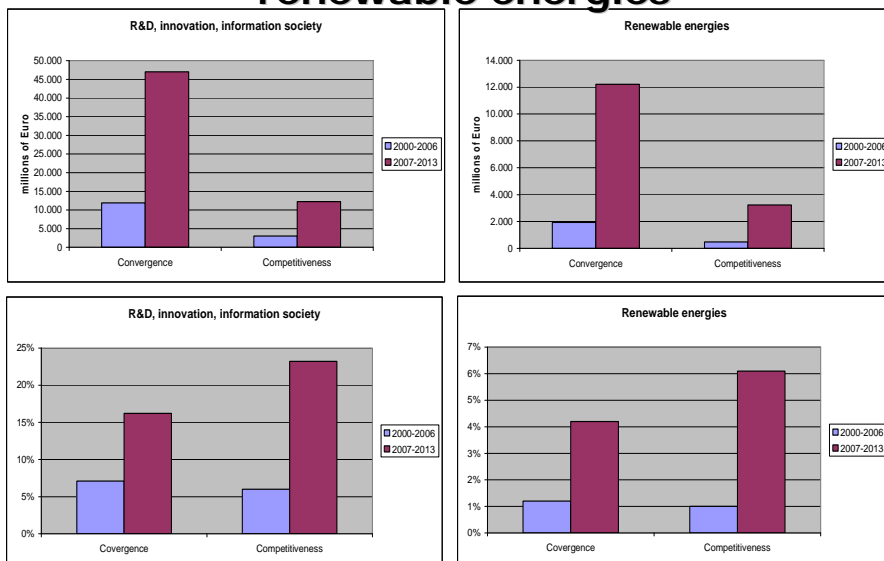
Earmarking resources has contributed to shift resources ...

60% of resources in the lagging regions and 75% in other regions are targeted to investments linked to the Lisbon strategy:

- R&D and innovation;
- infrastructures of European importance;
- industrial competitiveness;
- renewable energies, energy efficiency, and
- human resources

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Earmarking: focus on innovation and renewable energies



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Importance of agreed priorities

Example - Investing in people

- Invest in flexicurity, concentrating on getting redundant workers back into jobs
- Refocus, as needed, ESF programmes towards the groups most affected by the crisis
- Maintain investments in education and in raising overall skills levels
- Use cohesion policy funds to improve mechanisms for anticipation and matching skills with existing and anticipated vacancies

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Accelerate implementation by maximising existing tools

- Increasing the capacity of JASPERS ("Joint Assistance in Supporting Projects in European Regions") to accelerate implementation of major projects
- Promoting entrepreneurship (JEREMIE "Joint European Resources for Micro to Medium Enterprises", micro-credits)
- Enhancing co-operation with the EIB and EIF
- Adapting programmes to focus more on areas with growth potential
- Simplifying the delivery mechanism

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EU Cohesion Policy response to the crisis: Investing in the real economy

Commission has

1. Stressed the importance of maintaining agreed priorities
2. Legislative package - targets specific measures to help accelerate implementation
3. Non legislative – Use existing programme possibilities to adapt implementation of strategies to deliver key priorities

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Mobilisation of Cohesion Policy resources: the legislative package

- 1) Increase in advances with extra EUR 6.25 billion cash flow to Member States

Commission pre-financing in 2009	Advances in 2009 before the recovery plan, in billion € (in % of total allocation)	Advances in 2009 added by the recovery plan, in billion € (in % of total allocation)	Total advances in 2009 in billion €
Structural Funds			
EU-15	0	€3.80 (2.5%)	€ 3.80
EU-12	€ 2.29 (2%)	€ 2.29 (2%)	€ 4.58
EU Cross-Border Cooperation	€ 0.08 (2%)	€ 0.16 (2%)	€ 0.24
Cohesion Fund			
EU-15 (3 countries)	€0.26 (2.5%)	0	€ 0.26
EU-12	€2.37 (4%)	0	€ 2.37
Total	€ 5.0	€ 6.25	€ 11.25

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Mobilisation of Cohesion Policy resources: the legislative package

- 2) **Accelerate intermediate payments** to major projects and state aid schemes
- 3) **Simplifying eligibility** of expenditure
- 4) **Facilitating** the management of **financial engineering instruments**
- 5) **Expand the possibilities for support in energy efficiency and renewable energy in housing**

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Other initiatives

- Extension of the final eligibility date for implementation under the 2000-2006 period
- 10% flexibility at the closure of the 2000-2006 programming period

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Conclusions

1. Accelerate delivery of programmes to give timely boost to economies
2. Maintain agreed priorities while optimising use of resources
3. Increase focus on “smart” investments – i.e. energy efficiency and renewable energies and access to finance / financial engineering