



Council of the European Union
General Secretariat

Brussels, 06 June 2018

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LIMITE

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WORKING PAPER

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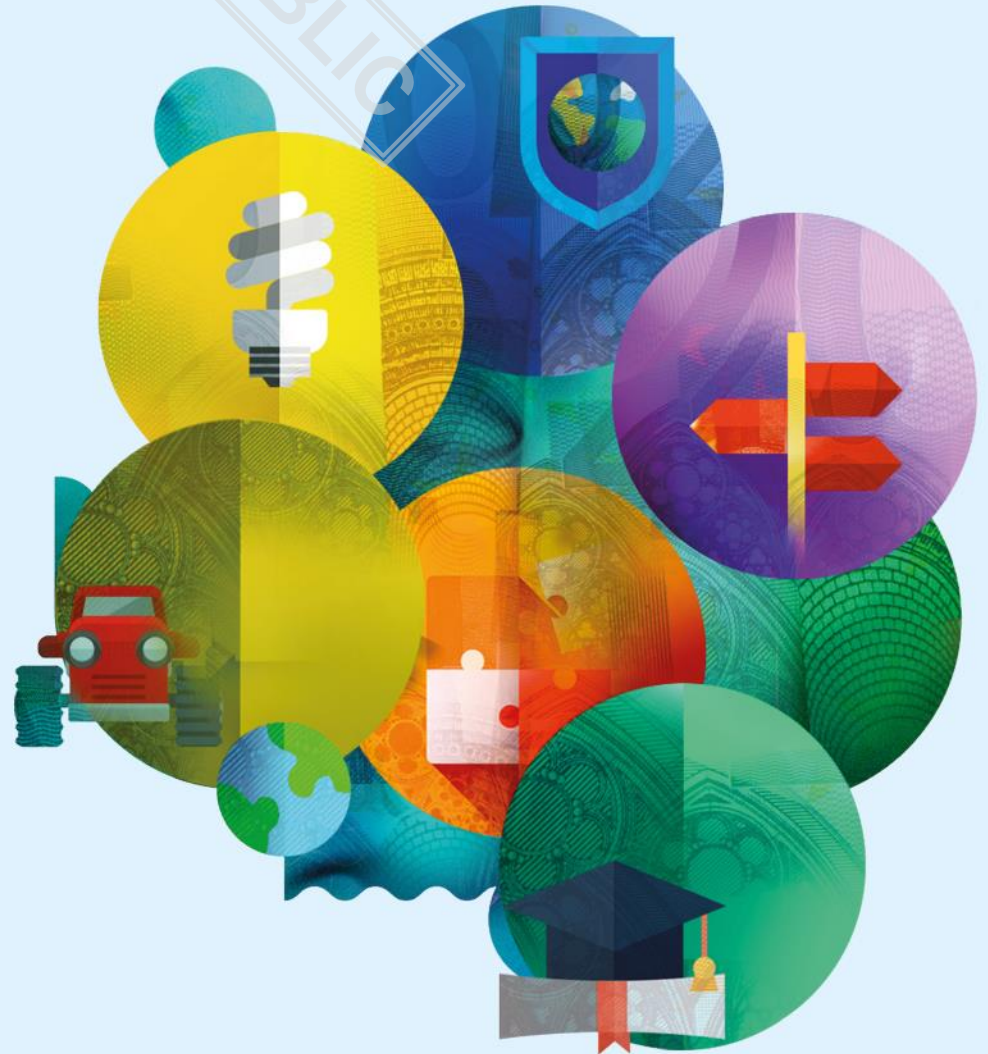
INFORMATION

From:	General Secretariat of the Council
To:	Ad hoc Working Party on the Multiannual Financial Framework (MFF) 2021-2027
Subject:	Commission powerpoint presentation on the MFF package (Regional Development & Cohesion)

Delegations will find attached the above-mentioned document from the Commission.



Regional Development & Cohesion



#CohesionPolicy
#EUinmyRegion

MFF Group – 06 June 2018

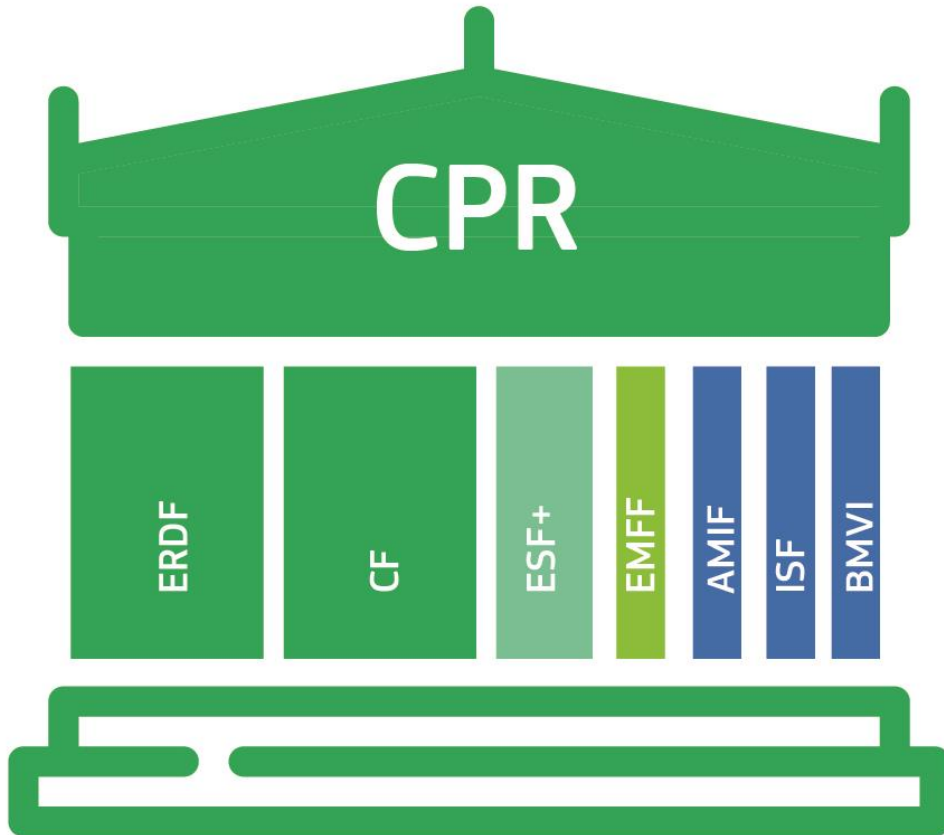
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II. COHESION & VALUES

Regional Development & Cohesion

7 funds, 1 regulation

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CPR covers delivery.
1 set of rules is:

- More coherent
- Simpler to learn
- Simpler to combine

More modern and flexible

- 11 policy objectives simplified to 5 (smarter, greener/low carbon, connected, social, urban/local initiatives)
 - **Concentration on smart and green (from 65% of funding in less developed countries to 85% in more developed)**
 - **New interregional innovation instrument**
 - **6% ringfenced for sustainable urban development**
- Enabling conditions, European Semester (and both followed through period)
- More flexible (re-)programming to respond to emerging needs, reward performance



Simpler



- 7 Funds, 1 rulebook
- 50% shorter
- Handbook of 50 key administrative simplifications

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Solidarity and Responsibility

Lower co-financing ceilings

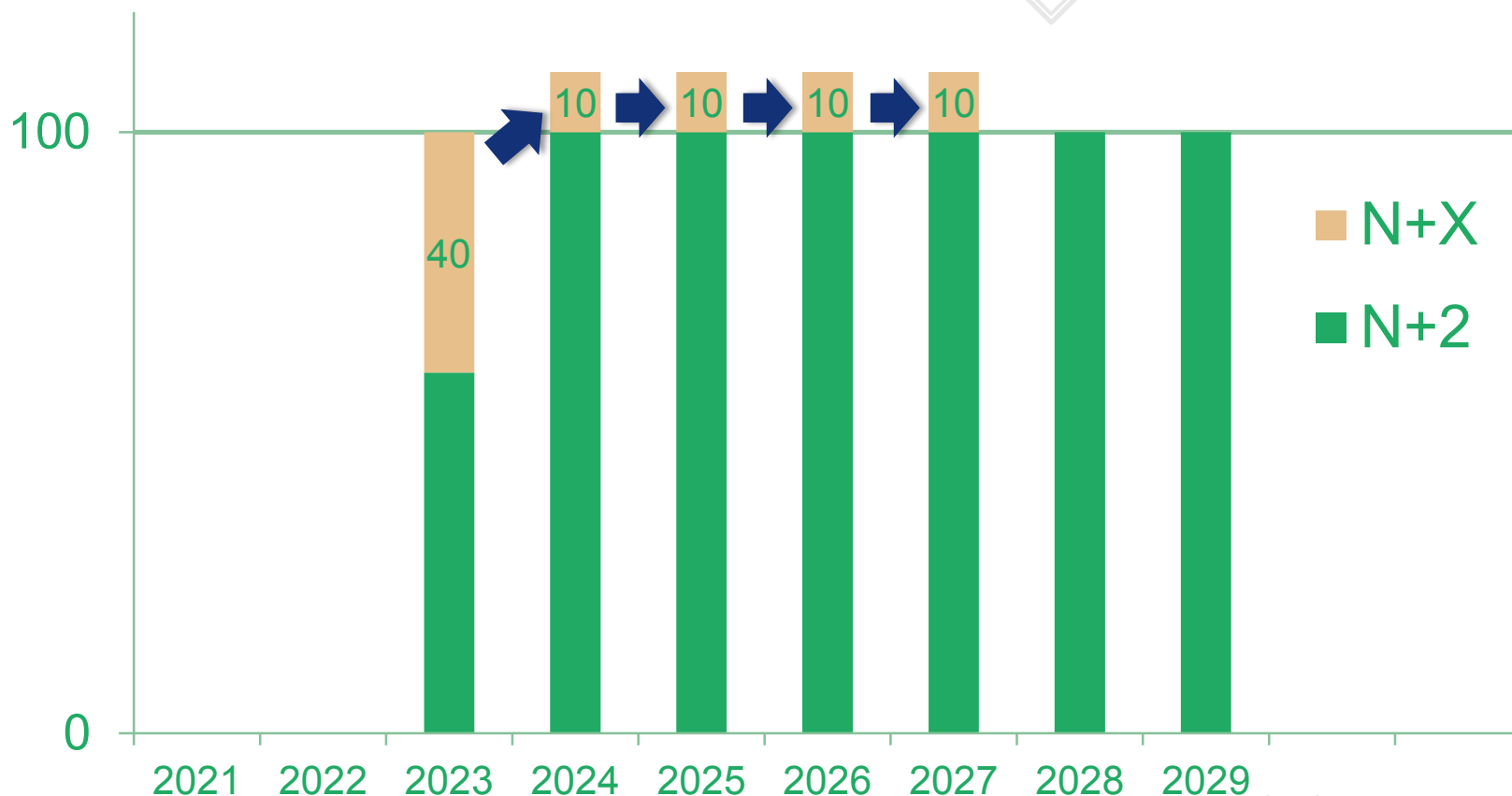
Ceiling	Applies to
70%	Less developed regions Outermost regions Cohesion Fund Interreg
55%	Transition regions
40%	More developed regions

"Quid pro quo": VAT eligibility

No specific rules for revenue generating projects

Decommitment: return to "N+2" by 2028

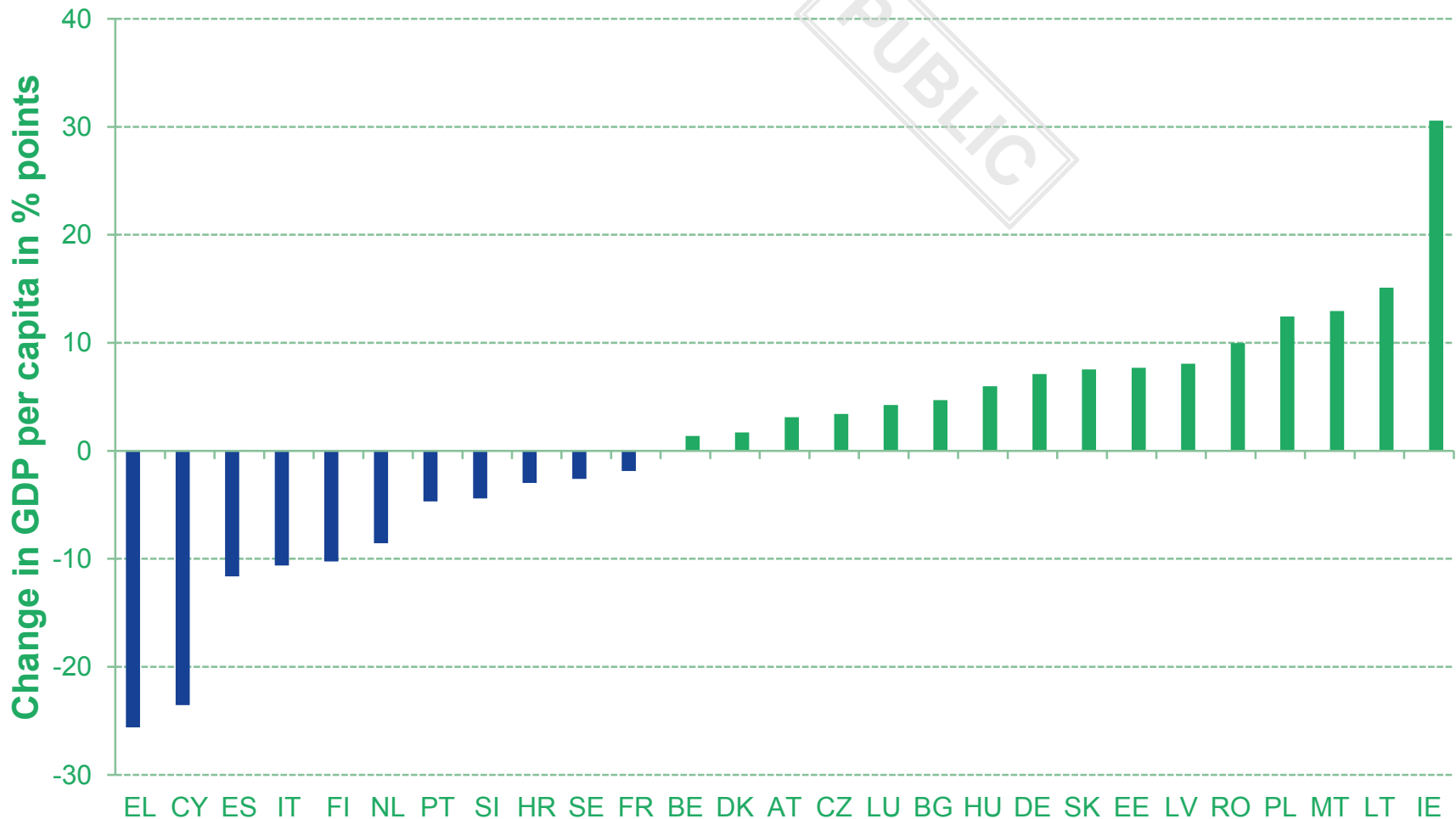
- 60% of 2021 allocation subject to "n+2" rule in 2023
- Remaining 40% due in 10% tranches over 2024-27 ("n+x")



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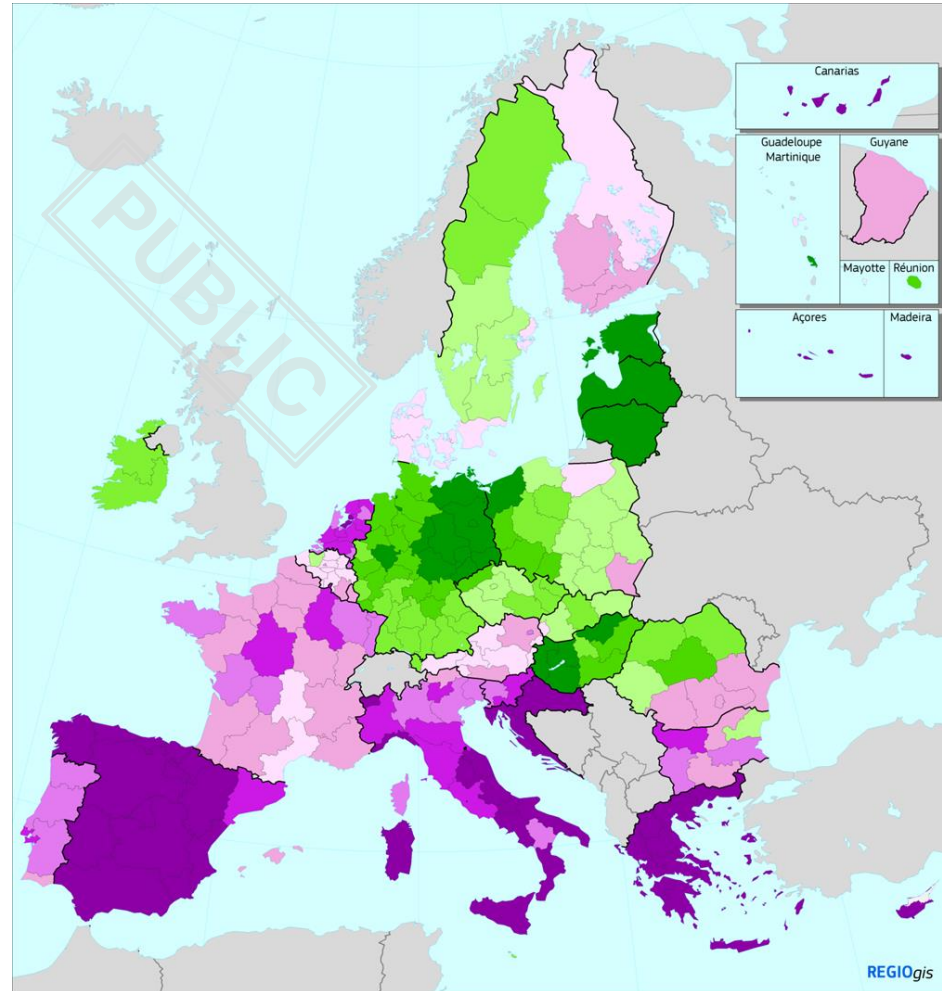
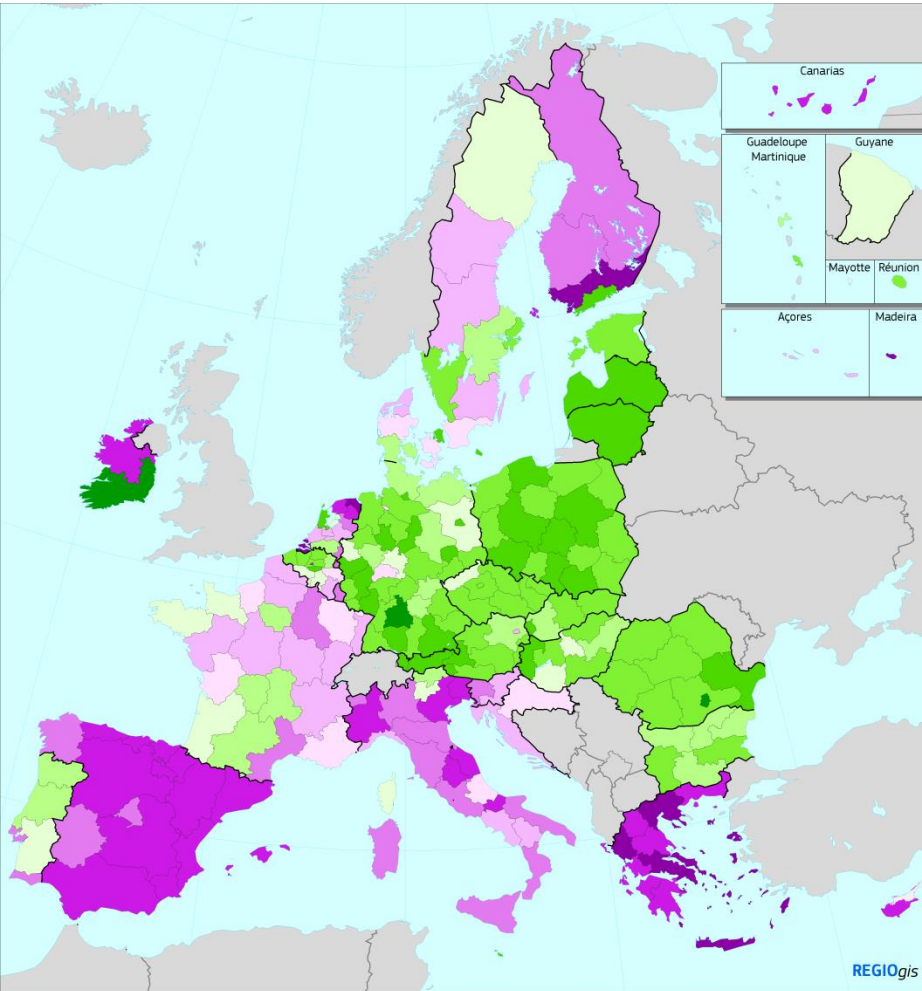
Allocations & Eligibility

The main driver of changes: change in GDP per capita 2007-2009 vs 2014-2016

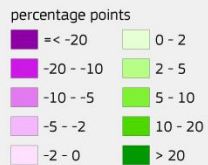


	2007-2009	2014-2016	change
EL	95	69	-26
CY	106	83	-24
ES	103	91	-12
IT	108	97	-11
FI	121	111	-10
NL	139	131	-9
PT	82	78	-5
SI	89	84	-4
HR	63	60	-3
SE	128	125	-3
FR	109	107	-2
BE	118	120	1
DK	126	128	2
AT	127	130	3
CZ	85	88	3
LU	264	269	4
BG	43	48	5
HU	63	69	6
DE	119	126	7
SK	71	78	8
EE	68	76	8
LV	57	65	8
RO	48	58	10
PL	57	69	12
MT	81	94	13
LT	61	76	15
IE	139	169	31

Changes in GDP/PPS index by Member State



Changes in regional GDP per capita, 2007/09 - 2014/16

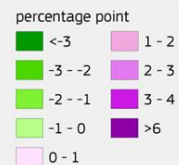


Source: DG REGIO

0 500 km

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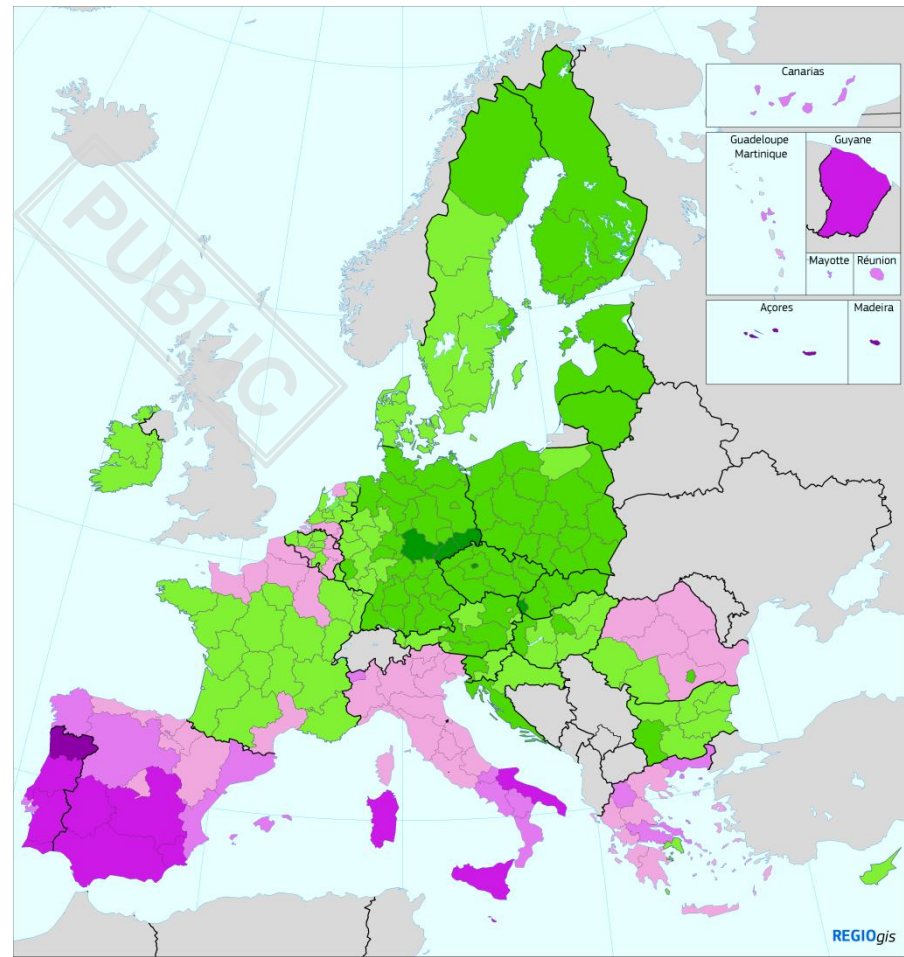
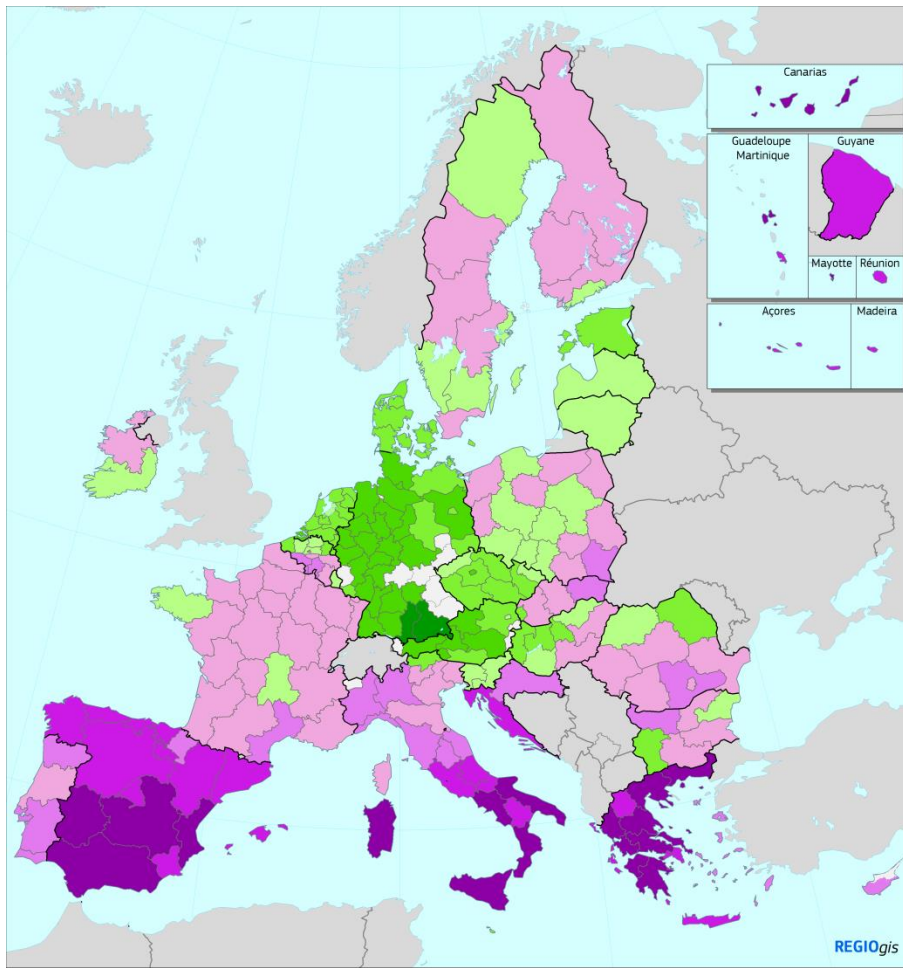
Change in unemployment rate, 2008/09/10 - 2014/15/16



Source: DG REGIO

0 500 km

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Youth unemployment rate, average 2014-2015-2016

% of labour force aged 15-24

- < 5
- 5 - 10
- 10 - 15
- 15 - 20
- 20 - 30
- 30 - 40
- 40 - 50
- >= 50

EU-27 = 21.8%
Source: Eurostat

0 500 km

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Population aged 25-64 with low education level, 2014-2016

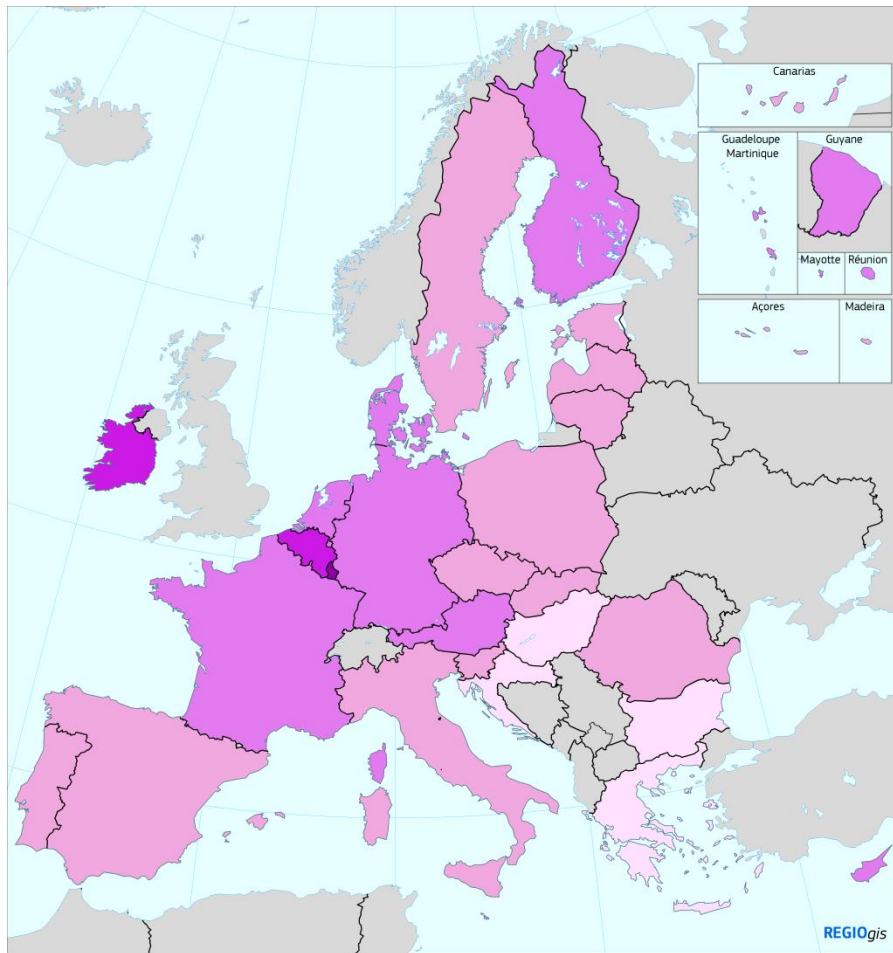
% of total population aged 25-64

- < 5
- 5 - 15
- 15 - 25
- 25 - 40
- 40 - 50
- 50 - 60
- >= 60

EU-27 = 24.0%

0 500 Km

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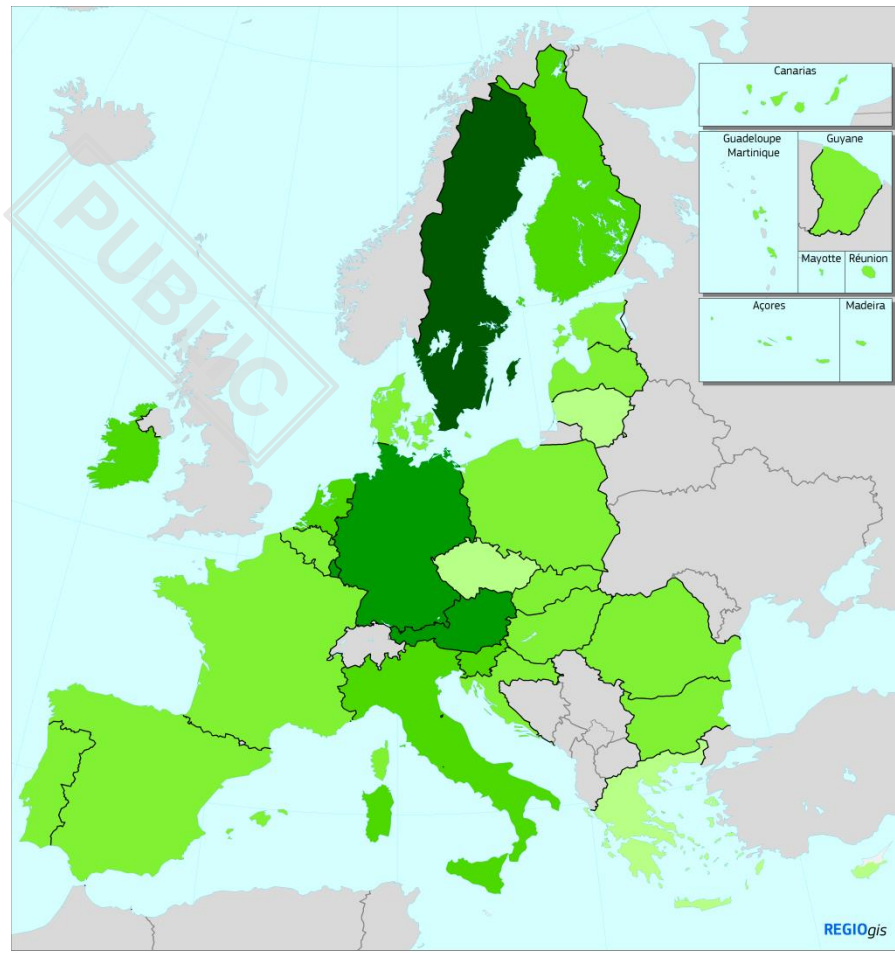


Greenhouse gas emissions in non ETS sectors, distance to the 2030 target, 2016

- In tonnes CO2 equivalent per inhabitant
- <= 0
 - 0 - 1
 - 1 - 2
 - 2 - 3
 - > 3

0 500 Km

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Net migration of non-EU citizens, average 2014-17

- Share of total MS population (%)
- <= 0
 - 0,01 - 0,20
 - 0,21 - 0,40
 - 0,41 - 0,60
 - 0,61 - 0,80

Source: Eurostat

0 500 km

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"Berlin method" (financial weight of groups of indicators)

	2014-2020	2021-2027
GDP (incl. GNI for Cohesion Fund)	86%	81%
Labour market, education, demographics	14%	15%
Climate	-	1%
Migration	-	3%
Total	100%	100%

Labour market: unemployment rate, youth unemployment rate, employment rate

Education: early school leavers, tertiary level of education, low level of education

Demographics: population of regions, low density of population

Climate: Green House gas emissions in the non ETS sectors

Migration: Net migration of non EU citizens

Caps and safety nets

- Absorption and equity cap:
 - Ranges from 2.3% of GDP for RO, BG, HR to 1.55% for most MSs.
 - Uses ECFIN estimates of national GDP growth (non-PPS terms)
- Safety nets and limits:
 - - 24% lower limit – the "safety net"
 - + 8% "reverse safety net"
 - 0% limit on increases in Member States with >120% GNI

Comparison between the 2014-2020 and 2021-2027 parameters of the Berlin method (1/2)

Parameters of the Berlin method	2014-2020	2021-2017
Capping 1	2.35%	2.30%
Capping 2		1.85%
Capping 3		1.55%
Threshold capping GNI		60%
Threshold capping GNI 2		65%
Max increase for capped MS	10%	8%
Max decrease	45%	24%
GNI per head threshold above which the increase is limited to 0%		120%
Thresholds category regions	75 and 90	75 and 100
Less developed regions		
GNI threshold 1	82	82
GNI threshold 2	99	99
Multiplier GNI1	3.15%	2.80%
Multiplier GNI2	2.70%	1.30%
Multiplier GNI3	1.65%	0.90%
Unemployment bonus	1493	500
Youth unemployment		500
Low educational level		250

Comparison between the 2014-2020 and 2021-2027 parameters of the Berlin method (2/2)

Parameters of the Berlin method	2014-2020	2021-2017
Transition regions		
Starting level at 75%	40%	60%
Unemployment bonus	1264	500
Youth unemployment		500
Low educational level		250
More developed regions		
Aid intensity	22.7	18.00
Weights		
Population	25.0%	20.0%
Unemployment	20.0%	15.0%
Employment	20.0%	20.0%
tertiary education	12.5%	20.0%
Early School Leaving	12.5%	15.0%
GDP	7.5%	7.5%
Pop low density	2.5%	2.5%
Aid intensities of indicators for all categories of regions (per year)		
Migration		400
GHG non ETS per tonne of CO2		1
Cohesion Fund		
Aid intensity	55.1	62.9
Others		
Outermost regions	34.5	30
Northern sparsely populated regions	34.5	30

Continued concentration on less developed

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	2021-2027	2014-2020
Cohesion Fund	13%	22%
ERDF Less developed regions	62%	53%
ERDF Transition	14%	10%
ERDF More developed	11%	15%
Total	100%	100%
Share CF + ERDF less developed	75%	74%

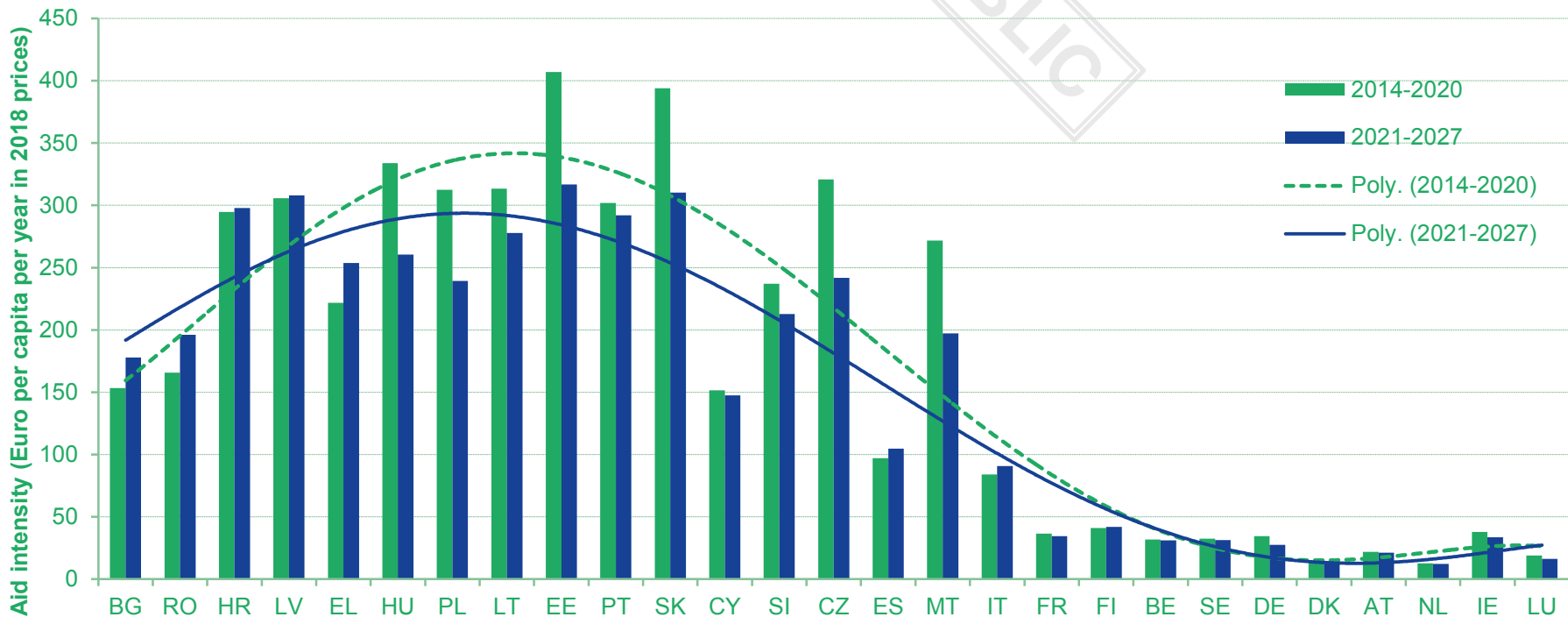
Member State	2021-27 allocation (billions, 2018 prices)	Change from 2014-2020 period (%)	Aid intensity (EUR/head)	Change from 2014-2020 period (%)
BG	8.9	8	178	15
RO	27.2	8	196	17
HR	8.8	-6	298	0
LV	4.3	-13	308	0
HU	17.9	-24	260	-22
EL	19.2	8	254	12
PL	64.4	-23	239	-24
LT	5.6	-24	278	-12
EE	2.9	-24	317	-22
PT	21.2	-7	292	-5
SK	11.8	-22	310	-22
CY	0.9	2	147	-5
SI	3.1	-9	213	-11
CZ	17.8	-24	242	-25
ES	34.0	5	105	3
MT	0.6	-24	197	-28
IT	38.6	6	91	5
FR	16.0	-5	34	-9
FI	1.6	5	42	2
BE	2.4	0	31	-5
SE	2.1	0	31	-6
DE	15.7	-21	27	-20
DK	0.6	0	14	-3
AT	1.3	0	21	-4
NL	1.4	0	12	-3
IE	1.1	-13	33	-17
LU	0.1	0	16	-14
EU27	331	-9.9	106	-11

Allocations by Member State

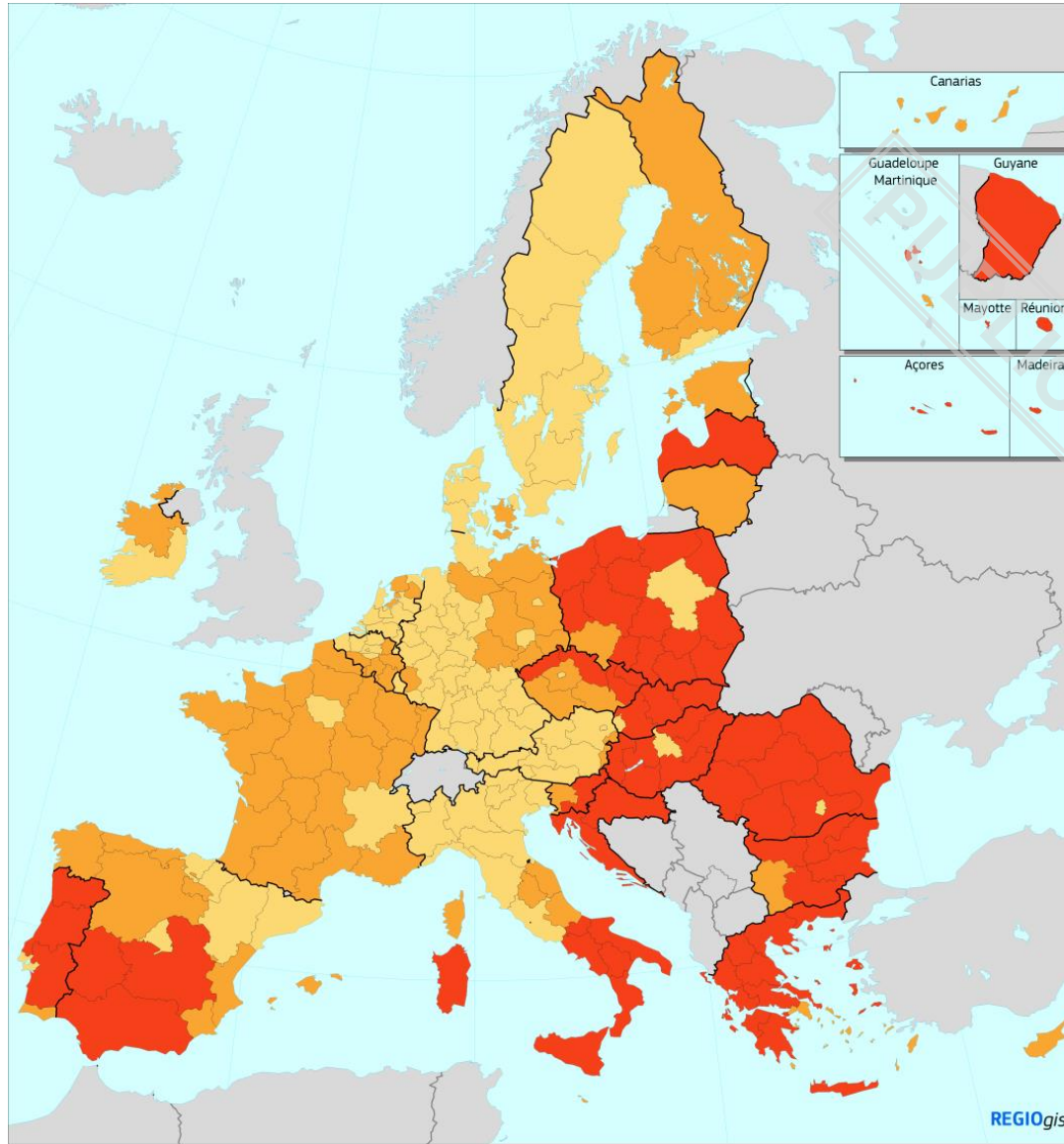
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Cohesion policy

Comparison of aid intensities 2014-2020, 2021-2027



New regional eligibility map 2021-2027



GDP/head (PPS) by NUTS2 region, average 2014-2015-2016

Index, EU-27 = 100

- < 75% (less developed regions)
- 75% - 100% (transition regions)
- >= 100% (more developed regions)

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EU Solidarity Fund

EU Solidarity Fund

- Large scale natural disasters – supports long term public recovery
- Budget aid. Financed **outside MFF** with additional fresh money (limit €600m/year), as required (decision of EP and Council)
- Regulation based on cohesion policy, i.e. shared management
- 2014 reform (and no new proposal for the time being):
 - **New, simple eligibility criteria for regional disasters: damage > 1.5% of NUTS2 regional GDP (1% for outermost regions)**
 - **Inclusion of "slow" disasters, e.g. drought**
 - **Stronger focus on risk prevention & management, limited conditionality on compliance with EU risk prevention legislation (floods directive...)**
 - **Streamlined administrative procedures, 10% advance (max €30m)**

Aid for the Turkish Cypriot Community

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Aid Programme for the Turkish Cypriot community

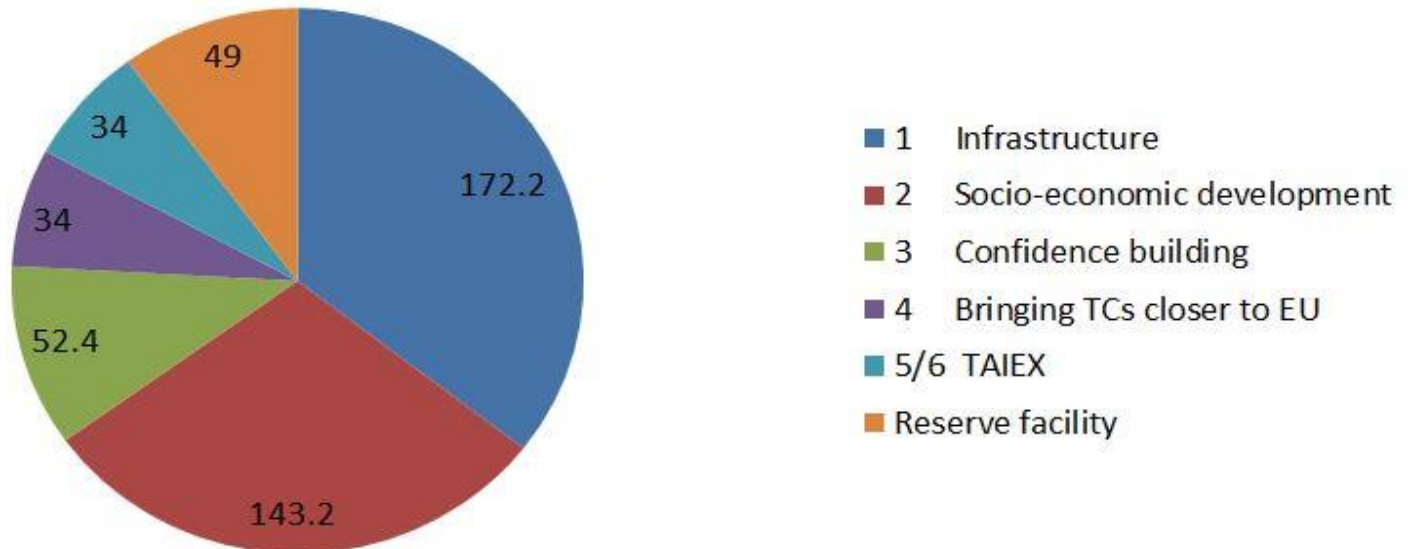
- Funding proposed for next MFF: EUR 240 million
- Legal basis unchanged as Aid Programme does not have a sunset clause (no end date).
- *Overall objective* therefore also remains unchanged:

" ... to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community"



Aid Programme for the Turkish Cypriot community

Funding 2006-2017 by objective (€484.8M)

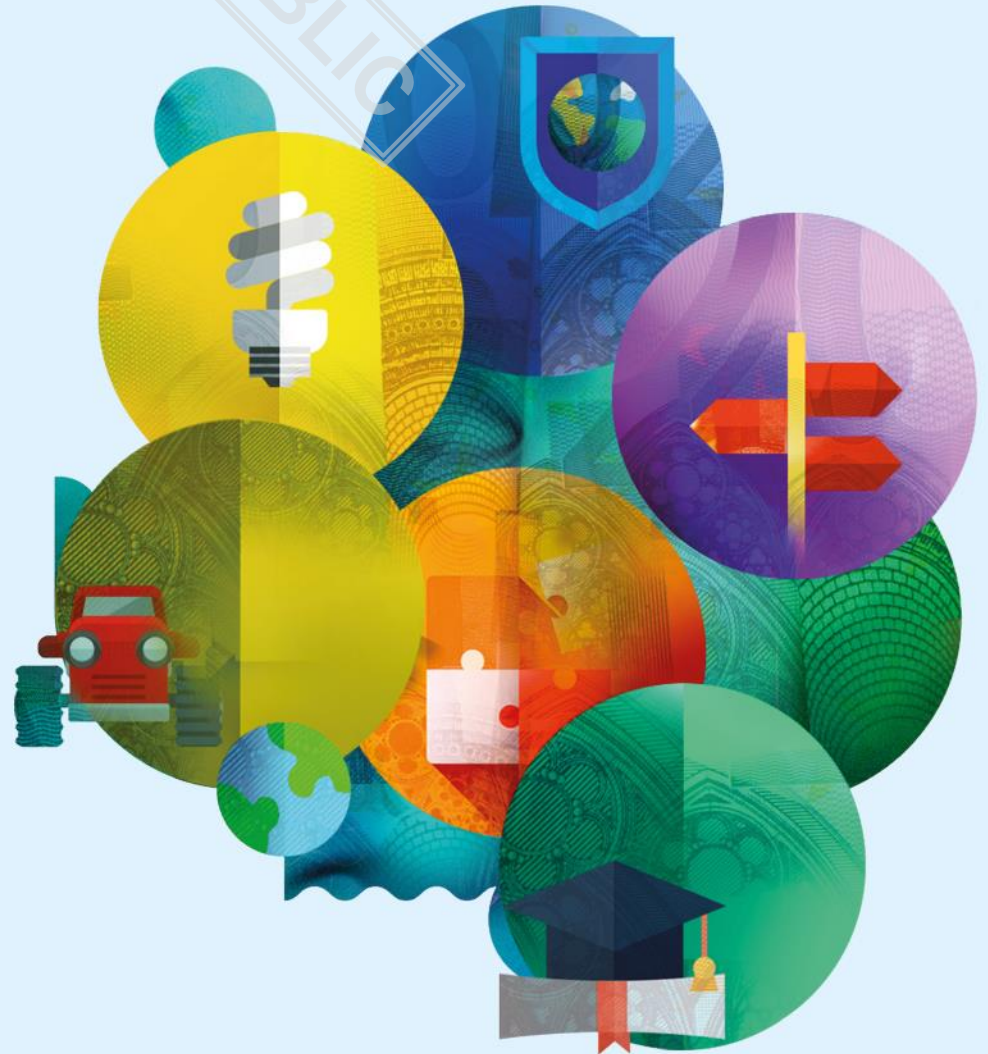


Aid Programme for the Turkish Cypriot community - results

- Support for Cultural Heritage (70 sites rehabilitated)
- Support for the Committee on Missing Persons
- 1250 EU scholarships for students and young professionals
- 500 grants for farmers, local communities, schools and SMEs
- 260 km water supply networks and 100 km of sewerage pipes



**Thank you for
your attention!**



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