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COHESION POLICY: PRIORITIES AND INVESTMENTS OF THE EUROPEAN UNION IN THE PROGRAMMING PERIOD 2014-2020

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Abstract

The cohesion policy, also known as regional policy, is the main European Union policy used to reduce the development gap between regions in the Member States, as well as, it is the most important investment instrument for the Eu. The cohesion policy is divided into cycles planning for 7 years. The regulations governing the last investment cycle for the period 2014-2020 was adopted in December 2013 by the Council of the European Union with an allocation of 351.8 billion euro, approximately one third of the EU budget, to which is added co-financing of individual Member States. The implementation of cohesion policy and the use of available resources is based on three main funds: European Regional Development Fund (ERDF), European Social Fund (ESF), the Cohesion Fund. After identifying the priorities, these resources will be used to finance transport infrastructure and communications, to support small and medium-sized enterprises (SMEs) in the processes of innovation and competitiveness, to create jobs, to strengthen and modernize education systems and to create social inclusion. The main goal of this new programming of cohesion policy, in accordance with the "Europe 2020", is to achieve a growth inclusive, smart and sustainable.

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EU legislation

Cohesion policy is born from Treaty of Rome (1957). In its preamble, in fact, it expressly refers to the need "to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions". Most recently cohesion policy is legitimacy in 5 articles of the Treaty of Lisbon (2010), from 174 to 178.

Divided into planning cycles for 7 years, the resources of cohesion policy are based on the Multiannual Financial Framework (MFF), which provides the financial planning of the European Union.

On the Official Journal of the European Union, series L 347 of 20 December 2013 were published the Regulations on the Structural Funds and investment in Europe (SIE) for the new programming period 2014-2020. The next programming cycle is, in fact, governed by the following new rules:

N°1 Regulation contains common provisions: on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Fund for Maritime Affairs and Fisheries (EU Regulation No. 1303 / 2013). The Regulation provides for the adoption by the European Commission, the Common Strategic Framework (CSF), which aims to suggest guidelines for the definition of investment priorities for Member States and for the regions, as well as the implementation of policy cohesion;

N° 5 Specific regulations to each fund: ERDF (EU Regulation n. 1301/2013), the ESF (EU Regulation n. 1304/2013) Cohesion Fund (EU Regulation n. 1300/2013), EAFRD (EU Regulation. 1305/2013), EMFF (Regulation pending approval and publication);

N° 2 Regulations specific to: the goals of "European territorial cooperation" Regulation (EU) No. 1299/2013 and the European grouping of territorial cooperation (EGTC) Regulation (EU) No. 1302/2013.

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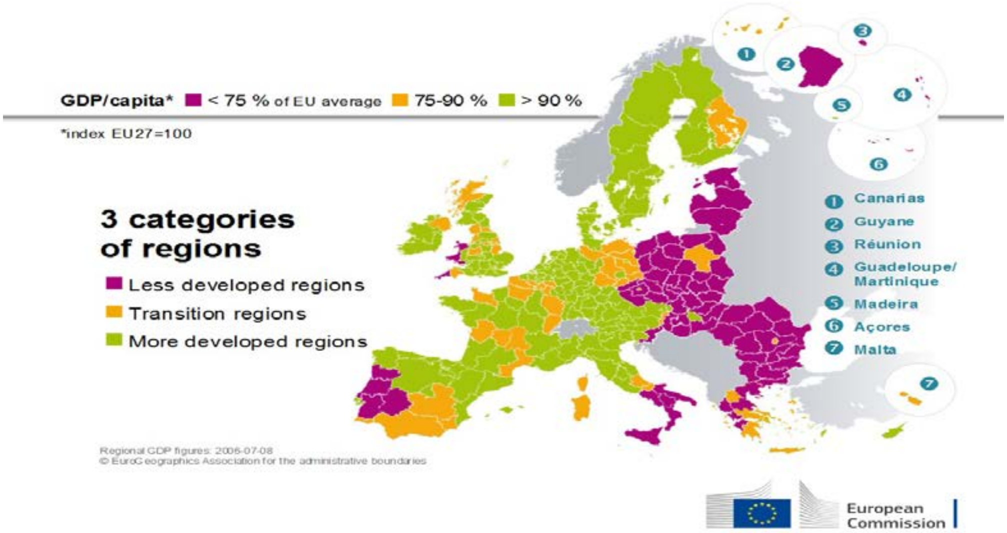
Functioning Cohesion policy: the role of Commission, Member States and Regions

The Cohesion policy is characterized by governance based on the work between the European Commission, Member States and local authorities. In the implementation of this policy therefore are developed different stages involving, with different grade, these actors.

A preliminary phase is the identification of target areas of funding (regions). The level of support in the funds allocation and the national contribution or "co-financing rate" to be allocated to each region depends on their economic development. The classification of regions (Figure 1) concerns three levels identified according to the GDP per capita:

- Less developed regions (GDP / capita <75% of the eu-27);
- Transition Regions (GDP / capita between 75% and 90% of the average u-27);
- More developed regions (GDP / capita> 90% of the eu-27 average).

Figure 1: Classification Regions European Union for per capita GDP



Source: European commission

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In addition to the identification of the regions where allocate the funds, the implementation of cohesion policy is characterized by further steps. Specifically, the budget and the rules about it are mutually agreed by the European Parliament and the EU Council of Ministers on the basis of a Commission proposal. Common measures are taken in addition to specific rules for each fund ERDF, ESF, CF, EAFRD and EMFF (to the rules on the 2014-2020 programming see above paragraph EU legislation).

A third phase is identified in the formulation of the priorities of cohesion policy on the basis of consultations between the Commission and Member States. For this reason, the implementation of cohesion policy is needed "partnership agreement" between the member state and the European Commission. Specifically, the partnership agreement is the document prepared by a Member State in cooperation with the EU and national local institutions, defining strategies, methods and expenditure priorities. Each Member State then draws up an partnership agreement it proposes a list of Operational Programmes (OPs) for concrete action. The OP can relate entire countries or entire regions of the EU, but also cooperation activities involving more than one country.

Afterwards, the Commission negotiates the final terms of investment plans (Partnership agreement and OPs) with national and regional authorities. The negotiations with the Member State ends with the approval of the final partnership agreement by the European Commission.

In the last phase of implementation, specific OPs are actuated by the EU countries and their regions. This means selecting, monitoring and evaluating hundreds of thousands of projects. The work is organized by "managing authority" in each country.

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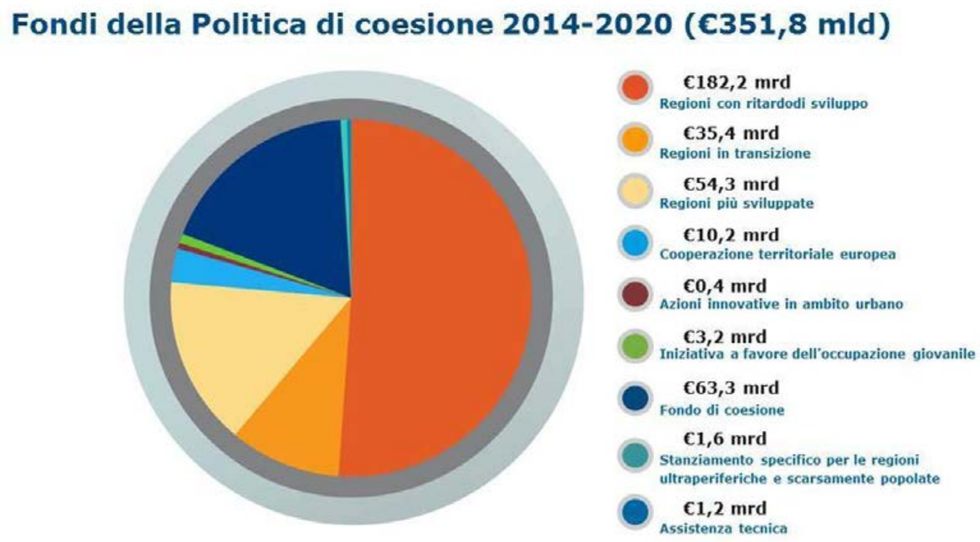
Programming 2014-2020: priorities, investment and funds

Cohesion policy is the main investment policy of the European Union because it uses about one-third of its total budget. There are many changes from the previous programming period 2007-2013, as the introduction of a single set of rules for all funds, the introduction of prerequisite for financing, the strengthening of the urban dimension and the struggle for inclusion social, the possibility of suspending the allocation of funds to the Member State that does not respect the economic provisions of European Union, but most of all it is essential to align the new cohesion policy to the "Europe 2020" strategy. The 2014-2020 programming period, in fact, it provides the general framework for investment (Common Strategic Framework) to achieve the objectives of "Europe 2020", mobilizing up to 351.8 billion of Euros for the regions, the Eu cities and the real economy (as shown in Chart 1). Cohesion policy is also an attractor of additional public and private funding, for this reason, the impact of cohesion policy for the period 2014-2020 amounting to EUR 500 billion approximately.

Chart 1: Funds of Cohesion Policy from 2014 to 2020



Source: European commission

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The investments planned by the new programming will contribute to the development in several economic key sectors, such as education, employment, energy, environment, internal market, research and innovation.
To do this, cohesion policy establishes 11 thematic objectives to support growth for the period 2014-2020:

1. Strengthening research, technological development and innovation;
2. Enhancing access to, and use and quality of, information and communication technologies;
3. Enhancing the competitiveness of SMEs;
4. Supporting the shift towards a low-carbon economy;
5. Promoting climate change adaptation, risk prevention and management;
6. Preserving and protecting the environment and promoting resource efficiency;
7. Promoting sustainable transport and improving network infrastructures;
8. Promoting sustainable and quality employment and supporting labour mobility;
9. Promoting social inclusion, combating poverty and any discrimination;
10. Investing in education, training and lifelong learning;
11. Improving the efficiency of public administration.

The investments from the European Regional Development Fund (ERDF) finances all 11 targets, but those, from 1 to 4, are the main investment priorities. The main priorities of the European Social Fund (ESF) are the targets of 8 to 11, but the fund also finances from 1 to 4. Finally, the Cohesion Fund targets finances from 4 to 7 and 11.

Cohesion Policy and Italy

The partnership agreement between Italy and the European Commission was approved 29 October 2014 and defined the strategy for the use of structural funds and European investment in the next seven years of the programming of the cohesion policy. The italian priorities identified in the partnership agreement include: the de-

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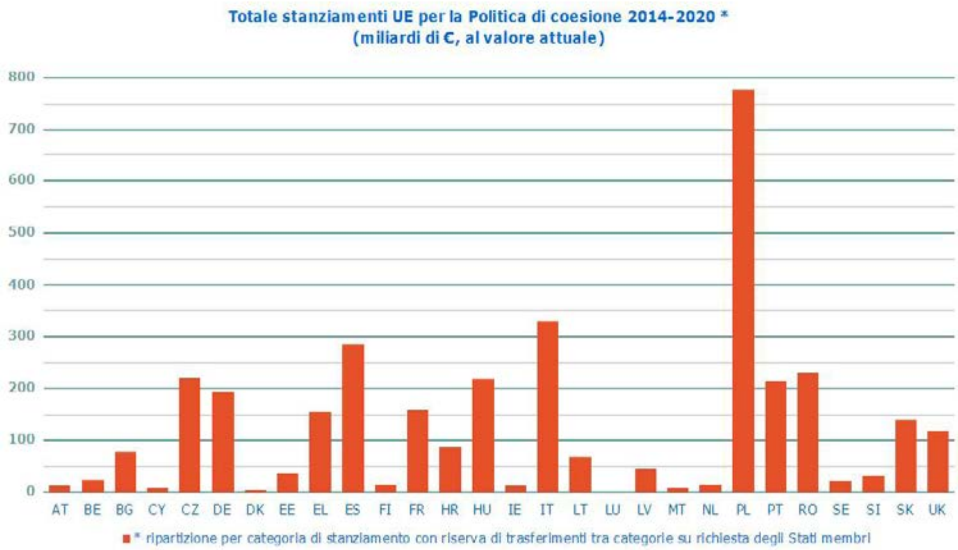
velopment of a business environment for innovation, infrastructure construction, high-performance and efficient management of natural resources, the increased level of participation in the labor market, the promoting social inclusion and improving the quality of human capital, the quality, effectiveness and efficiency of public administration.

During 2014-2020 period, Italy will manage over 60 Regional Operational Programmes and 14 National Operational Programmes for about 44 billion euro. This amount makes Italy the second Member State for the EU budget, after Poland (as shown in Chart 2).

Chart 2: Budget allocation by Member State



Source: European Commission

Of these 44 billion total, 32.2 billion derived from the Cohesion Fund (20.6 billion from the ERDF - European Regional Development Fund, 10.4 billion from the ESF - European Social Fund, 1.1 billion for the European territorial cooperation and 567 mln of YEI, the youth employment initiative) which is going to add up to 10.4 billion

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EAFRD - European Agricultural Fund for rural Development and to the 537 million of the EMFF - European maritime and fishing.

The cohesion funds will be distributed among the regions, with a greater impact on the most disadvantaged areas:

• 22.2 billion euro to the less developed regions (Campania, Puglia, Basilicata, Calabria and Sicily);

• 1.3 billion Euros to the transition regions (Sardinia, Abruzzo and Molise);

• EUR 7.6 billion with more developed regions (Valle d'Aosta, Piedmont, Lombardy, Liguria, Veneto, South Tyrol, Trentino, Friuli-Venezia Giulia, Emilia Romagna, Tuscany, Marche, Umbria and Lazio).

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