

Subject	Introduction to cohesion policy and structural funds
Author	Anna Jassem/Lara Garrido-Herrero/Tamsin Rose/Sidsela Nyebak
Date	25/07/05



Table of Contents

CURRENT EU COHESION POLICY.....	1
HEALTH MEASURES.....	2
REFORM OF THE COHESION POLICY FOR 2007-2013.....	3
NEXT STEPS and POSITIONS OF THE KEY ACTORS.....	5
CIVIL SOCIETY.....	6

CURRENT EU COHESION POLICY

The EU has a number of policies designed to reduce disparities across the Union and **to promote greater economic, social and territorial cohesion**. Financial support is targeted at the national level through **the Cohesion Fund**, and the regional level through **four Structural funds**. In both cases, EU money is directed towards the poorest and most disadvantaged countries or regions.

After the Common Agricultural Policy (CAP), Cohesion policy is the second largest budget item, representing about EUR 257 billion or 37% of the Union's budget¹.

The **Cohesion Fund** assists member states with a gross national product (GNP) less than 90 % of the Community average.

The four **Structural Funds** target the following areas:

- **European Regional Development Fund (ERDF)**: finances infrastructure, job-creating investment, local development projects and aid for small firms.
- **European Social Fund (ESF)**: promotes the return of the unemployed and disadvantaged groups to the workforce, mainly by financing training measures and systems of recruitment assistance.
- **'Guidance' Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-G)**:

¹ http://europa.eu.int/comm/regional_policy/intro/working4_en.htm

finances rural development measures and provides aid for farmers, mainly in regions lagging behind in their development.

- **Financial Instrument for Fisheries Guidance (FIFG)** helps adapt and modernise the fishing industry.

The funds from above are spent through the following **three policy instruments**:

- **Mainstream Programmes** (94% of the budget) are agreed upon between the Member State and the European Commission and implemented by national and regional administrations. In order to target the funds effectively and determine eligibility for financial support, a geopolitical map of the EU categorises regions according to 'Objectives':
 - **Objective 1 Regions**: are the least developed regions in the EU and have an average income of less than 75 % of the EU average.
 - **Objective 2 Regions**: are regions with structural problems such as industrial decline and rural areas.
 - **Objective 3 Regions**: are regions working on the modernisation of policies in education, training and employment.

A region may have access to one or more of the four structural funds, depending whether it has Objective 1 or 2 status. All regions have Objective 3 status. Taken together, the disadvantaged regions (Objectives 1 and 2) are home to some 225 million inhabitants, or almost 50 % of the population of the enlarged Union.

- **Community Initiatives** (5.35% of the budget) address problems that are common to all or several Member States or regions, e.g. rural development or discrimination in the labour market. There are currently four Community Initiatives: INTERREG III, URBAN II, LEADER+ and EQUAL.
- **Innovative Actions** (0.65% of the budget) are pilot projects or experimental activities which, if successful, could be adapted to mainstream public administration.

HEALTH MEASURES

All Structural funds are governed by a specific EU Regulation, only one of which - the ERDF Regulation² - explicitly mentions health. **The ERDF can co-finance health investments in the least developed (Objective 1) regions if they are beneficial to the structural adjustment of the region**

² Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund.

concerned. These include investments in health infrastructure.

Although not specifically highlighted in their respective Regulations, other structural funds can be used to co-finance health-related measures. **The European Social Fund** has provided significant support for improving **vocational training, education and life-long learning for health professionals**; promoting **employment in the health sector**; raising the standard of **health and safety in the workplace**; promoting **social inclusion of people with health problems** as well as **tackling health inequalities** by increasing access to healthcare for socially excluded groups and encouraging healthy lifestyles.

To find out more detail about how the Structural Funds have been spent on health so far, please check the Annex to this briefing on <http://www.epha.org/a/1885>

REFORM OF THE COHESION POLICY FOR 2007-2013

In February 2004 the European Commission adopted a **Communication on the future Financial Perspectives**³ and immediately afterwards published the **Third Report on Economic and Social Cohesion**⁴, in which it outlined the new shape of cohesion policy for the period 2007-2013. This was followed by **formal legislative proposals**⁵ submitted in July 2004. These include:

- a **general Regulation** laying down a common set of rules for the three sources of financing during the 2007-2013 period,
- **specific Regulations** for each of these components: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund,
- a proposal for a completely **new** Regulation to establish a **European grouping of cross-border co-operation**.

The new proposals contain several **important changes**:

- a **30% increase in the Structural Funds budget** from EUR 257 billion⁶ in the current cycle to EUR 336.3 Billion⁷ in the period 2007-2013,

³ Commission Communication: "Building our common Future – Policy challenges and Budgetary means of the Enlarged Union 2007-2013", COM(2004)101, 10 February 2004.

http://europa.eu.int/comm/budget/pdf/financialfrwk/enlarg/COM_2004_101_en.pdf

⁴ Commission Communication: "Third progress report on economic and social cohesion", COM(2004)107, 18 February 2004. http://europa.eu.int/eur-lex/en/com/rpt/2004/com2004_0107en.htm

⁵ http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

⁶ http://europa.eu.int/comm/regional_policy/intro/working4_en.htm

⁷ <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/925&format=HTML&aged=0&language=E>

- a **new framework of EU priorities**⁸, specifically convergence, competitiveness and territorial cooperation, bringing cohesion policy more into line with the Lisbon and Gothenburg⁹ objectives,
- a **simpler and more decentralised management** of Structural Funds.

Health features more prominently in the new draft Regulations for 2007-2013 than in the current programmes. “**Investments to develop and improve health provision which contribute to regional development and quality of life in regions**” is among one of the ten policy areas to be co-financed from the ERDF under **Convergence objective**.¹⁰ Moreover, under the **European territorial cooperation objective**, the ERDF could be used to co-finance “**developing collaboration, capacity and joint use of infrastructure in the health sector**”.¹¹

On 5 July 2005, the Commission adopted a proposal for **Community Strategic Guidelines on Cohesion**, setting priorities on the use of the Structural and Cohesion Funds for the period 2007-2013, which includes investment in health. The draft guidelines present a “healthy workforce” as one of the objectives of cohesion policy and emphasise the role of health in boosting productivity and competitiveness. The guidelines also emphasise the link between health, ageing and workforce participation and underline the impact of prevention and health promotion on competitiveness.

The guidelines have been drafted mainly by DG REGIO and DG EMPL, but other DGs (DG SANCO) have also participated through the inter-service consultation procedure. The European Parliament has a minor role in this process (see chapter on “Next steps”). The Council will decide upon the guidelines on the basis of unanimity of the 25 EU member states as well as consultation of Romania and Bulgaria.

These draft guidelines, will be instrumental in encouraging Member States and regions to use the Structural Funds to invest in Health. They will also contribute to raising awareness on the health gap and on the need to invest in health prevention and promotion.

In this context, the Commission has just **opened a public consultation**¹² - **deadline of 30**

[N&guiLanguage=en](#)

⁸ <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/925&format=HTML&aged=0&language=E>
[N&guiLanguage=en](#)

⁹ http://europa.eu.int/growthandjobs/index_en.htm

¹⁰ Proposal for a Regulation on the European Regional Development Fund, COM(2004)495, 14 July 2004, Art. 4. [http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/pdf/2007/feder/com\(2004\)495_en.pdf](http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/pdf/2007/feder/com(2004)495_en.pdf)

¹¹ *Ibidem*, art. 6

¹² http://europa.eu.int/comm/regional_policy/consultation/index_en.htm

September 2005 - asking all stakeholders to reflect on the priority sectors (as well as the less important areas) of cohesion policy that should be emphasised in the guidelines. On the basis of its results, DG REGIO will prepare a "final" guidelines proposal to the Council in the autumn.

European and national stakeholders active in the field of health can play an important role in securing that health as a driver of growth and competitiveness is maintained as a key objective of cohesion policy and the Structural Funds in the final version of the guidelines.

NEXT STEPS and POSITIONS OF THE KEY ACTORS

The Commission's proposals for the reform of cohesion policy has initiated a **heated debate** among EU Member States, which dates back to the enlargement negotiations. Countries that have traditionally benefited from the Structural and Cohesion Funds are concerned that they will become uncompetitive in comparison with new Member States and lose access to EU funds.

The debate on the future structural policy is **closely related to the issue of the overall EU budget**. In 2002 EU leaders agreed a deal on CAP spending to run up to the year 2013. Hence, a large part of the discussion about EU finances for the period 2007-2013 is centred around the spending for regional policy.

The Commission's proposal for a new Financial Perspective 2007-2013 envisages to set the so-called **own-resource ceiling at 1.14%** of the Union's Gross National Income (GNI).¹³ The debate is split between the net receivers which support the Commission's proposal and the six net contributors to EU budget (Germany, Austria, France, the Netherlands, Sweden and the UK) which insist that EU expenditure be capped at 1.0% of GNI. A compromise proposal of between 1.1 and 1.15 % has been put forward by some countries. Budgetary discussions brokedown at the Council Meeting in Brussels 16-17 June 2005 and it is now **uncertain when an agreement will be reached**.

By the end of 2005 the Council and the European Parliament are expected to adopt the Regulations on Structural Funds. The general Regulation covering the three funds is based on the assent procedure, which means a limited capacity of the Parliament to negotiate amendments with the Council of Ministers. The implementing Regulations for the European Social and Regional Funds

¹³ Commission Communication: "Building our common Future – Policy challenges and Budgetary means of the Enlarged Union 2007-2013", COM(2004)101, 10 February 2004.

http://europa.eu.int/comm/budget/pdf/financialfrwk/enlarg/COM_2004_101_en.pdf

are based on the co-decision procedure, whilst those for the Cohesion and the European Agricultural Fund for Rural Development are based respectively on the assent and consultation procedures¹⁴.

CIVIL SOCIETY

The **principle of partnership** was formally introduced in 1988 and defined as close consultations between the Commission, the Member State concerned and the designated competent authorities at the national, regional, local or other level, with each party acting as a partner in pursuit of a common goal.

The principle has been expanded with each new programming period to include economic and social partners in 1993, and environmental and gender groups in 1999. The proposed current reform of the structural funds has a draft General Regulation which explicitly mentions **civil society and NGOs as partners**.

Partnership arrangements apply to **all stages of Structural Funds operations: planning, implementation, monitoring and evaluation**. This means that civil society organisations, along with competent regional authorities and economic and social partners, should be involved in the drafting of National Development Plans and Operational Programmes, participate in project selection and be represented on monitoring committees which oversee the implementation of the projects.

In the spirit of the subsidiarity, **each Member State decides how to consult with partners**. As a result, the quality of partnership arrangements varies from country to country, depending on the administrative culture and political goodwill. Hence, there is **a concern among NGOs that the implementation of partnership principle should not be left entirely to Member States** and that the Commission should take a more active role in setting guidelines to ensure the inclusion of civil society as a partner.

Finally there is an issue about the **capacity of NGOs to access structural funds as beneficiaries**. The co-financing requirement of 25% (or above) is a major barrier to participation. Two measures introduced by the European Commission in 2000 have enhanced voluntary sector capacity to engage with structural funds. These include technical assistance for NGOs and global grants.

¹⁴ <http://www.eph.org/a/1425>