

# EU BUDGET FOR THE FUTURE

*Regional Development and Cohesion*

#EUBudget #FutureofEurope

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## A MORE TAILORED APPROACH TO REGIONAL NEEDS

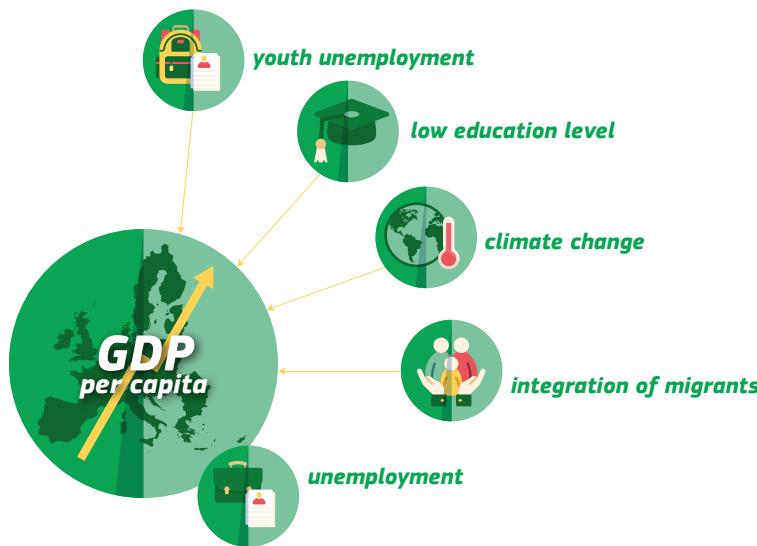
The new Cohesion Policy will tailor further its interventions to regional and local needs. It will target resources where they are most needed, and support locally-led development strategies. **The 2021-2027 Cohesion Policy stands for a Europe moving closer to citizens.**



### TARGETING RESOURCES WHERE THEY ARE MOST NEEDED

Modernised and further focused on results, the future Cohesion Policy targets resources to **regions that need to catch up** with the rest of the EU the most, to ensure **convergence and a fair treatment for all**.

The new allocation method for the funds is still largely based on **GDP per capita**. It builds on the 'Berlin formula', which has been adopted by the European Council in 1999.



Today the Commission proposes a modification of the method. It is slightly modified to focus further resources in less developed Member States and give more financial support to regions facing industrial transition.

It also includes **new criteria** for all categories of regions in order to better mirror the socio-economic situation on the ground – youth unemployment, low education level, climate change and the reception and integration of migrants. Finally, the Commission proposes a 'safety net' to avoid too abrupt changes in Member States' allocations.

As regards the Cohesion Fund, the method is unchanged: Member States whose GNI per capita is below 90% of EU average will benefit from the Cohesion Fund.

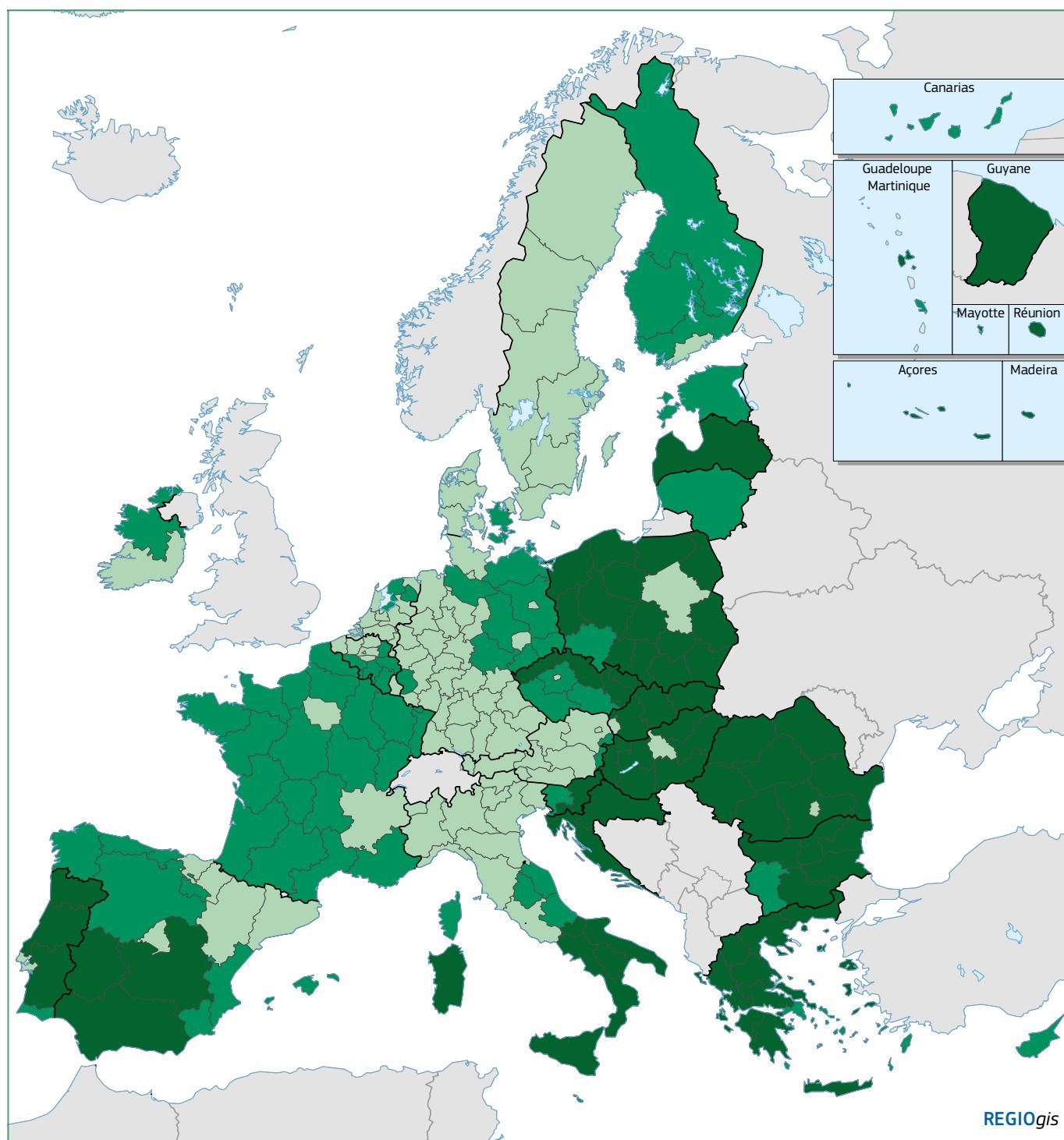


## A COHESION POLICY FOR ALL REGIONS

**Cohesion Policy will keep on investing in all regions** to help low-growth and low-income regions in the South and East of Europe catch up, but also to address pockets of poverty in richer Member States. Territories facing industrial transition, spread out all across Europe, will continue to benefit from an EU helping hand.

In addition, regional **co-financing rates will increase, returning to pre-crisis levels**. It will improve ownership and incentivise quality spending. The EU's contribution will be set at a maximum of 40% to 70%.

### GDP/HEAD (PPS) BY NUTS2 REGION, AVERAGE 2014-2015-2016



\* the Outermost region of Saint-Martin is included in the NUTS2 Guadeloupe region



## GOING LOCAL: SUPPORTING LOCALLY-LED DEVELOPMENT STRATEGIES

The 2021-2027 Cohesion Policy framework goes further local: it supports **the development of local growth strategies by urban, local or other territorial authorities**, which should now be put in charge of or involved in the selection of EU-funded projects.

The new framework also supports the continuation of 'Community-Led Local Development', i.e. **the design of local growth strategies by action groups involving local authorities, civil society and business partners**.



## A STRONGER FOCUS ON SUSTAINABLE URBAN DEVELOPMENT

Cities are engines of growth and innovation but are also faced with pressing challenges: air pollution, unemployment, social exclusion, to name a few.

**6% of the ERDF will be earmarked for investments in sustainable urban development.** In addition, the 2021-2027 framework creates the **European Urban Initiative**, a new tool for city-to-city cooperation, innovation and capacity-building across all the priorities of the Urban Agenda for the EU (integrating migrants, housing, air quality, urban poverty or energy transition, among others).



## INTERREG: REMOVING CROSS-BORDER OBSTACLES AND SUPPORTING INTERREGIONAL INNOVATION PROJECTS

Interregional and cross-border cooperation will be facilitated by the new possibility for a region to use parts of its own allocation to fund projects anywhere in Europe jointly with other regions.

Meanwhile, 'Interreg' programmes will continue to help Member States and regions work together across borders to tackle common challenges, with €9.5 billion from the ERDF.

The Commission proposes a new instrument, the **European Cross Border Mechanism**, to help overcome remaining cross-border obstacles by making it possible, on a voluntary basis, for the rules of one Member State to apply in a neighbouring Member States for a specific project or action limited in time. **This could help more cross-border transport infrastructure or healthcare facilities see the light of day.**

The new Cohesion Policy rules also create **Interregional Innovation Investments**. Regions with matching 'smart specialisation' assets will be given more support to work together. **The aim is to scale up 'bankable' interregional projects that can create European value chains** in priority sectors such as big data, bioeconomy, resource efficiency or connected mobility.



## THE EU'S OUTERMOST REGIONS STILL BENEFIT FROM SPECIAL SUPPORT

In line with the **new Strategy for the Outermost regions**, these regions will be given the means to develop their assets, such as blue growth, space sciences and renewables. They will keep receiving an additional EU funds allocation, worth over €1.6 billion from the European Regional Development Fund and will get special support under the new Interreg programmes to deepen their integration into their regional space and intensify cooperation among themselves or with neighbour countries.

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