



# ***EU Cohesion Policy: Investing in the real economy***

Rudolf Niessler,  
Director, European Commission,  
DG Regional Policy



# Contents

- I. Cohesion policy – a brief overview
- II. Response to crisis
- III. Financial engineering initiatives
  - JEREMIE
  - JESSICA



# Cohesion Policy today: What is it about ?

Cohesion Policy aims at promoting **overall harmonious development** in the EU, through

- the **reduction of disparities** in development between countries and regions;
- the preference given to a **territorially balanced and sustainable development**
- It does so as a **complement to Member States'** (and regions') conduct and coordination of their own economic policies.

# Cohesion Policy – In the tangle of terms

EU Social Policy  
+ EU Regional Policy

ESF  
+ ERDF

---

= EU Structural Policy

= EU Structural Funds  
+ CF

**= EU Cohesion Policy  
in the stricter sense**

**= Funds of EU Cohesion  
Policy**

+ Contribution of other EU policies  
(e.g. rural development policy maritime  
policy etc.)

Eg. EARDF  
Fisheries Fund

+ Contribution of national or regional  
policies

---

= Cohesion Policy in the broader sense

---



# Cohesion Policy Today: What is it for?

## Three Core Objectives:

In the context of its mission to promote overall harmonious development in the EU, Cohesion Policy is meant

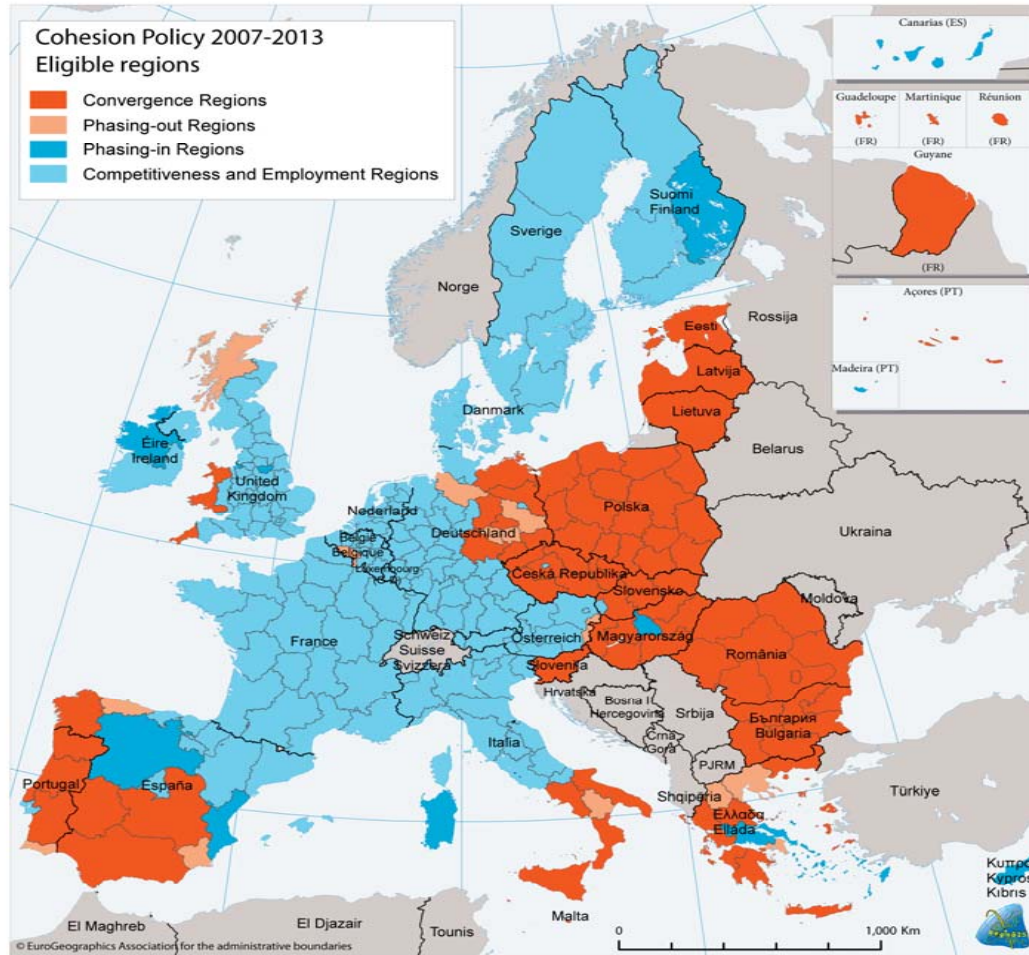
- to stimulate and support the catching up process of the least developed regions in the EU => **Convergence Objective**
- in the other regions , to stimulate investments and other measures/actions to improve regional competitiveness and employment => **Regional Competitiveness and Employment Objective**
- to enhance the cooperation between regions, in particular across borders => **Territorial Cooperation Objective**

# Cohesion Policy Today: What is it for ?

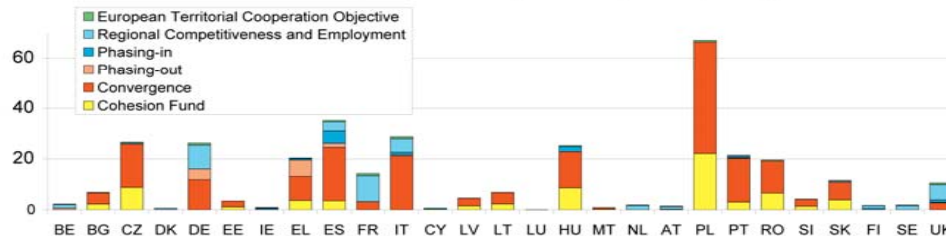
## Concentration of financial support

- **Convergence:** 81.5 % of the financial support foreseen for the least developed regions with a GDP per head below 75 % of the EU average; 170 mio inhabitants (35% of EU27); main focus: development/improvement of infrastructures, modernisation of the economy, employment
- **Regional competitiveness and employment:** 15.9 % of support (55 billion EUR) foreseen for all regions outside the convergence objective: 340 mio inhabitants (65 % of EU27); main focus: innovation, protection of the environment, employment
- **European territorial cooperation:** 2.5 % of the total financial support or 8.7 billion EUR
- **Total: 347 billion EUR**

# Eligible regions 2007- 2013



**Allocations by Member State, Bn Euro (current prices)**



# More details .....

[http://ec.europa.eu/regional\\_policy/atlas2007/index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/index_en.htm)

The screenshot displays the 'Regional Policy - Inforegio' website interface. At the top, there is a navigation bar with the European Union logo and the text 'Regional Policy - Inforegio'. Below this, a secondary navigation bar includes links for 'The Policy', 'The Means', 'In Your Country', 'Success Stories', and 'Information Sources'. The main content area is titled 'Cohesion Policy 2007-2013' and features three tabs: 'National level', 'Cross-border Co-operation', and 'Transnational Co-operation'. The 'National level' tab is active, showing the text: 'Eligible areas in the EU under the Convergence Objective and the European Competitiveness and Employment Objective'. Below this text, a prompt states: 'For information at national and regional level click on a country on the map:'. A large map of Europe is displayed, with several regions highlighted in red. A legend at the bottom of the map indicates that the red areas represent 'Convergence Regions'. To the right of the map, there is a 'Select a country:' dropdown menu with 'Europe' selected and an 'OK' button. Below the map, a 'Useful Links: EU' section lists 'Programme Summaries', 'Success Stories', and 'Interregional Co-operation'. On the left side of the page, there is a vertical sidebar with various navigation options, including 'Your country/region', 'Beneficiaries of Cohesion Policy', 'Managing authorities', 'Regional Development programmes', 'European Territorial Co-operation', 'European Social Fund', and 'Rural development'. A small inset map titled 'Cohesion Policy 2000-2006' is also visible in the sidebar.



## ***II. EU Cohesion Policy: 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

# ***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)**



# ***1. 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

## ***2. Mobilisation of Cohesion Policy resources: the legislative package***

- **Increase in advances** with extra EUR 6.25 billion cash flow to Member States
- **Accelerate intermediate payments** to major projects and state aid schemes
- **Facilitating** management of **financial engineering instruments**
- **Simplifying eligibility** of expenditure
- Opening support to **energy efficiency** and **renewable energies** in housing



### ***3. 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 increase focus on areas with growth potential
- Simplifying the delivery mechanism

## *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



## III. Financial engineering - 2007-13

- Enlarged scope, including:
  - a) access to finance for enterprises –JEREMIE
  - b) new: urban development - JESSICA
- Emphasis on “Holding Fund” which is organising operations
- Incentives offered to MS to work with Holding Funds
- Possibility for MS to award directly the Holding Fund tasks to the EIB or the EIF
- Specific initiative for micro credit at EU level



# Financial Engineering and EU Recovery package 2009

- NEW - ADOPTED: Eligibility in EU 27 of expenditure on energy efficiency and use of renewable energy in existing housing (revision of ERDF Regulation)
- NEW: COM proposal to extend financial engineering to encompass energy efficiency and use of renewable energy in buildings in EU-27
- The scope of JESSICA is now enlarged substantially



# Financial engineering in the Cohesion policy after 2013

- Which will be the lessons learnt from enlarging the scope of financial engineering for the period 2007-2013 ?
- Would the scope of financial engineering be further enlarged for the new period after 2013?
- JEREMIE and JESSICA networking platforms are the good places for exchanging information, for expressing views and making proposals for improvements, for the present and the future

# JEREMIE

- = Joint European Resources for Micro to medium Enterprises
- Objective: financing SMEs expansion and new business creation.
  - Special attention to start ups, new technologies, innovation, technology transfer to SMEs
  - Commission Partners: Member States, EIF, EIB, Financial Institutions



## JEREMIE land-marks

- Launching JEREMIE: end 2005
- Memorandum of Understanding COM/EIF: May 2006
- Launching JEREMIE Networking Platform: March 2009



# JEREMIE in operation

- Evaluation Phase 2006-2008:  
55 JEREMIE evaluation studies completed  
in 21 Member States,  
at national or regional level
- EIF implements now JEREMIE in 9 MS or regions:
  - ❑ MS: Greece, Romania, Latvia, Lithuania,  
Slovakia, Bulgaria, Cyprus
  - ❑ Regions: Languedoc-Roussillon, Campania



## JEREMIE in operation

- Member States or regions implementing JEREMIE with other Financial Institutions:
  - MS: Hungary, Lithuania, Poland
  - Regions: Wales, North East England (UK)  
Andalusia, Cataluna (Spain)
  - Auvergne (Fr)
  - Pomerania, Wielkopolska, Western Pomerania,  
Lower Silesia, Lodzkie (Poland)



## JEREMIE in operation

- JEREMIE holding Fund Agreements signed so far, provide for a total amount of 3 billion €
- EIF is managing around one third of this amount, i.e. about 1 billion €
- Other financial institutions are managing two thirds of this amount, i.e. 2 billion €



# JEREMIE in a nutshell

EIF as JEREMIE Holding Fund (JHF)	EIF jointly with other institution as JHF	Other institution as JHF
Greece Romania Latvia Lithuania Cyprus Languedoc-Roussillon (FR) Campania (Italy)	Slovakia Bulgaria	Hungary Wales-UK,+EIB loan NE England+EIB loan Spain Andalusia (ES) Cataluna (ES) Poland and five polish regions (PL) Auvergne (FR)

# JESSICA

- = **Joint European Support for Sustainable Investment in City Areas**
- **Objective:** promoting **partnerships** and **sustainable investment** in Europe's urban areas
- **Commission Partners:** Member states and regions, cities, EIB, CEB, Financial Institutions.



# JESSICA land-marks

- JESSICA launched by the Commission early 2006
- Memorandum of Understanding between COM , EIB and CEB signed in May 2006
- Commission launched the JESSICA Networking Platform with MS and the EIB in February 2009

# JESSICA in operation

- JESSICA evaluations: 40 studies launched so far in 18 member states - 23 studies finalised and 17 already completed and published;
- JESSICA agreements signed and implemented in:
  - Member States: Estonia, Lithuania, Portugal
  - Regions: Brandenburg, Wielkopolska, Western Pomerania, Andalucía
- MoUs foreseeing the EIB as Holding Fund signed with MS: Greece, Bulgaria, Cyprus
  - Regions: Saxony (D), Galicia, Castilla-La Mancha (Spain), London, North West England, East Midland, Scotland (UK) Moravia-Silesia (CZ),



# JESSICA in a nutshell

JESSICA FUNDS		
Holding Fund		Urban Dev. Fund
EIB	Other institution	
Lithuania Portugal Wielkopolska (PL) Western Pomerania (PL) Andalucía (ES) London (UK)	Estonia (KredEx – Credit and Export Guarantee Fund)	Brandenburg (ILB-Regional Promotional Bank)



# Developing micro credit - JASMINE

- = Joint Action to Support Micro-finance Institutions in Europe - JASMINE
- Objective: supporting micro finance institutions (MFIs) to improve the quality of their operations, to expand and to become sustainable
- Partners: EIB Group, Financial Institutions, MFIs
- JASMINE launched in September 2008



# JASMINE in operation

- A technical assistance facility for selected MFIs is now implemented by the EIF
- JASMINE is now operational:  
EIF approved the first operation in September 2009, i.e. a loan capital contribution of 1,850,000 € to COOPEST



# **REFERENCE: Commission Proposals – Financial crisis and Cohesion Policy**

- European Economic Recovery Plan  
- COM(2008) 800, 26.11.2008
- Cohesion Policy: Investing in the real economy -  
COM(2008) 876, 16.12.2008
- Proposed amendment of General Regulation  
- COM(2008) 803, 26.11.2008
- Proposed amendment of ESF Regulation  
- COM(2008) 813, 26.11.2008
- Proposed amendments of ERDF Regulation  
- COM(2008) 838, 3.12.2008



# REFERENCE: DG REGIO activities in Access to finance

- **Overview:**  
[http://ec.europa.eu/regional\\_policy/funds/2007/jjj/index\\_en.ht](http://ec.europa.eu/regional_policy/funds/2007/jjj/index_en.ht)
- **JEREMIE:** <http://jeremie.europa.eu>
- **JESSICA:** <http://jessica.europa.eu>
- **JASPERS:** <http://jaspers.europa.eu>