

REGIONAL SUSTAINABLE PROGRAMME IN ORDER TO ACHIEVE THE EUROPE 2020 GOALS

Daniela ANTONESCU,
Institute of National Economy, Romanian Academy

Abstract

The regional policy is a key element of Europe 2020 for smart, sustainable and inclusive economy. Thus, EU's growth strategy reinforcing priorities should help the Member States and regions to deliver high levels of employment, productivity and social cohesion.

Europe 2020 continues to implement Lisbon and Goteborg requirements for economic growth and jobs, and respond to globalization challenges and expansion opportunities. The next generation of programme will financed many sustainable activities in especially in industry and entrepreneurship.

The paper presents the new conditions of financed regional sustainable programme and projects in context of actual regulations and procedures of regional and cohesion policy.

Keywords: Europe 2020, sustainable development, smart development, region

JEL Classification: Q2, Q20, Q28, R10, R11

Introduction

At global level, the impact of climate change is expected to become more widespread and to intensify. The effect distribution of these phenomena is expected to vary considerably among regions and countries, and impacts will depend to vulnerability of populations or ecosystems¹.

Developing regions, and particularly the poorest and most marginalized populations within these regions, will generally be both the most adversely because they are less able to adapt than developed regions. Although the impacts of climate change are specific to location and to the level of development.

¹Trade and Climate Change, WTO-UNEP Report, Forest Stewardship Council (FSC), ISBN: 978-92-870-3522-6, http://www.wto.org/english/res_e/booksp_e/trade_climate_change_e.pdf

Climate change is one of the greatest challenges facing the European Union in actual programming period. This period already begun and the regions face the new challenge to become SMART regions concentrating on sustainability, competitiveness and inclusive economy, also to continue the old cohesion objectives. These priorities should help the EU regions deliver high levels of competitiveness, employment, productivity and social cohesion.

In this context, I intend to examine the aspects and regulations of the new programming period dedicated to regional sustainable development.

1. The Europe 2020 goals

2014 is the first year of a new programming period, after the seven years characterised by global and financial crisis, declining GDP, low employment rates at the European Union level.

While the new goals were very ambitious and connected to the Lisbon and Goteborg Strategies, due to the global-financial crisis and her shock (starting in 2008), the EU and member state faces to high challenge to recover its economy.

The aims of the new programming period, laid down in the Europe 2020 strategy, are very ambitious. In order to achieve smart, sustainable and inclusive growth, the EU has to mobilize all of its forces for achieves the strategic goals.

The regions play an important role in this process, because they are the main beneficiary of the financial resources: Structural Funds, Cohesion Fund, EAFRD¹, EMFF² etc.

In accord with the financial instruments past experience, the legislative and policy framework for 2014-2020 period encourages the use of financial instruments as a more efficient and sustainable sources.

One of the main financial instruments of programming period 2014-2020 is ERDF (European Regional Development Fund) which its allocations depends on the next category of region:

- more developed regions (focus on at least two of priorities and receive at least 80% of funds);
- transition regions (60 % of the funds);
- less developed regions (50 % of the funds).

Furthermore, some ERDF resources must be channelled specifically towards low-carbon economy projects: more developed regions: 20%, transition regions: 15% and less developed regions: 12%³.

¹ European Agricultural Fund for Rural Development

² European Maritime and Fisheries Fun

³ http://ec.europa.eu/regional_policy/thefunds/regional/index_en.cfm

It is well-known that due to the reduction of the financial sources available for 2014-2020 periods, it cannot expect to use more funds for some category of regional development activities. Thus, is needed to use them in a more effective and efficiency way.

2. The new regulations

Analysing the new regulations of the actual programming period, I have a “back to the future” feeling. Some of the innovative regulations of 2007-13 programming period did not preserve and the other was improved.

Firstly, the funds for agriculture (EAGF) and fishing industries establish in the same framework (ERDF and ESF). The Common Strategic Framework (CSF) will translate the objectives and targets of the EU priorities (smart, sustainable and inclusive growth) into key actions for the ERDF, the CF, the ESF, the EAFRD and the EMFF which will ensure an integrated use of the CSF Funds to deliver common objectives¹. The CSF Funds need to address multiple development needs at regional/local level. To facilitate the implementation of multi-dimensional and cross-sectoral interventions, it proposes to *strengthen community-led initiatives, facilitate the implementation of integrated local development strategies and formation of local action groups*.

In 2014-2020 period, many beneficiaries will use funds from different funds with different eligibility rules. But the emphasis has therefore been placed on measures to ensure that administrative costs are proportionate and that the administrative burden associated with the management of EU funds by beneficiaries is reduced.

The aim is to harmonise, to the extent possible, these basic rules for instruments implemented under shared management, in order to reduce the multiplicity of rules applied on the ground. Simplified costs options such as flat rates and lump sums provide the means for Member States to introduce performance-oriented management at the level of individual operations.

Provisions on the delivery include common rules on eligible expenditure, the different forms of financial support, simplified costs, and durability of operations. The proposal also envisages common principles for the management and control systems. In the context of the CAP, the current rules on administrative costs and the control systems will be maintained and sustained.

The scope of actual regulation is to cover the main geographical aspects, financial resources and principles of assistance, programming, major projects, joint action plans, territorial development, monitoring and

¹ https://www.mmr.cz/getmedia/ec9a91ce-e804-4d02-9493-de169d78cf80/01_general_proposal_en.pdf.

evaluation, information and communication, eligibility of expenditure and management and control systems.

The geographical aspect aims to support less developed, transition and more developed regions (Annex I of Regulation EU No. 1303/2013 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0099&from=EN>).

Thus, less developed regions remain an important priority for cohesion policy 2014-2020. The catching-up process and economic-social lagging regions will require long-term sustained efforts and funds (less developed regions means GDP per capita is less than 75 % of the average GDP of the EU-28).

Another category of regions are 'transition regions' and included all regions with a GDP per capita between 75% and 90% of the EU-28 average.

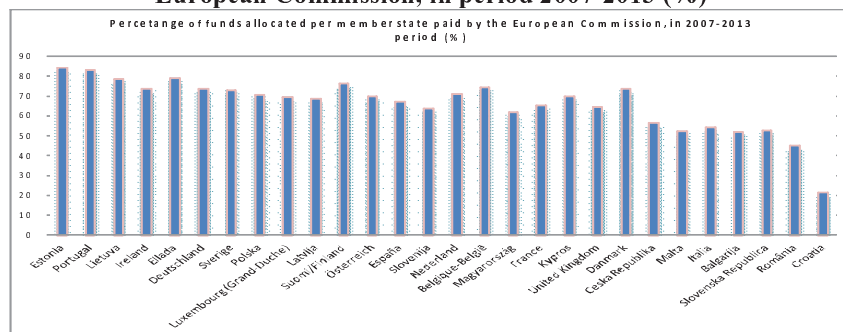
At European level, all regions which have an GDP per capita) was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita has grown to more than 75% of the EU-27 average will receive two thirds of their 2007-13 allocation (2007-2013 period).

Minimum percents for the ESF will be established for each category of regions: 25% for convergence regions, 40% for transition, and 52% for competitiveness regions.

The Cohesion Fund support member states whose GNI per inhabitant is less than 90% of the EU-28 average in making investments in TEN-T transport networks and the environment. Part of the Cohesion Fund allocation (EUR 10 billion) will be ring-fenced to finance core transport networks under the Connecting Europe Facility

Financial framework experience 2007-2013 show that many member states have difficulties in absorbing EU funds, in specially the new member state (Romania, Bulgaria, Croatia etc.), because they have not been able to provide national co-financing (Figure 1).

Fig.1: Percentage of funds allocated per member state paid by European Commission, in period 2007-2013 (%)



Source: Author compilation, data Eurostat - http://ec.europa.eu/regional_policy/thefunds/funding/index_en.cfm

In order to address the issue of absorption of funding the Commission is proposing a number of steps:

- rates for cohesion allocations fix at 2,5% of GDP;
- capping co-financing rates at the level of each priority axis within the operational programmes at 85% in less developed regions (or in certain cases, 80% and 75%) and outermost regions, 60% in transition regions and 50% in more developed regions;
- to include certain conditions in the partnership contracts regarding the improvement of administrative capacity.

Another issue for improve the absorption capacity is to reduce bureaucracy result from forced separation of the ERDF and ESF (the mono-fund rule). *Structural Funds can be combined in the same Operational Programme, which promotes more the integrated approach.*

One of the new regulations propose the possibilities to obtain a concentrated use of the Structural and Cohesion Funds for implementing regional goals. Thus, the use of funds in 2014-2020 programming period connects to 11 thematic objectives (determined by the new Common Strategic Framework). The 9 EU flagship initiatives proposed for 2014-2020 period are the following:

Thematic Objective 1 - Research and Innovation

Thematic Objective 2 - ICT

Thematic Objective 3 - SME competitiveness

Thematic Objective 4 - Low Carbon Economy

Thematic Objective 5 - Adaptation and Risk Management

Thematic Objective 6 - Environment and Resource Efficiency

Thematic Objective 7 - Sustainable transport and network bottlenecks

Thematic Objective 8 - Employment and Labour Mobility

Thematic Objective 9 - Social Inclusion and Poverty

Thematic Objective 10 - Education

Thematic Objective 11 - Institutional Capacity

A simple look at these objectives, we can conclude that they represent a general approach of sustainable development of region and member state.

3. Regional development contribute to sustainable objectives in EU-28

The sustainable regional development is a flexible, holistic and innovative approach and, in the same time, an old idea. The important part of this approach is engaging all levels of government and the community to share information and to foster an integrated and targeted path to sustainable development.

Within European Union, sustainable growth is clearly stated and involves disconnecting growth from overuse of natural resources. Also, regional policy support Strategy 2020 and its aim sustainable and job-creating growth. Therefore represent a vital element for support investments in sustainable growth (climate, energy and environmental issues). The change of paradigm for sustainable growth paths and a greener economy is as much a priority both less economically favoured and high developed regions.

Across diminish the climate change by tackling greenhouse gas emissions, regions need to 'adapt' to climate change. European Commission is anticipated that most regions will be negatively affected by climate change, varying across territories (source: White Paper on adaptation to climate change).

In the actual financial period, European Commission proposes a closer alignment of regional funds with the priorities of the Europe 2020 strategy requires by regulations. The new regional programmes start to prepare by local and regional authorities.

For regional authorities, Structural Funds played an important role in achieve the sustainable challenges. During the 2007-13 periods, almost a quarter of regional policy funding – totalling some €105 billion – will co-finance projects which can support sustainable growth objectives, as highlighted in Table 1 below.

Tab.1 Regional policy 2007-13 allocations contributing to sustainable growth

	Amount of adopted Operational Programmes - Bn € (rounding) -	Amount allocated to selected operations by end 2009 Bn € (rounding)	%
DIRECT	45	9.9	21.8%
Water supply	8	1.7	20.6%
Waste water	14	3.8	27.5%
Waste	7	1.1	15.6%
Nature protection	5	1.0	18.7%
Climate change adaptation	8	1.8	23.0%
Eco-innovation in SMEs	2	0.5	19.6%
INDIRECT	59	13.4	22.5%
Rail	24	5.4	22.5%
Urban transport	8	2.2	28.4%

Other sustainable transport	5	1.0	21.7%
Electricity	1	0.02	4.0%
Sustainable energy	9	1.4	15.4%
Urban and rural regeneration	14	3.4	25.0%
TOTAL	105	23.3	22.2%

Source: http://ec.europa.eu/regional_policy/information/pdf/brochures/rfec/2011_sustainable_growth_en.pdf

4. Conclusions

In actual programming period, regional operational programme can contribute to sustainable development in two main directions: *investing more and better in sustainable growth*. Thus, it should encourage a greater strategic investment focus on sustainable growth, with an emphasis on resource efficiency and improving policy delivery mechanisms through the more effective integration of sustainable development principles in operational programmes and in the design, selection and implementation of projects.

Regional policy must adjust its priorities for emerging challenges, respond to socio-economic needs and complement the pro-active work already undertaken in the regions.

Structural and Cohesion Funds still co-finance different categories of opportunities in order to sustainable growth.

Some regions are already in the process of changing towards more sustainability, restructuring their economies into *green economy*. Many regions have started putting in place sustainable development strategies such as the UN's Agenda 21¹ and other strategies. Regional networks to exchange good practices can be actively support for actual period. But this process is expensive and takes a long time to get visible results at the regional level.

¹ <http://www.un.org/esa/dsd/agenda21/>

References

1. Antonescu, D., 2011, *Noile abordari teoretico-metodologice cu privire la politicile de dezvoltare regionala*, in Studii economice, INCE, www.ince.ro;
2. Antonescu, D., 2012, *Identificarea disparitatilor si convergentei economice regionale in UE si in Romania*, in Studii economice, INCE, www.ince.ro;
3. Stiglitz, J.E., 2006, *A New Agenda for Global Warming*, Economists' Voice, Berkeley Electronic Press;
4. Commission Communication – Europe 2020: a strategy for smart, sustainable and inclusive growth. COM(2010)2020, 3 March 2010;
5. Regulation (EU) No 1305/2013 of the European Parliament and of Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005
<file:///C:/Users/Daniela/Downloads/EURegulation-RuralDevelopmentEAFRD.pdf>;
<https://ec.europa.eu/digital-agenda/en/news/eu-regulation-rural-development-eafrd><http://ec.europa.eu/environment/life/>;
6. European Observation Network for Territorial Development and Cohesion: <http://www.espon.eu/main/>;
7. JASPERS stands for Joint Assistance to Support Projects in European Regions: <http://www.jaspers-europa-info.org/>;
8. Report by the European Network of Environmental Authorities (ENEA) on 'Improving the climate resilience of cohesion policy funding programmes'. <http://www.un.org/esa/dsd/agenda21/>.