

# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2009/2009(INI)</a>	Procedure completed
Cohesion policy: investing in the real economy		
Subject 4 Economic, social and territorial cohesion 4.70.02 Cohesion policy, Cohesion Fund (CF)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>REGI</b> Regional Development		02/02/2009
		PSE <a href="#">KIRILOV Evgeni</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ECON</b> Economic and Monetary Affairs	The committee decided not to give an opinion.	
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.	

Key events			
16/12/2008	Non-legislative basic document published	<a href="#">COM(2008)0876</a>	Summary
05/02/2009	Committee referral announced in Parliament		
12/02/2009	Vote in committee		Summary
23/02/2009	Committee report tabled for plenary	<a href="#">A6-0075/2009</a>	
11/03/2009	Results of vote in Parliament		
11/03/2009	Debate in Parliament		
11/03/2009	Decision by Parliament	<a href="#">T6-0124/2009</a>	Summary
11/03/2009	End of procedure in Parliament		

Technical information	
Procedure reference	2009/2009(INI)
Procedure type	INI - Own-initiative procedure

Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	REGI/6/72715

### Documentation gateway

Non-legislative basic document	<a href="#">COM(2008)0876</a>	16/12/2008	EC	Summary
Committee draft report	<a href="#">PE419.927</a>	03/02/2009	EP	
Amendments tabled in committee	<a href="#">PE420.064</a>	06/02/2009	EP	
Committee report tabled for plenary, single reading	<a href="#">A6-0075/2009</a>	23/02/2009	EP	
Text adopted by Parliament, single reading	<a href="#">T6-0124/2009</a>	11/03/2009	EP	Summary
Commission response to text adopted in plenary	<a href="#">SP(2009)3060</a>	04/06/2009	EC	

## Cohesion policy: investing in the real economy

**PURPOSE:** to highlight the contribution of Cohesion Policy in the European Economic Recovery Plan and its support for the real economy.

**BACKGROUND:** Cohesion Policy is the Community's largest source of investment in the real economy. With significant financial resources (EUR 347 billion over the period 2007-13), this policy provides vital support and stable investment at local and regional level.

In the context of the global financial crisis and the current economic slowdown, the EU's Cohesion Policy makes an important contribution to the [European Economic Recovery Plan](#). The public sector has an essential role to play in restoring confidence, notably through providing much needed public investment to boost internal demand in the short term and put the economy on a sustainable development path in the medium term. This is where Cohesion Policy can play an important role.

Recognising that pressure on national budgets may slow down the rate of planned investment, the implementation of Cohesion Policy funds and priorities should be accelerated and even frontloaded to give a timely boost to the economy and provide support to people hit by the crisis. Cohesion Policy programmes have the potential and the necessary flexibility to ensure that targeted assistance can be delivered now to address priority needs and to accelerate spending in the areas with most growth potential.

**CONTENT:** presented in support of the European Economic Recovery Plan, the Commission communication details measures to accelerate 'smart' investment at national and regional level by simplifying access to grants, facilitating support to people hit by the crisis and increasing the availability of finance for small and medium sized enterprises (SMEs).

**People:** the Recovery Plan promotes a major "European employment support initiative" and proposes to simplify criteria for the European Social Fund (ESF) and step up advance payments from early 2009. If agreed, Member States will have earlier access to up to EUR 1.8 billion to respond to a certain number of short-term priorities. It is estimated that some 1.5 million unemployed people could receive earlier support through this quick cash flow. Member States are therefore encouraged to:

- invest in the relevant flexicurity components, in particular through reinforced activation schemes to ensure rapid reintegration of redundant workers to the labour market;
- refocus ESF programmes for the groups most affected by the crisis;
- maintain investments in increasing the quality of education and in raising overall skill levels, in particular for the low skilled and disadvantaged groups;
- use Cohesion policy to improve the mechanisms of anticipation and matching of skills with existing and anticipated job vacancies.

**Business:** securing healthy innovative and dynamic businesses is naturally a key for recovering from the economic downturn and one of the biggest challenges in today's global economy. SMEs are most vulnerable as credit becomes less available. Member States are therefore encouraged, inter alia, to:

- quickly increase recourse to the JEREMIE (Joint European Resources for Micro to Medium Enterprises) initiative targeting new business creation and SME expansion, launched by the Commission and the European Investment Fund (EIF);
- take advantage of the synergies between the financial instruments for SMEs funded by Cohesion Policy and the Competitiveness and Innovation Framework Programme;
- improve the national environments to allow the development of micro credit initiatives and take advantage of the technical assistance support offered for micro credit initiatives through the JASMINE (Joint Action to Support Micro-Finance Institutions in Europe) facility, launched by the Commission and the EIB in September 2008.

The Commission also encourages the Member States to invest more in energy efficiency, clean technologies, sustainable transport infrastructure, energy connections and broadband networks.

The actions proposed in the communication complement measures already announced in the European Economic Recovery Plan, namely:

- to improve cash flow of the public authorities charged with delivering the national and regional programmes and clarify provisions facilitating the launch of financial engineering instruments with a view to accelerating the use of access to finance measures (see

[AVC/2008/0233](#));

- simplification in relation to broadening the use of flat rates and lump-sums costs to allow public authorities to more quickly prepare projects and measures (see [COD/2008/0232](#));
- to expand the possibilities for support to investments in energy efficiency improvement and renewable energy in housing in favour of low income households in the EU 27 (see [COD/2008/0245](#)).

## Cohesion policy: investing in the real economy

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The Committee on Regional Development adopted an own-initiative report drafted by Evgeni KIRILOV (PES, BG) on Cohesion Policy: Investing in the real economy in response to the Commission's Communication on the subject. Members strongly welcome the adoption of the European Economic Recovery Plan and consider that EU cohesion policy can make an important contribution to overcoming the current financial crisis.

They endorse the use of the Structural Funds, in preference to precipitating the invention of new economic tools. Due to the significant pressure on national budgets, EU cohesion policy funds and interventions should be accelerated, in order to give a timely boost to the economy and provide support especially to people hit by the crisis. The committee supports the Commission's legislative proposals to amend 3 of the existing Structural Funds Regulations 2007-2013 (Regulations (EC) No 1083/2006, No 1080/2006 and No 1081/2006). The Commission is asked to monitor the economic measures taken by Member States, so as to ensure that these do not violate free market competition, and social standards which have been essential pillars of European integration since its foundation, as well as the implementation of requirements of Community legislation on the environment and on climate protection.

Members highlight the important role that grass-roots organisations, NGOs and the social economy play in promoting social cohesion and call on the Commission to ensure that any simplification of the Structural Funds will reduce administrative burdens on such organisations.

The committee is particularly concerned by the asymmetric territorial impact of the crisis across the EU and its harder impact on the Member States that already have a lower quality of life than the EU average. It asks the Commission in particular to ensure a suitable geographical balance when presenting the list of specific projects, requested by the European Council for strengthening investment in infrastructure and in energy efficiency. Measures such as flexibility and acceleration of payments, the use of lump sum payments and flat rates will stimulate and accelerate policy implementation especially in infrastructure, energy and environmental sectors and of ESF projects. In this regard, the Commission should provide Member States with clear guidance. Members regret, nonetheless, that other important measures have not been taken into account, such as proposals for the immediate increase of liquidity on the ground by intervening to a greater extent in the coming years on interim payments. Whilst welcoming the Commission's proposal to increase advance payments, the committee nevertheless urges banks to make full use of the facilities granted to them to maintain lending to the economy and pass on key interest rates reductions to borrowers. It calls on Member States to make wide use of Structural Funds to secure job creation, to promote small and medium-sized enterprises (SMEs), entrepreneurship and professional training.

Welcoming also the proposal that investments in energy efficiency, and the use of renewable energies in the housing sector should be eligible for ERDF funding, the report urges Member States to make comprehensive use of this new possibility and to adapt their operational programmes accordingly.

Member States are encouraged to explore synergies between cohesion policy financing and the other sources of Community funding (TEN-T, TEN-E, the Seventh Research and Technological Development Framework Programme, Competitiveness and Innovation Framework Programme) as well as the financing provided by the European Investment Bank and the European Bank for Reconstruction and Development. They should also simplify access to the funds' allocation made available by the financial instruments JESSICA, JASMINE and JEREMIE.

With regard to the ESF, Members highlight the role of education and training in ensuring long-term economic recovery and demand that the measures available under the ESF be updated, both in terms of ensuring a higher availability of resources and reaching a higher level of flexibility.

Lastly, the Commission is asked to develop detailed criteria for close monitoring of the effectiveness of the recovery plans at national and regional levels particularly with regard to compliance with transparency requirements. The report requests an evaluation in 2010 of the effectiveness of the reforms following the adoption of the revised Structural Fund Regulations.

## Cohesion policy: investing in the real economy

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The European Parliament adopted, by 508 votes to 30 with 52 abstentions, a resolution on Cohesion Policy: Investing in the real economy in response to the Commission's Communication on the subject. It notes that more than 65% of the total financial allocation of the EU cohesion policy for the period 2007-2013 that has been "earmarked" for investment in the four priority areas of the Union's renewed Lisbon Strategy for growth and jobs - namely people, business, infrastructure, and energy, research and innovation - represents a significant tool. These kinds of investments are essential in order to provide an effective response to the current financial crisis.

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