The outlook for structural funds

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Greater emphasis will be put on cross border infrastructure and the connection with the Trans-European Networks, says Markus Pieper MEP

Currently, the structural funds of the European Union in the 2007-2013 period comprise a volume of around €300bn. They grant financial assistance to resolve structural economic and social problems. The aim of the funds is to stimulate and ensure economic growth in the European regions. The poorer the region, the greater the assistance.

In order to reach this aim, three "objectives" have been established. The first objective, "convergence" supports regions, which are below the 75 per cent of European Union GDP threshold. These receive the highest funding. The second objective "competitiveness and employment" covers all regions not eligible under the first objective. Its aim is to create jobs by promoting competitiveness and making the regions concerned more attractive to businesses and investors. In case a region exceeds the 75 per cent threshold, it receives extra funding for one financial period - in order to smoothly "phase-in" to objective two. The third objective "territorial co-operation" encourages cooperation across borders. Therefore, border regions are eligible under this objective. Those three objectives are funded by the European Regional Development Fund, the Cohesion Fund and the European Social Fund.

The report on the future of cohesion policy, meaning the financial period of 2013-2020, constitutes the position of the European Parliament in the forerun of the legislative proposals this autumn. The report encompasses more than 100 paragraphs and was heatedly debated for months. Especially the issues of a new intermediate category for rather well-off regions, the merger of the European Globalisation Fund and the integration of pre-accession assistance into the structural funds.

Yet, the intense debate on the whereabouts of a new intermediate category overshadowed other important novelties. Reading carefully through the report, much more crucial issues become apparent - such as the call for a time limit on eligibility for funding for objective one regions. This time limit shall encourage objective one regions, which have not shown significant progress over years, to finally step up the effort - or have funds cut. In addition, a public monitor for the misuse of funds is envisaged by the parliament. This might lead to uncomfortable moments for member states, which would have to explain in full public their handling of European taxpayer's money. A benefit for all border regions is certainly the decision of the parliament to increase the share of objective three regions from 2.5 per cent of the funds to 7 per cent. More emphasis shall be put on cross border infrastructure and the connection with the Trans-European Networks.

Overall, the report of is one of the most complete and comprehensive reports adopted on regional policy. It embraces a rich, manifold position in the field of regional policy. It will certainly serve as a key document in the process of preparing the legislative texts for the structural funds in the new financial framework envisaged for this autumn.

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