Europe’s territorial challenges and the reform of cohesion policy

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Europe 2020: The EU response to the crisis

Europe 2020 Strategy (2010):

Regions and cities should use their different potentials to contribute to smart, sustainable and inclusive growth.

• SMART – economy based on knowledge and innovation.
• SUSTAINABLE – more resource efficient and greener but also more competitive economy.
• INCLUSIVE- high employment delivering social and territorial cohesion
Reform of cohesion policy

• **Alignment to Europe 2020** – Partnership agreements in more developed regions to allocate 80% of ERDF at national level to energy efficiency & renewables, research and innovation, ICT and SMEs. 60% in transition regions, 50% in less developed regions.

• **Integration of ERDF, ESF and Cohesion Fund in “multi-fund programmes”** – includes Community Led Local Development based on the LEADER model.
Every European region may benefit from ERDF and ESF support –

- Less developed regions: GDP per capita <75% EU27 average. 85% co-financing.

- Transition regions: all regions with GDP per capita 75-90% EU27 average. 60% co-finance from EU.

- More developed regions: GDP per capita 90%+ EU average. 50% co-financing.
Stronger focus on results

Macro-economic conditionalities – Some funds can be redirected to address macro-economic problems. Commission can suspend all or part of the payments if the Member State is not delivering effective economic governance.

Ex ante conditionalities – e.g. proper functioning of public procurement systems.

Ex-post conditionalities – achievement of milestones related to targets linked to Europe 2020. Rewards for programmes that fully meet their milestones, and possible cancellation of funds in cases of serious underachievement on the milestones.
Sustainable urban development

Minimum 5% of ERDF for sustainable urban development.

Establishment of an urban development platform to promote capacity building & exchange of experience.

Special support for innovative actions in sustainable urban development.
2008-09 Debate on Regional Policy

• Leaked Commission Communication of November 2009 – focus Cohesion funding on less developed member states, not regions.

• Critical of effectiveness of policy in richer countries and regions.

• Barca Report – place-based action to untap potential.
Behind the scenes

• “Place-based” vs “Space Blind” economic development models: OECD vs The World Bank.

• Economic integration through mobility of people, products and ideas vs. integrated development and multi-level governance.
How to interpret the reforms?


• However, outcomes orientation, incentives and conditionalities do strike a new tone + link to Europe 2020.

• Sector-based departments resisted the place-based approach. Territorial approach side-lined by the crisis, and failure to deliver a clear policy message.
Territorial impact of the crisis on jobs

- Where you live affects your risk of being unemployed.

- Southern Sweden, Central Europe and Poland the new “core”?

- National scale matters – Spain, Ireland, Portugal, Baltic States, Bulgaria and Greece.
Changes in Regional GDP per capita (PPS), 2000-2010

- Reduction in GDP disparities 2000 - 2010
- Stable regional pattern. The relative position of most regions has not changed much 2000-2010.
- Some Eastern regions have improved during the last decade, mainly in East Germany, Poland and Slovakia.
- Decline in some Western regions, some with considerable relative loss of position.
The strongest regions in Science and Technology human resources are in the north western part of Europe and Scandinavia (note Baltic States).

The largest cities visible as key places for this segment of the labour force (though note NE Scotland).
Investment in R&D

• Only 37 regions met the target of 3% GDP investment in R&D in 2009.

• Particular problems in Eastern and Southern Europe.

• Capital cities are prominent, but not necessarily the strongest.
• Areas with high labour productivity are mainly located in capital city regions and metropolitan areas in the European core.

• Particularly low labour productivity is mainly to be found along the eastern regions in Poland, large parts of Bulgaria and Romania and a number of Turkish regions.
Regional drop-out rate distance to 2020 national targets

- Different national ambitions and considerable variation across Europe
- Efforts needed in regions of South East and South West
- Large regional differences in some countries with ambitious targets
- Substantial distances to the national targets of some regions in Eastern France, Northern Germany or Northern Finland caused by ambitious national targets and/or considerable regional disparities within the country
Services of General Economic Interest, 2009-2010

Indicators
(Z-transformed; i.e. expresses deviation from mean in standard-deviation)

1. High ranked transport infrastructure
   (Length of motorways in km per 1 000 km², 2009)

2. High quality ICT infrastructure
   (Percentage of households with access to broadband, 2010)

3. Vital business surrounding
   (Persons employed per 100 000 inh. in PR and consultancy, 2009)

4. Public finance
   (National public expenditures on economic affairs per inh., 2009)

Typology on service of general economic interest, 2009-2010
(standard-deviation from European average)

- Below average (-5.2 to -2.5)
- Moderately below average (-2.5 to 0.5)
- Around average (-0.5 to 0.5)
- Moderately above average (0.5 to 2.5)
- Above average (2.5 to 11.2)
- No data
Aggregate potential impact of climate change

- Impacts hits hardest in south of Europe and in western territories facing the sea
- Double challenge in the south as same areas have the lowest adaptive capacity

Aggrega potential impact of climate change

- highest negative impact
- medium negative impact
- low negative impact
- no/marginal impact
- low positive impact
- No data
Population Dynamics, 1990-2010 (absolute)

- Growing metropolitan areas in the EU neighbourhood
- Increasing concentration of population in cities around the coastline, particularly in Europe’s southern periphery
- Territorial disparities between neighbourhood countries
- Demographic contrasts substantial within the neighbourhood countries
Risk of Poverty, 2010-2011

- The eastern and southern fringe of Europe plus UK regions have the highest risk of poverty.
- The lowest levels are found in Austria, the Czech Republic, southern Germany and northern Italy.
- Some of the larger cities of the eastern Member States (e.g. Budapest, Bucharest), Madrid in Spain and Oslo in Norway, appear as “islands” of lower rates of poverty, whilst London stands out for the opposite reason.
- There are considerable domestic disparities between regions, in particular in Spain, Italy and Bulgaria, hinting at substantial urban-rural contrasts.
Intensity of maritime activities along coasts

- Shipping and ports are not the only activities in the zone where land and sea meet.
- Intensive use of maritime resources often result in intensive activity on the adjacent land.
- The channel area between the south-east of England and Belgium, Netherlands and Germany the main European hotspot, with very high intensity both on land and on the sea.
- Other hotspots include northern Adriatic, Iceland and Malta, and other islands in the Mediterranean.
...summarising main European territorial challenges
Territorial concentration

• Concentration of people and economic activity in the cities, especially in the “core”. Serious loss of population in poor rural regions, shrinking cities and eastern Europe.

• Role of second tier cities and small towns?
2-speed Europe

• Centre-north is already performing best on 2020 themes.
• Eastern capitals – European cohesion but national disparities.
• Southern and western convergence set back, and performing less well on 2020 themes.
Coastal and maritime potential

• Coastal regions often have significant development potential, but are also experiencing development pressure that needs careful management.

• Potentials for blue growth.
Territorial governance challenges

- Governance capacity underpins the development and management of local and regional development and the effective use of future European Structural Investment Funds, including Integrated Territorial Investment.

- To achieve maximum effect agreement is needed on territorial development objectives amongst a range of stakeholders, from the public and private sectors and from civil society.

- Sectoral departments like silos.
Thank you

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