



The role of cohesion policy in the development of metropolitan and non-metropolitan areas

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Development
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Cohesion policy in the development of metropolitan and non metropolitan areas

- I- What role does it currently play?**
- II- What role does it actually play?**
- III- What role it is likely to play?**

I- What role does Cohesion policy currently play in the development of metropolitan and non metropolitan areas (2014-2020)?

- 1. Cohesion policy provides funding**
- 2. To be used following a specific method**
- 3. With specific territorial instruments to target the specific needs of territories including those of urban areas**

I.1. Cohesion policy provides funding

- **Funding for all regions**
- **3 categories but flexibility:**
 - Art 93 CPR: up to 3 % of allocation can be transferred from a category of regions to another
 - Art 70 CPR : max 15 % of ERDF and CF support at priority level
- **Allocation criteria : mainly GDP but other criteria for more developed regions**

I.2. Cohesion policy support is provided through a specific method

- **Place based policy:**

Compared to spatial blind EU policies CP is place based : supports the development strategies of regions

- **Multilevel governance:**

Partnership principle

Code of conduct on partnership

- **Integrated interventions, ie development strategies, cross sectorial**

By opposition to other EU policy which support projects

I.3. Territorial tools allowing to target the specific needs of territories

- **Tools new to ERDF and CF in 2014-2020**
SUD, ITI, CLLD
- **Available for metropolitan areas and non metropolitan areas and within**
- **Allow accomodating the development needs of functional areas (metropolitan and non metropolitan)**

Main features of territorial instruments

- Create ownership of local development strategies by giving **more responsibility to the local level** (SUD, CLLD)
- Strengthen **multi-level governance and partnership**: they promote **cooperation in functional areas** cutting across administrative boundaries by fostering **horizontal (SUD) and vertical (SUD) cooperation** (urban-rural, LAGs)
- Support participatory, bottom-up initiatives in Cohesion Policy (SUD)
- Promote **thematic integration** to address territorial challenges in their complexity and allow to **combine different sources of thematic funding** to support the implementation (ITI, CLLD)
- Request **long-term and integrated** urban/territorial **strategies**
- **Earmark resources** in pursuit of these objectives (SUD)



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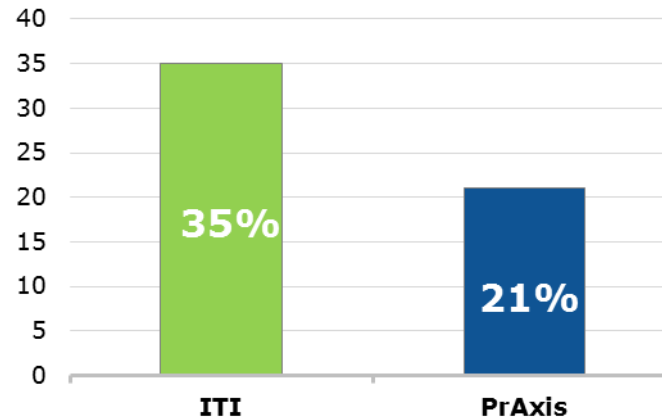
Geographical scope

Wide variety of territories, from neighbourhoods, small and medium sized cities to big urban centres, metropolitan areas and regions with geographic specificities.

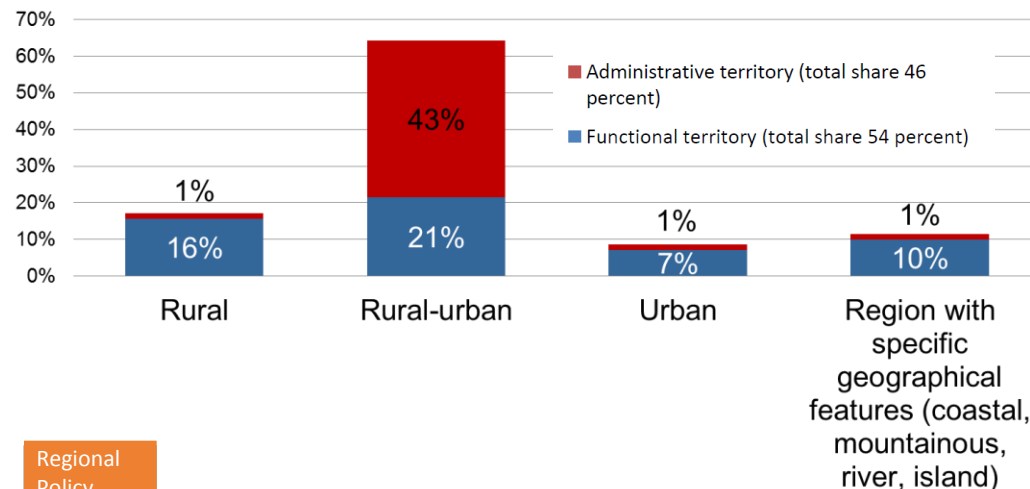
Cooperation in functional areas, particularly in the case of ITI strategies

Innovative approaches such as national urban networks

% of SUD strategies that target a **functional urban areas** by implementation mechanism

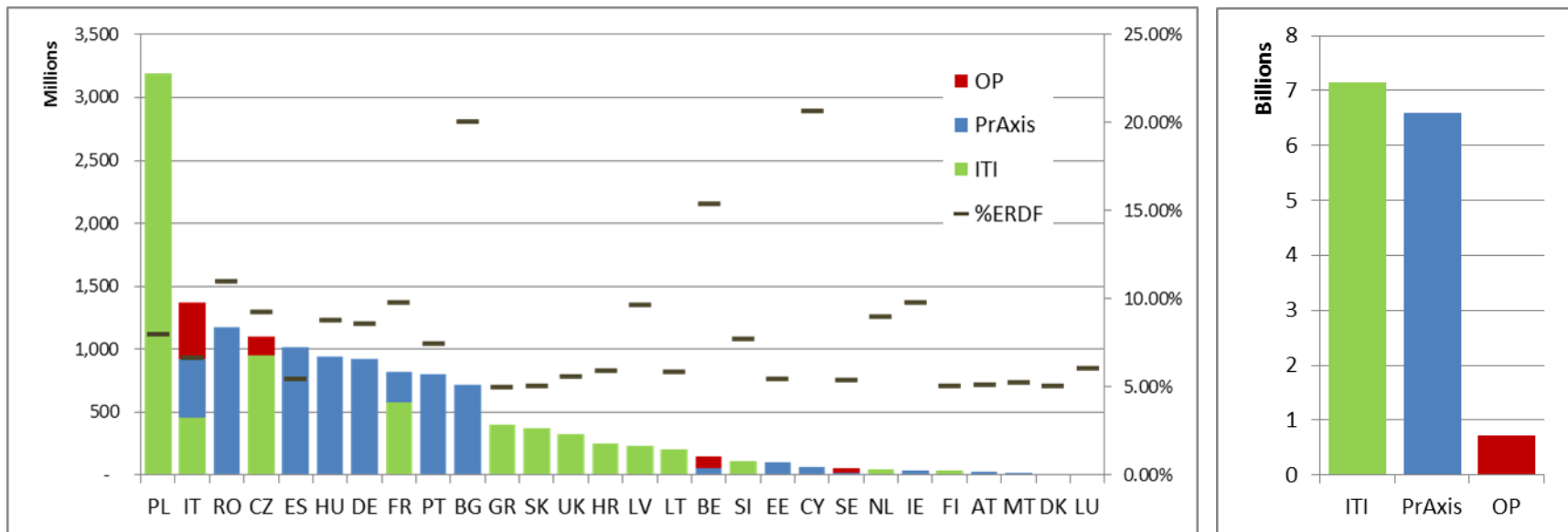


Geographical scope of non-SUD ITI strategies and functional or administrative territory



ERDF support to SUD (Article 7)

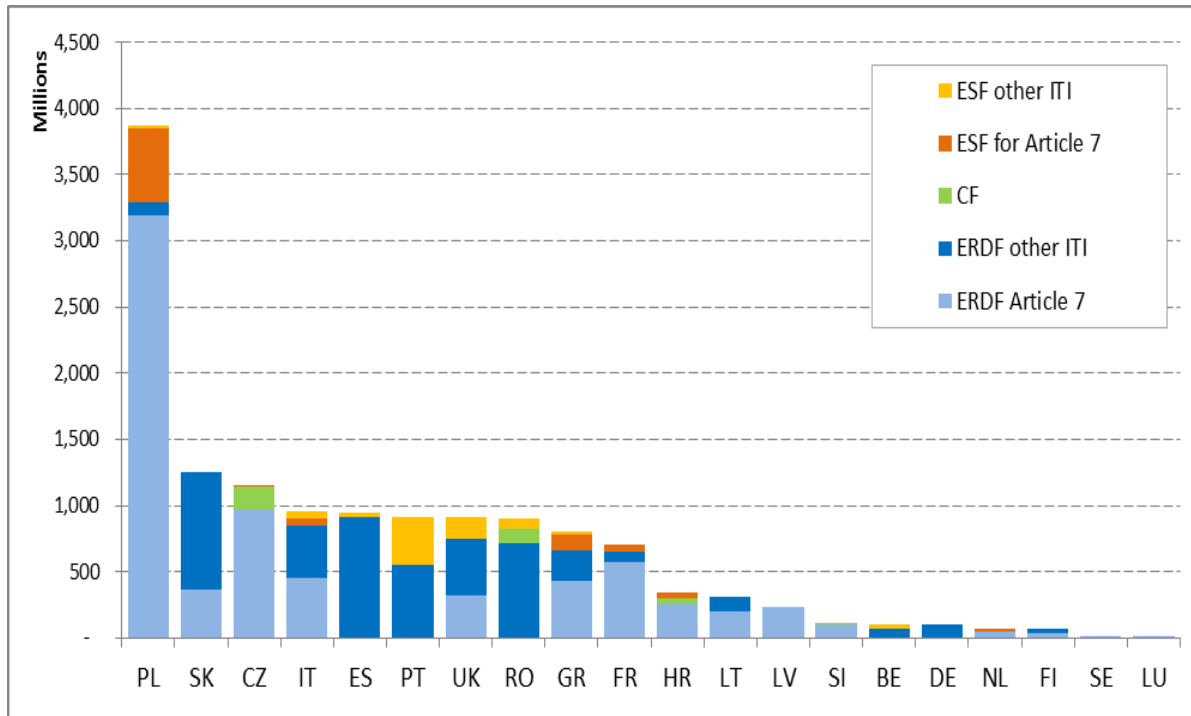
Share of ERDF budget (%) by MS and delivery mechanism



Total allocation: **EUR 14.5 billion** (7.8% of ERDF), **50% more than the 5% required**
Half of MS spend much more than 5% (CY, BG 20%, BE 15%, RO 11% + 10 MS 7-10%)
15 MS use ITI for urban development entirely or partly (IT, FR, CZ, BE, SE) representing half of the budget.
4 OPs dedicated to SUD: Metropolitan cities (IT), Brussels, Prague, Stockholm

Cohesion policy support delivered via ITI

ERDF, ESF and CF allocation by MS



Programming results

20 MS use ITI
15 MS to deliver SUD
13 MS for other territories

Total of **EUR 13.8 billion**
 ERDF 11.8 bn
 ESF 1.7 bn
 CF 0.3 bn

12 MS use both funds

Concentration
 80% by 9 MS
 28% by PL alone

60% for SUD Article 7

Key Figures

	OP*	PrAxis	ITI	Non-SUD ITI
Median population	1,619,500	69,610	195,235	154,539
New strategies	0%	35%	48%	42%
New institutions	17%	17%	26%	17%
Median level of ESIF funding (in € million)	€ 62.0	€ 11.3	€ 39.1	€ 39.6
Proportion of strategies that are Multi-fund	33%	27%	72%	74%
Median number of IPs per strategy	9	4	7	8

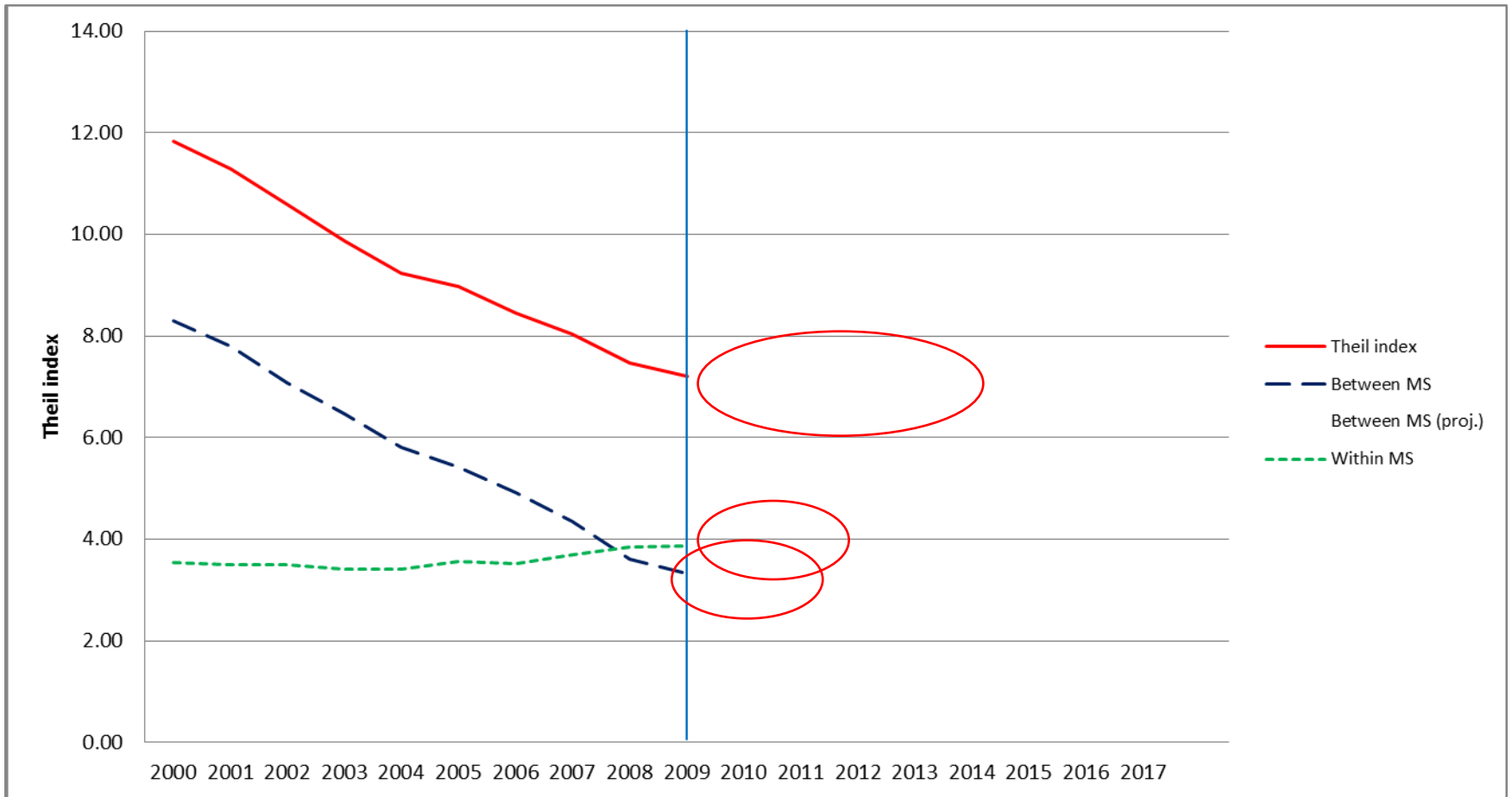
II. What role does Cohesion policy actually play in the development of metropolitan and non metropolitan areas?

The findings of the cohesion report

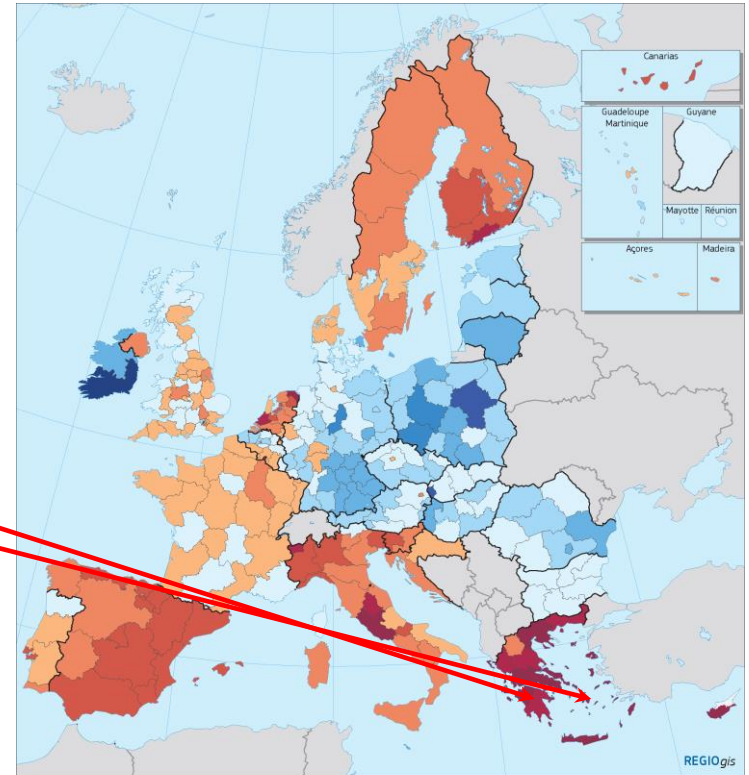


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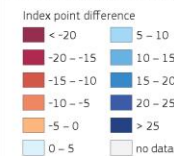
Regional disparities are narrowing again



- Regions in eastern Member States have converged to the EU average...
 - ... but Greek and Italian regions diverged substantially
-
- Attiki: -32
 - Notio Aigaio: -30



Map 2 Change in GDP per head index, 2008–2015



EU-28 = 0
Source: Eurostat, DG REGIO

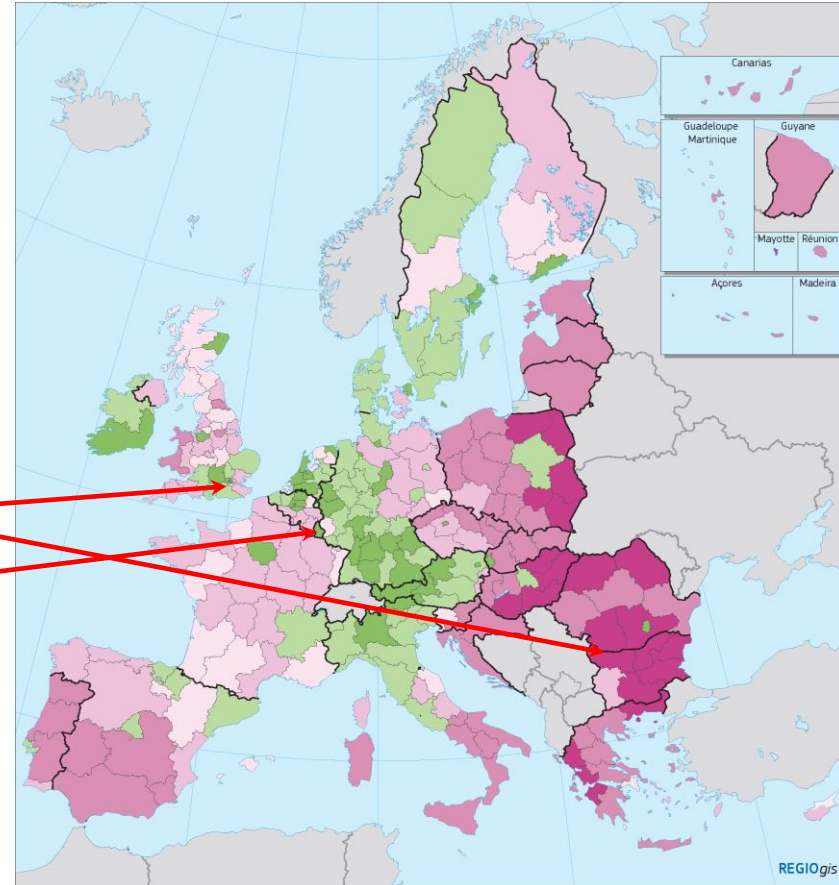
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**Disparities remain important and
investments in innovation, skills and
infrastructure are still needed**

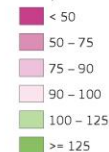
Disparities remain important: GDP per head

- Severozapaden: 29
- Inner London - West: 530
- Luxembourg: 264
- GDP per head in Luxemburg is more than 9 times higher than in Severozapaden



Map 1.1 GDP per head (PPS), 2015

Index, EU-28 = 100



Values for the two regions in Ireland for 2015 have been estimated from the 2014 figures on the basis of the changes in the national figure.
Source: Eurostat, DG REGIO

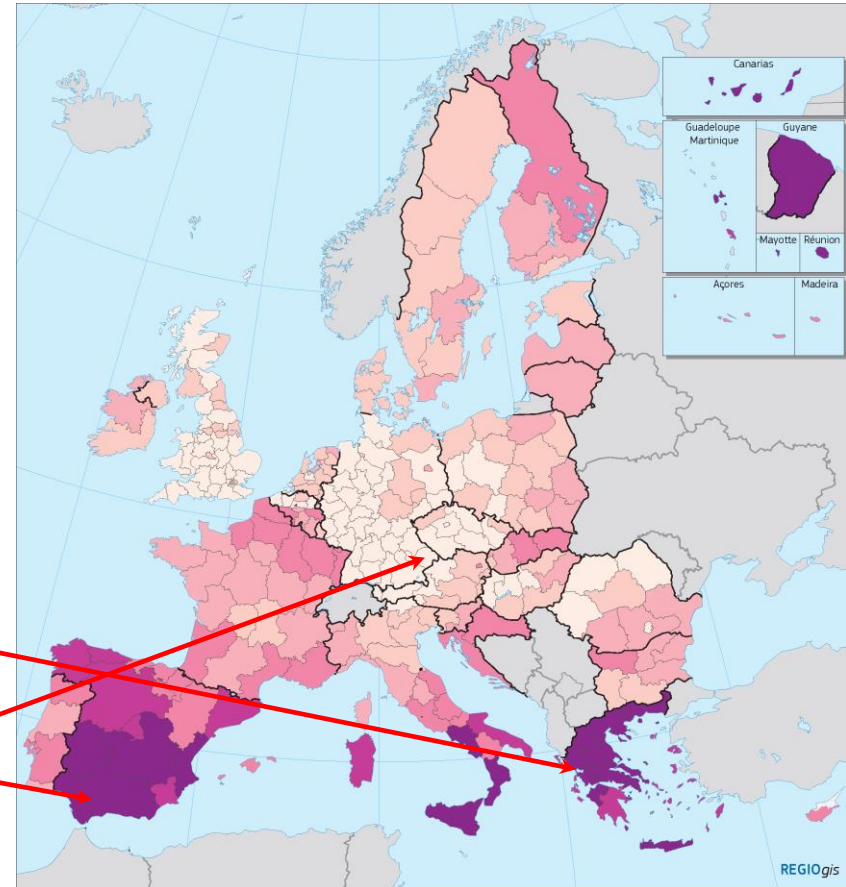
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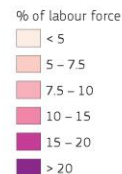


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- The unemployment rate across the EU has fallen from a high of 10.9% in 2013 to 8.6% in 2016 and 7.7% in 2017, still above the 7% it was in 2008
 - In some regions, the rate remains at historical heights
-
- Dytiki Makedonia: 31.3%
 - Andalucía: 28.9%
 - Niederbayern: 2.0%



Map 2.7 Unemployment rate, 2016



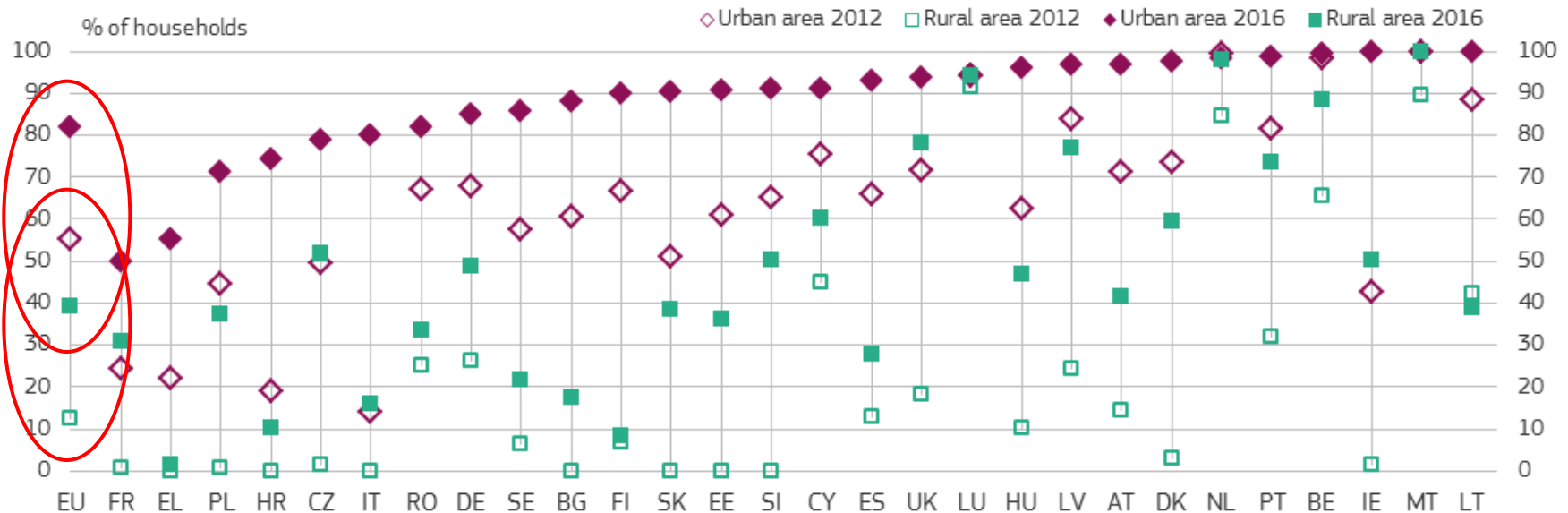
EU-28 = 8.6
Source: Eurostat

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Digital networks are spreading, but closing the gap between urban and rural areas represents a major challenge

Figure 1.21 Households with access to Next Generation Access (NGA) broadband by type of area, 2012 and 2016

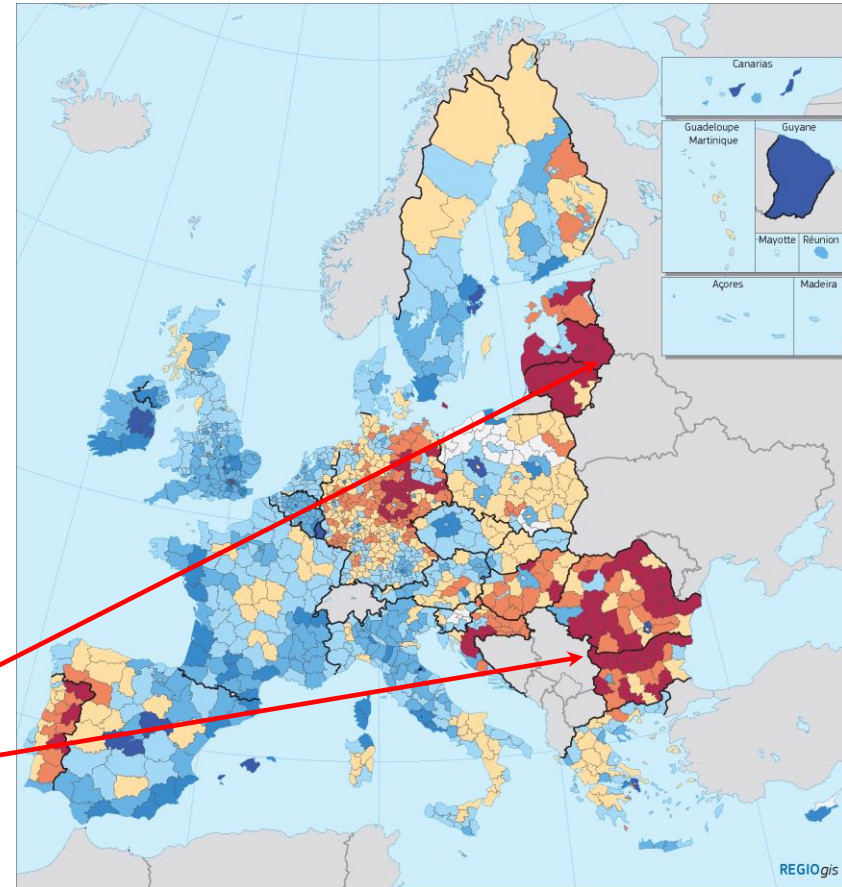


Data are for the end of 2012 and Jan-2016.

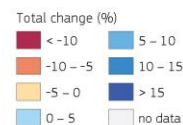
Source: European Commission (2016a)

- Big differences in unemployment and income across the EU encourage people to move to find better job opportunities and/or escape unemployment and poverty
- Movements have predominantly been from the EU-13 to the EU-15 and within the EU-13 from rural regions to capital and other large cities
- Two out of three people in EU-13 live in a shrinking NUTS 3 region

- Vidin: -23.2%
- Latgale: -22.3%



Map 4 Total population change in NUTS 3 regions, 2005–2015



EU-28 = 2.84
DK, DE, DEE, DEE: data before 2007 was extrapolated.
PLS2: NUTS 2
Source: Eurostat, DG REGIO

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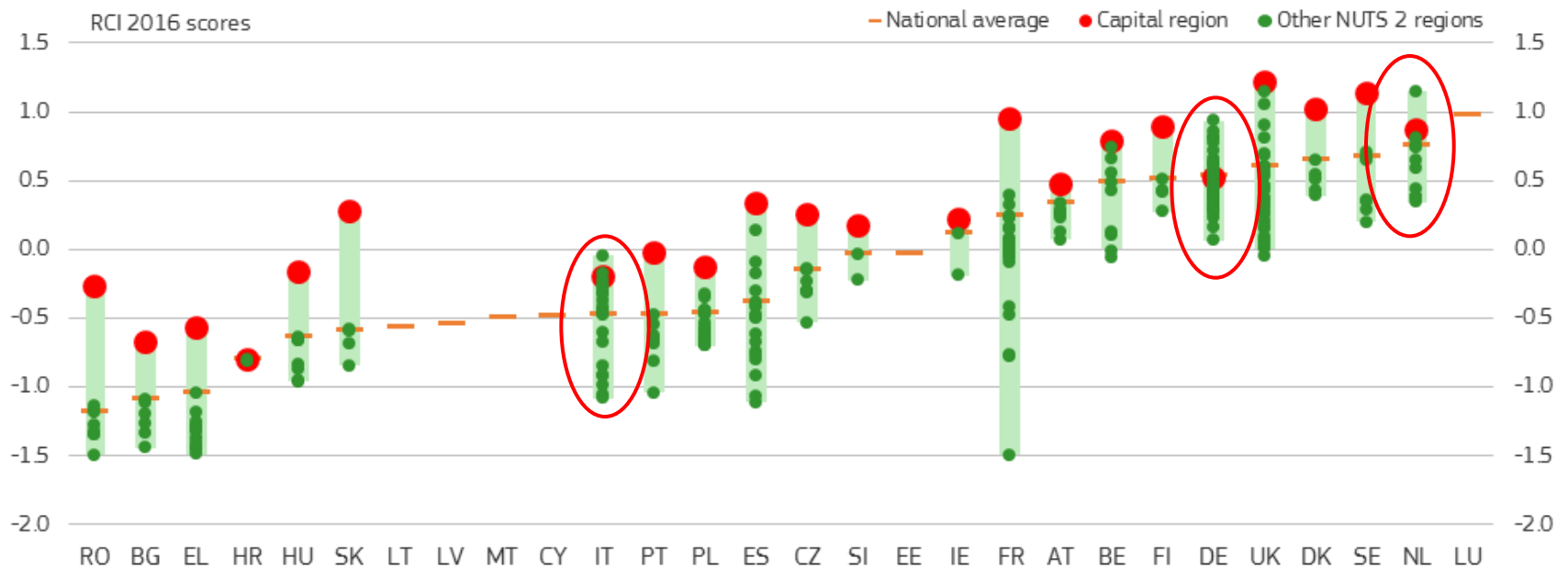


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Cities combine opportunities with challenges

Capital and metro regions are the main drivers of regional competitiveness in Europe

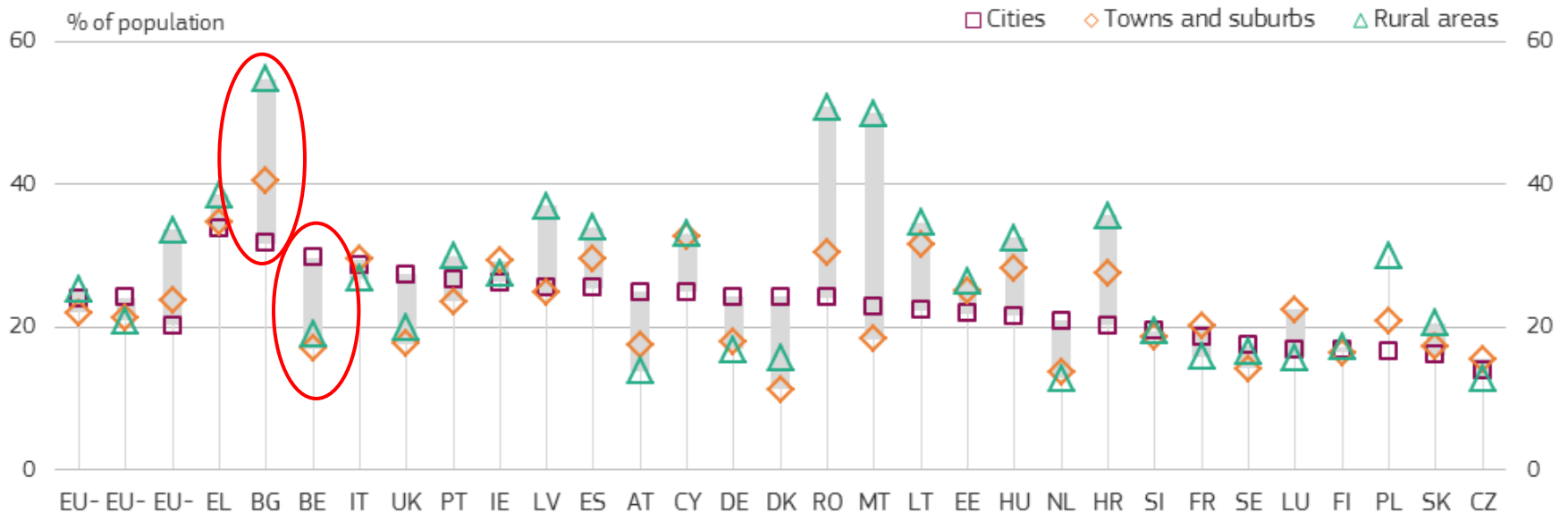
Figure 1.22 Regional competitiveness index, 2016



Source: Annoni et al. (2017)

- Poverty remains high, especially in the Baltic and southern Member States
- High in rural areas in the EU-13 / in urban areas in the EU-15

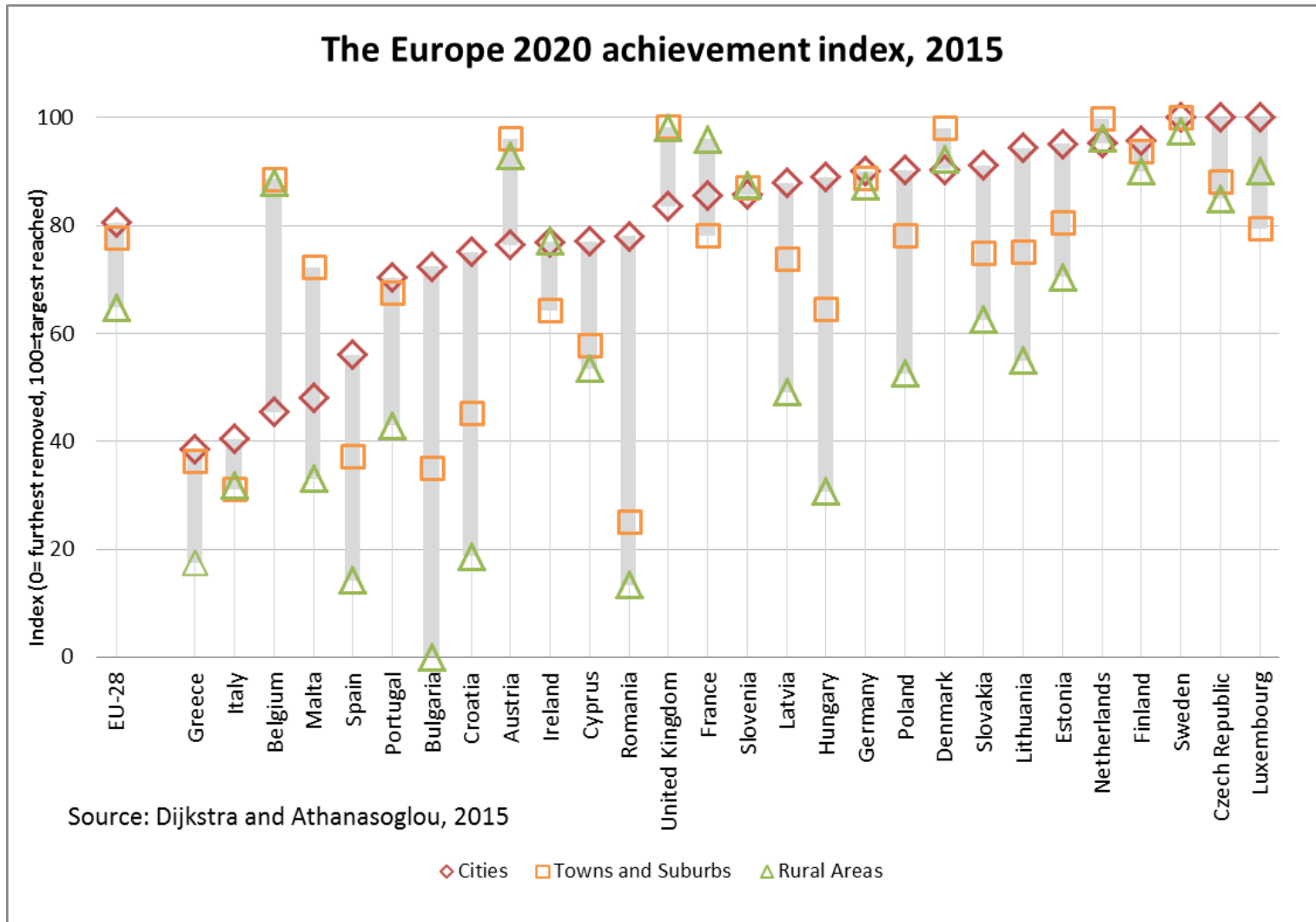
Figure 2.9 Share of population at risk of poverty or social exclusion by degree of urbanisation, 2015



IE: 2014

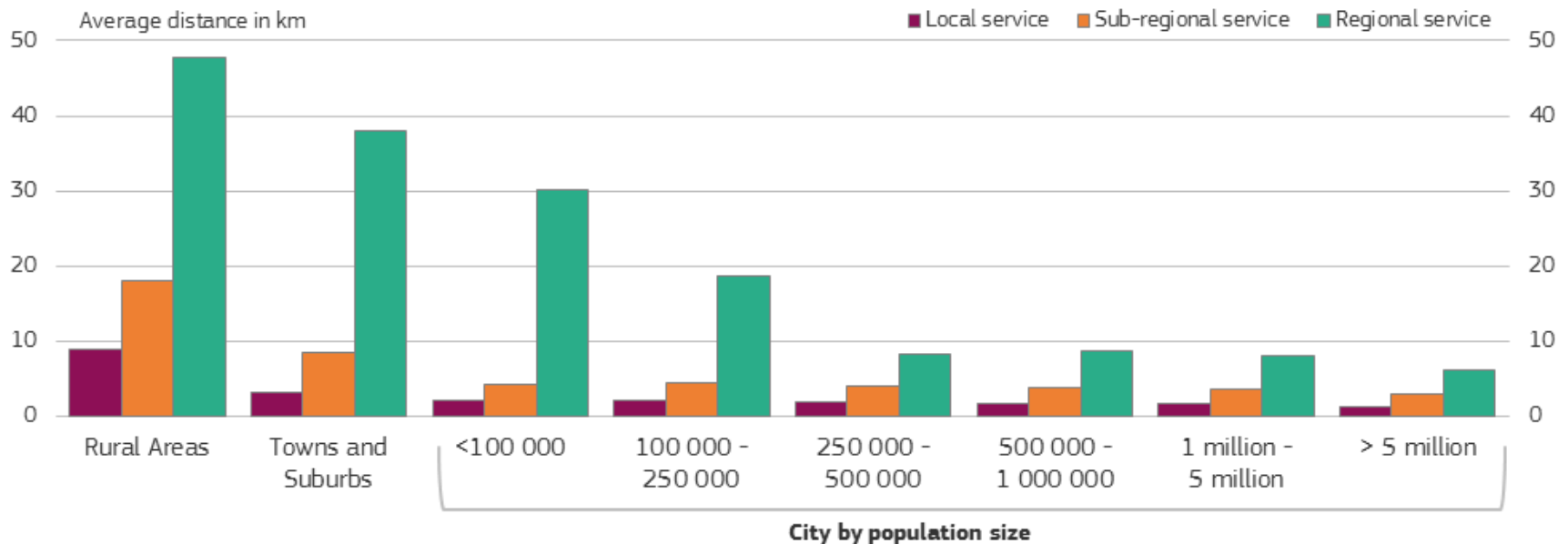
Source: Eurostat

Cities are closest to the EU2020 targets



Cities are more efficient in terms of energy and land-use and offer the possibility of a low-carbon lifestyle

Figure 3.7 Distance to services by type of municipality in the EU



The location of services has been simulated taking into account population distribution and distances.

Source: JRC

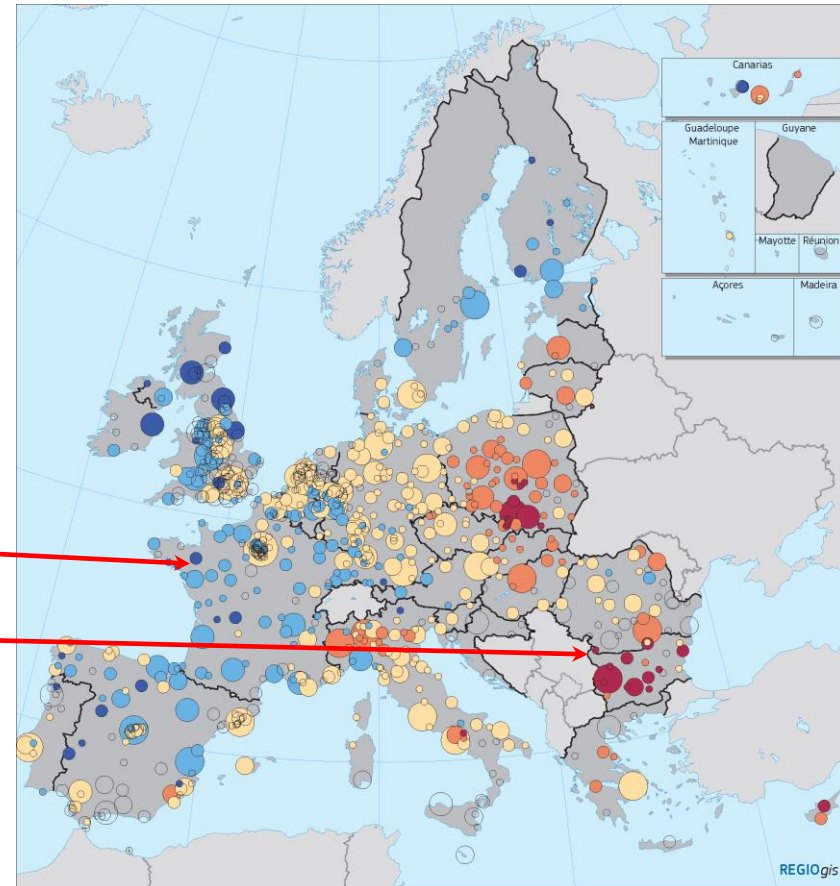


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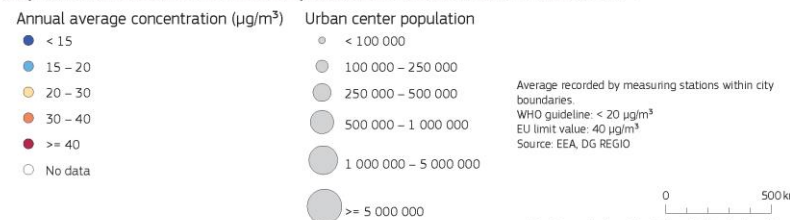
- Cities are more polluted
- Example: Air pollution with all its damaging effects on human health remains a concern in many European cities

- Rennes: $11.6 \mu\text{g}/\text{m}^3$

- Vidin: $60.8 \mu\text{g}/\text{m}^3$



Map 3.8 Concentration of airborne particulate matter (PM₁₀) in cities, 2014





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Cities can be a good place to develop nature based solutions

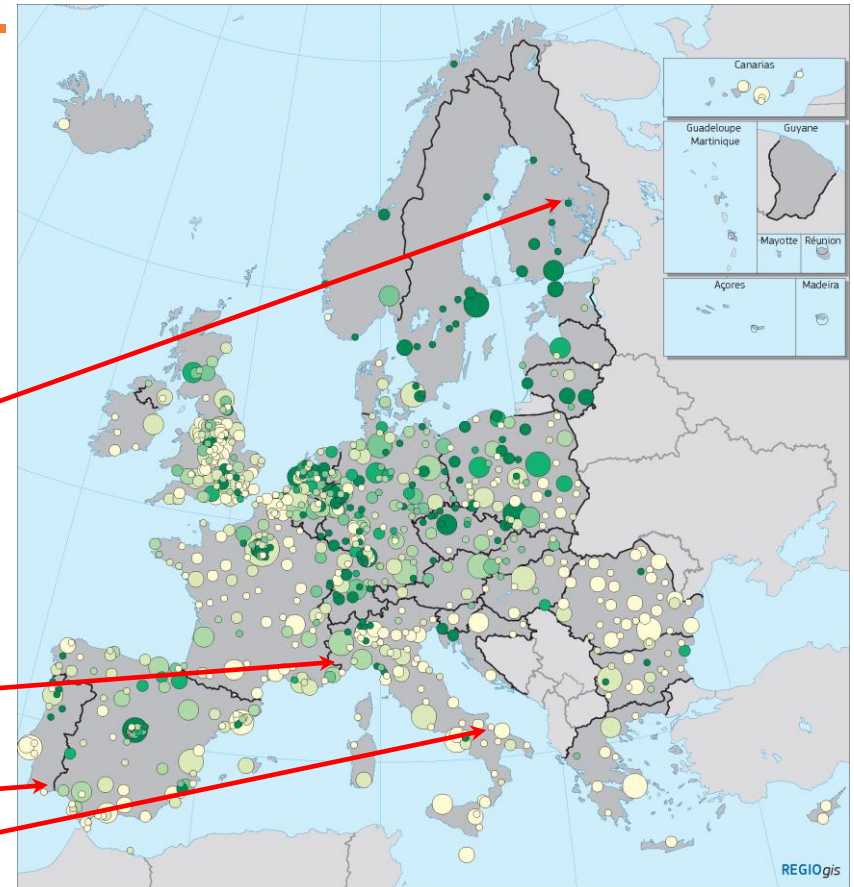
Example: Green urban areas and their contribution to air quality and reducing temperature peaks

Kuopio: 83.6

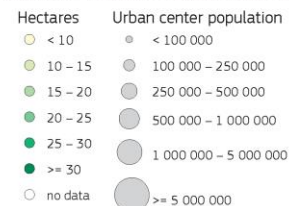
Savona: 76.3

Faro: 1.5

Barletta: 0.4



Map 3.10 Access to green urban areas in cities, 2012



Population-weighted median area of green urban areas and forests that can be reached within 10 minutes walking time.

Source: Poelman 2016

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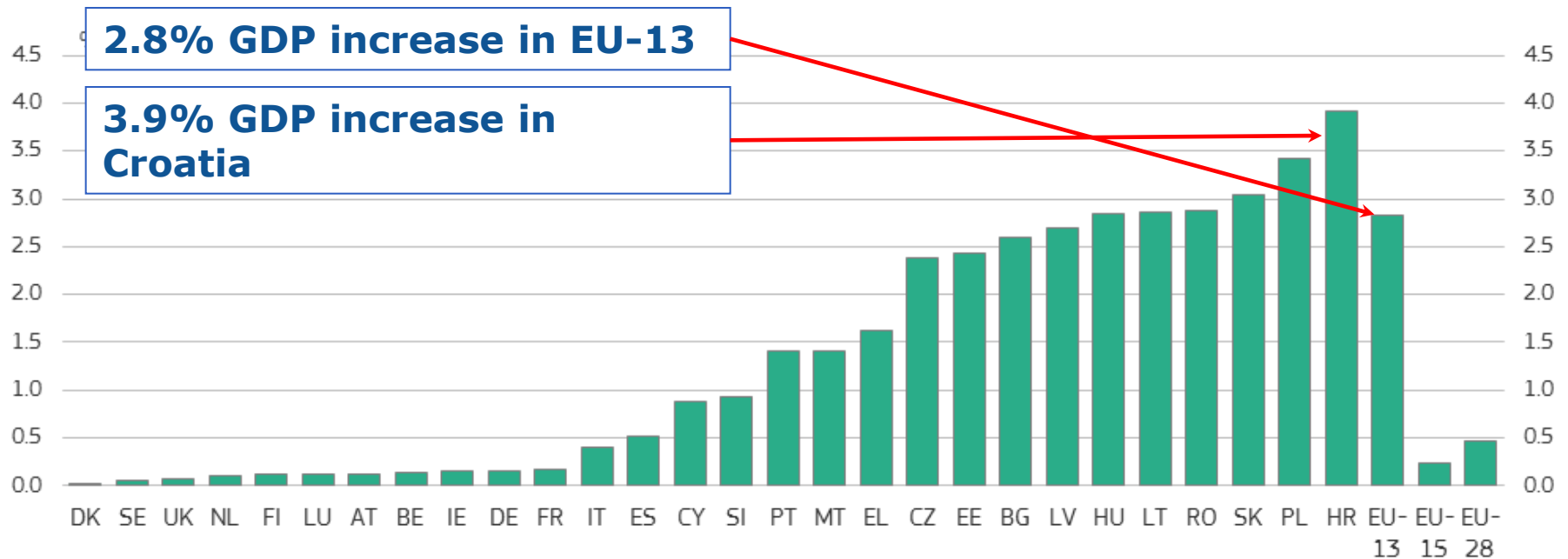
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**Cohesion policy has a significant impact on
cohesion and quality of life**

Impact at macroeconomic level:

- High in main beneficiaries
- Positive for all MS

Figure 6.7 Impact of 2014–2020 programmes on Member States' GDP, 2023

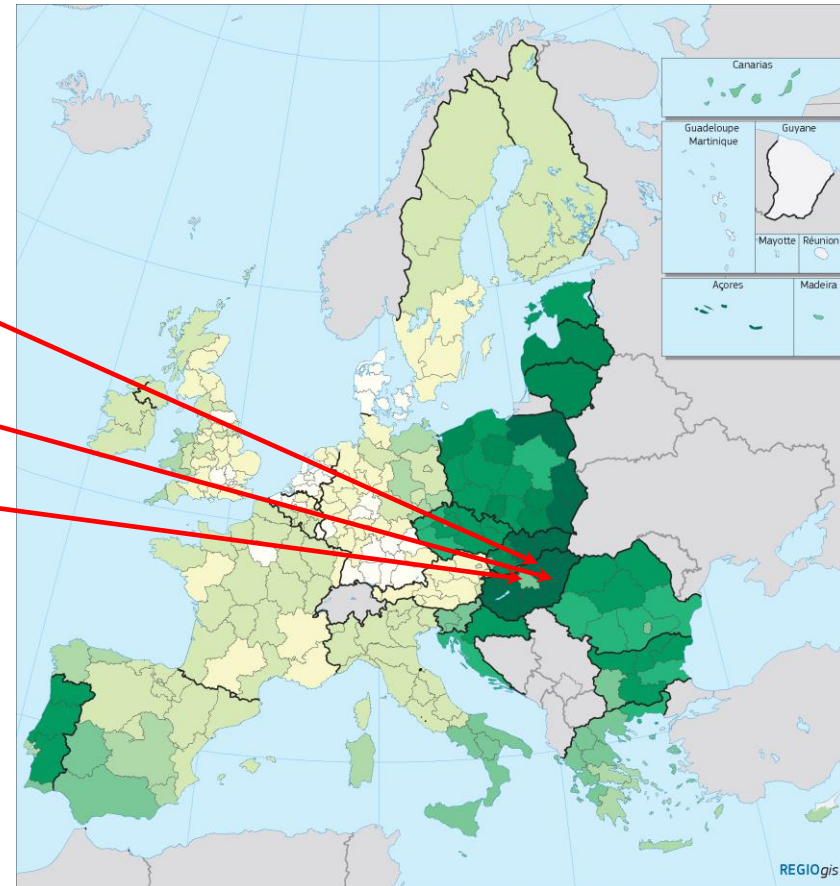




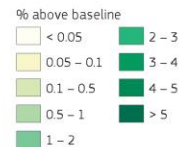
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Impact at regional level:

- GDP in Észak-Magyarország and Észak-Alföld in Hungary is estimated to be more than 8% due to cohesion policy
- Capital city region of Közép-Magyarország, impact is 1.4%



Map 6.1 Impact of the 2014–2020 cohesion policy programmes on GDP, 2023



Source: RHOMOLO

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Avenues opened by the cohesion report

1. Where to invest?

- **Main focus remain less developed & border regions**
- **But also:** areas undergoing industrial transition, rural areas, the outermost regions, areas of high unemployment and deprived urban areas
- **Cohesion Report shows that many challenges facing EU territories are not limited to less developed regions**

Investments priorities?

- Cohesion policy funding will continue to focus on **areas where the highest EU value-added** can be achieved:
 - Social inclusion, employment, skills, innovation, climate change, energy and environment, support for SMEs, transport, digital infrastructure.
- **Improving the quality of government and support/incentive to implement structural reforms should be further emphasised**

How to invest?

- A single set of rules for existing funds
- **Allocation linked to challenges the EU is facing: demographics, unemployment, social inclusion, migration, innovation, climate change**
- A much more radical approach to simplifying implementation is needed

III- What role is Cohesion policy likely to play in the development of metropolitan and non metropolitan areas?

Questions about post 2020

III.1 What funding available?

- **Commission proposals for post 2020 MFF will soon be adopted, indicating**
 - ▶ What the future budget should focus on
 - ▶ How the future EU budget should operate
 - ▶ Revenues to support EU policies
- **What will be the budget for CP?**
 - Brexit impact
 - Arbitrages between policy areas
- **What will be categories of regions and will there be any?**
- **Will the allocation criteria remain the same?**

III.2 Will cohesion policy method remain as such?

Multilevel governance

- How to reinforce partnership between all authorities involved?

Integrated strategies

- Need to better coordinate these strategies with neighbours?

Can Cohesion policy be even more place based?

- Regions? Subregional level?
- More bottom up approaches?

III.3 Territorial instruments

- **Are territorial tools to be maintained?**
- **If yes how can we improve their functioning?**
- **Will there still be earmarking for cities?**
- **How can we rationalise the offer of support to cities?**

Next steps

MFF Package:

**CORE PACKAGE (2 May 2018)
and SECTORIAL
PROGRAMMES (Proposals for
legislative acts concerning
multiannual spending
programmes) by 29 May**



MFF timeline

- **10 Jan - Launch of 2-month public consultation per policy cluster**
- **14 Feb - Commission contribution to Leaders' debate**
- **22 Feb - Draft EP report on next MFF and own resources**
- **23 Feb – Leaders' meeting on priorities for the next MFF**
- **12-15 March - EP adopts report on next MFF and own resources**
- **March - Hearings with all spending Commissioners**
- **2 May - Adoption of MFF package including own resources and presentation to the EP**

Cohesion policy package

- **Closely connected to the preparation of the next Multiannual Financial Framework MFF**
- **Impact Assessment – internal preparations are underway**
- **The adoption of the legislative proposals to follow the MFF proposal to be adopted on 29 May**
- **Legislative negotiations and adoption of legal framework**
- **1 January 2021: Start of new funding period**



Thank you for your attention

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