



# Investing in Europe's future





# **5<sup>th</sup> Report on economic, social & territorial cohesion**

*A new Cohesion Policy to meet the challenges of a new decade*

- I. Context**
- II. Impact of Cohesion Policy**
- III. Situation and trends**
- IV. Options for the future Cohesion Policy**



## *A new Cohesion Policy to meet the challenges of a new decade*

### **I. Context**

- Massive economic, social & demographic upheavals in Europe over recent years
- An improved cohesion policy is needed to meet these challenges in context of:
  - New EU budget post 2013 - discussions underway
  - *Cohesion Policy today = more than 1/3 of total EU budget*
  - New EU goals - ambitious targets for 2020 to address new challenges



# Cohesion Policy: key role to achieve EU 2020 goals

Europe 2020 Strategy – a new strategy for Europe

- *Smart growth*
- *Growth for all*
- *Sustainable growth*

EU Member States will propose national targets for 2011



**Future Cohesion Policy must be aligned with Europe 2020**

**Funding will remain concentrated in less developed regions**



# What are the EU 2020 headline targets ?

- **Employment : 75%** (20-64) – '09: 69.1%
- **Education:**
  - max **10%** early school leavers – '09: 14.4%
  - **40%** higher education degree (30-34)– '09: 32.3%
- **Combating poverty: 20 million people** out of risk of poverty and exclusion – '09: 120 million
- **Climate change and energy: 20%/20%/20%** greenhouse gas emissions/renewable energy/energy efficiency
- **Research and Innovation: 3%** of GDP investments in R&D – '08: 1.9\* (Estimate Eurostat)



## II. Impact of Cohesion Policy

- Cohesion Policy has helped reducing economic, social & environmental disparities.
- Cohesion Policy has benefited all regions through direct investments and indirect trade benefits.
- Cohesion Policy supports investments in European priorities across the EU.





## Some outputs from 2000 – 2006

- GDP per head 10% higher in poorest regions
- Estimated 1.4 million jobs created across EU
- over 1.3 million SMEs received assistance of some kind
- 4 700 km motorways and 1 200 km of high-speed rail built
- 10 million people/ year participate in training and skills projects
- modernised waste water treatment for an additional 23 million people, access to clean water for an additional 20 million

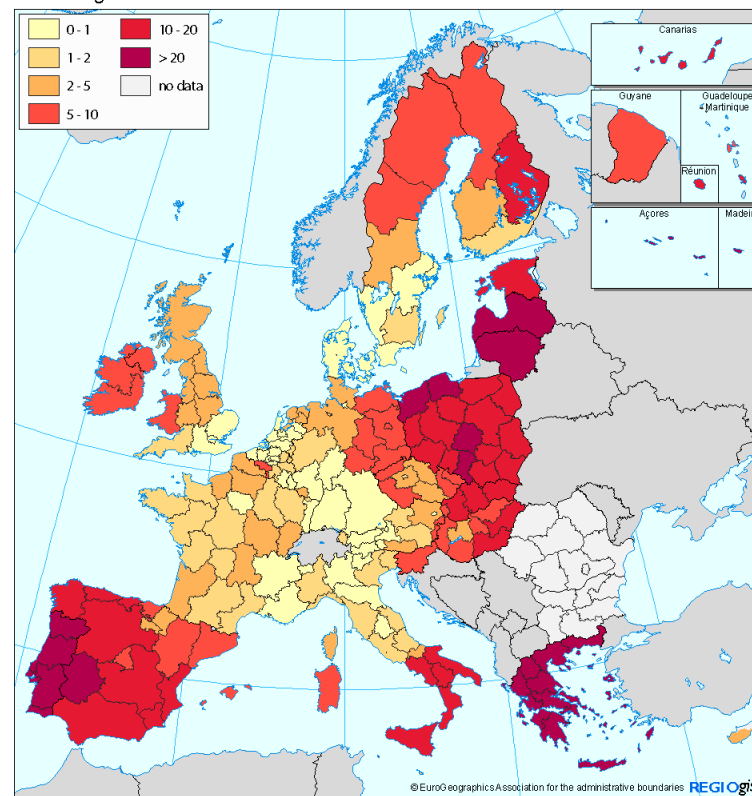


# Cohesion Policy supports public investment

- In many regions Cohesion Policy does stimulate investments in European priorities such as environment, education, research
- Cohesion Policy accounts for a high share of total public investment in Convergence regions

**Share of ERDF and Cohesion Fund in total Public Investment, 2002 - 2006**

Percentage\*



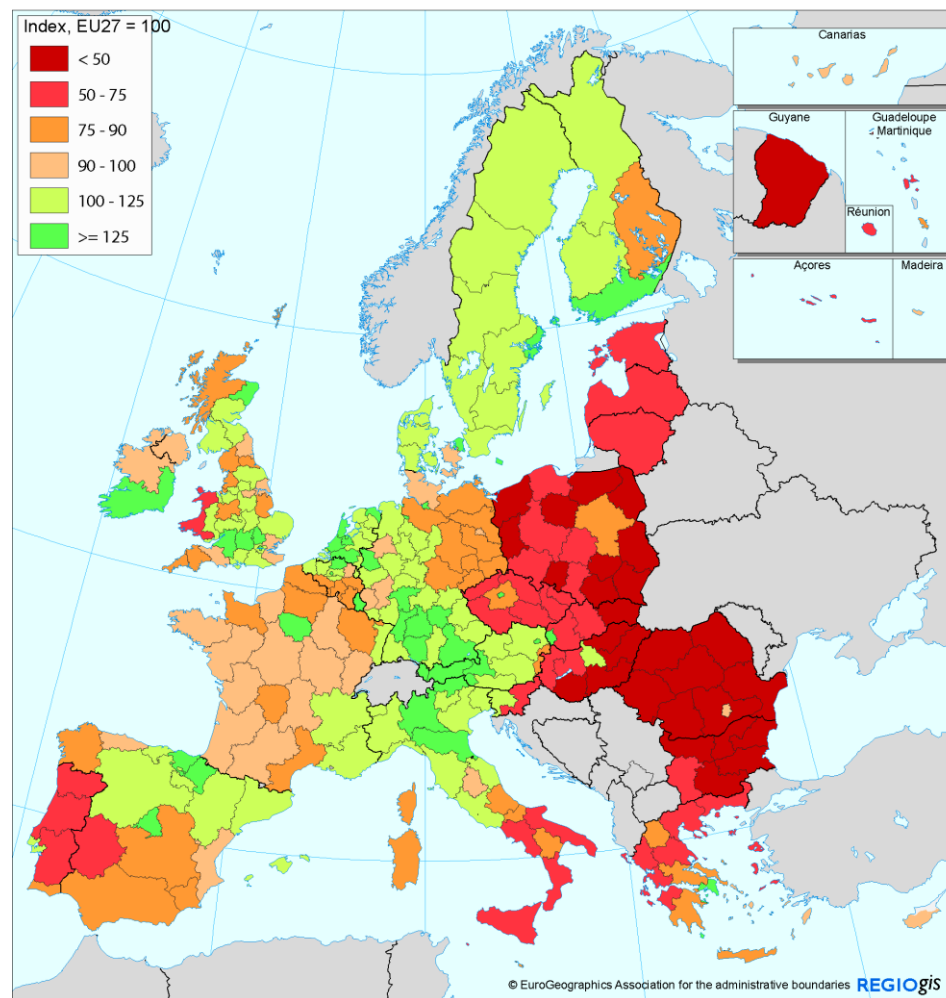




### III. Situation and trends

GDP/head (PPS), 2007

- Regional disparities remain wide, especially between less and more developed regions
- The past ten years have helped to reduce disparities, but the crisis may disrupt this process





## Situation and trends:

- Regions have increased employment rates & reduced unemployment rates between 2000 & 2008, but the crisis has disrupted this progress
- Poverty & deprivation have a strong regional dimension, concentrating in less developed regions & in urban (EU-15) & rural areas (EU-12)
- Investments in transport infrastructure have ensured sufficient infrastructure in the EU-15, but significant gaps remain in the EU-12
- More investment is needed to comply with EU environmental law, esp. in the EU-12
- Climate change will have a strong impact on many regions, esp. in southern & mountain regions



## **IV. Options for the future Cohesion Policy**

- 1. Enhancing European added value**
- 2. Strengthening governance**
- 3. Streamlining delivery**
- 4. Architecture of Cohesion Policy**



# 1. Enhancing European added value

- Reinforcing strategic programming – *translate EU 2020 objectives into investment priorities*
- Focus resources on limited number of key priorities
- Introduce stronger incentives and conditionality
- Improving evaluation, performance and results
- Stronger emphasis on new financial instruments



## 2. Strengthening governance

- Reinforcing partnership (improve involvement of local and regional stakeholders, social partners, civil society)
- Introducing a new dimension: territorial cohesion
  - Reinforcing territorial co-operation (more cooperation between regions within a country, macro-regional strategies...)
  - Developing an ambitious urban agenda
  - Addressing areas with specific geographical or demographic features



### **3. Streamlining Delivery ...based on lessons learnt**

- Improving financial management
- Reducing the administrative burden
- Simplifying financial discipline
- Reviewing financial control





## 4. Architecture of the policy

- Full geographical coverage distinguishing between:
  - Less developed regions
  - More developed regions
  - Transition regions
    - Simpler system – replaces current phasing-out and phasing-in system
  - Territorial cooperation with its 3 strands
- In line with the Budget Review:
  - Focus the ESF on securing the 2020 targets
  - Greater visibility and predictable funding volumes for the ESF
  - Contribution to European employment initiative



# Timeline

- 19 October 2010: Budget Review (COM(2010)700)
- 10 November 2010: Fifth Cohesion Report
- 11 November 2010 – 31 January 2011: public consultation
- 31 January/1 February 2011: Cohesion Forum
  
- *Spring 2011: Proposal on future financial perspectives*
- *Summer 2011: Legislative proposals*
- *End 2012: Adoption of new legislative package and expected agreement on new budget post 2013*
  
- 2013: Finalisation of new programming documents
- 2014: Entry into force



# **Make your voice heard!**

**Public consultation open until 31 January 2011:**  
**[ec.europa.eu/regional\\_policy/cohesion\\_report](http://ec.europa.eu/regional_policy/cohesion_report)**

**Thank you for your attention!**



# OPTIONAL SLIDES



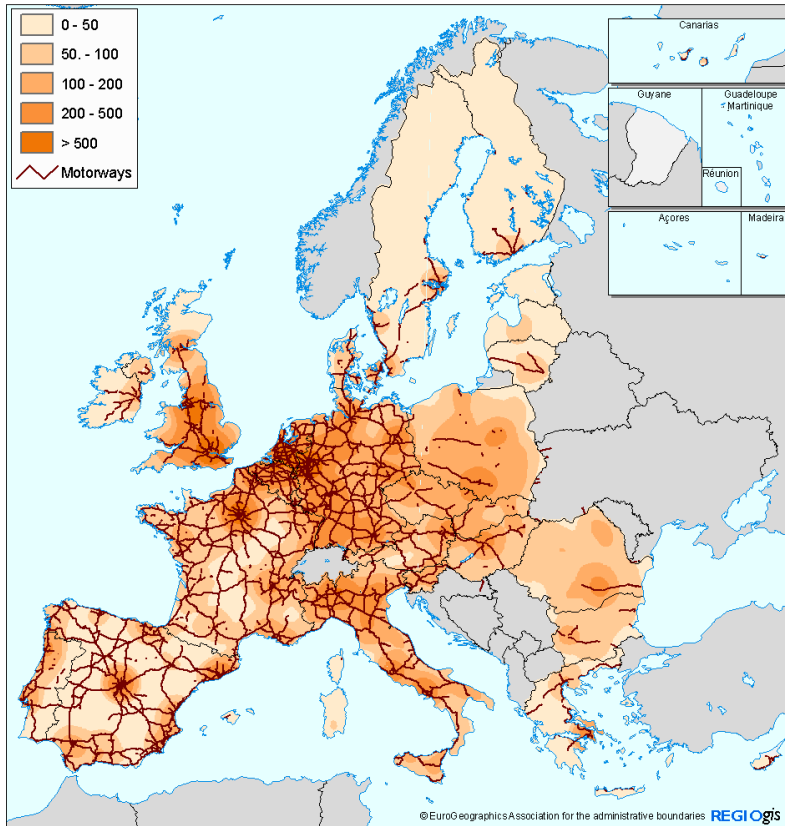




# Sufficient transport infrastructure: a pre-condition for growth

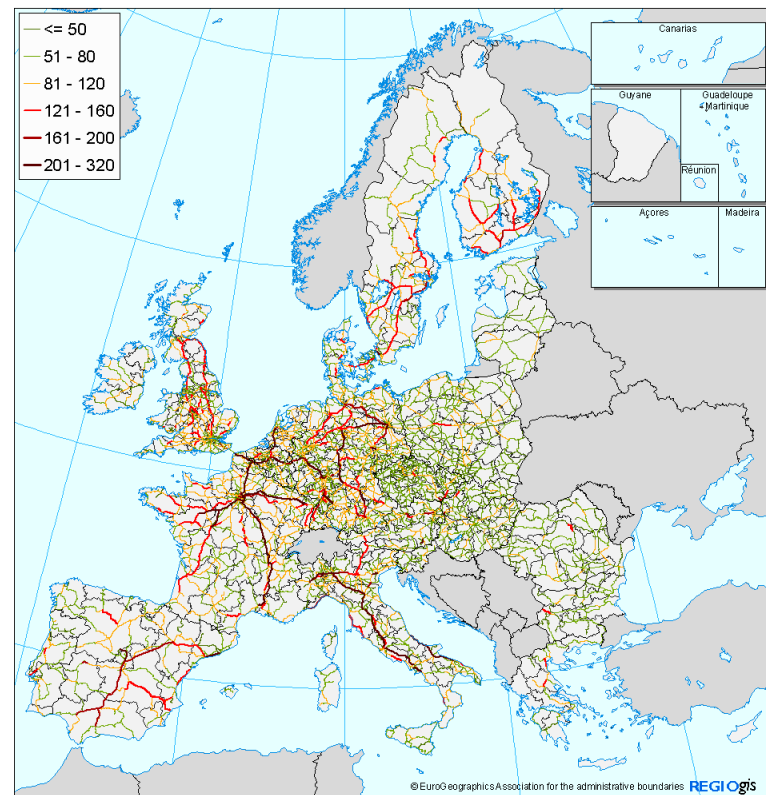
## Motorways in relation to potential population

Potential population



## Highest speed on railway sections according to timetables, 2010

km/h



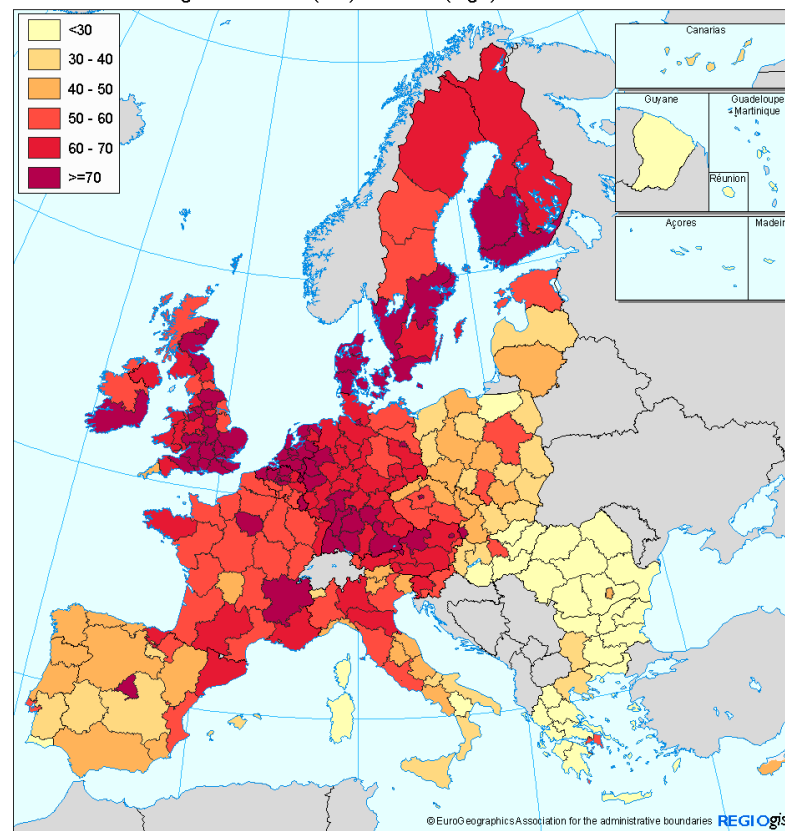


# Improving competitiveness to respond to globalisation

- European firms need high skill and high value added activities to improve their global position
- Adapting to change and innovation are main sources of increased productivity and growth

## Competitiveness Index, 2010

Index - Values range between 0 (low) and 100 (high)



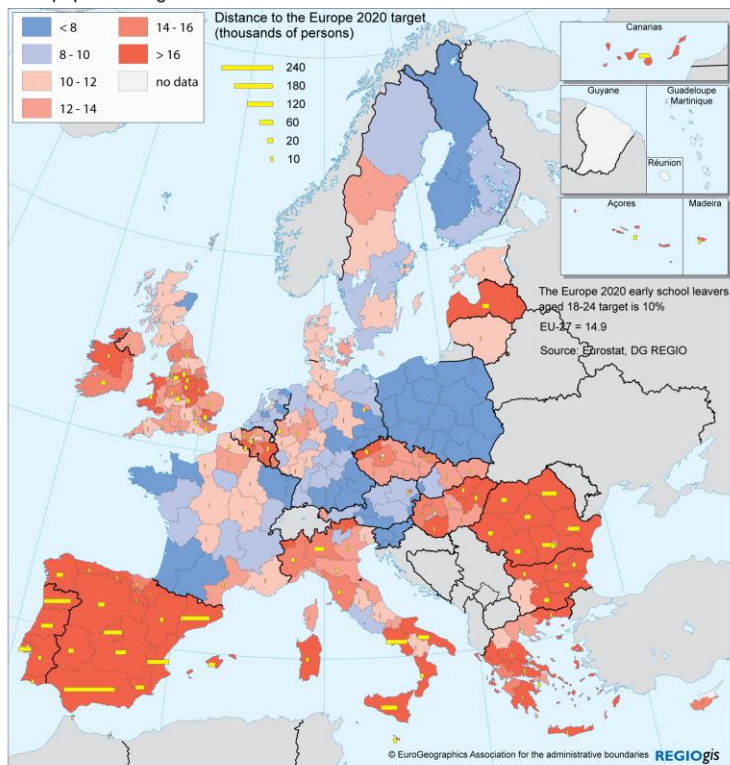




# More tertiary educated and less early school leavers boost competitiveness

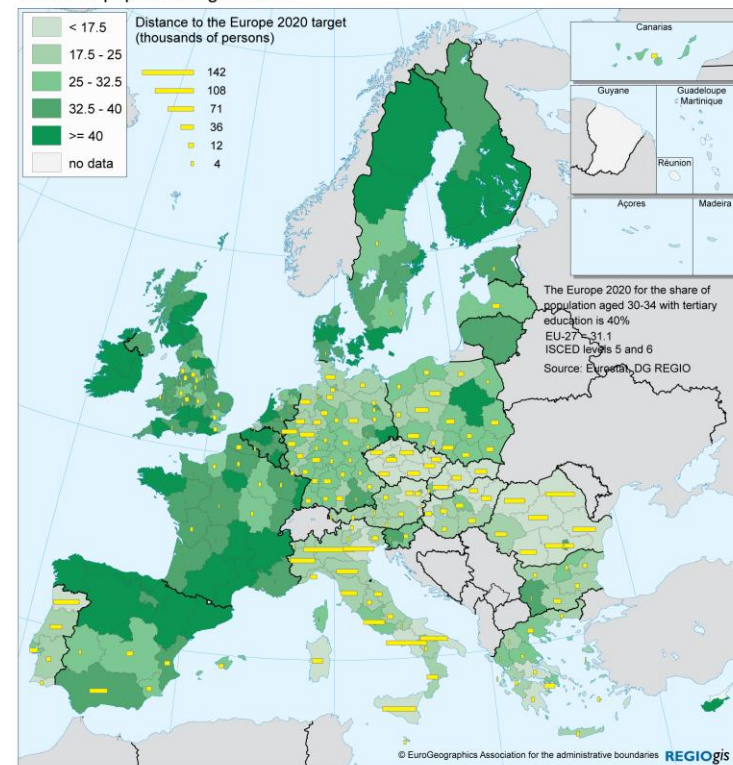
## Early school leavers aged 18-24 in 2007-08 and distance to the Europe 2020 target

% of population aged 18-24



## Population aged 30-34 with a tertiary education attainment, '08 and distance to the Europe '20 target

% of total population aged 30-34



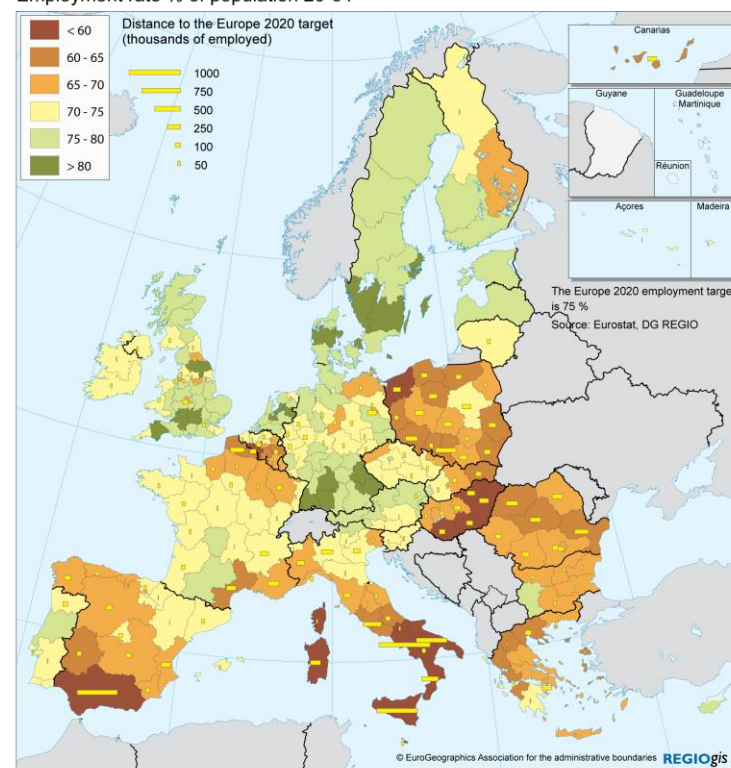


# Increased competitiveness is necessary to boost employment

- The EU2020 target of a 75% employment rate can only be reached if all regions improve
- Convergence regions have a significant share of inactive population and need more than 10 million jobs to reach the target, more than in all other regions

## Employment rate aged 20-64 in 2008 and distance to the Europe 2020 target

Employment rate % of population 20-64



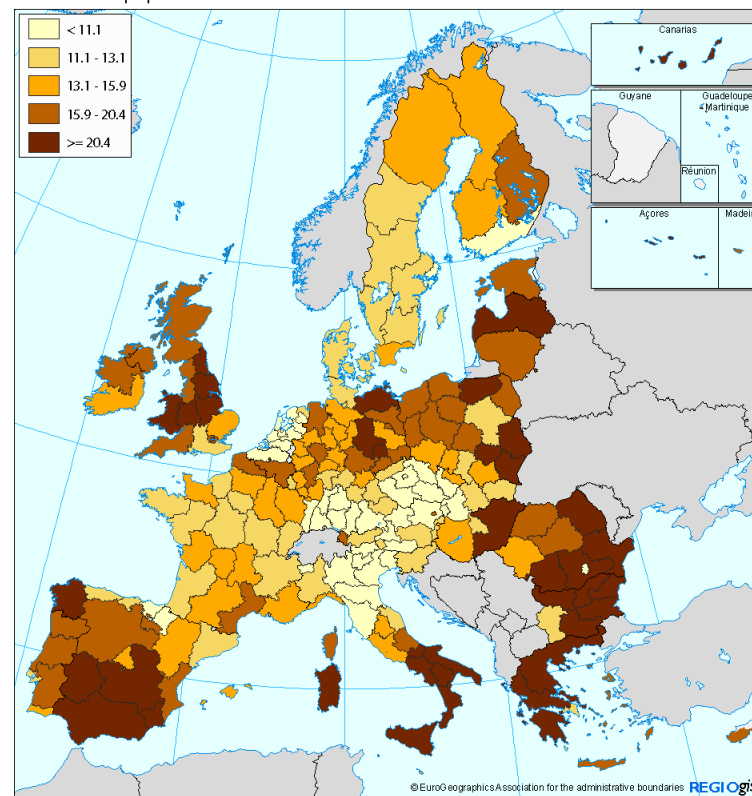


# Poverty and Deprivation

- Poverty has a strong regional dimension
- It is high in less developed regions, such as those in the south of Italy and Spain and the east of Poland, Germany and Hungary
- It is also a problem in highly developed regions, such as London, Brussels and Vienna

**At-risk-of-poverty rate after social transfers (below 60% of national median), 2008**

in % of total population



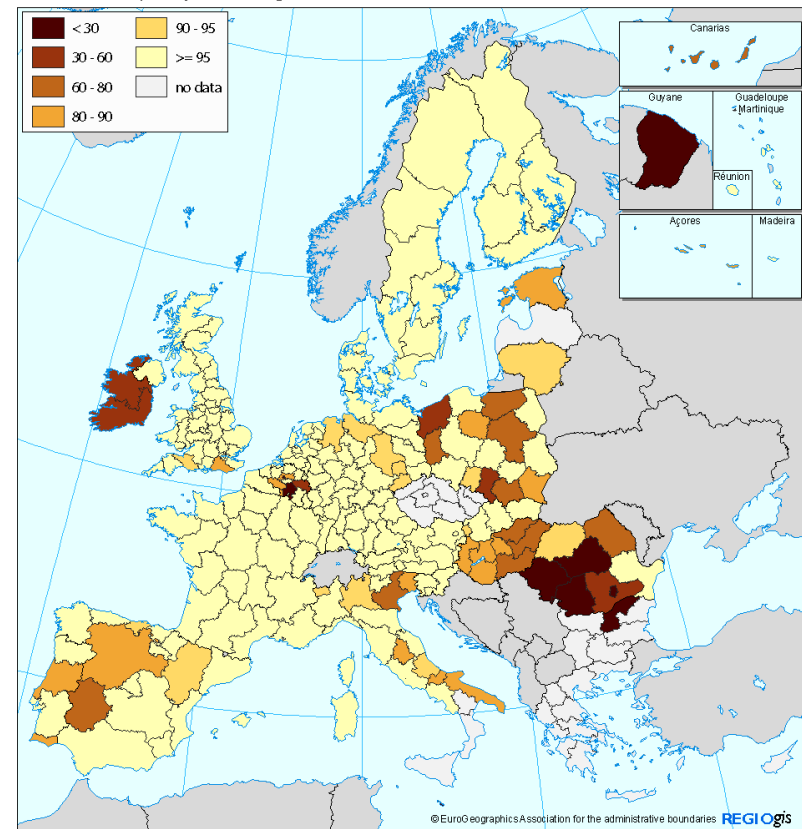


# Urban waste water treatment

- Cohesion policy has constructed waste water treatment plants to cover an additional 23 million
- Significant gaps still remain, in particular in Poland, Hungary, Romania and Bulgaria

**Urban waste water treatment capacity, 2007**

Treatment capacity as % of generated load



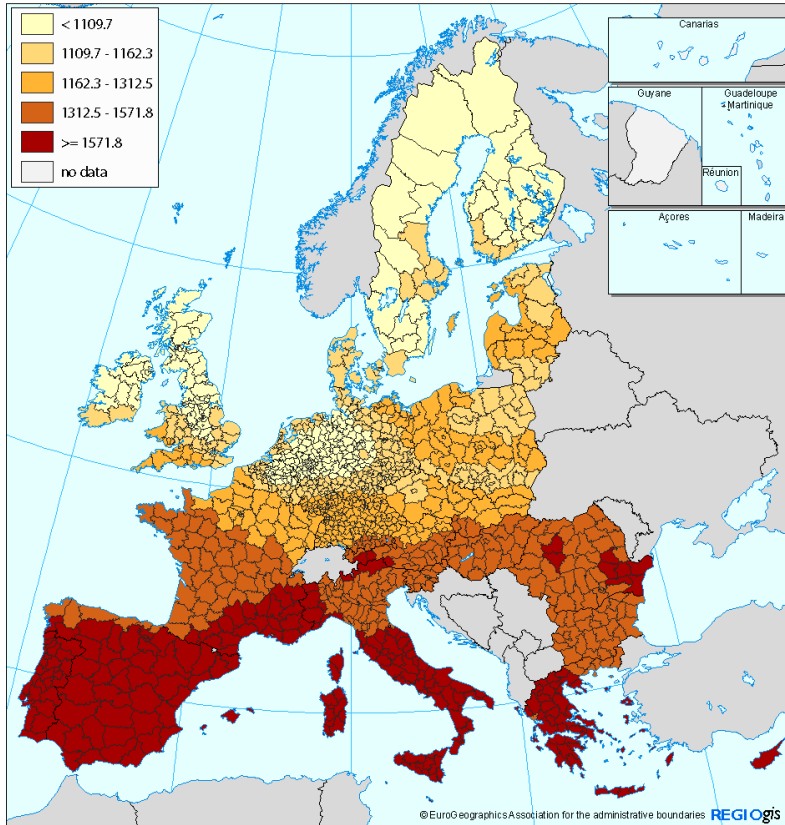




# Renewable energy potential differs by region...

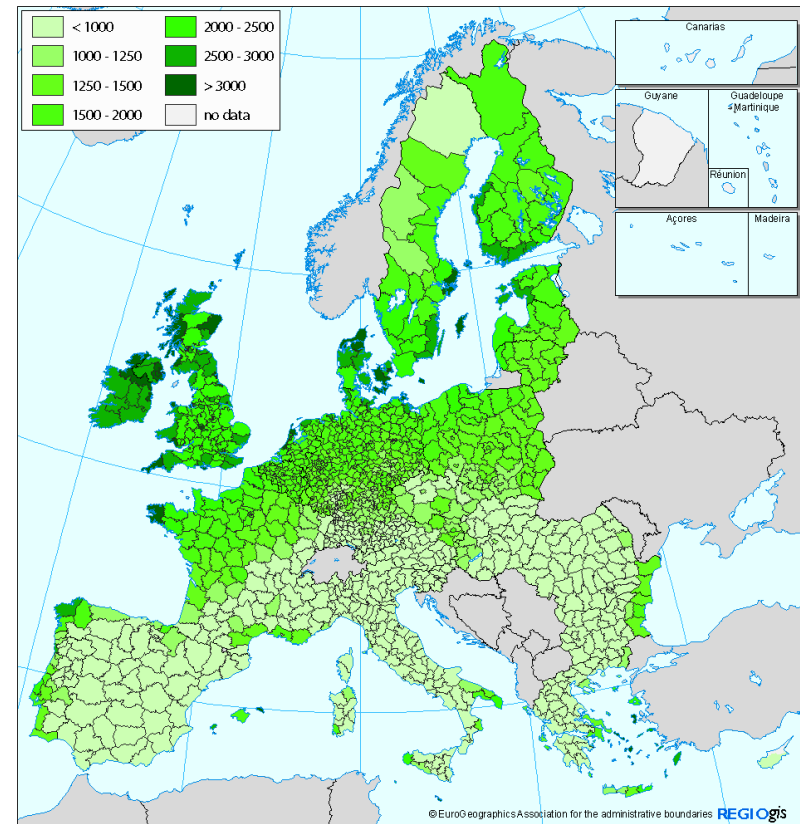
## Solar energy resources per NUTS3 region

Average solar energy resources in kWh / year



## Wind energy potential: onshore full load hours '00-'05

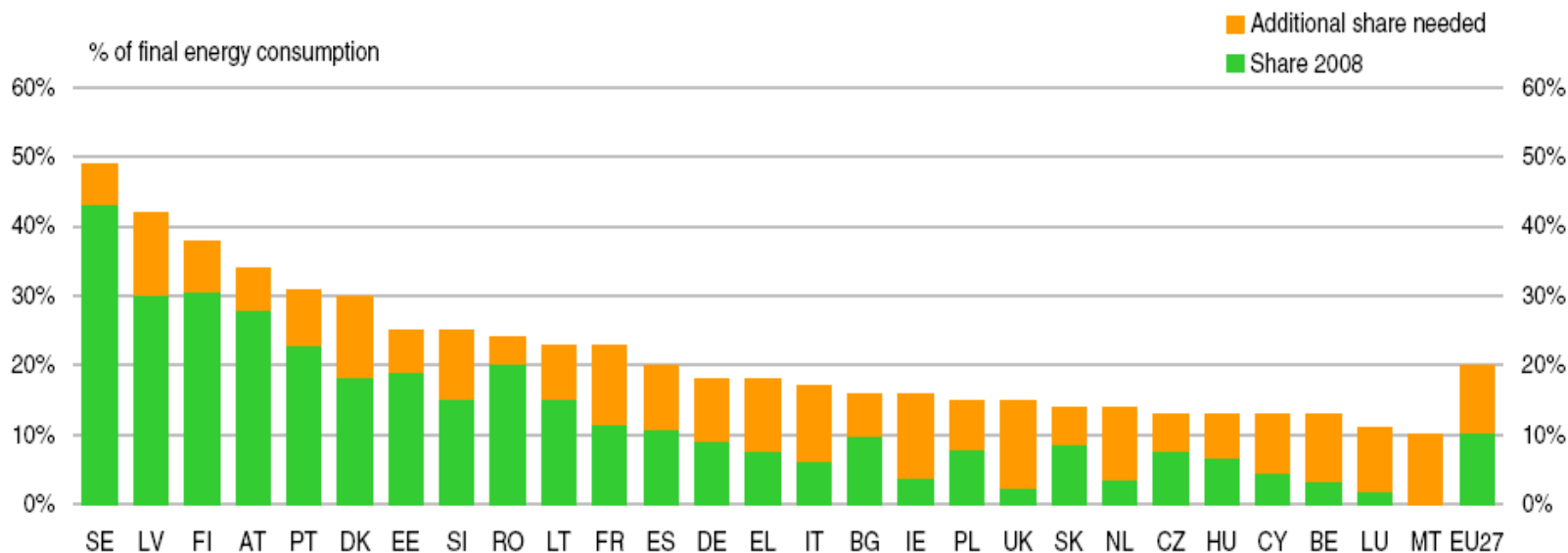
Number of hours per year





## ... and Member States agreed to increase renewable energy

**1.40 Share of renewable energy in final energy consumption, 2008, and increase needed to meet the 20% target**



Source: Eurostat