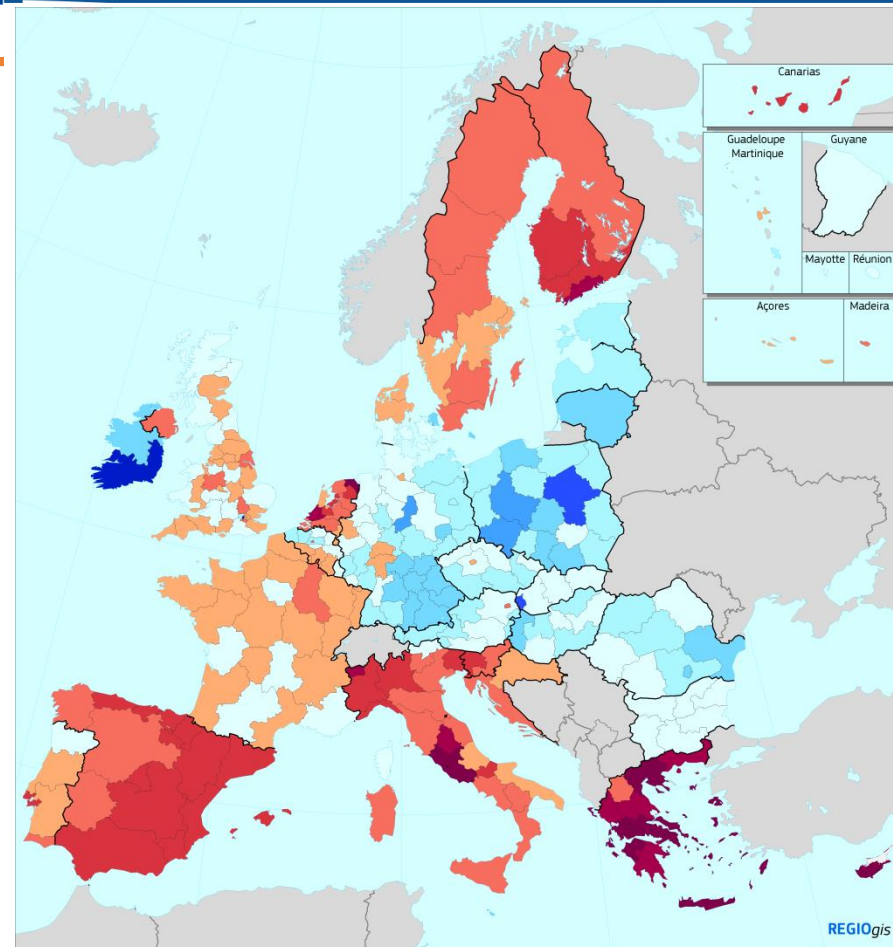


My Region, My Europe, Our Future the 7th Cohesion Report

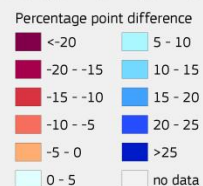
Christopher Todd
Head of Unit
Poland

Economic cohesion

- *Regional disparities are narrowing again*
- *Regions in eastern Member States have converged to the EU average, but Greek and Italian regions diverged substantially*



Change in GDP per head index, 2008 vs 2015



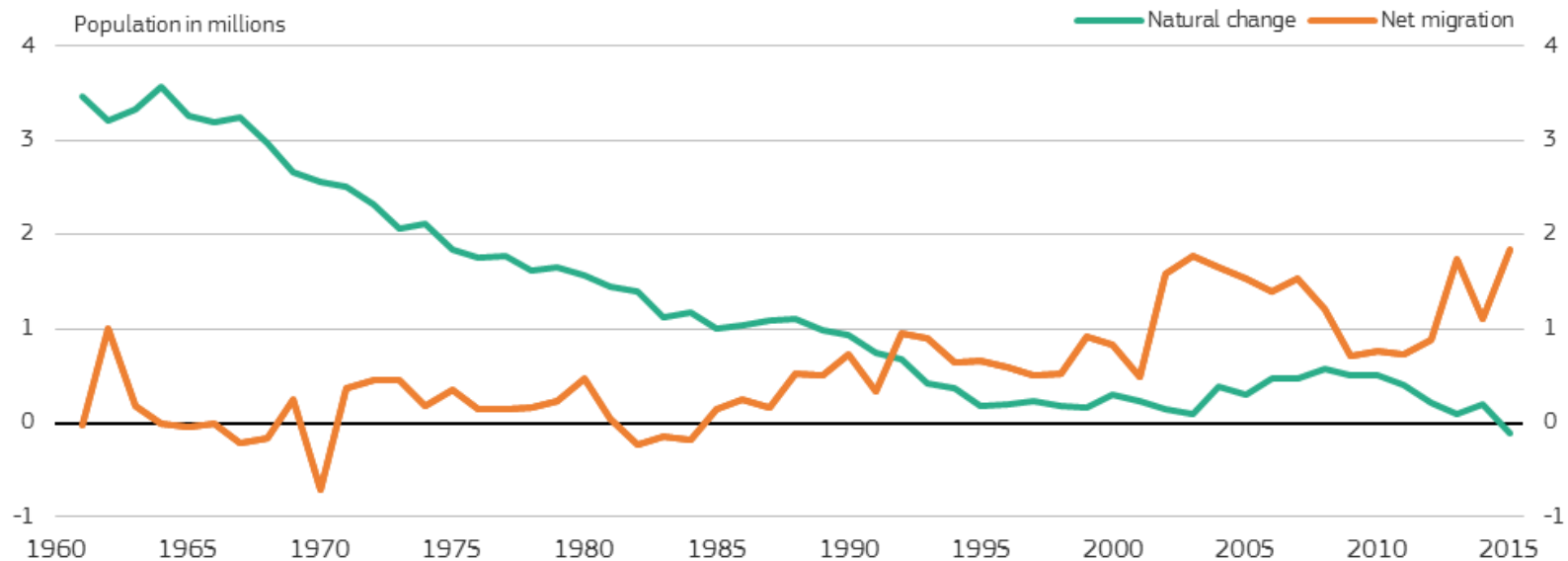
EU-28 = 0
Source: Eurostat, DG REGIO

Middle-income trap

- *Regions that do not move into the higher value added activities*
- *Face growing competition from less developed regions*
- *Innovation remains spatially concentrated*
- *Competitive regions in the east generate few spillovers*

In 2015 deaths outnumbered births

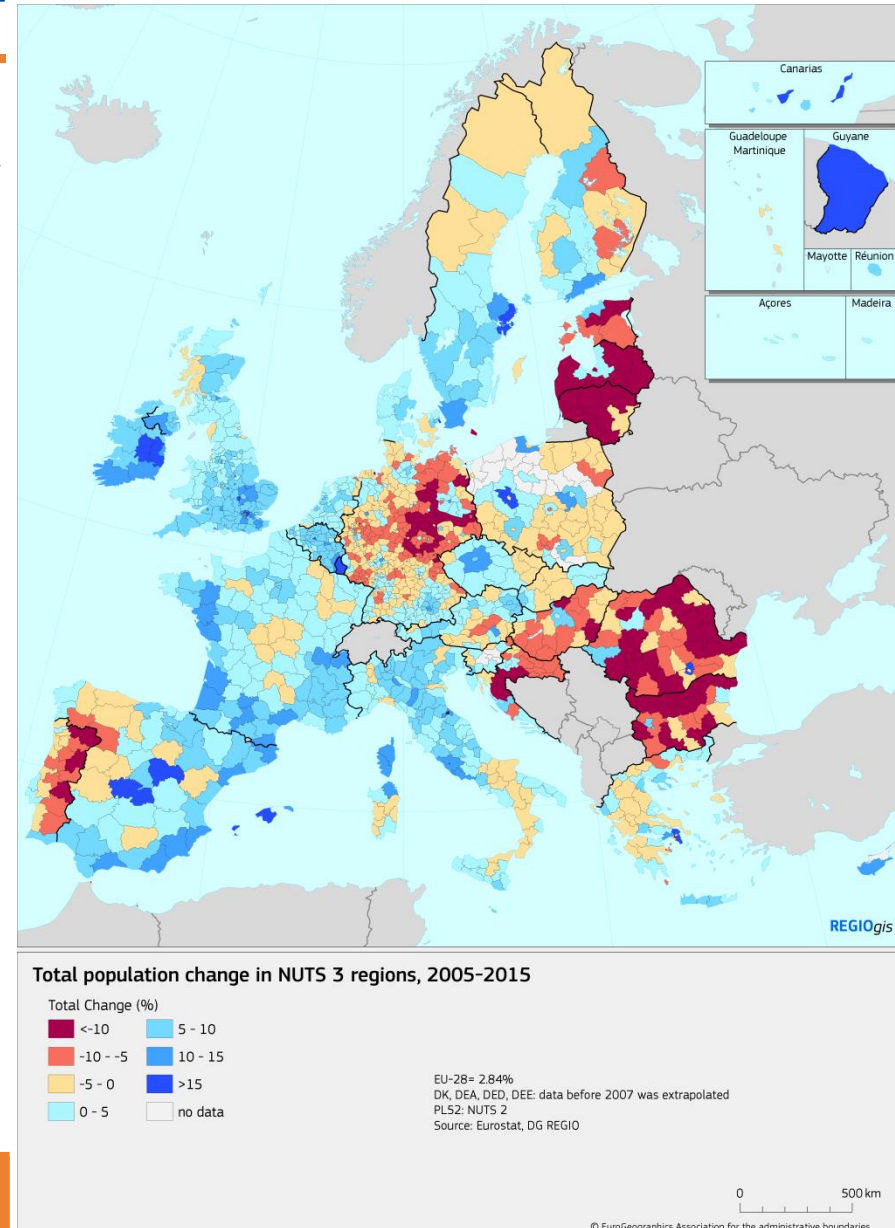
Figure 2.1 Natural change and net-migration in the EU-28, 1960-2015



Source: Eurostat

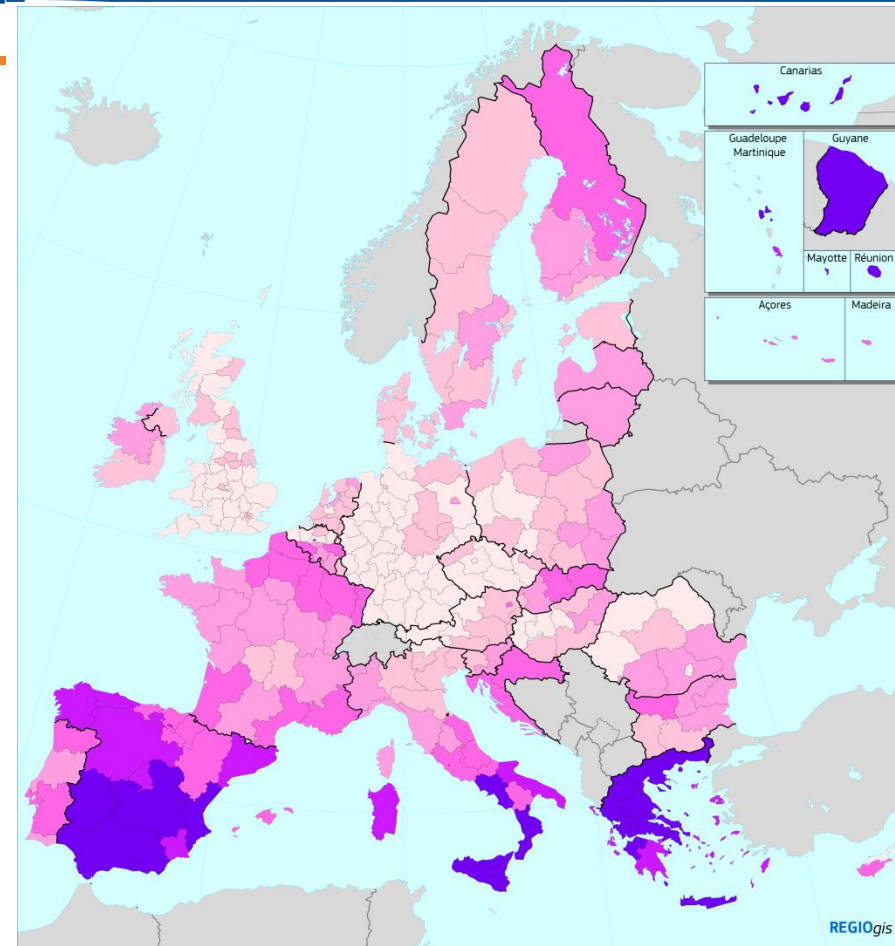
Migration & mobility

- *Migration and mobility is main determinant of population change*
- *Two out of three people in EU-13 live in a shrinking NUTS 3 region*



Unemployment

- *Unemployment is still above pre-crisis level and regional disparities have not started narrowing yet*
- *In particular youth unemployment remains high*



Unemployment rate, 2016

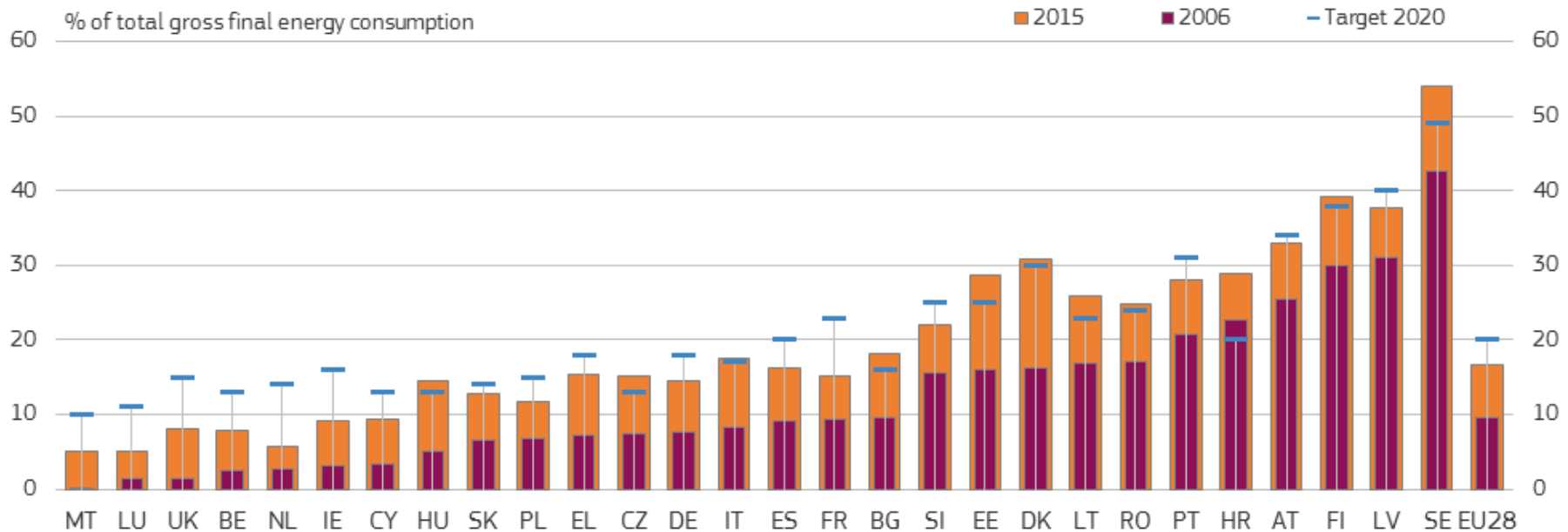
% of labour force



EU-28 = 8.5%
Source: Eurostat

More investments needed to reach 2030 climate targets

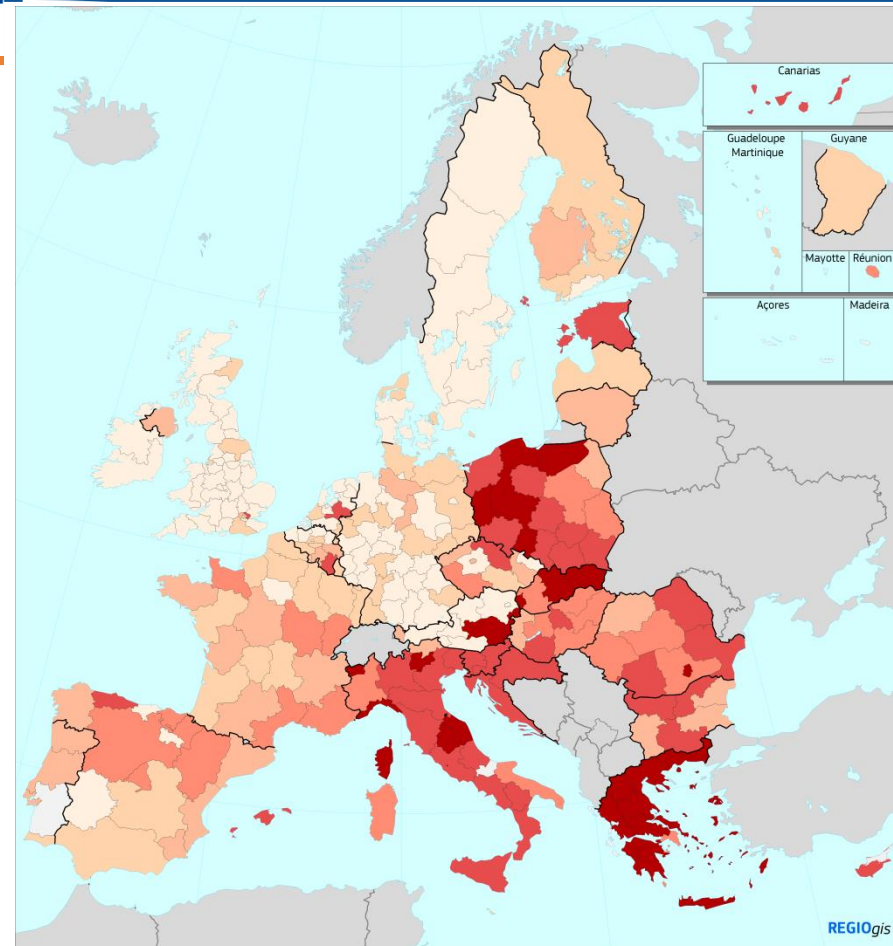
Figure 3.3 Share of renewable energy in gross final energy consumption, 2006 and 2015 and target in 2020



Source: EEA, Eurostat

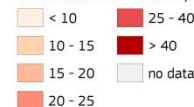
Limited competition

- *Too many contracts for single bidders*
- *Not always collusion*
- *Low value for money?*
- *More e-procurement*
- *Better information*
- *More offers from outside the country*



Public procurement with a single bidder, average 2013-2015

% of contracts awarded by sub-national authorities

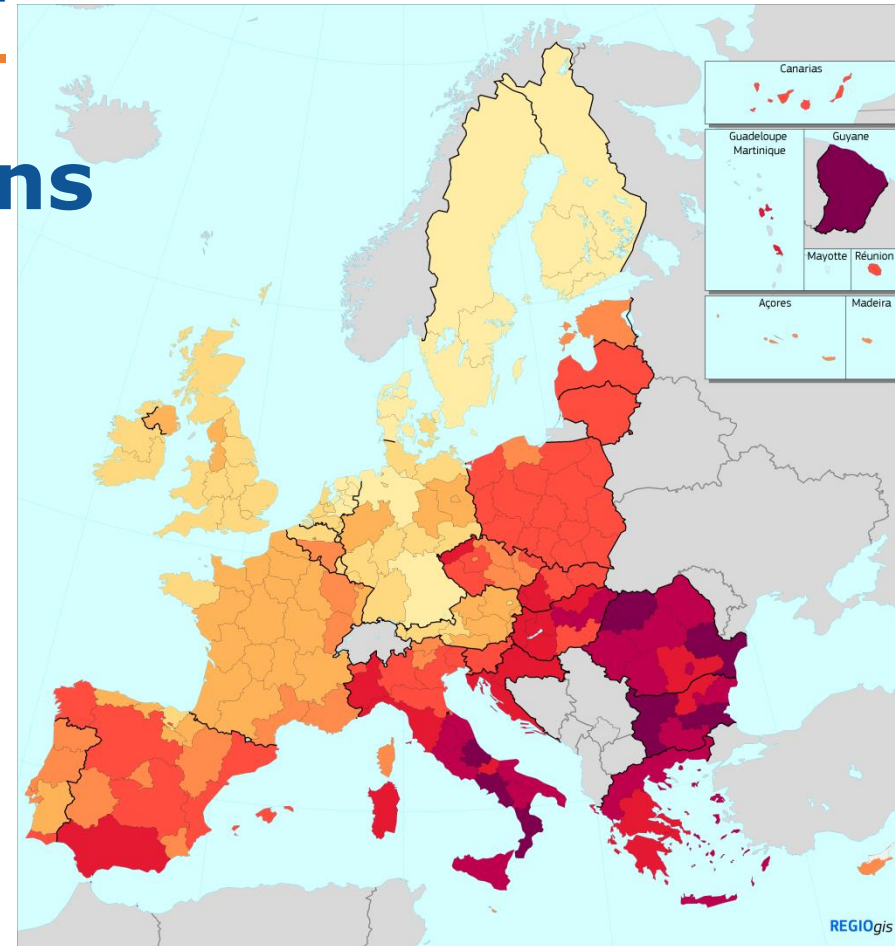


Excludes regions with less than 50 contracts awarded. Includes only contracts above the threshold of the public procurement directive. In CY, EE, LT, LU, LV, and MT, contracts awarded by national authorities in sectors used by regional and local authorities were included. Source: EU Tenders Electronic Daily and DIGIWHIST

0 500 km

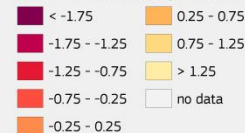
Improving institutions

- *The quality and impartiality of public services is uneven*
- *Ease of doing business can be improved*
- *E-Government can help*



European quality of government, 2017

Standard deviation, range from poor quality (negative) to high quality (positive)



EU = 0
Source: World Bank data and a regional quality of government survey.

0 500 km

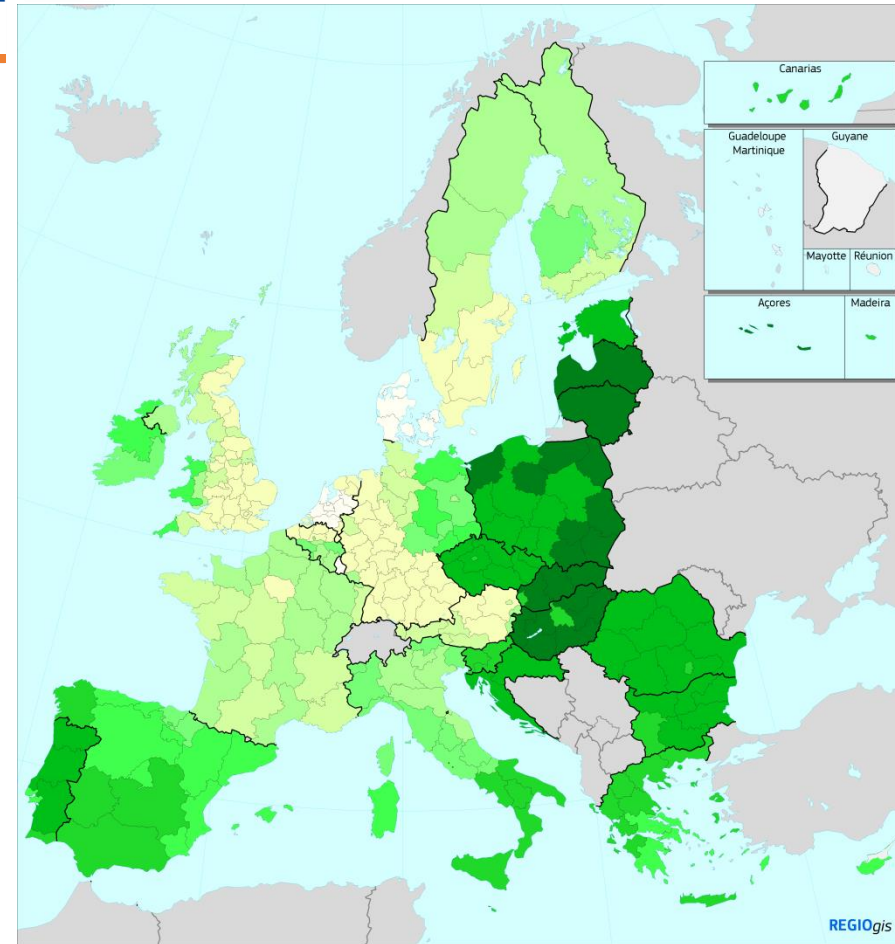
© EuroGeographics Association for the administrative boundaries

National policies and cohesion

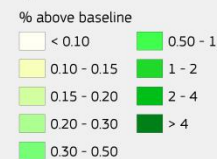
- *Public investment as a share of GDP is still below the pre-crisis level.*
- *Low investment in less developed MS can undermine convergence*
- *No review needed at this stage to the link between Cohesion Policy and economic governance and the country specific recommendations*

Impact of cohesion policy

- *8.5% of public investment in the EU and 41% in the EU-13*
- *Boosts GDP by 3% in each in EU-13*



Impact of the 2014-2020 Cohesion Policy programmes, 2030



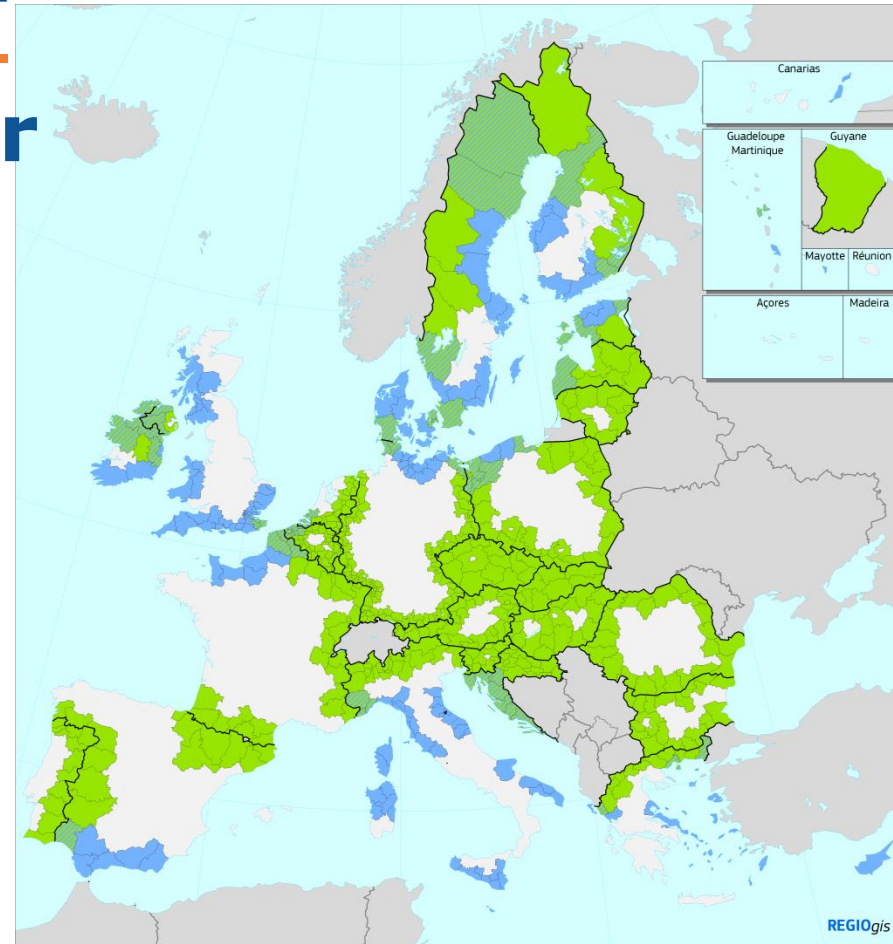
Source: RHOMOLO

Post 2020: Where to invest?

- *Main focus: Less developed & border regions*
- *But also: areas undergoing industrial transition, rural areas, the outermost regions, areas of high unemployment and deprived urban areas*
- *Full coverage in the last two periods*
- *The impact of globalisation, migration, poverty, a lack of innovation, climate change, energy transition and pollution is not limited to less developed regions*

Resolve cross-border problems

- *such as gaps and missing links in different policy fields, including transport*
- *pooling of joint public services?*



Border regions

NUTS3 regions

- Land border regions
- Maritime border regions
- Land and maritime border regions

Post 2020: Investment priorities

- *Social inclusion, employment, skills, innovation, climate change, energy and environmental transition*
- *Reflection paper mentions positive impact of CP on SMEs, healthcare and social infrastructure, transport and digital infrastructure.*
- *Improving institutions*
- *Positive incentives for structural reform*
- *Support to cooperation, especially on innovation*

Post 2020: How to invest

- *A single rule book*
- *Allocations linked to EU challenges and priorities*
- *Higher national co-financing*
- *An unallocated capacity to create flexibility*
- *Faster implementation: N+2 and faster closure*
- *Complementarity between financial instruments*
- *A radical approach to simplification*

Cohesion policy should

continue to reduce regional disparities,

stimulate investment in EU priorities,

address new challenges and

improve institutions.