The 8th Cohesion Report

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Cohesion report and a launch of a debate

1. COVID-19 Pandemic
2. A smarter Europe
3. A greener, low-carbon Europe
4. A connected Europe
5. A more social and inclusive Europe
6. A Europe closer to its citizens
7. Better governance
8. Impact of national policies
9. Impact of cohesion policy

- Communication summarises the report and highlights the key future challenges to cohesion and cohesion policy.
Excess mortality

Excess mortality by geographic region, January 2020-July 2021

% compared to average 2015-2019

- <= 5
- 20 - 25
- 5 - 10
- 25 - 30
- 10 - 15
- > 30
- 15 - 20
- no data

Excess mortality since week 9 of 2020
Tight travel restrictions affected both border regions and the tourism sector.
Tourism sector heavily hit
Hours worked dropped

Change in hours worked per Member State, 2019-2020

- Labour Force Survey
- National Accounts

Annual change in the actual number of hours worked, 2020
Economic impact of the COVID pandemic

Change in real GDP growth, 2020 and 2021

% change with respect to baseline
-13.8 -8  -4 -3
-8 -6  -3  0
-6 -5  0  1.6
-5 -4  no data

Simulated regional GDP impact of the crisis in 2020
The 2008 crisis has led to an uneven recovery of convergence.
Transition and remote regions do not converge

Change in GDP per head (PPS) for different groups of regions, 2000-2019

(a) By level of development

(b) By urban-rural regional typology and remoteness
Development trap

• More common in middle-income regions
• Less educated labour force
• Lower investments in R&D
• Lower quality of institutions
• Weaker manufacturing sector
A growing innovation divide

![Bar chart showing innovation divide]

- Less developed:
  - Emerging Innovator
  - Moderate Innovator
  - Strong Innovator
  - Leader Innovator

- Transition:
  - Emerging Innovator
  - Moderate Innovator
  - Strong Innovator

- More developed:
  - Emerging Innovator
  - Moderate Innovator
  - Strong Innovator
  - Leader Innovator

![Map of European regions with innovation performance groups, 2021]
Reducing GHG emissions

• EU Targets
  • -20% in **2020** relative to 1990
  • -55% in **2030** relative to 1990
  • Carbon neutral by **2050**
Reducing energy consumption and increasing the use of renewable energy

Reducing energy consumption

Increasing the use of renewable energy

Source: EUROSTAT

Source: EEA, European T&D 2015
A 3°C increase would lead to drastic impacts: more heatwaves and more flood damage
More investment needed to treat waste water, reduce air pollution and protect soils
Some short flights can be replaced by rail
Road and rail performance are lower in cities, towns and rural areas in the eastern EU.
Reducing road traffic fatalities by 50% from 2019 to 2030

- Changing infrastructure
- Changing driver’s educations
- Changing laws and enforcement
- Changing behaviour
The need for speed: Fixed and mobile broadband

> 30 Mbps, 2020

> 100 Mbps, 2020
Employment has recovered since 2008, but regional disparities are still above pre-crisis levels.
Risk of poverty or social exclusion is higher in less developed regions.

Population at risk of poverty

Population living in severe material deprivation

Population in households with very low work intensity

% of population
- < 14
- 14 - 20
- 20 - 30
- 30 - 40
- > 40
- no data

EU-27 = 15.5
AT = 2018
Source: Eurostat (lc_l441)

% of population
- < 2.5
- 2.5 - 5
- 5 - 10
- 10 - 15
- > 15
- no data

EU-27 = 5.5
AT = 2018
Source: Eurostat (lc_mdd21)

% of population aged less than 60
- < 4
- 4 - 8
- 8 - 12
- 12 - 16
- > 16
- no data

EU-27 = 8.3
AT = 2018
Source: Eurostat (lc_iw421)
Non-EU migrants are concentrated in cities in the north-western and southern EU.
Female achievements and disadvantages

- **Female Achievement Index**
  - Low index = low achievement
  - High index = high achievement
  - EU-27 = 57.4
  - This index measures the regional differences in achievement relative to the region with the highest female achievements. If women score as well as those in the region with the best performing women, the index is high.

- **Female Disadvantage Index**
  - Low index = low disadvantage
  - High index = high disadvantage
  - EU-27 = 27.0
  - This index measures the difference between the performance of men and that of women in a region. Low scores mean that women score the same as men or outperform them. High scores mean that women are at a significant disadvantage in that region.

- **Female disadvantage versus female achievement**

Source: JRC.
Increasing life expectancy, low fertility and …
... an ageing baby boom lead to more regional population reductions and ...
... an ageing population

Change in population by age class, 2020-2030

Ages 0-19

Ages 20-64

Ages 65 and more

Total change (%)

- <= -12.5
- -12.5 - -10.0
- -10.0 - -7.5
- -7.5 - -5.0
- -5.0 - -2.5
- -2.5 - 0
- 0 - 5.0
- 5.0 - 10.0
- 10.0 - 15.0
- 15.0 - 20.0
- 20.0 - 25.0
- > 25.0

EU-27 = -4.8

EU-27 = -4.0

EU-27 = 17.9

Source: DG REGIO based on Eurostat projections (proj_15rp5)

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Trust in the EU has been growing, but rural trust remains lower.

Figure 6.20 People who tend to trust the EU by degree of urbanisation, 2019
Rural discontent?

• In the EU, rural residents are as satisfied with their life as city dwellers are.

• City dwellers have higher incomes, but are not more satisfied with their financial situation, which may be due to higher housing costs.

• Rural residents have to travel further to reach services and are less likely to be able to reach them on zero-carbon modes: walking or cycling.

• Demographic change will lead to a reduction of some services in rural areas, increasing distances for those who remain.

• Rural residents are more likely to distrust the EU and think that their voice does not count.
Governance is of an uneven quality.
e-government is growing, but big gaps remain
Cohesion policy funding is more important relative to public investment

Cohesion policy funding relative to public investment

Public investment has not yet recovered from the 2008 crisis
Regional and local authorities spend less and have less autonomy in cohesion countries

Sub-national government expenditure, 2008-2019

Regional self-rule indicator (0-18)

Local self-rule indicator (0-18)
Cohesion policy 2014-2020

- EU cohesion policy provided € 112 per person a year and up to € 400 in some less developed regions
- Will support over 1 million enterprises by the end of the period
- Will protect 40 million from floods

- Will have constructed or improved 3 350 km of rail
- Built or improved roads leading to better accessibility and safety
- Helped 36 million participants with labour market integration

- Improved healthcare for 39 million people
- Will have created or rehabilitated 42 million m² of open space
- Involved 3,600 research institutes in cross-border collaboration
Cohesion policy reduces disparities and boosts growth in all regions
Conclusions

• Despite improvements to cohesion (employment), many territorial disparities remain (GDP) and some are growing (innovation)

• Avoiding development traps requires improvements to education, innovation and governance

• The green and digital transition is likely to require more investments in less developed regions and rural areas, but provide more benefits too

• Demographic change will affect all regions, but less developed and rural regions first
Debate on the challenges for cohesion policy

- Addressing potential new drivers of disparities: demographic change and the green and digital transition
- Strengthening the role of regions in building Europe’s future: embedding innovation in all regions and addressing the needs of left behind places
- Developing the tools to deliver cohesion towards 2050: increasing the effectiveness of place-based policies and enhancing complementarities within other EU policies
Thank you