Cohesion in Europe: Towards 2050

The 8th Cohesion Report
What it says, and what it means for the future
The 8th Cohesion Report

- Cohesion Report is a Treaty obligation – published every 3 years
- Required to set out the progress made towards achieving economic, social and territorial cohesion
- This Report includes a first assessment of the impact of the COVID pandemic at regional level
- Asks interested parties to reflect on what happens next
- Start of a debate on the future of cohesion policy
The COVID-19 pandemic hit less developed regions harder

- Excess mortality was higher in less developed regions (17%) than in more developed regions (11%)

- Vaccination rates vary widely and are particularly low in eastern EU

- Border regions and tourism destination suffered the biggest impact of the pandemic restrictions

- REACT EU brought in fresh funding in response to COVID (50 billion)
Less developed regions are catching up

- Over the past two decades, less developed regions have been growing faster than the EU average (1.2%) and are thus catching up.
- Some middle-income regions, mostly in the southern EU have been in (relative) economic decline.
Development traps

- Regions that spent most years in a development trap tend to have a lower level of educational attainment, less R&D expenditure, a lower quality of government and a smaller industrial sector.

- Escaping from a development trap requires coordinated action on multiple fronts depending on the development of the region.

![Map of Development Traps](image).
Employment disparities remain above pre-crisis level

- At the EU level, employment rates have fully recovered from the 2008 economic and financial crisis.
- Regional employment disparities are still higher than before the crisis.
- Employment rates in less developed regions are still ten percentage points lower than in more developed regions (66% vs 76% in 2020).
Life expectancy is converging

- But the COVID-19 pandemic reduced life expectancy in most Member States
- Excess mortality was higher in less developed regions than in more developed regions
- The pandemic highlighted the differences in regional healthcare capacity
- Cohesion policy is an important source of healthcare investments
Public investment dropped after the economic crisis in 2008 and has not yet fully recovered.

As result, cohesion policy funding became even more important relative to public investment, especially in cohesion countries.

Public investment is crucial for regional development.

Cohesion policy funds become more important relative to public investment.
Cohesion policy 2014-2020

- Increased GDP by 2.4% in 2023 in less developed regions
- 1.4 million enterprises have received support
- 53 million people have access to a new or improved healthcare facility
- 45 million people benefitted from training and labour market integration programmes.
The Innovation Divide

• The innovation divide in terms of the performance of firms and public research is large both between and within Member States

• Less developed regions have seen their innovation performance worsen over time

• Tertiary education has been growing in all EU regions, but at different speeds
Better governance

- Quality of government varies substantially between and within EU Member States
- The business environment has improved in all Member States, but gaps remain
- In a few Member States, rule of law has deteriorated
Transition to a carbon neutral economy

• EU growth will be driven by the green and digital transition

• Without the right policies in place, reducing GHG emissions may affect some regions, industries and households more than others
Demographic change will affect all regions

• More and more regions will experience ageing and a shrinking labour force

• This process is already more advanced in rural regions, especially in southern and eastern EU

• In 2020, one out of three people lived in a shrinking region. By 2040, this is projected to one out of two.
Challenges for cohesion policy
Addressing new drivers of disparities by

• Ensuring a fair transition
• Strengthening resilience and responsiveness to asymmetric shocks
• Helping regions to respond to demographic change
• Addressing pressure on democracy and its values
Strengthening the role of regions in building Europe’s future by

- Creating new economic perspectives for less developed and peripheral regions
- Embedding innovation in all regions
- Enhancing cross-border and interregional cooperation
- Strengthening urban-rural links and the role of smaller cities and towns in supporting rural areas
- Addressing the needs of left behind places
Developing the tools to deliver cohesion towards 2050 by

- Increasing the effectiveness of place-based policies
- Further streamlining the delivery of cohesion policy for beneficiaries
- Strengthening the role of cohesion policy in unlocking public and private investment in the green, digital and demographic transitions
- Increasing investments in people throughout their life
- Enhancing complementarities within other EU policies
What comes next?

• We are at the start of a new period with great potential – but programming and take-up must be accelerated

• Still a need for a wide-ranging debate about both the challenges to be faced and about the issues to address

• How does cohesion policy evolve and adapt in the future?

• The Commission is keen to hear your views
More information

Thank you

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