



THE ROAD AHEAD: CHALLENGES AND OPPORTUNITIES FOR EUROPE'S REGIONS

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With ever more ambitious climate and digital transformation goals, the already vast to-do list for Europe's regional and local authorities keeps expanding. From biodiversity to clean energy, sustainable industry, and technological innovation, the EU's regions are embarking on a long road where many of the changes will have to occur simultaneously.

Unless cohesion policy – the bloc's instrument to bring its regions economically and socially closer together – adapts to the challenges of tomorrow, the EU risks entrenching the divides between its territories.

In this special report, EURACTIV takes a closer look at one of the EU's biggest and oldest tools for reducing the disparities across communities, charting what may be the game-changers — or naval mines — of the next decade.

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Contents

.....

MEP Omarjee: Cohesion, not ‘renationalisation’, should guide Europe’s policies	4
Beyond potholes: Tailor-made solutions, structural support needed to transition	6
Europe’s military mobility, a game-changer for regional infrastructure projects?	8
Cities see lobbying efforts bear fruit in drive for direct access to EU funds	11
Mayor: Cities are the atoms in the organism of the EU	13

MEP Omarjee: Cohesion, not 'renationalisation', should guide Europe's policies

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By Vlagyislav Makszimov | EURACTIV.com | translated by Daniel Eck



MEP Younous Omarjee (GUE/NGL). EP Plenary session 10.07.2020 - The role of cohesion policy in tackling the socio-economic fallout from COVID-19 [DAINA LE LARDIC/European Union 2020 - Source : EP]

Social and territorial cohesion among the EU's regions, as well as their convergence, must remain at the centre of Europe's recovery plans. If efforts to support investment and growth should lead to more regional divides, MEP Younous Omarjee told EURACTIV.

The chief of the regional

development committee in the European Parliament emphasised that the COVID-19 pandemic has aggravated divides between European regions and highlighted the need to narrow the disparities between the social and economic living standards.

"We have to remember that the COVID-19 crisis has considerably

reinforced the necessity and aims when it comes to social and territorial cohesion," Omarjee (GUE/NGL) said.

The lawmaker, who comes from the French island of Réunion in the Indian Ocean with a population of 850,000, said that "the regions pay a very high price and it is at the regional level that we will be able to reconstruct Europe."

Continued on Page 5

Continued from Page 4

Though the final figures are still under negotiation between member states and the Parliament, European leaders agreed during the summer marathon summit to slash the funding for cohesion in the EU's next seven-year budget to €330.2 billion, 11.5% less than the €373.2 billion available for reducing regional disparities during the 2014-2020 period.

Nevertheless, even if the Parliament consents to the lower cohesion figures in the next budget, pushed by member states, the total budget for cohesion and regional development, would be 1.2% more than in the previous seven-year period, thanks to the extra funding of €47.5 billion for the short-term recovery to be borrowed from the markets.

Omarjee said he was concerned, however, by the fact that the borrowed money is not being distributed through the mechanisms already in place at the EU level, and countries have instead opted for national programmes.

"This general [EU] regulation is the guarantee of maintaining a

community-based approach and the guarantee that EU policies are implemented in a coherent way in all member states," the French MEP said.

"And that is why I am a bit concerned with the choices that have been made regarding the recovery fund, which can [...] open the path towards a renationalisation of EU policies."

Member states will draw up national investment and reform plans to access the Recovery and Resilience Facility (RRF), which will channel the bulk of funds borrowed from the markets for recovery.

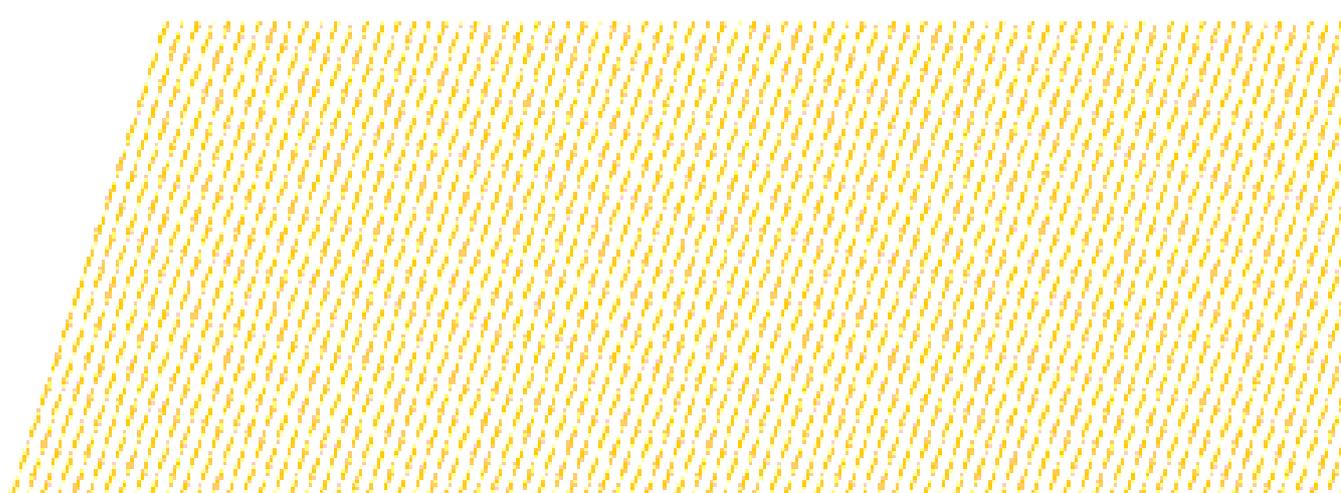
Omarjee pointed out that "at the root of the [RRF] fund are the Treaty articles concerning cohesion. We have to be able to ensure that the national plans that will be put in place by states contribute to, rather than weaken, territorial cohesion."

The European Commission's [proposal](#) for the RRF is based on Article 175, which obliges the Union and member states to pursue policies that contribute to strengthening the "economic, social and territorial cohesion" and reduce "disparities between the levels of development

of the various regions and the backwardness of the least favoured regions."

"We are currently working on regulations that will change the life within regions in the next 10 years," Omarjee said, adding that his committee will also focus on pushing for simplification and flexibility when it comes to EU funds.

"We did it during the COVID-19 crisis and I think many things will be made more concrete so that these funds are simplified compared to how they are today. This is very important."



Beyond potholes: Tailor-made solutions, structural support needed to transition

By Vlagyislav Makszimov | EURACTIV.com



MEP Younous Omarjee (GUE/NGL), EP Plenary session 10.07.2020 - The role of cohesion policy in tackling the socio-economic fallout from COVID-19 [DAINA LE LARDIC/European Union 2020 - Source : EP]

With an increasingly long to-do list and decreasing amount of time to complete the energy transition and hit the EU's climate targets, communities will need help and involvement from Brussels to meet their benchmarks, experts say.

Coal phase-outs have become inevitable in light of the bloc's 2050 pledge to become carbon neutral but the fuel still [accounts](#) for about a fifth of the total electricity production in the EU, providing jobs to around 230,000 people in mines and power

plants across 31 regions.

This spring, Austria joined Belgium, Cyprus, Estonia, Latvia, Lithuania, Luxembourg and Malta on the list of coal-free states. Government pledges mean that their ranks will soon grow.

Lucie Studničná from the European Economic and Social Committee said that coal mining regions have to prepare in well in advance to prevent depopulation and safeguard growth.

Studničná's group travelled to

eight countries to talk with local representatives about their transition, and what emerged clearly is the need for a comprehensive plan that will ensure the social acceptance of the transition.

Some countries, like Germany, have planned and invested heavily into stepping away from the fossil fuel, both in terms of infrastructure and training, as well as setting up close collaboration between districts, trade union and municipalities to bring about innovative solutions.

Continued from Page 6

Studničná added that there was money available for the energy transition and European industrial policy may have to focus on fairer distribution of resources.

Other regions may also need more direct engagement, else Brussels risks alienating local communities.

In Bulgaria, for example, Studničná said that locals first refused to engage because in their opinion “once someone comes here to talk about coal mining and transition, it means the coal mines will be closed and we will lose our jobs.”

According to Studničná, the EU needs to show “real genuine interest in the people living and working” in the coal mining regions because “these plans, these funds, this money is so far away from them, they need someone who can actually translate it into understandable language.”

In 2017, the Commission launched a platform where coal regions could exchange knowledge and good practices, but communications challenges at all levels of governance remain.

In Spain, though mines were closed in 2018 in some regions, citizens had a hard time accepting the transition, as the shutdown did not prevent coal-fired power plants continueing to operate with

imported coal.

For Poland, on the other hand, simply creating new jobs proved insufficient, as miners are paid nearly double the salaries of jobs in manufacturing.

At the heart of the problem is that each mining region is unique, and solutions must encompass the entire economy and have to be home grown.

“If you’re tearing up the street to put in new bike paths, car charging or district heating, you don’t want to do it one year, and then do it the following year, and the following year. Citizens will just be completely fed up,” said Adrian Hiel from Energy Cities, an association of European cities undergoing energy transition.

Additionally, “it makes each step more costly, because you’re tearing up infrastructure that you’ve just built to improve it.”

“So from a time and cost point of view, it’s vital that a lot of planning goes into doing these things at the same time,” he added.

EU cohesion and reforms boss Elisa Ferreira said at a recent event that the Commission wants “cities to be co-authors of the recovery, because of their leading role in the transition”.

However, for that they will need structural support, and with specific financial and project management skills.

“A smaller city of 20,000 people has a fairly limited budget and remit, where they focus on filling potholes and making sure that trash is collected,” Hiel pointed out.

“If we want them to then coordinate the reconstruction and innovation of their entire city, that’s a whole other magnitude of ask.”

Almost a third (31.6%) of Europeans live in towns and suburbs, according to Eurostat, whose administrations and mayors will need help conducting the massive transition projects.

“The challenges are the same between all the cities, it’s the solutions that will be different,” Hiel said, adding that the EU will have to speed up its processes to meet deadlines.

“The processes we have developed over decades, for better or worse, with a priority on meeting certain goals, whether that’s transparency, community involvement, or tax efficiency, or what have you.”

“We need to now factor in time as one of the major goals.”

Europe's military mobility, a game-changer for regional infrastructure projects?

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By Alexandra Brzozowski | EURACTIV.com



EURACTIV looks at how military mobility could fill funding gaps for dual-use infrastructure projects in Europe. [Shutterstock/Denis Belitsky]

Since the 1990s, European infrastructure has been developed purely for civilian purposes, but in recent years military aspects have gained in importance as they could fill funding gaps for dual-use infrastructure projects.

Rail Baltica, a 870-kilometer-long high-speed rail line from Tallinn via the Baltic states to Poland, connecting the region with Western European rail networks, is currently one of the most touted EU infrastructure projects.

But beyond the transport aspects, the route is expected to have an important contribution for “military mobility” for the rapid transport of troops and material to the Russian border in case of crisis.

Continued on Page 9

Continued from Page 8

In 2018, Catherine Trautmann, the European coordinator for the trans-European traffic corridor North Sea-Baltic Sea, stated that Rail Baltica could also be financed through the EU's defence budget.

The EU's next seven-year budget, includes €1.5 billion for military mobility, one of the Commission priorities, in form of a contribution to the Connecting Europe Facility (CEF) to adapt European transport networks to military mobility needs.

The EU's current Trans-European Transport Network (TEN-T) policy addresses the implementation and development of an Europe-wide network of railway lines, roads, inland waterways, maritime shipping routes, ports, airports and railroad terminals.

The ultimate objective is to close gaps, remove bottlenecks and technical barriers within the EU.

A new dimension of TEN-T is the movement of military forces within and beyond the EU, which currently is hampered by physical,

legal and regulatory barriers such as incompatible infrastructure or cumbersome custom procedures.

To overcome these barriers, dual-use (civilian-military) co-funding of transport infrastructure projects has been proposed within the next Connecting Europe Facility (CEF).

A recent analysis compared the TEN-T infrastructure and its requirements with those of the military sector, finding a 94% overlap, which has moved policymakers to look for ways on how to combine funding to regional development.

"The EU needs to look for ways to incentivise nations to invest in improving their infrastructure," Ben Hodges, a retired US general who commanded American army forces in Europe, told EURACTIV during the EU's budget negotiations earlier this year.

"Political leaders need to recognise that mobility is not just about military mobility, it's about crisis mobility, it's the need to be able to cross borders during times of

crisis, whether it's to move medical supplies and healthcare professionals or military equipment", he added.

While the EU's Green Deal aims to get as many cars off the road as possible, "investment in rail and anything that helps reduce the number of automobiles on the road for transportation, while contributing towards the green targets, also improves crisis mobility."

With the re-emerged debate about military mobility, many hope the framework could also improve filling regional civilian infrastructure gaps, especially in Eastern European countries.

So far, the concept has been seen as the 'silver bullet' for EU-NATO defence cooperation, meant to ensure seamless movement of military equipment across the EU in response to crises. Military mobility has been hailed as one of the EU's flagship defence initiatives with few political disagreements across the bloc.

"Backing the building and

Continued on Page 10

Continued from Page 9

improving of necessary military infrastructure in member states such as roads, bridges, barracks and other facilities is of crucial importance if the EU and the member states are serious about enhancing security and defence cooperation and establishing the Schengen of defence,” MEP Urmas Paet (Renew) told EURACTIV.

*When we speak about the member states that are bordering a non-EU country, “the EU must keep in mind that their external borders are also the external border of the whole of the EU and thus it is our common interest to have a well-functioning infrastructure in those areas”.

At the same time, the increased presence of NATO allies and a well-functioning infrastructure in specific countries would also serve as a protection for all EU and NATO countries and a solidarity-based distribution of additional costs would be justified, he added.*

Asked whether military mobility funding in Eastern Europe could

also be a game-changer in reducing regional disparities, Paet said that “in certain regions, the military mobility funding would additionally benefit the civil infrastructure.”

“However this alone would not abolish the regional disparities as the main goal is still very clearly enhancing military mobility and for reducing regional disparities one needs a more comprehensive approach,” he told EURACTIV.

At the same time, however, enhanced military mobility is likely to contribute to better crisis management as in the recent COVID-19 health crisis.

Experts have pointed to the civil-military value of military mobility and dual-infrastructure especially in less developed European regions.

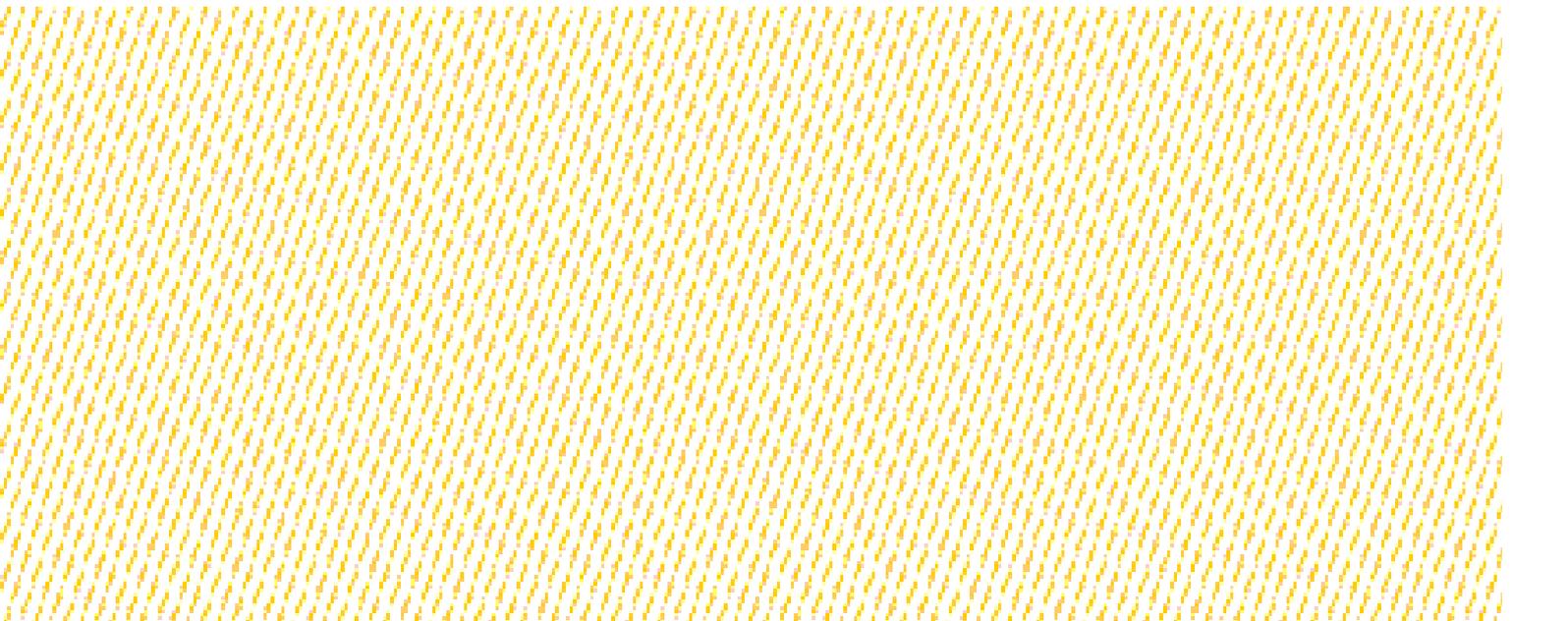
“Changing the lens through which we tend to see military mobility could help, particularly switching from an almost-exclusive Cold War type of view to a more comprehensive view that reflects today’s security challenges,”

Tania Lațici, policy analyst for EU security and defence at European Parliamentary Research Services (EPRS) told EURACTIV.

Asked how the EU could incentivise nations to invest in improving their commitment to dual-use infrastructure, Latici said it would be important to “build on the momentum created by the tremendous assistance the armed forces provided to civilian authorities during the COVID19 crisis”.

According to her, the health crisis has shown European citizens that armed forces are there to help and that readiness enhances their ability to do crisis response.

“Learning from the Commission’s DG ECHO how civil protection authorities in Europe established strong cross-border cooperation channels and had to de facto become more interoperable during the corona crisis could be an essential blueprint for military mobility as well,” she added.



Cities see lobbying efforts bear fruit in drive for direct access to EU funds

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By *Vladyislav Makszimov* | EURACTIV.com



Cities set to have greater direct access to EU recovery and cohesion funds thanks to lobbying efforts. [Shutterstock/INDz]

The coronavirus pandemic has opened new opportunities for European urban centres to have greater access and be involved more in the spending of EU funds.

While personal meetings play

a crucial role lobbying efforts, the pandemic has pushed the Commission to rethink some of the texts and budgets that were previously agreed, said Benedek Jávor, a former European lawmaker for the Greens who is leading the lobbying efforts of the

Visegrád 4 capitals in Brussels,

“This has opened the door where we get our foot in,” Jávor told EURACTIV, adding that the pandemic had exposed the vulnerability of cities but also placed them at the heart of

Continued from Page 11

recovery efforts.

“This possibly helped our message, that the cities need special care and support to achieve the common European climate goals as well as implement the recovery after the pandemic with the necessary speed and effectiveness, reach [the decision makers],” Jávör said.

The opposition mayors of Budapest, Bratislava, Prague and Warsaw announced plans last December to lobby Brussels for better access to EU funds in an effort to circumvent financial constraints imposed by their governments.

“Our proposals centre around two focus points. On the one hand, to make EU funds more easily available to cities, even by way of direct funding, and on the other, to more actively involve local authorities into the various planning and programming processes,” Jávör said.

He added that some of the amendments to proposed legislation approved in the European Parliament so far are almost verbatim proposals made by the cities. While there was close cooperation with other organisations working to promote the interests of cities and regions, their lobbying has had an “added value.”

“What I saw is that we have brought a new momentum, new energy, and a new platform into these efforts,” Jávör said, adding that the cooperation of the Visegrád opposition capitals,

called the “Pact of Free Cities,” was a strong buzzword and brand.

With the support of big German cities like Düsseldorf and Frankfurt, — especially important during Berlin’s presidency of the Council — as well as a push from the Green and Renew factions in the European Parliament, the Central European capitals have seen some of their texts appear in legislative proposals that tackle the short-term fallout from the pandemic (REACT-EU) and funds to help carbon-reliant regions transition.

If the text pushed by the European Parliament is agreed by the Council, municipalities and cities will now have direct access to the Just Transition Fund resources.

Even though for most urban centres this will not mean significant new resources because of eligibility issues, it would set an important precedent for future legislative texts, according to Jávör.

The acknowledgement of the role of cities has been increasingly heard from the side of the European executive, with Commission cohesion and reforms boss Elisa Ferreira recently [saying](#) that “cities will crucially need to contribute to the transition towards a climate neutral economy.”

Cities are now also likely to get more funding earmarked for them. While final figures are not set in stone, European institutions currently are in [agreement](#) to increase the proportion

of the budget for sustainable urban development from 6% in Commission’s 2018 proposal to 8% in the main cohesion funds (ERDF/CF).

Inclusiveness in the design and implementation phase has also been emphasised by Marc Lemaître, director of the Commission’s department for regional and urban policy.

According to Lemaître, “in such difficult times”, it will be essential to bring in “partners in the policy design phase, be it public, regional and local authorities, be it public or private actors at the regional and local level.”

On the overall ability of regions and cities to absorb the considerably increased size of the newly available funds, which in case of some countries like Bulgaria and Croatia will represent a third of their gross national income, Lemaître said it will be related to the quality of administration as well as having project pipelines.

“What we are seeing, I think, is that quality of public administration is one contributing determinant of economic and social development,” Lemaître said at a recent [event](#).

He said that Brussels is now better able to support authorities through a new [department](#) dedicated to helping countries design and carry out structural reforms, while the EU will be able to help finance the costs of public administration reforms through the recovery fund.

INTERVIEW

Mayor: Cities are the atoms in the organism of the EU

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By Vlagyislav Makszimov | EURACTIV.com



Križevci, Croatia, 06.22.2016 [Shutterstock/Goran Safarek]

Mario Rajn, the mayor of Križevci, a medieval city of 20,000 people northeast of Croatia's capital is pushing for his city to become energy independent by 2030. He explains what actions have been taken so far.

"We wanted our citizens to embrace solar energy as much as possible," Rajn said.

The city started its first pilot project two years ago, offering its citizens the chance to invest into using solar energy for public administration buildings, at a 4,5% annual interest rate, considerably higher than the 2% they could obtain from banks.

The city has pledged to pay back the citizens' investment in 10 years with interest, becoming the owner of the solar farm in a decade. Inhabitant-investors saw the first returns at the end of last year.

The idea of engaging residents has worked. In 2018 it took 10 days to crowdfund €33,000, raising a similar amount the following year took 48 hours.

The two pilot solar plants are roughly 30 kW each, but the city is now planning to up the ante with a 5MW solar park. A fifth of the project will be financed by citizens with Croatia's national power company as the largest co-investor.

Continued on Page 14

Continued from Page 13

The big photovoltaic plant would cover about a quarter of the city's energy needs, and Rajn says that the combination of about 1 in 7 households having their own solar panels by 2027 and exploiting the area's geothermal energy, could see the city becoming energy independent by 2030.

After using gas exploration drill holes from the 1980s that found thermal water to conduct the first studies, Križevci now hopes to generate 5MW of geothermal energy for heating.

The city got €250,000 for exploration from HealingPlaces, a project aiming at a more sustainable development of spas led by Poland's Central Mining Institute and financed by an EU cohesion policy programme that encourages cooperation across borders in Central Europe.

Rajn said the plan is to start building a new drill hole to access the areas geothermal potential in 2022, hopefully with at least partial financing from private investors to cover the investment of about €3 million.

The mayor said the city would "guarantee the investors that if they invest in geothermal heating, public buildings will use that energy for heating and for cooling during summer."

"Actually our local budget is like

€8 million, we are quite a small town," Rajn said.

"We are a deeply centralised country, so a lot of money goes to the central state. That's why we are looking for all the European projects that we can use."

Križevci has received a country-wide award for being the city to best utilise and access EU funds two years in a row.

These projects put Križevci on the map both nationally and internationally, and the small city — alongside major urban centres and capitals of Skopje, Sarajevo, Maribor and Niš — became one of the Future Cities of South East Europe, a project led by the European Institute of Innovation and Technology's Knowledge and Innovation Communities (EIT Climate-KIC).

The participating cities will aim to bring air quality within World Health Organization (WHO) recommended limits by 2023, and have net-zero greenhouse gas emission economies by 2030, as well as reduce yearly the impacts of heat and flooding in their communities.

Rajn identified frequent tax code changes at the national level as one of the main obstacles to getting private investors to commit.

"Investors want safety and they want to know how to calculate the

next 10 years. They expect a return on their investment in the next 10 years, not in the next 20 years."

"We have a lot of investment in our country in the last 20 years in the tourism sector, especially in condos and infrastructure."

"I think that came to an end, especially due to the COVID-19 crisis, and one of the biggest opportunities for Croatia is in investing in green energy. Our country must embrace it a lot faster, the world is changing rapidly, as we have seen in 2020."

Asked what Brussels should do to help along the transition of towns like Križevci, Rajn suggested increasing the percentage of funds cities can access directly, and not through their national governments.

"The cities, we are the atoms in this whole organism of the EU. We are witness to the changes needed on a daily basis."

Rajn added that cities can implement the changes faster compared to regional administrations.

"I think that the EU must allocate some of these funds, like the recovery fund, directly to the cities themselves," he said.



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