



COHESION POLICY Investments in 2021-2022

European Semester
Country report - Annex D

AGENDA

- 1. Cohesion Policy 2021-2027 – the context**
 - Achievements
 - Future of cohesion policy
- 2. Annex D of Greek Country Report - Investment challenges and Commission priorities for 2021-2027 funding in Greece**
- 3. Response from Greek authorities, Question and Answers**

Future of Cohesion policy Policy objectives

Former objectives are simplified and consolidated into **5 Policy Objectives**:

1.A smarter Europe (innovative and smart economic transformation)

2.A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)

3.A more connected Europe (mobility and ICT connectivity)

4.A more social Europe (the European Pillar of Social Rights)

5.A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

Horizontal issues: partnership; administrative capacity building; cooperation outside the programme area



Future of Cohesion policy Architecture

Common Provisions Regulation (CPR)

- Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI
- Joint rules for the delivery of the funds
- Code of Conduct on partnership remains in force

ERDF/CF regulation

- Specific objectives and thematic concentration requirements

ETC regulation

- Territorial co-operation including external assistance

ESF+ regulation

- Enhanced scope (ESF, FEAD, YEI, EaSI, Health)
- Implementing the European Pillar of Social Rights
- Specific objectives and thematic concentration requirements
- Policy reforms, social innovation and transnational cooperation



Future of Cohesion policy

Modernising ERDF, CF and ESF+

Modernising investment

- Focus on smart, low carbon and inclusive growth
- Link to Semester
- Enabling conditions

Flexible

- Mid-term review
- Adapt to emerging circumstances, e.g.
 - Migration
 - Changes in economy linked to globalisation, technology and demography

Simpler

- Easier and faster to programme
- Substantial reduction of administrative costs
- Single audit principle and proportionality for low risk programmes



Stronger articulation between challenges identified in the European Semester and Cohesion Policy funding

Strong link in two directions

Policy analysis guides Funds' investments

Funds' investments deliver policy results

Expected benefits

More consistency between different policies

Higher impact and better outreach to stakeholders

Transparency and accountability

Implications for European Semester deliverables

Stronger focus of the 2019 EC country analysis (CRs) on regional and territorial disparities

Investment needs and guidance to be derived from this analysis



Future of Cohesion policy

ERDF / ESF+ Thematic Concentration in Greece

Total allocation for Cohesion Policy: EUR 21,6 billion
(ERDF 11,5 billion; ESF+ 5,9 billion; CF 4,0 billion; ETC)

FOR ERDF:

PO1	EUR 4,0 billion (35% of ERDF)
PO2	EUR 3,5 billion (30% of ERDF)

At least 6% sustainable urban development EUR 692 million

FOR ESF+:

CSRs - adequate amount, which may include:

At least 25% social inclusion +	EUR 1,5 billion
at least 2% material deprivation *	EUR 118 million
At least 10% youth employment *	EUR 590 million

(amounts in current prices)

Investment-relevant challenges and Commission priorities for 2021-2027 Cohesion policy funding in Greece

A Smarter Europe (PO1)

Investment-relevant challenges

- Greek economy is characterized by very low public and private investments in innovation - low ranking in the Global Competitiveness Index
- Performance in SMEs innovators has fallen since the start of the crisis.
- Ranks very low in the uptake of ICT (last in EU28) and on e-government scoreboard.
- Access to finance for SMEs remains problematic; framework conditions for entrepreneurship, innovation and start-ups continue to be unfavourable



A Smarter Europe (1)

Commission priorities for 2021-2027 funding

- **promote business investment in RDI and foster collaboration between public and private research on targeted smart specialization areas**
- **facilitate business technology transfer, networking, clusters and open innovation**
- **support activities that allow innovations to reach the market, especially for start-ups and SMES in the digital market**
- **develop skills related to smart specialization areas, in particular reskilling and digital skills**



A Smarter Europe (2)

Commission priorities for 2021-2027 funding

- **support the increase of ICT uptake in SMEs (business to business, business to consumer, consumer to consumer) and development of ICT infrastructures and services**
- **expand and complete the range of e-service provision (e-government, e-procurement, e-inclusion, e-health, e learning, e-skilling, e-commerce)**
- **boost the uptake of ICT by citizens, businesses and public sector**



A Smarter Europe (3)

Commission priorities for 2021-2027 funding

- **foster growth of start-ups / scale-ups and accelerators; develop integrated business advisory services**
- **promote entrepreneurship and support new business models**
- **encourage industrial cluster development and enhanced cooperation between SMEs and universities/research centers**



A low carbon and greener Europe – (PO2) **Investment-relevant challenges**

- **Building stock in Greece is aged; public, residential and commercial buildings show low levels of thermal protection**
- **Heavy reliance on fossil fuels; and opportunities for renewable power generation (wind and solar) remain underexploited**
- **Greece relies heavily on landfilling of waste; lags behind in recovery/recycling and the circular economy.**
- **Many small municipalities are still deprived of proper wastewater management and/or reliable provision of drinking water**
- **Multiple natural and environmental risks - floods and wildfires**

A low carbon and greener Europe (1)

Commission priorities for 2021-2027 funding

Enhance energy efficiency in:

- public buildings
- private/residential buildings and
- small and medium sized enterprises premises and installations

A low carbon and greener Europe (2)

Commission priorities for 2021-2027 funding

- promote district heating and cooling based on RES; support small-scale renewable energy sources installations for buildings/premises
- small-scale electricity generation based on renewable energy sources notably in non-connected insular and rural areas
- develop smart grids and smart storage systems related to RES
- increase islands' electricity interconnections to phase out costly and polluting fossil fuel based generation and allow for optimized generation/use of electricity from renewable energy sources



A low carbon and greener Europe (3)

Commission priorities for 2021-2027 funding

- **support waste water facilities in "C" agglomerations and ensure sustainable sludge management**
- **modernize water supply networks and support small-scale water supply projects in areas with structural or seasonal shortages**
- **promote and modernize waste prevention and recycling and sorting, reuse centers and composting plants**
- **facilitate transition to circular economy**
- **assistance to small municipalities and utilities to improve technical, managerial and organizational capacities - promote the governance model adopted for the wastewater sector in 2014-2020**
- **support conservation/protection actions in approved protected nature areas with adopted conservation plans and established management bodies**





A low carbon and greener Europe (4)

Commission priorities for 2021-2027 funding

- **sectoral mapping of hazards and risk analysis (notably for floods and wildfires)**
- **preparation and implementation of disaster risk management strategies where appropriate in a cross border context (e.g. the Evros river basin)**
- **flood protection and prevention infrastructures; land, forest and river basin management measures**



A more connected Europe (PO3)

Investment-relevant challenges

- **Major railways infrastructures remain uncompleted and multimodality of transport system is hampered**
- **Connections of the seaports system, especially islands, and connections with airport facilities (northern Greece) and major tourist destinations remain unreliable**
- **Thessalonica and mid-sized urban centers lack sustainable integrated urban mobility systems**
- **Missing links in motorway and primary road network inhibit accessibility and optimal use of highways, seaports and airports**
- **Transition to fast broadband is slow, coverage of households with NGA access remains low, ultra-fast speeds for households and SMEs are virtually inexistent**





A more connected Europe (1)

Commission priorities for 2021-2027 funding

- **modernize existing rail network and interconnections of domestic and international transport links in Northern Greece, where economically justified and financially viable**
- **support the redesign of the coastal shipping network to create regional nodes to improve accessibility of islands, decongest the port of Piraeus, increase efficiency of the coastal shipping system**
- **promote freight transport multi-modality by improving rail connections to Trans-European Transport Network ports such as Thessalonica, logistics platforms, industrial zones (Oinofyta)**





A more connected Europe (2)

Commission priorities for 2021-2027 funding

Support sustainable urban mobility in:

- **Thessalonica**
- **principal peripheral urban centres (such as Patras, Heraklion, Larissa, Ioannina, Agrinion and Chalkidha)**

based on sustainable urban mobility plans



A more connected Europe (3)

Commission priorities for 2021-2027 funding

- **construct the Northern Crete motorway axis along with its multimodal connections to the main network nodes, sea ports and airports**
- **consolidate the regional primary east-west road axes in Epirus and Thessaly (Igoumenitsa – Volos) and Continental Greece (Karpenisi – Kymi)**
- **support the multimodal development of transport in Western Greece and Epirus linked to the recently completed Ionia Odos and Egnatia Odos motorways, where economically justified and financially viable**



A more connected Europe (4) **Commission priorities for 2021-2027 funding**

Complete investments in future-proof broadband infrastructure to meet the EU2025 strategic objectives with download speeds of at least 100 Mbps upgradable to 1 Gbps for:

- businesses and households**
- transport/logistics hubs**
- universities, research centers, schools**
- hospitals and public services**

A Social Europe (PO4)

Investment-relevant challenges

- **Greece has a high unemployment rate including a large portion of long term- and high youth unemployment as well as a large number of NEETs**
- **Female labour market participation is low**
- **Education and training systems respond insufficiently to labour market needs particularly with regard to digital skills. Foreign-born students underperform and adult participation in learning remains low.**
- **VET uptake and adult participation in learning remain low**
- **Income inequality and risk of poverty or social exclusion are high, while social transfers have insufficient effect on poverty reduction.**
- **Unmet needs for medical care remain a challenge**
- **Shortages and skills gaps persists in the healthcare and long-term care sectors**



A Social Europe (1)

Commission priorities for 2021-2027 funding

⇒ **Regarding Employment, investments aiming to:**

- **Support active and preventive labour market measures that are open to all and Provide personalised services and targeted training**
- **Strengthen the promotion of social enterprises**
- **Further improve the capacity of public employment services**
- **Develop and implement comprehensive skills strategies including digital skills**
- **Develop work-life balance policies and promote innovative work organisation**



A Social Europe (2)

Commission priorities for 2021-2027 funding

⇒ **For Education and Training, investments aiming to:**

- **Increase the labour market relevance of education, promote vocational education and training VET as a quality and skilled career pathway**
- **Develop comprehensive life-long learning strategies and upgrade basic skills of the adult population**
- **Enhance partnerships with stakeholders and guidance services underpinning flexible pathways between education, training and work**
- **Inclusive quality education and training, in particular for persons with disabilities, migrants and refugees**





A Social Europe (3)

Commission priorities for 2021-2027 funding

⇒ For Social Inclusion, investments aiming to:

- Improve access to affordable, effective and inclusive social and health services; promote measures to overcome prejudice and discrimination against third-country nationals**
- Support the most deprived, promote the social integration of children at risk of poverty, persons with disabilities, migrants and refugees; tackle in work poverty, educational and housing segregation; develop family and community based care services**
- Increase equal access to e-Health services, address shortages and skills gaps in health and long-term care**
- Invest in the primary health care system (TOMY) and develop day-care centres for people with disability**





A Social Europe (4)

Commission priorities for 2021-2027 funding

- ⇒ **P04 will focus on specific target groups:**
- Youth (tackle youth unemployment, training and education) and long-term unemployed (re-integration in labour market)
 - Women (increase labour market participation)
 - People at risk of poverty and social exclusion including children (access to social and health services, tackling in work poverty)
 - Migrants, refugees and marginalized communities (labour market and social inclusion)
 - People with disabilities (access to inclusive education and training)
- ⇒ **A key approach in defining specific needs and actions will be to ensure the close involvement of social partners**



A Europe closer to citizens (PO5) **Investment-relevant challenges**

- **The morphological characteristics of Greece and its territorial disparities call for regional and local policies with a strong territorial dimension**
- **Small remote islands, mountainous zones, and deprived urban areas suffer from persistent structural weaknesses**
- **“Coal Regions in transition”, “Clean Energy for EU islands” and “Circular economy on islands” initiatives; blue growth pillar of “EU Strategy for the Adriatic and Ionian Region”**

A Europe closer to citizens (1)

Commission priorities for 2021-2027 funding

⇒ In urban areas:

- promote sustainable regeneration of disadvantaged and/or de-industrialised zones/areas in Athens-Piraeus, Thessalonica and in the principal peripheral urban centres
- protect culture and cultural heritage and develop the social economy in the context of integrated development plans for deprived neighbourhoods
- enhance the planning, programming and implementation capacity of local authorities to develop quality projects

A Europe closer to citizens (2)

Commission priorities for 2021-2027 funding

⇒ On small remote islands:

- support small-scale ports infrastructures to improve connectivity with neighboring bigger islands and/or the mainland**
- promote small-scale wastewater treatment, water reuse and water production infrastructures**
- encourage small-scale local transport based on renewable energy sources**

A Europe closer to citizens (3)

Commission priorities for 2021-2027 funding

⇒ **On small remote islands and in mountainous areas:**

- **promote integrated local renewable energy systems covering production, distribution and consumption using smart grids and smart energy storage facilities**
- **develop broadband connectivity and ICT applications for e-education, e-commerce, e-health and e government services**
- **promote cultural and natural heritage and local products in a context of sustainable alternative tourism development strategies**
- **provide assistance to small municipalities and utilities to improve technical, managerial and organizational capacities – lessons learnt from the governance model on wastewater 2014-2020**

Factors for effective delivery relevant challenges

- Greece ranks low on the European Quality of Government Index (EQI) and 2nd to the last of EU28 in the World Bank Worldwide Governance Indicators (WGI)
- Extensive experience in management and implementation of Cohesion Policy; skilled and specialised staff; reliable management and control system and competent managing, certifying and audit authorities
- BUT bottlenecks in the design and implementation of ESIF:
 - inefficiencies in the management cycle (at programme and project level) due to lengthy and overly complex procedures
 - proliferation of structures and heavy management and control system
 - capacity problems notably in small municipalities, utilities and other beneficiaries





Factors for effective delivery (1)

Commission priorities for 2021-2027 funding

- **division of responsibilities in programming, management and implementation cycle and streamlined and simple mechanism for cross programme thematic policy coordination and monitoring**
- **strengthen the capacity of weak and small beneficiaries to deliver projects on quality, budget and on time – develop an effective strategy and ensure a proper framework for assistance**
- **results of the OECD study on regional policy for Greece post-2020**
- **empower the regional managing authorities and enhance their managerial independence**



Factors for effective delivery (2)

Commission priorities for 2021-2027 funding

- **effective measures to prevent and address conflict of interest, fraud and corruption (electronic platforms for the management of state aids and public procurement; integration of the General Secretariat for Anti-Corruption in the Cohesion Funds' management system)**
- **improved public procurement performance, address excessively low bids and single bidding**
- **broader use of financial instruments and/or contributions to a Greek compartment under InvestEU for revenue-generating and cost-saving activities**
- **foster adequate participation and strengthened capacity of social partners, civil society and other relevant stakeholders**



Conclusion and next steps

- **Commission ready to start informal dialogue; important to make as much progress as possible in 2019 and 2020**
- **Engage from the start in dialogue with all relevant stakeholders (Code of Conduct!)**
- **Member State programming plans by end of June 2019 - roadmap**
- **Technical seminar with Managing Authorities on 14 June**
- **Joint objective to adopt PA and programmes by end of 2020**