



# **Regional Policy in a Changing Europe**

## **Annual Review of Regional Policy in Europe**

### **Highlights**

Studies find evidence of rising regional productivity disparities in Europe, and voice concerns over interregional income inequality.

Since the early 2000s, key changes include: greater constraints imposed by EU regional aid policy; a stronger thematic and all-region approach in EU Cohesion policy; and domestic decisions to revise policy goals and instruments

In 2016-17, major regional policy reforms are being introduced in Germany and Poland, while elsewhere more subtle revisions have been made to regional policy goals.

New instruments are targeting rural or sparsely populated regions, and for industrial restructuring regions in 2016-17.

New instruments and themes have been adopted in domestic regional policies in 2016-17.

Structural changes have been introduced/planned in the capacities of regional authorities to lead/implement economic development policies.

### **EoRPA Paper 17/1**

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## TABLE OF CONTENTS

<b>1. INTRODUCTION</b>	<b>3</b>
<b>2. ECONOMIC, SOCIAL AND POLITICAL UNCERTAINTIES</b>	<b>5</b>
2.1 Structural inequalities between European countries	6
2.2 Repercussions of the financial crisis and recession	7
2.3 Growing regional disparities in productivity levels	10
2.4 Social and demographic divides – and political challenges	13
2.5 Governance and institutions matter	16
<b>3. CHANGES IN REGIONAL POLICIES SINCE THE EARLY 2000S</b>	<b>18</b>
3.1 EU regional aid policy: maps and constraints	19
3.2 EU Cohesion policy: geographies, themes, instruments, complexity	21
3.3 National/regional drivers of change	23
<b>4. REGIONAL POLICY CHANGES IN EUROPE IN 2016-17</b>	<b>30</b>
4.1 Changes in domestic regional policies	31
4.2 Changes in EU-level regional policies	36
<b>5. CONCLUSIONS AND ISSUES FOR DISCUSSION</b>	<b>40</b>
<b>ANNEX 1: CHANGES IN THE REGIONAL POLICIES OF EORPA COUNTRIES IN 2016-17</b>	<b>44</b>
<b>ANNEX 2: OUTLINE OF CHANGES IN THE DOMESTIC REGIONAL POLICIES OF 30 EUROPEAN COUNTRIES IN 2016-17</b>	<b>55</b>
<b>ANNEX 3: KEY FEATURES OF REGIONAL POLICY IN 30 EUROPEAN COUNTRIES</b>	<b>68</b>



## **EXECUTIVE SUMMARY**

The regional policy context in Europe is framed by macroeconomic and macro-political uncertainties, including the ongoing repercussions of the financial crisis and recession, the refugee/migrant crisis, and political shifts linked in part to social inequalities.

In addition to the mid-term review of EU Cohesion policy and EU regional aid maps in 2016, the main changes introduced in 2016-17 have related to domestic regional policies, particularly policy objectives and strategies, the orientation of instruments towards particular regions or themes, and reforms to institutional structures.

This report provides a comparative overview of regional policies in 30 European countries, as well as a review of changes in 2016-17.

### **Regional economic disparities: recession, productivity and inequality**

Structural economic disparities between European countries remain significant, with GDP per capita of less than 75 percent of the EU28 average in most Central/Eastern countries.

The repercussions of the financial crisis and recession continue to affect national GDP growth, employment and public finances in many European countries.

Regional disparities in productivity levels within European countries have risen since the mid-1990s, due to more rapid growth in leading regions and limited diffusion of structural change and innovation.

Interregional socio-economic inequality is also shaped by political decisions on whether/how to ensure conditions for economic development and employment in all regions, and on the distribution of the costs and benefits of taxation and public spending, and the accessibility of public services.

### **EU-level policies place stronger constraints on domestic policy**

Since the early 2000s, the population coverage of the EU regional aid map has been reduced; aid intensity ceilings have been lowered; and restrictions have been introduced on aid to larger firms in 'c' areas and on certain types of infrastructure.

The EU Cohesion policy budget fell in 2014-20 compared to 2007-13, and the percentage of funding for Less Developed Regions and the Cohesion Fund has been reduced. Cohesion policy is now aligned with EU growth strategies, with a stronger thematic orientation and an all-region approach.

### **Countries have revised goals and instruments since the early 2000s**

In domestic regional policies, objectives have been stable in many countries but some have seen shifts since the early 2000s between the dual goals of (a) supporting regional balance and reducing regional disparities and (b) facilitating the development of all regions and/or their contribution to national growth.

Important shifts in regional policy instruments and funding have been introduced since the early 2000s. Less use is made of investment aid for larger firms and new interventions have been designed for particular areas/themes.

## **Key regional policy changes in 2016-17**

### ***Core regional policy strategies are being revised***

Major regional policy reforms are being introduced in Germany and Poland, while elsewhere more subtle revisions have been made to regional policy goals.

### ***New instruments are targeting rural or industrial restructuring areas***

New instruments have been introduced for rural or sparsely populated regions, and for industrial restructuring regions.

### ***Regional policy themes and instruments continue to diversify***

New instruments and thematic diversification have been adopted, notably in Italy and Germany.

### ***Regionally-led development policies are further strengthened***

Structural changes have been introduced/planned in the capacities of regional authorities to lead and implement economic development policies, or the consolidation of changes in 2014-16.

### ***Reforms to institutional frameworks and financial systems are to the fore***

Important reforms have been introduced e.g. in national institutional frameworks of regional policy, fiscal equalisation systems, and the restructuring of local/regional governments.

## **Key issues for discussion**

- Which challenges or constraints are affecting regional policy most strongly in your country, and how are you responding?
- What measures could be taken to increase the regional policy contribution to productivity gains and enhance the diffusion of innovations and structural change across regions?
- How could regional policy take better account of social inclusiveness? Do you see the main role of regional policy in terms of supporting employment creation or are other measures also needed?
- How can regional policy best address the challenges facing different types of region? Are particular interventions needed for e.g. industrial restructuring areas, sparsely populated regions, or urban areas?
- How can the effectiveness of regional policy be enhanced (e.g. via institutional/administrative changes, better coordination with other policies, or increased/reoriented funding)?

# 1. INTRODUCTION

**The 2016-17 period has been shaped by major uncertainties** relating to the ongoing impact of the financial crisis and recession, the refugee/migrant crisis, climate change, political shifts and populism, and social divides, often with territorially differentiated effects.<sup>1</sup>

Regional policy responses are focusing on reorienting strategies and instruments to contribute more strongly to **regional productivity and/or social inclusiveness**. Revisions to regional/local governance and fiscal equalisation systems are also ongoing. In **EU Cohesion policy and EU regional aid policy**, the focus has mainly been on implementation, while also looking ahead to 2021+.

In this context, this report provides a **comparative overview of the regional socio-economic situation and regional development policies in 30 European countries**:<sup>2</sup>

**Chapter 2** assesses regional disparities in Europe, focusing on structural inequalities, the ongoing impact of the financial crisis, regional productivity differentials, social divides, and governance.

**Chapter 3** explores shifts in regional policy since the early 2000s, focusing on policy objectives, instruments for structurally weaker regions, and regionally-led development strategies in all regions.

**Chapter 4** examines changes in 2016-17, notably major strategic reforms; revisions of objectives, instruments for structurally weaker regions, all-region approaches, institutions and financing systems; reviews of EU Cohesion policy and EU regional aid policy; and emerging themes.

**Chapter 5** concludes and sets out issues for discussion.

**Annexes to the report** include: a) a detailed description of policy changes in the EoRPA countries in 2016-17; b) detailed thematic tables of policy changes across 30 European countries in 2016-17; and c) tables providing an overview of regional policy in 30 European countries.

The report draws on a programme of research on regional development and regional policy in 2016-17, including interviews with senior policy-makers responsible for Cohesion policy, regional aid and domestic policy in 30 European countries. Detailed country-specific information is available in:

- (i) a report on regional policy for each of 30 European countries,
- (ii) comparative tables of regional policy instruments, including changes in 2016-17,
- (iii) fiches on domestic regional policy instruments,
- (iv) fiches on Cohesion policy in the EU28 in 2014-20,
- (v) fiches on regional aid maps for 2014-20 in the EU28 and Norway, and
- (vi) fiches on the institutional frameworks of regional policy in 30 European countries.

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<sup>1</sup> IMF (2017) *World Economic Outlook Update: An update of the key WEO projections*, Washington, 23 July 2017. European Commission (2017) *White Paper on the Future of Europe: Reflections and scenarios for the EU27 by 2025*, COM(2017)2025, 1 March 2017.

<sup>2</sup> This is the latest in a series of annual overviews of regional policy in Europe produced as part of the EoRPA project. The most recent report is: S. Davies, I. McMaster, H. Vironen, M. Ferry and P. Vernon (2017) *New European territorial challenges and regional policy*, *European Policy Research Paper*, No. 98. European Policies Research Centre, University of Strathclyde, Glasgow.





## 2. ECONOMIC, SOCIAL AND POLITICAL UNCERTAINTIES

### KEY FINDINGS

Structural economic disparities between European countries remain significant, with GDP per capita of less than 75 percent of the EU28 average in most Central/Eastern countries.

The repercussions of the financial crisis and recession continue to affect national GDP growth, employment and public finances in many European countries.

Regional disparities in productivity levels within European countries have risen since the mid 1990s, due to more rapid growth in leading regions (driven by globalisation and technological change) and limited territorial diffusion of structural change and innovation.

Interregional socio-economic inequality is also shaped by political decisions on whether/how to ensure conditions for economic development and employment in all regions, and on the distribution of the costs and benefits of taxation and public spending, and the accessibility of public services.

Well-functioning regional governance and institutional frameworks are needed for effective policy-making and a beneficial context for decisions on employment and investment.

The context for regional development continues to be shaped by the macroeconomic situation at EU and national levels and by the **repercussions of the financial crisis and recession** which are territorially varied, partly due to regional variation in sectoral structure and endowments/capacities, but also to ongoing constraints on public spending.

Work by the OECD<sup>3</sup> suggests that **regional productivity differentials are growing**, as globalisation and technological change are generating rapid growth in leading regions but that innovations and structural changes have been slower to diffuse across other regions.

Social and political divides, linked to **interpersonal and interregional inequalities**,<sup>4</sup> have been exacerbated by the financial crisis and subsequent fiscal constraints, and in some countries also by the refugee/migrant crisis, and have contributed to political shifts, often with territorially differentiated effects, as has been evident in regional/local variation in outcomes of the many elections and referenda held in 2016, notably in the United Kingdom's vote to leave the European Union.<sup>5</sup>

This section **reviews recent studies and data** on economic, social and institutional dimensions of regional disparities in Europe.

<sup>3</sup> *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264260245-en>

<sup>4</sup> OECD (2017) *Economic Policy Reforms 2017: Going for Growth*, <http://dx.doi.org/10.1787/growth-2017-en>

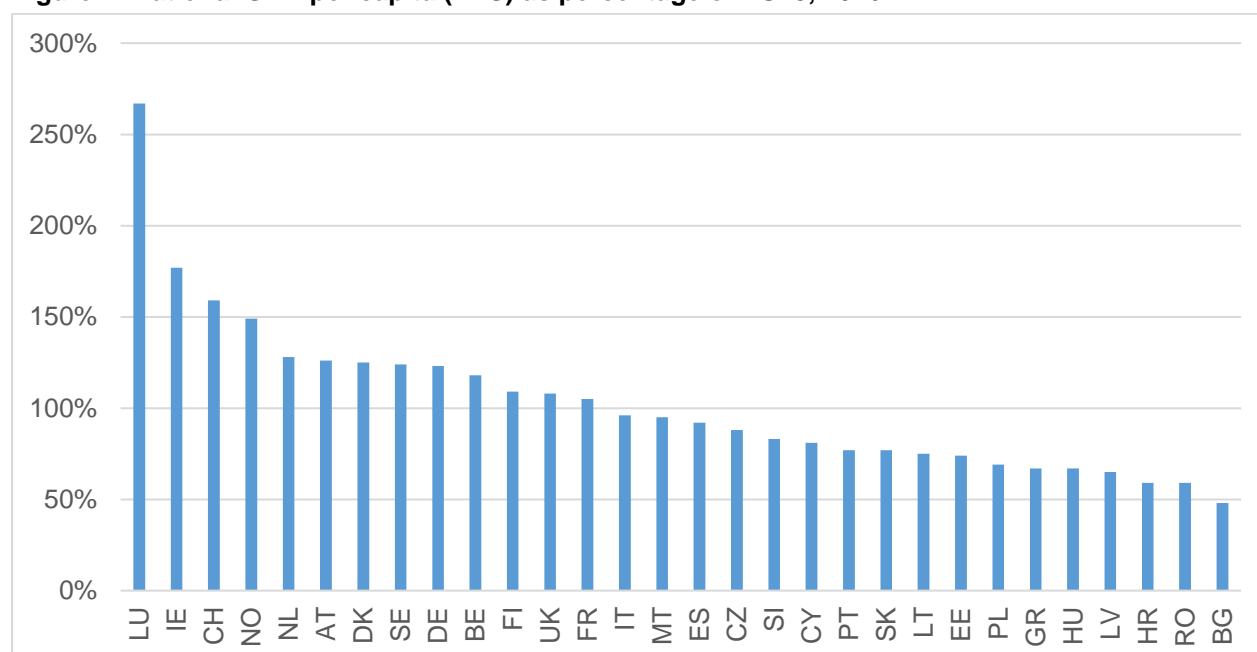
<sup>5</sup> S. Davies (2016) Brexit and regional disparities in the UK, *EoRPA Policy Briefing*, European Policies Research Centre, Glasgow, August 2016

D. Bailey and L. Budd (Eds.) (2017) *The Political Economy of Brexit*, Newcastle-upon-Tyne, Agenda

## 2.1 Structural inequalities between European countries

Disparities in terms of **national GDP per capita** in Europe remain significant (Figure 1), with levels of less than 75 percent of the EU28 average in most Central/Eastern countries.

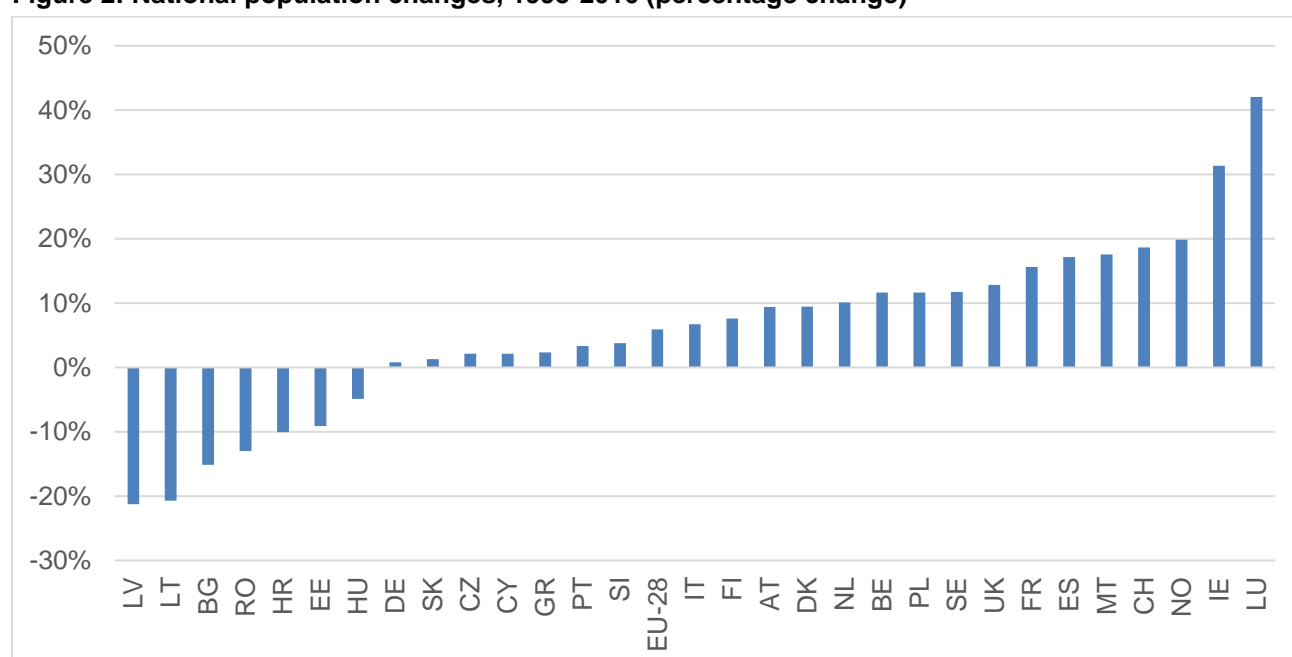
**Figure 1: National GDP per capita (PPS) as percentage of EU28, 2016**



**Source:** EPRC calculations based on Eurostat data (nama\_10\_gdp [last updated 01.06.17])

Longer term trends are evident in data on **demographic shifts** (Figure 2), with clear falls in total population in the Baltic States, Bulgaria, Romania and Croatia in 1995-2016.

**Figure 2: National population changes, 1995-2016 (percentage change)**

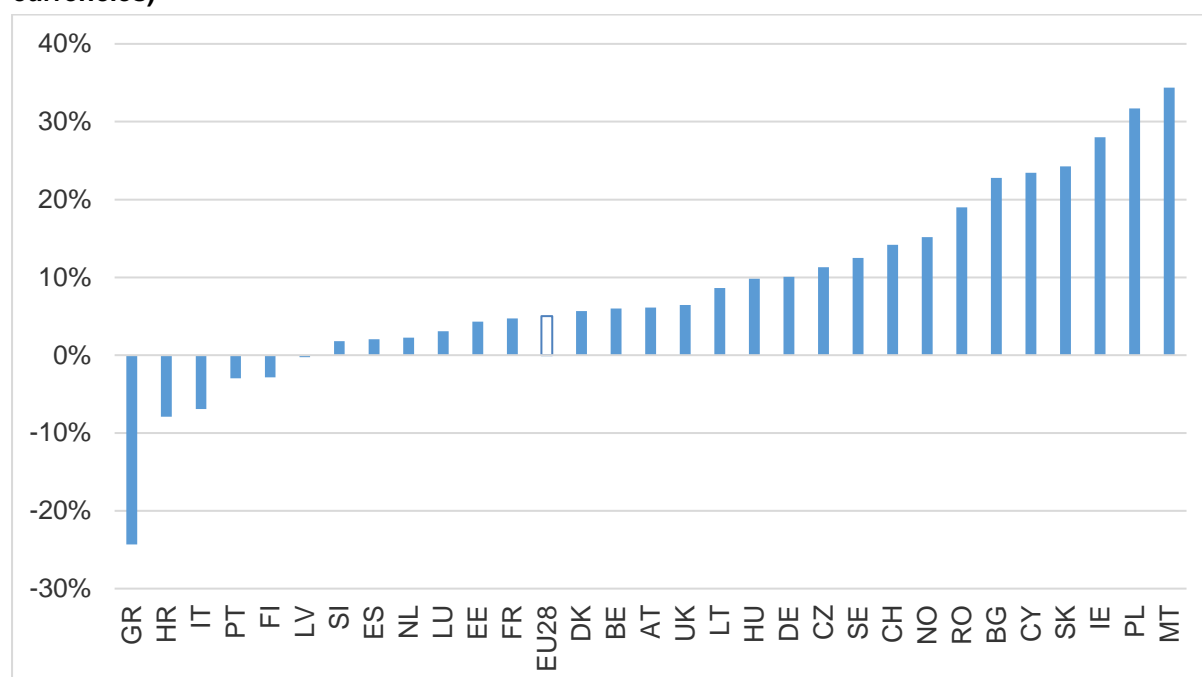


**Source:** EPRC calculations based on Eurostat data (demo\_r\_d2jan, last updated 30.05.17)

## 2.2 Repercussions of the financial crisis and recession

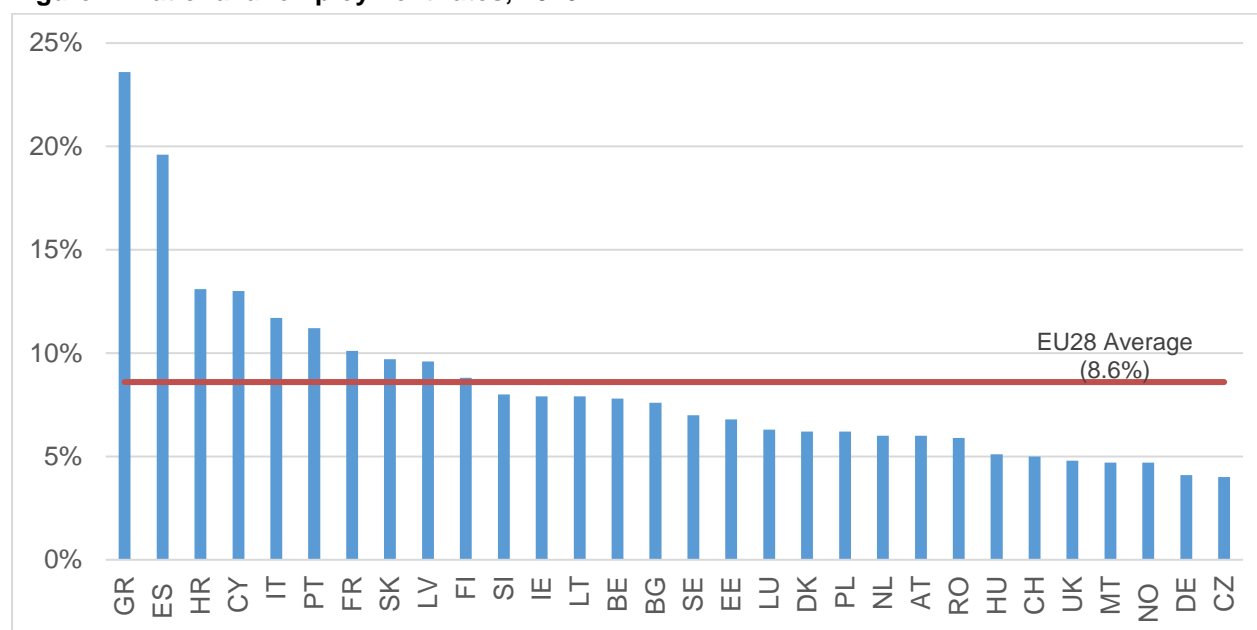
**Gross National Income has recovered from pre-crisis levels** in most European countries (Figure 3) but not in Greece, Portugal or Italy, while the EU28 average (and levels in e.g. Switzerland, Austria, France, the Netherlands, Finland and the United Kingdom) had grown by less than 10 percent by 2016.

**Figure 3: Gross National Income (GNI) in 2016 as % of 2007 (constant prices, national currencies)**



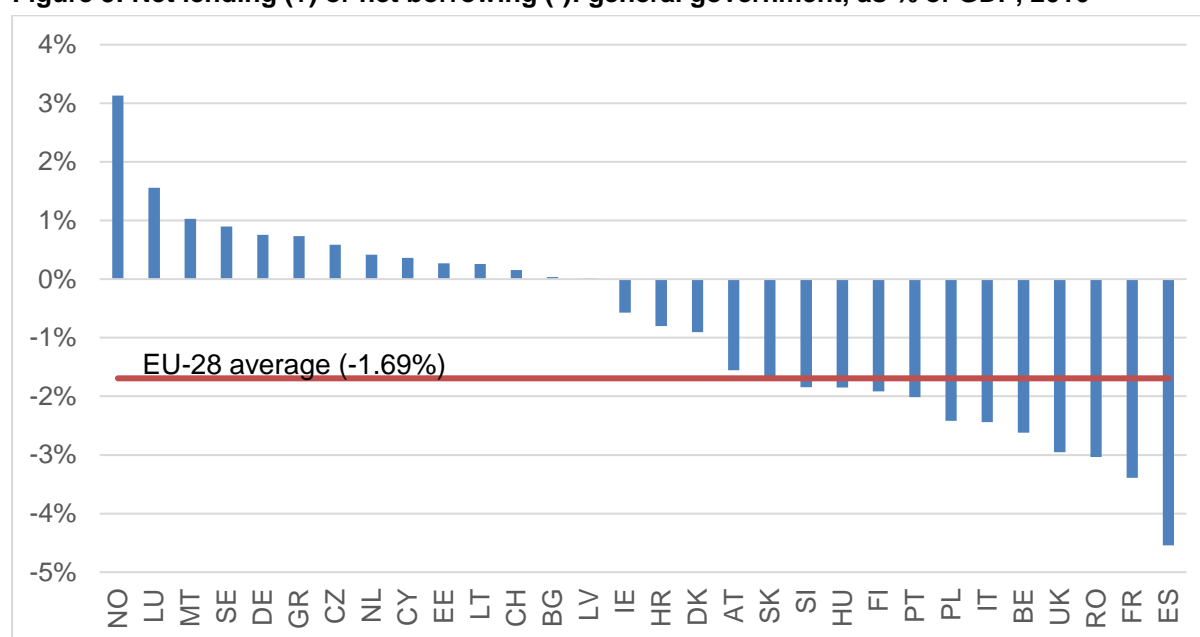
**Source:** EPRC calculations based on Ameco data (OVGN), accessed 05.08.17

National **unemployment rates remain particularly high in Greece and Spain** (Figure 4); above 10 percent in e.g. Italy and Portugal, and below five percent in e.g. Germany, Norway and the UK.

**Figure 4: National unemployment rates, 2016**

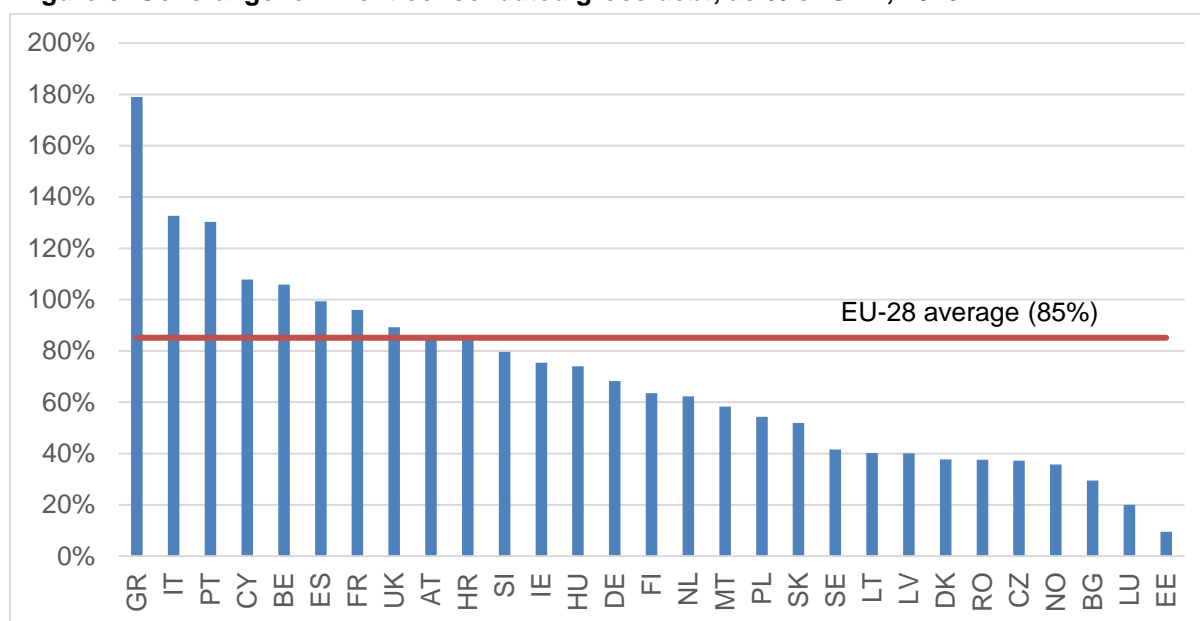
**Source:** EPRC calculations based on Eurostat data (lfst\_r\_lfu3rt, last updated 09.08.17)

Countries' **efforts at fiscal consolidation** (including reductions of public spending) is demonstrated by the relatively low rates of net government borrowing in 2016, estimated at below three percent of GDP (EU excessive deficit procedure target) in all countries except Spain and France (Figure 5).

**Figure 5: Net lending (+) or net borrowing (-): general government, as % of GDP, 2016**

**Source:** EPRC calculations based on Ameco data (UBLG [accessed 18.09.17])

However, **gross public debt levels remain significantly higher than before the financial crisis:** estimated above 60 percent (EU excessive deficit procedure target) in 16 EU Member States in 2016, and above 100 percent in Greece, Italy, Portugal, Cyprus and Belgium (Figure 6).

**Figure 6: General government consolidated gross debt, as % of GDP, 2016**

**Source:** EPRC calculations based on Ameco data (UDGG [accessed 18.09.17])

**Box 1: Studies on the regional impact of the 2008-09 financial/economic crisis**

**Crescenzi/Luca/Milio**<sup>6</sup> find that a healthy current account surplus pre-2008 is associated with stronger economic performance since 2008. High public debt countries were more successful in sheltering their regional economies in the short run. Human capital is the most important factor in regional resilience, whereas R&D-intensive regions were more exposed to negative shocks. The impact of the crisis has been (moderately) low in Germany, most of Poland, and neighbouring regions (eg most Slovak and Czech regions). Impact has been (very) high in most regions of Ireland, Spain, parts of Italy, Greece, Cyprus, Lithuania, Latvia and Estonia.

**Cuadrado-Roura/Martin/Rodríguez-Pose**<sup>7</sup> assess the regional impact of the crisis in Europe at national, regional and city levels, and provide an overview of recent studies.

**Fratesi/Rodríguez-Pose**<sup>8</sup> draw on data for 272 EU NUTS2 regions and show that regions with relatively sheltered economies in 1995-2007 saw more negative impacts on employment in 2008-12 than did regions which had stronger employment creation in 1995-2007. However, the most highly sheltered regions in 1995-2007 saw lower job destruction than other types of region. They summarise national/regional variation in the impact of the crisis: while Poland and Germany saw only limited impact, many southern (Cyprus, Greece, Italy, Portugal and Spain) and eastern (Bulgaria and Latvia) countries have been hard hit. Public and total indebtedness has risen in Ireland and the UK. Within countries, central Portugal, southern Spain, southern Italy, central Greece, eastern Germany, southern Romania, eastern Poland, northern England and Scotland have seen strong employment destruction, while northern Italy, Bucharest, Madrid and most of northern Spain, south-eastern UK, southern Germany and the three Nordic capitals performed well relative to their respective countries.

## 2.3 Growing regional disparities in productivity levels

The OECD<sup>9</sup> argues that, **while disparities in GDP per capita between OECD countries have narrowed since the mid 1990s, regional disparities are increasing within countries** (Figure 7). Iammarino/Rodríguez-Pose/Storper<sup>10</sup> (see Box 2) suggest that, due to regional variation in endowments (of people/skills, firms/industries, formal/informal institutions, and innovation capacities), globalisation and technological innovation have increased regional economic disparities in Europe, as high-technology and knowledge-intensive sectors have concentrated in metropolitan areas, while former industrial hubs have lost medium- and low-skilled jobs, and manufacturing has become more dispersed.

<sup>6</sup> R. Crescenzi, D. Luca and S. Milio (2016) The geography of the economic crisis in Europe: national macroeconomic conditions, regional structural factors and short-term economic performance, *Cambridge Journal of Regions, Economy and Society* 9: pp.13–32, doi:10.1093/cjres/rsv031

<sup>7</sup> J. Cuadrado-Roura, R. Martin and A. Rodríguez-Pose (2016) The economic crisis in Europe: urban & regional consequences, *Cambridge Journal of Regions, Economy and Society* 9: pp.3–11, doi:10.1093/cjres/rsv036

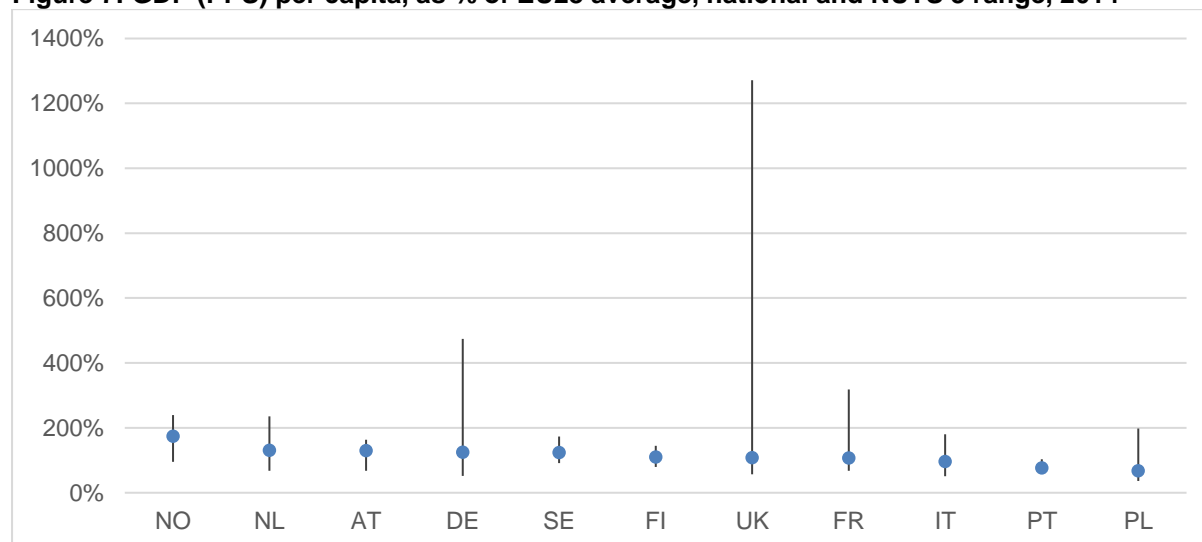
<sup>8</sup> U. Fratesi and A. Rodríguez-Pose (2016) The crisis and regional employment in Europe: what role for sheltered economies? *Cambridge Journal of Regions, Economy and Society* 9: pp.33–57, doi:10.1093/cjres/rsv032

<sup>9</sup> OECD (2016) op.cit.

<sup>10</sup> S. Iammarino, A. Rodríguez-Pose and M. Storper (2017) Why regional development matters for Europe's economic future, European Commission, *DG Regional & Urban Policy Working Paper 07/2017*, [http://ec.europa.eu/regional\\_policy/sources/docgener/work/201707\\_regional\\_development\\_matters.pdf](http://ec.europa.eu/regional_policy/sources/docgener/work/201707_regional_development_matters.pdf)

**Rapid productivity gains in leading (often metropolitan) regions have not always diffused to other regions**, leading to a productivity gap between ‘frontier regions’ and intermediate and lagging regions. In 1995-2013, the gap in labour productivity (GDP per worker) between the leading 10 percent of regions and the bottom 75 percent of regions in the OECD grew by almost 60 percent.<sup>11</sup>

**Figure 7: GDP (PPS) per capita, as % of EU28 average, national and NUTS 3 range, 2014**



**Note:** The dot shows the national average and the vertical line shows the highest and lowest regional values

**Source:** EPRC calculations based on Eurostat data (nama\_10r\_3gdp [last updated 30/03/2017])

### Box 2: Iammarino/Rodríguez-Pose/Storper Why Regional Development matters

Regions can be divided into development clubs, based on per-capita personal income (PCPI):

- Very high PCPI (VH): very large metropolitan regions plus a few other highly urbanised regions specialising in very-high-quality goods and services.
- High PCPI (H): similar to VH but less city-centred and less dynamic demographically. High employment rates and mostly satisfactory productivity growth.
- Medium PCPI (M): Rest of north-western Europe ie a) regions with declining manufacturing, unsatisfactory educational and skills attainment, and/or inadequate labour force participation; b) regions experiencing population growth or new industrialisation following EU integration.
- Low PCPI (L): a) southern regions with longstanding issues related to productivity, specialisation, skills and labour force participation; b) eastern regions with higher education levels but also higher population loss.

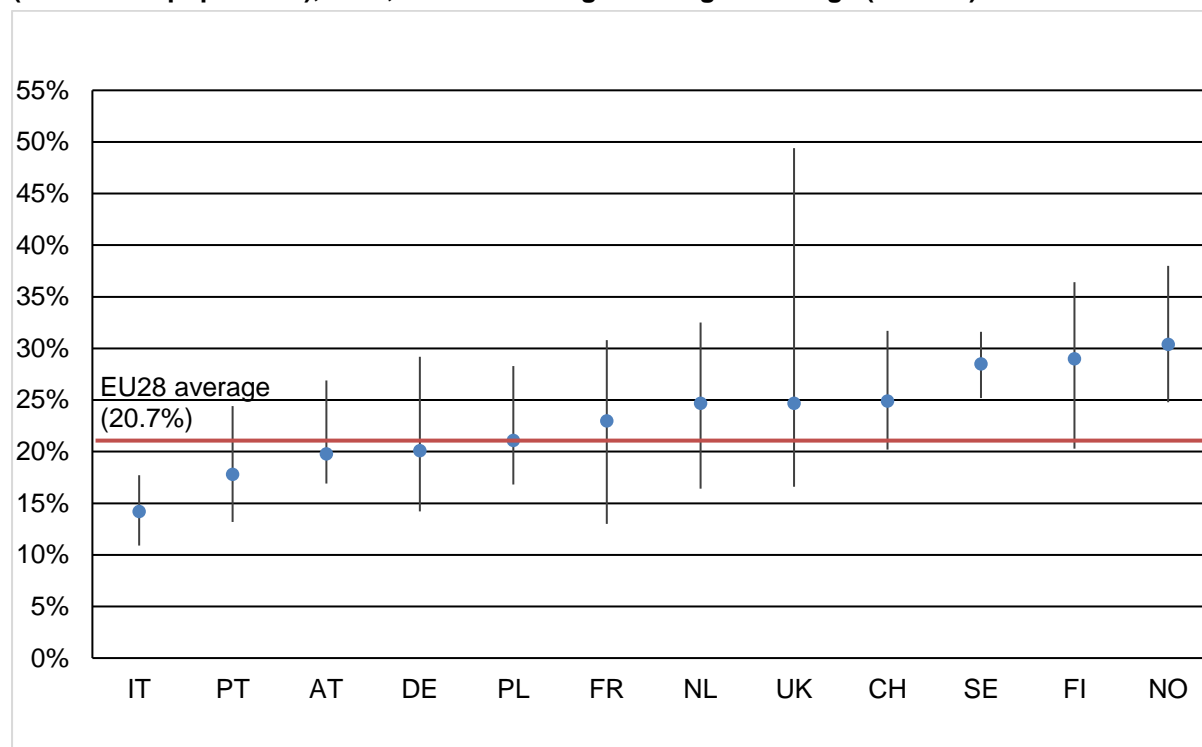
Place-sensitive distributed development policies can challenge the causes of territorial distress while also maximising the potential of every territory. Different clubs require different policies but all aim to

- Push more regions towards more non-routine economic functions;
- Expand the sources of creativity and satisfaction that are good on human grounds; and
- Invest in basic capabilities essential to a dignified and creative life.

<sup>11</sup> For similar calculations for the European Union, see: J. Bachtler, J. Oliveira Martins, P. Wostner and P. Zuber (2017) *Towards Cohesion policy 4.0: Structural Transformation and Inclusive Growth*, Brussels: RSA

Key factors in accounting for variation in productivity levels between regions are endowments of human capital (Figure 8) and capacities for innovation (Figure 9).

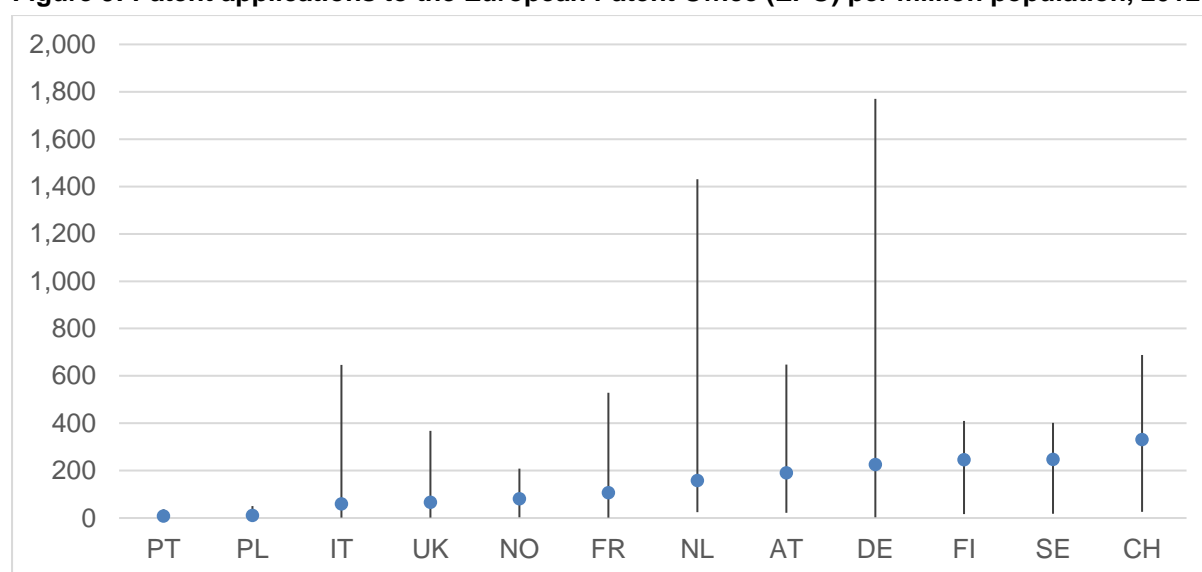
**Figure 8: Population with tertiary education (ISCED) and employed in science and technology (% of active population), 2016, national average and regional range (NUTS 2)**



**Note:** The dot shows the national average, and the vertical line shows the highest and lowest regional values.

**Source:** EPRC calculations based on Eurostat data (hrst\_st\_rcat [last updated 10.08.17])

**Figure 9: Patent applications to the European Patent Office (EPO) per million population, 2012**



**Note:** The dot shows the national average, and the vertical line shows the range of regional values.

**Source:** EPRC calculated based on Eurostat data (pat\_ep\_rtot [last updated 29.04.16])



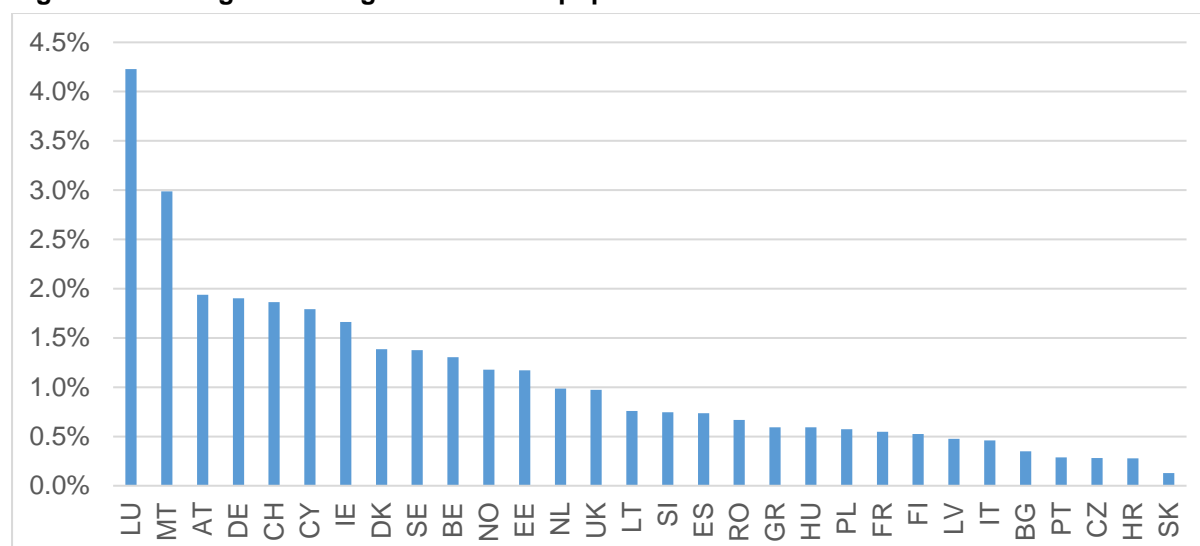
## 2.4 Social and demographic divides – and political challenges

Interregional **socio-economic inequality** is also shaped by the political choices of governments, notably decisions on:

- Whether/how to ensure conditions for economic development and employment in all regions e.g. via public investment in infrastructure, human and knowledge capital, and public services;
- The distribution of the costs and benefits of taxation and public spending, and the accessibility and quality of public services.

**Concerns with inequality have increased**, with e.g. the OECD now arguing that the inclusiveness of growth should be an equal objective alongside increases in productivity and employment.<sup>12</sup> Although interpersonal inequality was prioritised in the initial phase of the financial crisis, subsequent constraints on public spending (and their varying impact across social groups), potentially combined with fears linked to the refugee/migration crisis (Figure 10), seem to have contributed to the strengthening of populist movements in a number of European countries.

**Figure 10: Total gross immigration as % of population in 2015**

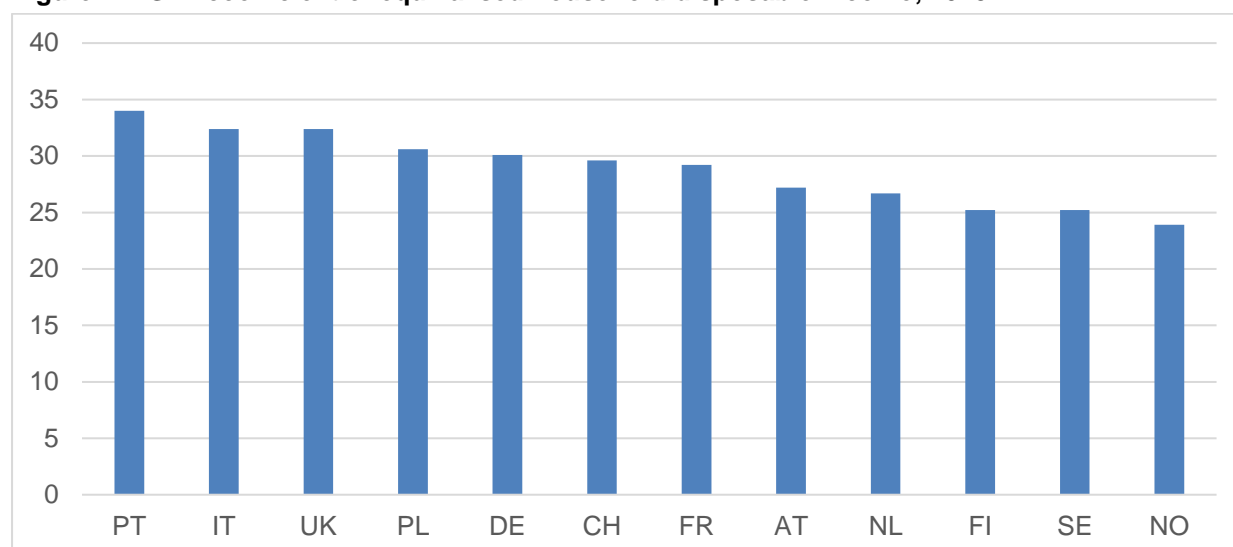


**Note:** Population data and immigration data for several countries are provisional and/or estimated.

**Source:** EPRC calculations based on Eurostat data (migr\_imm8 [last updated 15.06.17] and tps00001 [last updated 06/09/17])

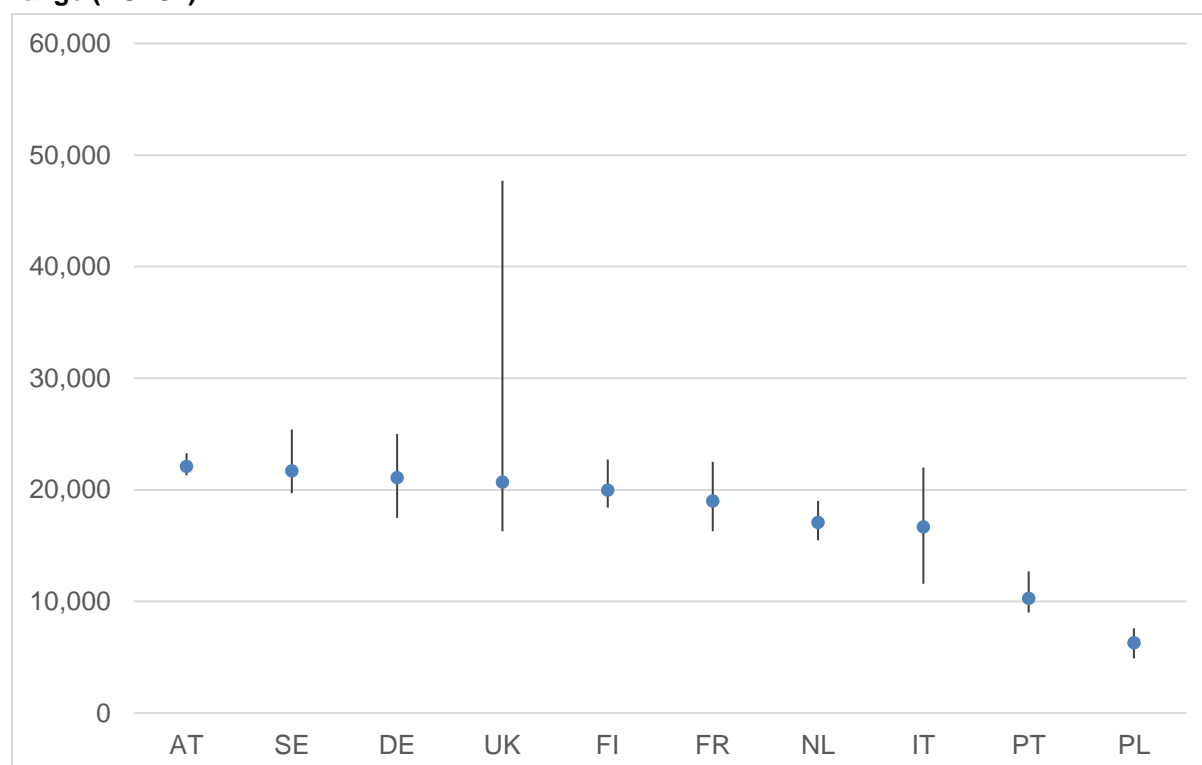
At a national level, **interpersonal inequalities in household disposable income** (measured by a Gini coefficient) are significantly higher in Portugal, Italy and the United Kingdom than in Norway, Sweden and Finland (Figure 11).

<sup>12</sup> OECD (2017) *Economic Policy Reforms 2017: Going for Growth*, OECD Publishing, Paris.  
<http://dx.doi.org/10.1787/growth-2017-en>

**Figure 11: Gini coefficient of equivalised household disposable income, 2015**

**Source:** EPRC calculations based on Eurostat data (ilc\_di12 [last updated 14.09.17])

A cruder measure of the **regional range of household disposable income per capita** (Figure 12) shows stronger variation in the UK and in Italy than in other EoRPA countries, with lower national levels of household disposable income per capita in Poland and Portugal.

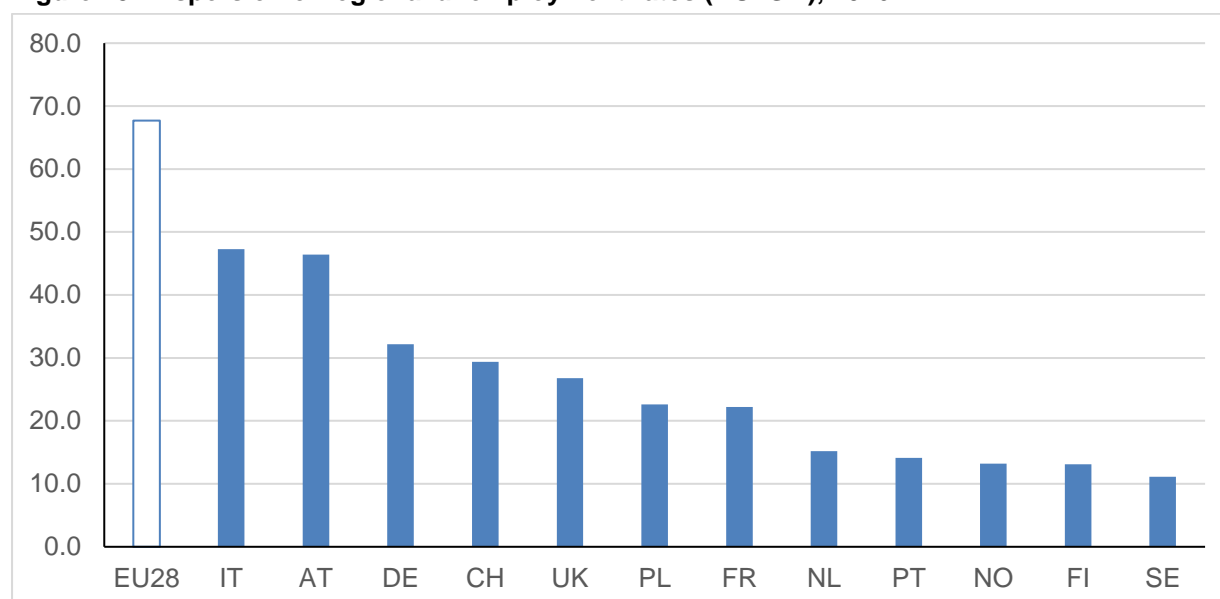
**Figure 2: Household disposable income (PPS) per capita, 2014, national average and regional range (NUTS2)**

**Note:** (1) Data for Norway, Switzerland and the EU average are unavailable. (2) The dot shows the national average and the vertical line shows the range of regional values

**Source:** EPRC calculations based on Eurostat data (nama\_10r\_2hhinc [last updated 01.08.17])

A further indicator of the social/human dimensions of regional inequality is provided by a measure of **disparities (coefficient of variation) in regional unemployment rates** (Figure 13), which shows higher inequality in Italy and Austria than in Sweden, Finland, Norway, Portugal and the Netherlands.

**Figure 13: Dispersion of regional unemployment rates (NUTS 2), 2016**

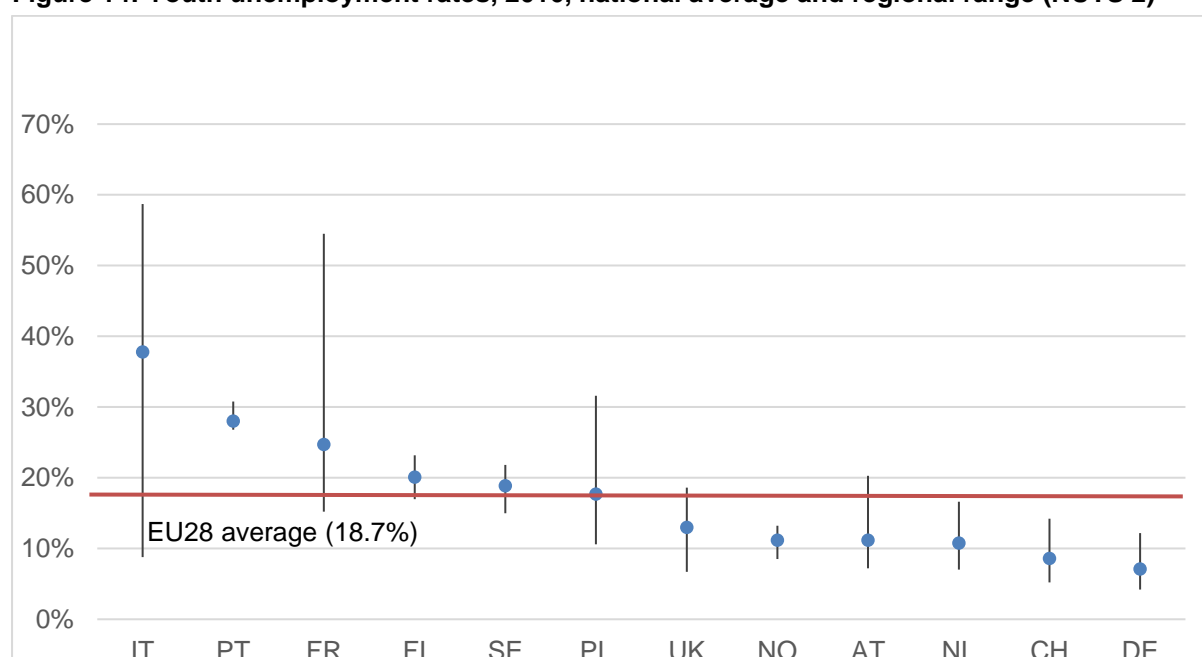


**Note:** Data show a coefficient of variation of regional unemployment rates.

**Source:** EPRC calculations based on Eurostat data (lfst\_r\_lmdur [last updated 09.08.17])

Similarly, a useful measure of **national and regional intergenerational inequality** is the rate of youth unemployment (Figure 14), which in Italy, France and Poland varies significantly across regions.

**Figure 14: Youth unemployment rates, 2016, national average and regional range (NUTS 2)**



**Note:** (1) Age group 15-24 years (2) Regional data for Germany, France, Portugal, Finland and the UK show some gaps. (3) The dot shows the national average, and the vertical line the highest/lowest regional values.

**Source:** EPRC calculations based on Eurostat data (lfst\_r\_lfu3rt [last updated on 09.08.17])

## 2.5 Governance and institutions matter

Last, there is consensus that **well-functioning governance and institutional frameworks are needed** for effective policy design/ implementation and that they also shape the broader context for business and individual decisions relating to employment, investment and innovation (see Box 3). Studies in 2016-17 have focused e.g. on the need for:<sup>13</sup>

- **Effective coordination** across policy fields and between levels of government;
- **Tailored strategies** to differentiated regional/local circumstances;
- **'Eco-systems' or networks of stakeholders** who can respond rapidly to change;
- **Reforms to subnational government** to achieve economies of scale for service provision.

### Box 3: Bachtler/Oliveira Martins/Wostner/Zuber (2017): Recommendations<sup>14</sup>

The EU requires a new strategy for sustainable growth and structural transformation, setting out a common policy vision and a coherent framework for all EU policies - through regulatory reform, directly managed and territorial policies – with a collective focus on improving the ecosystems for structural change at different levels.

Effective structural transformation therefore requires a commitment by governments at different levels to work together to facilitate concerted and integrated action, combining a mix of policy inputs, to meet different territorial development needs and challenges.

A reformed economic governance system should provide an integrated framework for economic policy coordination, aiming at improving the conditions for structural transformation across all levels of government and take account of territorial differences within and between Member States.

Structural reforms require a mix of incentives and conditionalities to ensure that they are carried out.

Structural transformation requires all levels of government to contribute to common EU objectives, and should involve the greater empowerment of regional and local authorities

<sup>13</sup> Bachtler/Oliveira Martins/Wostner/Zuber (2017) *op.cit.*; Iammarino/Rodríguez-Pose/Storper (2017) *op.cit.*; OECD (2016) *op.cit.*

<sup>14</sup> Further recommendations are provided in relation to the EU budget and EU Cohesion policy.



### 3. CHANGES IN REGIONAL POLICIES SINCE THE EARLY 2000S

#### KEY FINDINGS

The population coverage of the EU regional aid map has been reduced since the early 2000s, with a particular impact on countries such as Finland, France, Germany and Portugal. Further, aid intensity ceilings have been lowered, while restrictions have been introduced on aid to larger firms in 'c' areas and on certain types of infrastructure.

The EU Cohesion policy budget fell in 2014-20 compared to 2007-13, and the percentage of funding for Less Developed Regions and the Cohesion Fund has been reduced. A key shift in the 2000s has been the alignment of Cohesion policy with EU-level growth strategies, leading to a stronger thematic orientation and an all-region approach. The complexity of EU rules on financial management/audit and monitoring/evaluation/reporting has increased significantly.

In domestic regional policies, objectives have been stable in many countries but some have seen shifts since the early 2000s between the dual goals of (a) supporting regional balance and reducing regional disparities and (b) facilitating the development of all regions and/or their contribution to national growth.

Important shifts in regional policy instruments have been introduced (e.g. in the Netherlands and Switzerland) and in funding allocations (e.g. in Germany and Spain) since the early 2000s. Less use is made of investment aid for larger firms (at least outside 'a' areas) and new interventions have been designed for particular areas and themes. In central/eastern Europe, regional policies were mostly merged with Cohesion policy after accession but a wider range of approaches has developed over time, particularly in Poland but also in e.g. the Czech Republic and Slovenia.

All-region, regionally-led policies were either already well-established by the early 2000s or have been strengthened. However, this type of approach has been replaced by local structures in the United Kingdom (England).

Change in regional policies since the early 2000s has been driven in part by economic developments (notably the financial crisis & recession) but also macro-political shifts, particularly EU enlargements, as well as by specific political decisions at EU level or within individual countries. This section begins by examining changes in EU regional aid policy and EU Cohesion policy, before turning to the evolution of regional policy in individual countries, and focusing on (a) regional policy objectives, (b) instruments and funding for structurally weaker regions, and (c) all-region regionally-led policies.

### 3.1 EU regional aid policy: maps and constraints

The **aggregate population ceiling of the EU regional aid map has been progressively reduced** from 52.5 percent in 2004 (EU25) to 47.2 percent in 2017 (EU28) (Figure 15). However, the population ceiling for e.g. the EU15 has fallen more strongly (Figure 15), from 43.3 percent in 2004 to 34.7 percent in 2017, as EU enlargements have shifted the policy focus towards the new poorer Member States. Among EoRPA countries, **changes in population coverage have been particularly strong changes in Finland, France, Germany and Portugal** (Figure 16). In this context, the EU Treaty safeguards of the status of sparsely-populated areas and outermost regions is important in maintaining regional aid map coverage in Finland, France Portugal, Spain and Sweden.

**Figure 15: EU regional aid map, assisted area coverage**

	2004	2007	2009	2014	2017
EC9	35.4	28.6	25.5	26.5	26.9
EC10	37.7	31.1	28.1	29.0	29.4
EC12	44.4	37.9	33.4	35.4	35.7
EC15	43.3	37.0	32.8	34.5	34.7
EU25	52.5	46.8	42.9	43.7	43.8
EU27		49.9	46.1	46.7	46.8
EU28				47.2	47.2
NMS10/12/13	100.0	95.2	97.9	95.6	95.6

**Source:** F. Wishlade (2017) *State aid control of regional development policy at 60: harder and sharper, but not yet crystal clear?* EoRPA Paper 17/5. Paper prepared for the 38th meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 1-3 October 2017<sup>15</sup>

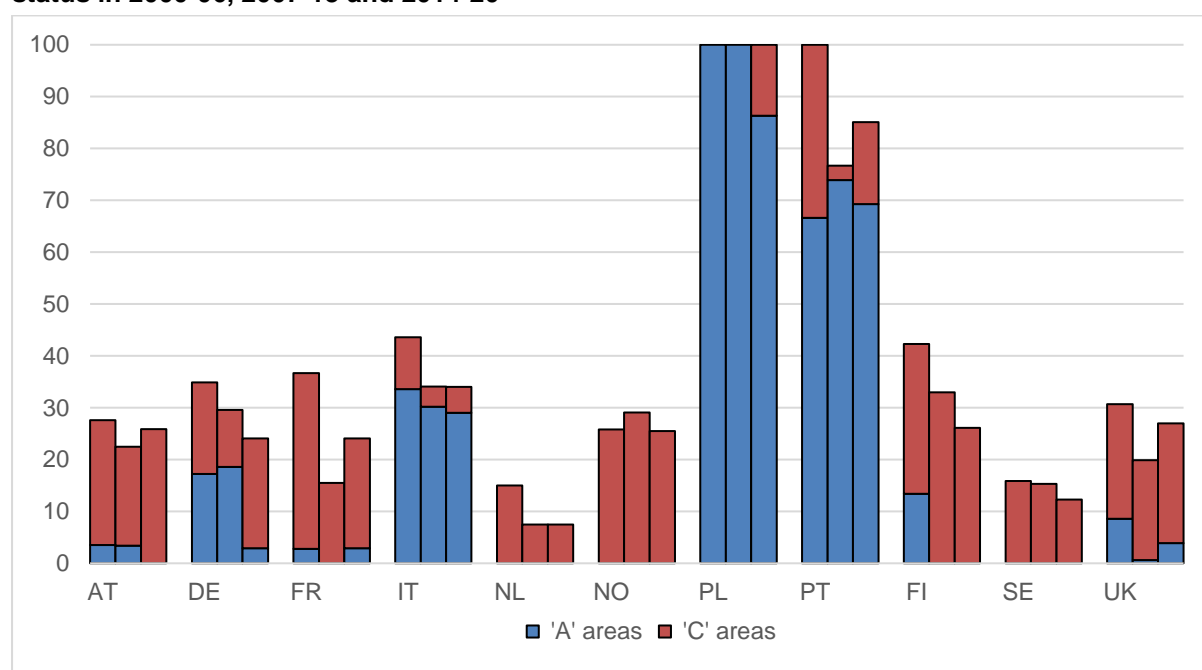
In addition, **political decisions** have been taken at EU level to introduce stricter constraints on regional aid for particular recipients and projects, notably:

- Significant **reductions in aid intensity ceilings**, leading to cuts in the amount of funding allocated per project, and potentially to regional aid funding being less attractive to firms;
- **Restrictions on investment aid for larger firms** in Article 107(3)(c) areas in 2014-20, so that funding is largely limited in practice to greenfield investment projects;
- **Limits on the scope to fund certain types of infrastructure** (e.g. regional airports, innovation centres...), particularly following the ruling by the European Court of Justice on the Leipzig-Halle airport case.<sup>16</sup>

<sup>15</sup> F. Wishlade (2017) *State aid control of regional development policy at 60: harder and sharper, but not yet crystal clear?* EoRPA Paper 17/5. Paper prepared for the 38th meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 1-3 October 2017.

<sup>16</sup> <http://curia.europa.eu/juris/liste.jsf?language=en&num=T-455/08>. See also: [http://ec.europa.eu/competition/elojade/isef/case\\_details.cfm?proc\\_code=3\\_c48\\_2006](http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=3_c48_2006)

**Figure 16: EU regional aid map coverage (% of population eligible for Article 107(3)(a) and (c) status in 2000-06, 2007-13 and 2014-20**



**Note:** Columns refer respectively to 2000-06, 2007-13 and 2014-13.

**Sources:** (1) F. Wishlade (2014) A new dawn or a journey into darkness? Another generation in Competition policy control of Regional development policy, EoRPA Paper 14/5. Paper for the 35th meeting of the EoRPA Regional Policy Research Consortium at Loch Lomondside, 5-7 October 2014, and (2) F. Wishlade (2006) Much ado about nothing? Recent developments in EU competition policy and regional aid control, EoRPA Paper 06/4, Paper for the 27th meeting of the EoRPA Regional Policy Research Consortium at Loch Lomondside, 8-10 October 2006.



### 3.2 EU Cohesion policy: geographies, themes, instruments, complexity

EU enlargements have also played a role in the reorientation of EU Cohesion policy frameworks and expenditure since the early 2000s. The overall **budget for EU Cohesion policy has fluctuated over time**, falling between 2007-13 and 2014-20 (Figure 17).

**Figure 17: Commitment appropriations for the EU's Multi-annual Financial Framework (MFF) and Cohesion policy**

	2006 Benchmark	2007-13	2014-20
<b>Multi-annual Financial Framework (€ billion @ 2011 prices)</b>	940	994	960
<b>Multi-annual Financial Framework MFF (as % of GNI)</b>	1.1	1.12	1.0
<b>Cohesion policy (€ billion @ 2011 prices)</b>	299	355	325
<b>Cohesion policy (as % of GNI)</b>	0.35	0.40	0.34

**Note:** The 2006 benchmark figures consist of 2006 commitment appropriations multiplied by 7.

**Sources:** (1) J. Bachtler, F. Wishlade and C. Mendez (2006) *New budget, new regulations, new strategies: the reform of EU Cohesion policy*. EoRPA Paper 06/3. Paper for the 27th meeting of the EoRPA Regional Policy Research Consortium, Loch Lomondside, 8-10 October 2006. (2) *A new dawn for Cohesion policy? The emerging budgetary and policy directions for 2014-20*. EoRPA Paper 13/4. Paper for the 34th meeting of the EoRPA Regional Policy Research Consortium, Loch Lomondside, 6-8 October 2013.

Between 2004-06 and 2014-20, **the percentage of funding for Less Developed Regions and the Cohesion Fund fell** from 78.9 percent to 72.8 percent (Figure 18). The share of funding for both Less Developed Regions and More Developed Regions also fell, while the proportion of funding for Transition Regions increased.

**Figure 18: Distribution of funding between categories of region, 1989-2020 (%)**

	1989-93	1994-99	2000-04	2004-06	2007-13	2014-20
<b>Less Developed</b>	73.2	61.6	63.6	63.2	59.0	53.5
<b>Transition</b>	0.0	0.2	2.6	2.0	7.5	10.8
<b>More Developed</b>	23.6	27.4	24.3	19.1	12.9	16.5
<b>Cohesion Fund</b>	3.1	10.8	9.4	15.7	20.7	19.2
<b>Less Developed and Cohesion Fund</b>	76.4	72.4	73.1	78.9	79.7	72.8
<b>Total</b>	100	100	100	100	100	100
<b>EU</b>	EU12	EU15	EU25	EU25	EU27	EU28

**Source:** European Commission (2014) *Investment for Jobs and Growth: Promoting development and good governance in EU regions and cities*, Sixth report on economic, social and territorial cohesion, Brussels.

Further, **Cohesion policy financial allocations to a number of poorer Member States are lower in 2014-20 than in 2007-13** (as a percentage of GDP) (Figure 19), partly because of increases in their GDP over the past decade, and also because a lower proportion of the total Cohesion policy package is allocated to the poorest countries and regions in 2014-20.

**Figure 19: Cohesion policy allocations in 2007-13 and 2014-20 (% of GDP)**

	2007-13	2014-20
3.5-4.0%	Hungary	
3.0–3.5%	Estonia, Latvia, Lithuania	Latvia
2.5-3.0%	Bulgaria, Poland	Bulgaria, Croatia, Estonia, Hungary, Lithuania, Poland, Slovakia
2.0-2.5%	Czech Republic, Romania, Slovakia	Romania
1.5-2.0%	Malta, Portugal, Slovenia	Czech Republic, Portugal
1.0-1.5%	Greece	Greece, Malta, Slovenia
0.5-1.0%	Cyprus	
0.1-0.5%	Finland, France, Germany, Italy, Spain	Cyprus, Finland, France, Italy, Spain
<0.1%	Austria, Belgium, Denmark, Ireland, Luxembourg, Netherlands, Sweden, United Kingdom	Austria, Belgium, Denmark, Germany, Ireland, Luxembourg, Netherlands, Sweden, United Kingdom

**Note:** Annual average allocations in constant 2011 prices, as a percentage of 2011 GDP, with all data in euros.

**Source:** EPRC calculations based on European Commission data.

A further important shift since the early 2000s has been the Member States' political **decision to link Cohesion policy explicitly to EU-level growth strategies** (Europe 2020 and previously the Lisbon Strategy), which has led to a stronger **thematic orientation**, particularly via the 2014-20 Thematic Objectives, and greater **diversity of interventions**, notably repayable financial instruments.

This EU-wide growth orientation has also led to an **explicit all-region approach** (with different regional categories) from the 2007-13 period, which contrasts with Cohesion policy's original primary focus on increasing intra-EU cohesion between Member States and regions. Particularly in 2014-20, there has, however, been a **renewed concern with micro-geographies** via the Integrated Territorial Investments (ITI), Integrated Sustainable Urban Development strategies (ISUD), and Community-Led Local Development (CLLD).

Cohesion policy has also seen a significant **increase in the complexity of EU rules** on financial management/audit and monitoring/evaluation/reporting since the early 2000s, in response to political pressure to demonstrate accountability and effectiveness.

### 3.3 National/regional drivers of change

#### 3.3.1 Changing balance between disparate goals

The formal objectives of regional policy are mostly stable over time, particularly when they are set out in constitutions (e.g. in Germany, Spain and Switzerland), but also when defined in domestic laws or national/regional strategies (Figure 20).

The clearest changes are seen in the Netherlands and the United Kingdom (England), where there has been a **shift away from the objective of supporting the development of all regions**:

- In the **Netherlands**, there has been a **move away from supporting development in all regions (via the Peaks in the Delta) towards national growth** as the primary goal (via the Top Sectors);
- In the **United Kingdom (England)**, a change in government in 2010 led to a **shift in away from policy targeting all regions plus a reduction in regional disparities, towards a focus on development in all local areas**.

Elsewhere (e.g. in Norway, Poland and Sweden), there have been **changes in emphasis in regional policy goals** since the early 2000s, particularly in terms of the relative weight accorded to the two goals of (a) supporting regional balance and reducing regional disparities and (b) facilitating the development of all regions and/or their contribution to national growth:

- In **Norway**, a new White Paper for district and regional policy is produced for each national government's four-year term of office, and typically involve **subtle, rather than fundamental shifts between the two primary goals** of regional balance on the one hand, and regional potential as a contributor to national prosperity on the other.
- In **Poland**, the **dual goals of national economic growth and balanced regional development** have remained in place for over a decade but different national governments have placed greater weight on one goal or the other. The present government (since October 2015) has shifted policy goals towards regional balance, although national growth also continues to be prioritised.
- In **Sweden**, **regional policy goals have changed emphasis a number of times since 2001**, when there was a clear move away from a sole focus on the far north and industrial restructuring areas towards growth and development in all the regions, defined in terms of 'well functioning and sustainable labour market regions with a good level of services in all parts of the country'.<sup>17</sup> From 2006-08, the policy field was renamed 'regional growth policy', targeting 'the creation of dynamic development in all areas of the country with greater local and regional competitiveness'.<sup>18</sup> While retaining this approach, there has been a stronger focus on regional attractiveness and sustainability since 2012, with the national strategy being re-named in 2015 as the national 'strategy for sustainable regional growth and attractiveness'.<sup>19</sup>

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<sup>17</sup> Swedish Government (2001) *A Policy for Growth and Viability Throughout Sweden (En politik för tillväxt och livskraft i hela landet, 2001/02:4)*, Stockholm, December 2001

<sup>18</sup> Swedish Government (2007) Budget Bill, 2007/08:1, *Budgetpropositionen för 2008*, 20 September 2007

<sup>19</sup> Swedish Government (2015) *En nationell strategi för hållbar regional tillväxt och attraktionskraft 2015-2020*

**Figure 20: The formal objective/s of regional policy**

	Reduction of regional disparities	National growth and Reduction in regional disparities	Development of all territories and Reduction in regional disparities	Development of all territories	National growth
<b>2017</b>	Germany, Spain, Switzerland	Bulgaria, Croatia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia	Czech, Finland, France, Italy, Norway, Portugal, Sweden, UK (Sco & Wal)	Austria, Belgium, Denmark, Estonia, Ireland, Slovenia, UK (Eng & NI)	Cyprus, Luxembourg, Netherlands
<b>2005</b>	Germany, Spain, Switzerland	Bulgaria, Cyprus, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia	Czech, Denmark, Finland, Ireland, Italy, Norway, Sweden, UK	Austria, Belgium, France, Netherlands, Portugal, Romania	Luxembourg

**Sources:** (1) EoRPA 2017 country reports and (2) D. Yuill (2005) *Preparing for the Next Policy Phase: A Comparative Overview of Recent Regional Policy Developments*, EoRPA Paper 05/1. Paper prepared for the meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 2-4 October 2005.

### 3.3.2 *Changes in instruments & funding are more extensive*

**Many regional policy instruments have been in place since (or before) the early 2000s**, notably the main regional aid schemes for structurally weaker regions (e.g. in Finland, France, Germany, Luxembourg, Norway, Spain and Sweden).

**Regional policy funding allocations<sup>20</sup> have fallen since the early 2000s in Germany, Spain and Switzerland** (while limited data availability does not allow conclusions to be drawn for other countries):

- In Germany, federal funding for the Regional Joint Task (GRW) has fallen from c. €1420 million annually in 2000-02 to c. €625 million annually in 2015-17 (at constant 2017 prices), at least partly in response to the improving economic situation in the eastern *Länder* following reunification in the early 1990s.
- In Switzerland, funding levels for regional policy (the New Regional Policy from 2008 and previously the Investment Aid instrument) fluctuates annually but is broadly lower in 2015-17 (CHF 83 million or €77 million annually) than in 2000-02 (CHF 160 million or €83 million annually) (all at constant 2017 prices).
- In Spain, regional policy funding has been reduced significantly since the financial crisis, with the budget of the Regional Investment Grant has fallen from €526 million in 2000-02 to €73 million in 2014-16, while the budget of the Inter-Territorial Compensation Fund (which finances infrastructure investment in structurally weaker regions) has been reduced from €1153 million in 2000-02 to €439 million in 2014-16 (all at constant 2017 prices).

Major new policy approaches have been introduced in:

- The **Netherlands, where the 2007-10 Peaks in the Delta policy (for innovation in all regions) was replaced by the geographically-neutral Top Sectors policy** (although separate support for northern regions and also for areas undergoing industrial restructuring areas continue).
- **Switzerland, where in 2008 the New Regional Policy (NRP) replaced the Investment Aid** instrument that previously provided funding to mountainous regions. The NRP focuses on regional competitiveness and value creation, while disadvantaged rural and mountainous areas remains an underlying concern.

The use of **regional investment aid grants, particularly for larger firms**, was previously used extensively but now **is less strongly emphasised** e.g. in:

- **Germany, where the Investment Allowance was phased out in 2013** while, under the Regional Joint Task, EU constraints on aid to larger firms in Article 107(3)(c) areas have reduced take-up of funding for business investment since mid-2014.
- **Italy, where there has been a move away from providing investment grants to (larger) individual businesses** and a stronger emphasis on packages of business support and infrastructure investment, as well as tax incentives, and an expansion of support for innovation, SMEs and start-ups.

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<sup>20</sup> EPRC calculations based on national data sources

- **The United Kingdom (England), where the Grant for Business Investment was discontinued** in 2008, although the Regional Growth Fund in 2011-14 allocated funding for a variety of projects, including business-led investment.

New approaches also **target certain types of region/area or intervention**, e.g. in:

- **Finland**, where, alongside existing instruments for sparsely populated areas, **additional support has been put in place for areas undergoing structural change**, via the AIKO instrument in 2016-18 and via the Framework for Sudden Structural Changes (2007-15).
- **France**, where **contractual approaches have been set up for different territories**, building on existing experience with Urban Contracts and State-Region Planning Contracts. More recent approaches include e.g. Rural Contracts and Central Towns Contracts. The content of all contracts typically cover similar themes i.e. economic regeneration/attractiveness and employment, provision of local services, and ecological transition.
- **Germany**, where the Regional Joint Task now funds a **broad range of networking interventions** (e.g. innovation clusters, regional budgets) and more funding options in relation to themes such as innovation, energy and the environment.

While **many central and eastern European countries** (e.g. Czech Republic, Estonia, Latvia, Lithuania, Slovakia, Slovenia) **merged existing regional policies with Cohesion policy** when they acceded to the EU, Poland continued to provide support for structurally weaker regions. Different approaches have emerged over time e.g.

- **Poland has adopted a domestic strategy for the eastern regions** in both 2007-13 and 2014-20 (alongside Cohesion policy programmes) and has also supported **industrial restructuring regions** - with additional forms of support for both categories of region most recently set out in the 2017 Strategy for Responsible Development (see Section 4).
- **Programmes have been set up for specific areas** e.g. in the Czech Republic (Moravia-Silesia, Karlovy Vary, and Ústí nad Labem), Estonia (Ida-Viru) and Slovenia (Posočje, Pomurje, Pokolpje, Maribor & neighbouring municipalities, and municipalities in Zasavska region).
- **Thematic instruments** have been established e.g. in the Czech Republic (small-scale schemes for local infrastructure and projects) and Slovakia (investment aid).

### ***3.3.3 All-region, region-led policies have mostly strengthened***

Parallel to regional policies for structurally weaker regions, **economic development policies may be led by entities in all regions** (often co-financed by EU Cohesion policy) (Figure 21).

These approaches are sometimes seen as forms of regional policy (e.g. in France, Norway or Sweden) but elsewhere are regarded as the policies of sub-national entities (e.g. Austria and Germany).

**In countries with well-established federal or regionalised structures** (e.g. Austria, Germany and Switzerland - Figure 22), **the powers of regional entities with regard to economic development policy-making have remained stable** since the early 2000s.

**Figure 21: Countries with ‘all-region’, regionally-led economic development policies**

	2017	Early 2000s
<b>AT</b>	<i>Länder</i> economic development policies	<i>Länder</i> economic development policies
<b>BE</b>	Economic development strategies of Brussels-Capital, Flanders and Wallonia	Economic development strategies of Brussels-Capital, Flanders and Wallonia
<b>DK</b>	Regional Councils & Regional Growth Fora design Regional Growth & Development Strategies	Regional Councils with Regional Growth Fora set up early 2000s tasked with economic development policies
<b>FIN</b>	Regional Councils develop four-year regional strategic programmes	2002 introduction of regional strategic programmes
<b>FR</b>	State-Region Planning Contracts	State-Region Planning Contracts
<b>DE</b>	<i>Länder</i> economic development policies	<i>Länder</i> economic development policies
<b>IT</b>	Pacts for Development co-financed by the Fund for Development & Cohesion	Regions have economic development powers esp. after reforms of 1997-98 and 1999-2001
<b>NL</b>	Provinces are responsible for regional development	Mid-2000s regional strategies developed under Peaks in the Delta
<b>NO</b>	Counties cooperate with State in regional economic development	Counties draw up regional development programmes from 2003
<b>PL</b>	Regional self-governments and Ministry of Economic Affairs agree regional contracts	Regional self-governments and Ministry of Economic Affairs agree regional contracts
<b>ES</b>	Regions’ economic development strategies	Regions’ economic development strategies
<b>SE</b>	County-level bodies have regional development strategies & are responsible for regional development tasks	Regional growth programmes & regional development programmes introduced 2004
<b>CH</b>	Cantons’ economic development policies	Cantons’ economic development policies
<b>UK</b>	In Northern Ireland, Scotland and Wales, economic development strategies. In England, Local Enterprise Partnerships	In Northern Ireland, Scotland and Wales, economic development strategies. In England, Regional Development Agencies produce Regional Economic Strategies

**Sources:** (1) EoRPA country reports 2017. (2) D. Yuill (2005) *op.cit.*

Elsewhere, **moves towards the decentralisation of tasks have led to the creation or expansion of all-region, region-led development policies:**

- Either as the **primary form of regional policy** (e.g. Denmark, the Netherlands);
- Or **alongside instruments for structurally weaker regions** (e.g. Finland, France, Norway, Poland and Sweden).

In contrast, **in the United Kingdom (England), there has been a shift away from a regional approach**, following the closure of Regional Government Offices and Regional Development Agencies after the change of UK government in 2010, and the emergence of a locally-oriented approach.

**Figure 22: Institutional frameworks of regional policy**

	<b>Federal:</b> responsibilities are mainly regional, with only a minor role for national coordination	<b>Regionalised:</b> responsibility is mainly regional but with active national coordination	<b>Decentralised:</b> national level has main responsibility but regions have some tasks	<b>Unitary: essentially</b> national but possibly some role for sub-national entities
<b>2017</b>	Austria, Belgium, Germany, Switzerland	France, Italy, Netherlands, Spain, UK (NI, Sco, Wal)	Czech Republic, Denmark, Finland, Greece, Norway, Poland, Slovakia, Sweden	Bulgaria, Croatia, Cyprus, Estonia, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovenia, UK (Eng)
<b>2005</b>	Austria, Belgium, Germany, Switzerland	Italy, Spain, UK	Czech Republic, Denmark, Finland, France, Greece, Netherlands, Norway, Poland, Slovakia, Sweden	Bulgaria, Cyprus, Estonia, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovenia

**Sources:** (1) EoRPA 2017 country reports and institutional framework fiches. (2) D. Yuill (2005) *op.cit.*





## 4. REGIONAL POLICY CHANGES IN EUROPE IN 2016-17

### KEY FINDINGS

A major regional policy reform is being prepared in Germany, while Poland has agreed a new national Strategy for Responsible Development with an important territorial dimension.

Limited shifts have been agreed in regional policy objectives in Finland, Italy, the Netherlands, Norway, Portugal and Scotland.

New instruments have been introduced for rural or sparsely populated regions in France, Poland, Portugal and Switzerland, and for industrial restructuring regions in Finland, Germany, the Netherlands, Poland, and the United Kingdom (England).

New types of instrument and thematic changes have been adopted in Germany (e.g. support for innovation clusters, energy & environmental projects; and also bottom-up strategies) and Italy (tax credits, social security relief, special economic zones, and support for young entrepreneurs).

Structural changes have been introduced or are being planned in the strategic role of regional/local authorities in economic development in Finland, Norway, Portugal, Sweden and the United Kingdom. Other shifts in 'all-region' regional policy have occurred in e.g. Italy, the Netherlands and Poland.

Important contextual/institutional reforms have related e.g. to: fiscal equalisation systems; new sources of funding for local authority investment; the national institutional frameworks of regional policy; and reforms of sub-national governance.

The period 2016-17 has seen major strategic reforms in Germany and Poland, as well as shifts in regional policy instruments, objectives and institutional changes in a wider range of countries. This section outlines the key developments in EoRPA countries (Figure 23), as well as changes in EU-level policies. For further detail, see:

- Annex 1 which describes changes in the EoRPA countries in more detail;
- Annex 2 which provides tables of changes across 30 countries in regional policy strategies and laws; other policy strategies and laws with a regional policy dimension; the geographical focus of regional policy instruments; the themes and types of regional policy instruments; other aspects of regional policy funding; institutional frameworks; fiscal equalisation mechanisms; allocation of tasks between the central State and sub-national levels; reforms of regional and local government; and emerging issues.
- Annex 3 which provides outline tables of regional policy in 30 countries.

## 4.1 Changes in domestic regional policies

### 4.1.1 Major strategic reforms

**Germany is preparing a major reform of domestic regional policy for 2020+** in the context of the end of the Solidarity Pact for the eastern *Länder*. Key elements under discussion include: a shift in focus towards structurally weak areas nationwide; the use of various federal instruments, including the Regional Joint Task (GRW); and potentially multi-annual financial allocations and new institutional and reporting frameworks.

**Poland has agreed a major new national Strategy for Responsible Development** with an important territorial dimension and is preparing an aligned new National Strategy for Regional Development. Alongside a continued emphasis on areas seen as the main growth centres, there is also an emphasis on 'sensitive areas' e.g. less developed areas facing marginalisation, areas undergoing significant structural change, and medium-sized towns losing their socio-economic functions.

### 4.1.2 Shifts in objectives

Elsewhere, limited shifts have been agreed in regional policy objectives e.g.:

- In **Finland, the Regional Development Decision 2016-19** sets out the priorities of growth through renewal', 'vitality through regional networks' and 'welfare through partnerships'.
- In **Italy, new goals were set, earmarking domestic funding for the South** i.e. 34 percent of national public ordinary capital expenditure and, separately, 80 percent of domestic regional policy expenditure (via the Fund for Development and Cohesion, FSC).
- In the **Netherlands, there is a renewed focus in the Top Sectors policy on societal challenges** e.g. ageing populations, clean energy, and sustainable food.
- In **Norway, the 2017 White Paper 'Urban sustainability and rural strength'** introduces a shift in emphasis towards sustainability and regional balance.
- In **Portugal, a National Programme for Territorial Cohesion** was approved in October 2016, focused on low-density, interior areas.
- In **Scotland**, where a review of enterprise and skills support has led to a broader **commitment to addressing regional differences within Scotland**, and where an Islands Bill aims to ensure 'island-proofing' of future legislation/policies.

### 4.1.3 New instruments for particular types of area

New instruments for **rural, peripheral or low population density regions** have been introduced in:

- **France**, where six-year **Rurality Contracts** will provide a single framework for different forms of funding. In addition, eligibility criteria and designated areas have been revised for the **Rural Renewal Zones (ZRR)** which provide tax relief to firms in low population density areas.
- **Poland**, where the new **national Strategy for Responsible Development** has introduced additional support for Eastern Poland and other northern/eastern less developed areas facing marginalisation.
- **Portugal**, where the **new Incentive System for Entrepreneurship & Employment (SI2E)** supports the creation or expansion of micro and small enterprises, involving investment and

net job creation. Funding is provided via the mainland ESIF Regional OPs, within the framework of CLLD and ITI strategies, with higher aid rates in low density areas.

- **Switzerland**, where the new programme period for 2016-23 of the main regional policy instrument - the **New Regional Policy (NRP)** – was launched of the new programme period, with an ongoing underlying concern for disadvantaged rural and mountainous areas. In addition, the **NRP's tax allowance** instrument was revised so that funding is available to more cantons but is concentrated more strongly on regional centres within each canton.

The other major geographical **focus has been on industrial restructuring areas**, with new regional policy instruments introduced in Belgium and the Czech Republic, as well as in:

- **Finland, where the AIKO instrument** includes proactive support for areas undergoing sudden structural change. In addition, further funding is channelled to regions experiencing sudden structural change.
- **Germany, where an Ideas Competition**, financed by the Energy and Climate Fund, has been set up to support creative approaches to regional development strategies and pilot projects.
- **The Netherlands, where a Commission** was established in 2016 to examine structural challenges and employment opportunities in the Zeeland area.
- **Poland, where the national Strategy for Responsible Development** includes a focus on areas undergoing significant structural change, and on medium-sized towns losing their socio-economic functions.
- In the **United Kingdom (England)**, where two new strategies were adopted, committing the UK government to public investment in major English regions outside the South-east, with a view to boosting productivity i.e. the **Northern Powerhouse and the Midlands Engine**.

#### **4.1.4 Other new instruments or themes**

New **types of regional policy instrument** have also been introduced, as well as **changes in thematic focus**, particularly in:

- **Germany**, where changes were made to **eligibility rules under the Regional Joint Task (GRW)** to allow funding for e.g. innovation clusters, some energy and environmental projects, and broader projects linked to RTDI, training and broadband. In addition, a **new instrument (Change through Innovation in the Region, WIRI, under the Enterprise Region umbrella)** was introduced to support bottom-up regional innovation capacities.
- **Italy**, where new instruments include: a **tax credit for business investment** in the South; **social security relief** for employers in the South; **Special Economic Zones** with tax breaks in the five Less Developed Regions; and a **new scheme for young entrepreneurs** in the South ('I remain in the South').

#### **4.1.5 Shifts in 'all-region' support for economic development**

First, **structural changes are being introduced or planned to** enhance the strategic role of regional or local authorities in economic development policy-making, e.g. in

- **Finland**, where **new directly-elected and more autonomous Counties** will take on tasks from other sub-national bodies from 2019 and provide growth services, replacing the existing Regional Councils, ELY-centres and TE-offices.
- **Norway**, where a **reform of sub-national governance is planned for 2020**, including steps to merge counties and enhance their role in strategic economic development;
- **Portugal**, where a **2017 Proposal of Law** aims to transfer tasks and resources to local authorities and inter-municipal entities in 2018-21, e.g. in healthcare, transport and housing.
- **Sweden**, where **directly-elected County Councils are gradually replacing other county-level entities** (municipal cooperation bodies and county administrative boards) and are taking on more tasks e.g. in relation to regional growth. Discussions are also starting on the appropriate role of the State in the regions.
- **United Kingdom**, where there is **ongoing devolution of tasks** from the central State to Scotland, Wales, Northern Ireland, and also to larger English cities. For example, 2016-17 saw the devolution of borrowing for investment powers and income tax powers to Scotland

Second, **new Pacts for Development** – which are the main tools for implementing domestic regional economic development policy - **were agreed in Italy between the national government and eight Regions and seven metropolitan cities in the South** (while a special Pact for the industrial area of Taranto in Apulia was already signed in December 2015). Pacts were also launched in the Centre-North for two Regions and three metropolitan cities.

Third, the 2016-17 period has been an important time of **consolidating recent reforms of regional strategic economic capacities** in:

- France, where significant reforms were introduced in 2014-15 e.g. a reallocation of tasks among sub-national authorities, an increase in Regions' strategic leadership, and allocation of additional economic development responsibilities to the Regions (building on regionalisation processes since the 1980s), including the role of managing authorities for the ERDF OPs 2014-20.
- The Netherlands, where regional economic development have recently been decentralised to the provinces.

Last, existing **regional contracts between the central State and regional governments were revised** in 2016-17 in:

- **France**, where the **State-Region Planning Contracts (CPER) are undergoing a mid-term review** in 2017, following a technical review in 2016. The CPER channel State funding to the Regions and include a 'territorial chapter' with funding for targeted areas, aimed at enhancing territorial equality/cohesion within each Region
- In **Poland**, where the **territorial contracts between State and regions were revised in 2016**. The contracts coordinate different levels of government, different policy fields, and different sources of EU and domestic funding.

#### **4.1.6 Changes in key contextual frameworks**

An important focus for many countries in 2016-17 has been **fiscal equalisation systems**:

- **Major reforms** have been agreed or being prepared in Finland, Germany, Luxembourg and Spain;
- **Regular multi-annual revisions** have been introduced in Austria and Switzerland;
- **Limited changes** to systems have been made in France, Latvia and Lithuania; and
- **Discussion of further reforms** are underway in Bulgaria, the Czech Republic, France, Greece, Portugal and Slovenia.

**New sources of funding for local authority infrastructure investment** have been introduced in:

- **Austria, where a federal Law for Municipal Investments** came into force in July 2017 and provides for one-off additional grants to municipalities for modernising infrastructure.
- **France, where a new Fund for Local Investment** was created in 2016, with the aim of funding local infrastructure projects, mainly in rural and smaller urban areas.

A further focus has been the **national institutional frameworks of regional policy e.g.:**

- **Important changes have been introduced in Italy**, building on reforms since 2014 and including a shift in political responsibility for regional policy to the President of the Council of Ministers; reintroduction of the post of Minister for Territorial Cohesion & the Mezzogiorno; a new high level government committee for the domestic side of regional policy; and the new administrative structures (new department in the Presidency of the Council of Ministers, and the Agency for Territorial Cohesion) becoming fully operational.
- **France has announced a new national agency for territorial cohesion**; and
- **Germany is preparing a Commission for Growth, Structural Change and Regional Development**, to become active in 2018, in the context of the federal Climate Protection Plan 2050's commitments to support restructuring in coal-producing regions.

Broader **reforms of sub-national governance, notably steps to create larger local authorities**, including via incentives for mergers between municipalities, have either been consolidated in 2016-17 (France), or are being planned (Norway, 2020), or are the subject of legislation (Italy), or are under discussion (Netherlands, Sweden).

#### **4.1.7 Emerging regional policy themes**

Key emerging themes in relation to the regional policies of European countries include:

- **Adaptation of policy approaches to fit (changing) domestic circumstances** and/or in the face of future change (e.g. anticipated revisions of EU Cohesion policy funding or EU regional aid map coverage from 2021);
- **Tailored approaches to different types of region**, notably rural, peripheral or sparsely-populated regions; urban (and surrounding) areas; industrial restructuring areas;
- **Specific themes** e.g. knowledge, skills and human capital; support for business investment and innovation; infrastructure including digitalisation.
- **Institutional dimensions of regional policy** e.g. coordination among authorities at different levels and across different policies; the relocation of public sector jobs; the expansion of bottom-up approaches and/or their coordination with other approaches.

**Figure 23: Main changes in the regional policies of EoRPA sponsoring countries, 2016-17**

	Strategies, laws, goals	Instruments	Fiscal equalisation & new funds	Institutional frameworks
<b>AT</b>			Regular revision 2017-21. Municipal Investment Law	
<b>DE</b>	GRW Coordination Framework revised	Major reform 2020. GRW revision; Coal areas	New system 2020. End of Solidarity Pact 2019	
<b>FI</b>	Law 2017: Institutions. Decision 2016-19: priorities. Regional progs	Areas of sudden structural change; growth agreements & zones	Review in preparation for broader 2019 reforms	Major reform 2019 - new elected Counties replacing existing entities
<b>FR</b>	Review of State-Region Planning Contracts	Rurality Contracts. Rural Renewal Zones: revision of eligibility & maps.	Limited revision of equalisation system. New Fund for Local Investment	Consolidation of 2014-15 regional & local reforms
<b>IT</b>	Pacts for Development. Earmarking % of funding for South	Tax credits & relief. Special economic zones		Major new national institutional framework
<b>NL</b>	Top Sectors: renewed focus on societal challenges	Commission for Zeeland: industrial restructuring area		Consolidation of decentralisation reforms
<b>NO</b>	White Paper 2017: tilt towards 'regional balance'			Reform of municipalities & counties planned 2020
<b>PL</b>	Strategy (SOR): growth areas & sensitive areas	New instruments for 'sensitive areas'		Polish Development Fund. Territorial contracts revised
<b>PT</b>	Programme Territorial Cohesion 2016	SME support linked to ITI & CLLD, esp for low density areas (SI2E)	Possible revision of Local Finance Law	Proposal of Law to transfer tasks to local authorities
<b>SE</b>	Revision of regulations on regional growth			Elected Regional Councils replacing other entities
<b>CH</b>		NRP 2016-23. Revised area for tax allowances	Regular renegotiation of system for 2016-19	
<b>UK</b>	Eng: Industrial strategy. Scot: Enterprise/skills review; Islands Bill	Northern Powerhouse & Midlands Engine		Ongoing devolution to nations & English cities

## 4.2 Changes in EU-level regional policies

### 4.2.1 EU regional State aid policy

The implementation of regional State aid instruments in 2016-17 confirms the picture from 2014-15 of **constraints on project applications and financial absorption** in those Member States affected by the 2014-20 **EU limits on the allocation of aid for investment projects in larger firms in Article 107(3)(c) areas**. This is seen as a significant issue in e.g. Germany and Scotland, which is leading to adjustments in regional policy instruments.

Limited changes to the EU regional aid map have been introduced following the **European Commission's mid-term review of the EU regional aid map for 2017-20**. In addition to those outlined in Figure 24, other Member States have the option to exchange of up to 50 percent of non-predefined Article 107(3)(c) regions but have not yet indicated that they will do so.

**Figure 24: Changes in the 2017-20 EU regional aid map**

Revisions for the 2017-20 aid map	
FR	France has taken advantage of the possibility to exchange up to 50 percent of adjusted non-predefined 'c' areas, by deciding to designate 52 municipalities facing economic difficulties, including 13 municipalities in Nouvelle-Aquitaine (South-West) and nine municipalities in Hauts-de-France (North).
DE	One NUTS 3 region (Vorpommern-Greifswald) will retain an aid ceiling of 20 percent (bordering on an 'a' region).
GR	Four NUTS 2 regions (Western Macedonia, Ionian Islands, Central Greece and Crete) have been redesignated as 'a' regions (2014-16: predefined 'c' areas), with an aid ceiling of 25 percent. In a further seven existing 'a' regions (Eastern Macedonia and Thrace, Central Macedonia, Thessaly, Epirus, Western Greece, Peloponnese, and Northern Aegean), the aid ceiling has been revised to 35 per cent in 2017-20 (25 percent in 2014-16) as their GDP per capita fell to below 60 percent of the EU28 average in 2012-14. In Attica and Southern Aegean, the aid ceiling has been increased to 20 percent in those NUTS 3 areas which border on 'a' regions with an aid ceiling of 35 percent.
IT	Sardinia has been redesigned as an 'a' region in 2017-20 (GDP per capita of 74.0 percent of the EU28 average in 2012-14), after being partly-designated as a 'c' area in 2014-16.
PT	The aid intensity ceiling for the NUTS 2 region of Madeira has been raised from 35 to 45 percent in 2017-20, as its GDP per capita dropped below 75 percent of the EU28 average.
ES	Four NUTS 2 regions (Castilla-La-Mancha, Andalucía, Murcia and Melilla) have been redesignated as 'a' regions with aid ceilings of 25 percent. Two 'a' areas in Catalonia and the Balearic Islands have been modified via the exchange of a small percentage of adjusted non-predefined 'c' areas (0.6 percent of the total).

**Source:** European Commission (2016) Communication amending Annex I to the Guidelines on regional aid for 2014-2020, *Official Journal of the European Union* C231/1, Brussels, 25.6.2016



### 4.2.2 EU Cohesion policy

The **European Commission's mid-term review** also introduced limited changes in Cohesion policy funding allocations (Figure 25).

**Figure 25: European Commission's mid-term review of Cohesion policy envelopes for 2017-20**

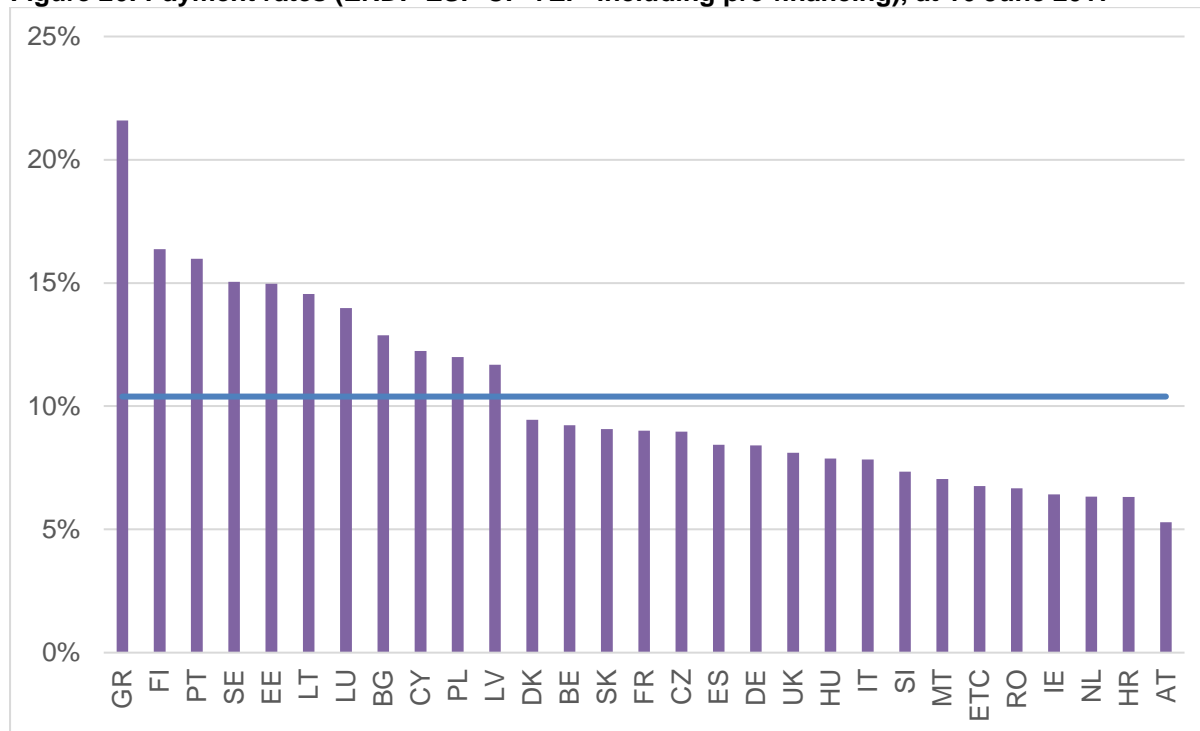
	Original allocation 2017-20	Cumulative divergence based on Art.7.1 & 7.3 (%)	Adjustment respecting Art.7.5 maximum	New adjusted allocation 2017-20	Change in new allocation (%)
<b>AT</b>	507.6	0.44	0	507.6	<b>0.0</b>
<b>BE</b>	969.5	8.05	9.4	979	1.0
<b>CZ</b>	11078.2	-7.39	-99.1	10979.1	-0.9
<b>DK</b>	168.4	27.12	5.5	173.9	3.3
<b>EE</b>	1960.7	-12.85	-30.5	1930.2	-1.6
<b>IE</b>	439.3	5.92	3.1	442.4	0.7
<b>GR</b>	7351.3	94.07	836.6	8187.9	11.4
<b>ES</b>	12971.3	117.07	1837.1	14808.4	14.2
<b>HR</b>	4714.4	-7.52	-42.9	4671.5	-0.9
<b>IT</b>	15338.8	76.4	1417.8	16756.6	9.2
<b>CY</b>	156	76.75	31.5	187.6	20.3
<b>NL</b>	518.9	8.14	5.1	524.1	1.0
<b>SI</b>	1577.6	25.3	48.3	1625.9	3.1
<b>SK</b>	7629.3	-6.43	-59.3	7570	-0.8
<b>FI</b>	676.1	6.09	5.0	681.1	0.7
<b>SE</b>	880	-16.59	-17.7	862.3	-2.0
<b>UK</b>	5488.2	7.53	50.0	5538.2	0.9
<b>Total</b>	176605.7		4000	180605.7	2.3

**Notes:** (1) No change in Bulgaria, Germany, France, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, Portugal or Romania. (2) For discussion, see J. Bachtler, C. Mendez and F. Wislade (2016) Evolution or Revolution: Exploring New Ideas for Cohesion Policy 2020+, European Policy Research Paper No. 95.

**Source:** European Commission (2016) Technical adjustment of the financial framework for 2017 in line with movements in GNI and adjustment of the cohesion policy envelopes, Communication from the Commission to the Council and the European Parliament, Brussels, 30.6.2016, COM(2016) 311 final.

Particularly in countries where regional policy is largely synonymous with EU Cohesion policy and/or where EU Cohesion policy resources account for a majority of funding, **an important focus in 2016-17 has been on the implementation and financial absorption of EU programmes**, including the closure of the 2007-13 ESIF programmes and the acceleration of spending in 2014-20 (Figure 26).

**Figure 26: Payment rates (ERDF-ESF-CF-YEI - including pre-financing), at 16 June 2017**



**Note:** The horizontal line shows the EU28 average.

**Source:** EPRC calculations, based on EC data (<https://cohesiondata.ec.europa.eu/EU-Level/ESIF-2014-2020-EU-payments-daily-update-/gayr-92qh>), 5 September 2017.

Key issues relating to the **implementation of Cohesion policy** include:<sup>21</sup>

- Finalising payments and **closing the 2007-13 programmes**;
- Completing the **designation of authorities**, and ensuring that the 2014-20 management and control systems, including IT/monitoring systems, are operational;
- Meeting **ex ante conditionalities** in 2014-20;
- Addressing **capacity and coordination** issues, at national and/or sub-national levels;
- Selecting projects, as well as committing and paying out funds, to ensure **financial absorption**;
- Meeting the requirements of the **performance framework**, including monitoring indicators, evaluations, and Progress reports;
- Implementing the **integrated territorial investments (ITI)**, **integrated sustainable urban development strategies (ISUD)** and **community-led local development (CLLD)**.

<sup>21</sup> T. Lehuraux (2017) Gathering Implementation Speed: The Progress of Structural Funds Programmes, *IQ-Net Review Paper* 40(1), European Policies Research Centre, University of Strathclyde, Glasgow.

Polverari L, Ferry M and Bachtler J (2017) 'The Structural Funds as 'Agents of Change': New Forms of Learning and Implementation', *IQ-Net Thematic Paper* 40(2), European Policies Research Centre, University of Strathclyde, Glasgow

### **4.2.3 NUTS regional boundaries – 2016 and 2021+**

**Changes were introduced under NUTS2016 at NUTS 3 level**, which entered into force December 2016, and applies to transmission of data to Eurostat from 1 January 2018. Apart from the recoding of NUTS 3 regions (notably in France, Lithuania, Poland and Scotland, but also in Hungary and Ireland), there were boundary changes or the creation of new regions in Germany, Ireland, the Netherlands, Poland, Finland, and UK Northern Ireland).<sup>22</sup>

Further **revisions to NUTS 2 boundaries are being proposed from 2021**:

- In late 2016, Ireland submitted an application to the European Commission to move from two to three NUTS 2 regions from 2021, aligned the domestic Regional Assembly areas introduced in January 2015 (Eastern & Midland, Northern & Western, and Southern).
- Lithuania has proposed dividing Lithuania into two NUTS 2 regions from 2021, one composed of Vilnius County, and the other of the Middle and West region.
- Hungary is proposing to divide the Central Hungary region into two NUTS 2 regions: Budapest, and Pest County, from 2021.

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<sup>22</sup> European Commission (2016) Regulation (EU) 2016/2066 of 21 November 2016 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS), *Official Journal of the EU* L 322/1, 29.11.2016

## 5. CONCLUSIONS AND ISSUES FOR DISCUSSION

The regional policy context in Europe is framed by macroeconomic and macro-political uncertainties, including the ongoing repercussions of the financial crisis and recession, but also the refugee/migrant crisis, and political shifts linked in part to social inequalities. There is evidence that **regional disparities in productivity levels within European countries have risen** since the mid 1990s, due to more rapid growth in leading regions (driven by globalisation and technological change) and limited territorial diffusion of structural change and innovation. **Interregional income and employment inequality is shaped by political decisions** on whether/how to ensure conditions for economic development and employment in all regions, and on the distribution of the costs and benefits of taxation and public spending, and the accessibility of public services.

Regional policies have evolved considerably since the early 2000s, with **stronger EU-level constraints on regional investment aid** (especially to larger firms), **shifts in the thematic and geographical orientation of Cohesion policy** and a major increase in its complexity, and **reforms of policy objectives, funding and instruments within individual countries**. In this context, there is a need to reassess the role(s) of regional policy, which currently aims to:

- enable people and firms in a wider range of regions to benefit from national growth-oriented policies;
- maximise the contribution of all regions to national economic growth, drawing on regional resources and capacities; and/or
- mitigate the impact of other policies, by improving conditions for regional development and/or ensuring service provision in structurally weaker regions.

### Key regional policy changes in 2016-17

#### *Studies voice concerns over regional productivity and social inequalities*

The OECD in particular has drawn attention to growing regional disparities in productivity due to the impact of globalisation and technological change, which have led technology and knowledge-intensive sectors to concentrate in metropolitan areas, while former industrial hubs have lost medium- and low-skilled jobs, and manufacturing has become more dispersed. Productivity gains in leading regions are not diffusing rapidly to other regions, leading to an increasing gap between ‘frontier regions’ and intermediate and lagging regions. Studies are also focusing more strongly on interpersonal and interregional inequality, which is seen to generate social and political costs, and an emphasis on policies which can support not only productivity growth but also a reduction in socio-economic disparities.

#### *Core regional policy strategies are being revised*

Germany is preparing a major regional policy reform which involves a more coherent approach to all structurally weaker areas nationwide (rather than a particular focus on eastern regions) and the use of a range of instruments and thematic interventions. Poland has agreed a new national Strategy for Responsible Development with an important territorial dimension, and is designing an aligned National Strategy for Regional Development, with a stronger focus on regional balance and ‘sensitive areas’ (alongside the existing focus on growth centres). Finland, Italy, the Netherlands, Norway, Portugal and Scotland have made more subtle revisions to regional policy goals.

### ***New instruments are targeting rural or industrial restructuring areas***

New instruments have been introduced for rural or sparsely populated regions in France, Poland, Portugal and Switzerland, and for industrial restructuring regions in Finland, Germany, the Netherlands, Poland, and the United Kingdom (England).

### ***Regional policy themes and instruments continue to diversify***

New instruments have been adopted in Italy (tax credits, social security relief, special economic zones, and support for young entrepreneurs) and in Germany (support for bottom-up regional innovation strategies). In addition, Germany's Regional Joint Task has seen further thematic diversification (e.g. to include support for innovation clusters, and some types of energy and environmental projects).

### ***Regionally-led development policies are further strengthened***

Structural changes have been introduced or are being planned in the capacities of regional authorities to lead and implement economic development policies (e.g. in Finland, Norway, Sweden and the United Kingdom). 'All-region' regional policies are well-established in many countries, and 2016-17 has also seen consolidation of recent reforms in e.g. France and the Netherlands.

### ***Reforms to institutional frameworks and financial systems are to the fore***

Important reforms have been introduced or agreed e.g. in relation to the national institutional frameworks of regional policy (notably in Italy), fiscal equalisation systems (e.g. in Austria, Finland, Germany and Switzerland), the creation of new sources of funding for local authority investment (e.g. in Austria and France), and the restructuring of local/regional governments (e.g. in Finland, Norway and Sweden).

### ***A range of themes are emerging in regional policy***

Key emergent themes include: the need to adapt policy approach to fit changing domestic circumstances or in the face of anticipated external (EU policy) shifts; mechanisms for tailoring policies to fit different types of region, notably rural, urban or industrial restructuring; specific themes, such as knowledge/skills, innovation, and infrastructure; and institutional dimensions such as coordination across authorities and policy fields, the relocation of public sector jobs, and the expansion of bottom-up approaches.

### **Looking forward to 2018**

The end of 2017 and 2018 will see more intensive discussions on the future of EU Cohesion policy and EU regional aid policy from 2021. EU Member States will also be reassessing their own policy priorities, with a view to engaging in EU-level negotiations and introducing any necessary domestic reforms to regional policy strategies, instruments and structures before 2021.

Also in EU Cohesion policy, Member States will need to focus energies on absorbing financial allocations for the 2014-20 period, on implementing projects and programmes, and on meeting EU financial and reporting requirements.

From a domestic perspective, a number of countries are in the process of finalising or introducing domestic regional policy reforms, whether to strategies, instruments, funding frameworks or institutional structures.

In light of these developments, key questions for discussion at the EoRPA meeting include:

- Which challenges or constraints are affecting regional policy most strongly in your country, and how are you responding?
- What measures could be taken to increase the regional policy contribution to productivity gains and enhance the diffusion of innovations and structural change across regions?
- How could regional policy take better account of social inclusiveness? Do you see the main role of regional policy in terms of supporting employment creation or are other measures also needed?
- How can regional policy best address the challenges facing different types of region? Are particular interventions needed for e.g. industrial restructuring areas, sparsely populated regions, or urban areas?
- How can the effectiveness of regional policy be enhanced (e.g. via institutional/administrative changes, better coordination with other policies, or increased/reoriented funding)?



## **ANNEX 1: CHANGES IN THE REGIONAL POLICIES OF EORPA COUNTRIES IN 2016-17**

### **Austria**

The fiscal equalisation system underwent a regular revision, via a new Act on Fiscal Equalisation for 2017-21.

In addition, a federal Law for Municipal Investments of October 2016 came into force on 1 July 2017 and is providing €175 million in one-off additional grants to municipalities for modernising infrastructure. Applications must be submitted by 30 June 2018 and a maximum amount of funding has been allocated to each Austrian municipality.<sup>23</sup>

### **Finland**

The 2017 proposal for the Law on Regional Development and Growth Services<sup>24</sup> sets out institutional changes from 2019, when the 18 new elected Counties will become the key regional development authorities (replacing the Regional Councils and taking on the tasks of entities such as the ELY-Centres e.g. in providing 'growth' services for employment and business). Although the Counties will continue to be financed through the State budget, their independence will increase, in terms of designing and implementing their own regional development policies via the Regional Strategic Programmes and the ESIF OPs.<sup>25</sup> The draft Law states that, from 2019, 'a new kind of cooperation culture is expected between the State and the county administrations' and that 'the counties and the State will hold annual discussions on regional development objectives in each region to arrive at a consensus on development principles and activities'. The changes to the Counties are being introduced in the context of a wider reform of regional government, healthcare and social welfare, which also involves shifts in the tasks of the municipalities, and potentially a revision of the fiscal equalisation mechanism.

Moreover, the Regional Development Decision 2016-19 sets out priorities for the present Government:

- 'Growth through renewal' i.e. (i) a proactive approach to structural change aimed at maintaining the vitality of the regions; (ii) smart specialisation based on regional strengths; (iii) opportunities of the bio- and circular economy in strengthening regional and local economies; (iv) migrants as a resource for population structure and local and regional labour supply.
- 'Vitality through regional networks' emphasises the importance of regional accessibility in ensuring the vitality of regions and international competitiveness.
- 'Welfare through partnerships' focuses on the ease of everyday life and wellbeing, linked to the recognition that people who are skilled and well create vitality in the regions, and hence there is a need to safeguard equal services and living conditions.

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<sup>23</sup> [https://www.kommunalnet.at/fileadmin/media/Downloads/PDF/2017/Gesetzestexte/Kommunales\\_Investitions\\_paket/Gemeindeweise\\_Aufteilung\\_der\\_KIG-Foerdermittel\\_290317.pdf](https://www.kommunalnet.at/fileadmin/media/Downloads/PDF/2017/Gesetzestexte/Kommunales_Investitions_paket/Gemeindeweise_Aufteilung_der_KIG-Foerdermittel_290317.pdf)

<sup>24</sup> Hallituksen esitys eduskunnalle laiksi alueiden kehittämisestä ja kasvupalveluista. TEM/1260/03.01.01/2016, Liite lausuntopyyntöön 1.3.2017

<sup>25</sup> Hallituksen esityksen yksityiskohtaiset perustelut 31.8.2016,



These priorities are reflected in the AIKO instrument launched in December 2015 to encourage ‘regional innovations and experiments’, with total funding of €30 million in 2016-18 to support:

- Proactive support for areas undergoing sudden structural change, with funding channelled through the 18 Regional Councils; and
- The growth agreements of the largest cities and growth zones based on integrated labour/business markets<sup>26</sup> ie. the Growth Corridor and the Northern Growth Zone.<sup>27</sup>

## France

The 2016-17 period has seen the consolidation of the 2014-15 major reforms to regional and local institutional frameworks, when e.g. the Regions became managing authorities of the ERDF programmes (although the Regions have been in place since the 1980s); tasks were reallocated among sub-national authorities (increasing the Regions’ strategic leadership in economic development); and encouraging mergers between municipalities. There is discussion of further reallocation of tasks and funding. Also in 2017, a new national agency for territorial cohesion was announced, as the rural counterpart of the National Agency for Urban Regeneration.

A limited revision of financial equalisation mechanisms was introduced in 2016-17, with an expansion of horizontal equalisation. There are also wider discussions of the accuracy, fairness and efficiency of vertical and horizontal equalisation mechanisms. In addition, a Fund for Local Investment was created in 2016, funding local infrastructure projects, mainly in rural and smaller urban areas.

The State-Region Planning Contracts (CPER) are undergoing a mid-term review in 2017 (looking e.g. at projects, evaluations, and EU recommendations on the State’s structural deficit), following a technical review in 2016. The CPER channel State funding to the Regions and include a ‘territorial chapter’ with funding for targeted areas, aimed at enhancing territorial equality/cohesion within each Region.

A range of integrated place-based contracts are emerging, bringing together existing instruments but pursuing the same objectives. In particular, six-year Rurality Contracts are being developed and will provide a single framework for different forms of support (e.g. the territorial chapter of the CPER, the Fund for Local Investment, EU Funds, and domestic instruments for structurally weaker rural areas e.g. the Central Towns Contracts that support smaller towns, and the Rural Renewal Zones). City Contracts have been the main urban policy instrument since 1989, while a State-Metropolises pact was signed with the 15 metropolitan cities in 2016.

Revised eligibility criteria (taking better account of social factors) were introduced in 2017 for designating Rural Renewal Zones (ZRR), which provide tax relief to firms in low population density areas. The ZRR map was also revised in 2017 to take account of the new territorial organisation (with coverage now applying to inter-municipal groupings, instead of municipalities).

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<sup>26</sup> Ministry of Employment and the Economy (2016) Valtion ja Suomen kasvukäytävän välinen kasvusopimus 2016–2018, 9 June 2016 and Ministry of Employment and the Economy (2016) Valtion ja Pohjoisen kasvuvyöhykkeen välinen kasvusopimus 2016–2018, 9 June 2016.

<sup>27</sup> <http://www.kunnat.net/fi/tietopankit/uutisia/2016/Sivut/AIKO-rahoituksesta-paatokset.aspx>

## Germany

Germany is planning major reforms to domestic regional policy from 2020 (alongside a major reform of the fiscal equalisation system, which, from 2020, will see an end to horizontal equalisation and stronger vertical equalisation), in response to:

- The end of the Solidarity Pact for the eastern *Länder* in 2019, as well as the closure of the Investment Allowance supporting business investment in the eastern *Länder* at the end of 2013;
- Challenges to the absorption of Regional Joint Task (GRW) funding due to EU constraints on regional aid for larger firms in Article 107(3)(c) regions in 2014-20;
- Reductions in Cohesion policy funding to the eastern *Länder* in 2007-13 and 2014-20.

GRW eligibility rules have been broadened in 2014-17 to allow the allocation of funding for e.g. innovation clusters, some energy and environmental projects, and a wider range of projects relating to R&D/innovation, training, and broadband.<sup>28</sup>

The basis for discussion on the post-2019 reform is set out in a federal government paper of May 2015,<sup>29</sup> and a 2016 study.<sup>30</sup> The aim is to set up 'an integrated system of support for structurally weak regions for the whole of Germany, with the GRW as its anchor',<sup>31</sup> focused on economic growth and innovation. In this context, changes have been made to other federal instruments e.g. in 2017:

- The eligible area for the Innovation Skills East (*Inno-Kom-Ost*) programme, which supports applied research cooperation between SMEs and independent applied research centres, has been widened to coincide with the GRW map (previously: eastern *Länder* only);
- A new scheme has been launched under the Enterprise Region umbrella, namely 'Change through Innovation in the Region' (*Wandel durch Innovationen in der Region*, WIR!), which supports regional innovation capacities. Funding (€150 million in 2017-19) is currently focused on the eastern *Länder* but from 2020 will cover structurally weak regions nationwide.

Further, the 2016 federal Climate Protection Plan 2050<sup>32</sup> includes a commitment to reducing coal-based power generation and, related, to supporting structural change in brown-coal producing areas, partly via large projects ('Experimentation Clause') funded by the GRW, but also via:

- A Commission for Growth, Structural Change and Regional Development, involving federal, *Land* and local authorities, as well as businesses, and developing instruments to support structural change in coal regions, linking economic, social and environmental goals;

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<sup>28</sup> [http://www.bmwi.de/Redaktion/DE/Downloads/J-L/koordinierungsrahmen-gemeinschaftsaufgabe-verbesserung-regionale-wirtschaftsstruktur-ab-25082017.pdf?\\_\\_blob=publicationFile&v=6](http://www.bmwi.de/Redaktion/DE/Downloads/J-L/koordinierungsrahmen-gemeinschaftsaufgabe-verbesserung-regionale-wirtschaftsstruktur-ab-25082017.pdf?__blob=publicationFile&v=6)

<sup>29</sup> Bundesregierung (2015) *Eckpunkte für ein gesamtdeutsches Fördersystem für strukturschwache Regionen ab 2020*, May 2015

<sup>30</sup> G. Untiedt et al. (2016) *op. cit.*

<sup>31</sup> BMWi (2016) *Bund und Länder stärken Innovationsförderung in der Regionalpolitik*, Press release 4 August 2016, <http://www.bmwi.de/DE/Presse/pressemitteilungen,did=775724.html>

<sup>32</sup> Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (2016) *Klimaschutzplan 2050: Klimaschutzpolitische Grundsätze und Ziele der Bundesregierung*, Berlin

- An Ideas Competition financed by the Energy and Climate Fund (€4 million annually for ten years) i.e. support new ideas and creative approaches to regional (sub-Land) economic development strategies and pilot projects.

## Italy

The institutional reforms to regional policy, begun in 2014, were further consolidated in 2016-17:

- Political responsibility for regional policy now lies with the President of the Council of Ministers, who has significant powers, including to reprogramme funds (even across administrations) and take on managing authority tasks, if programmes do not progress as anticipated.
- In December 2016, the post of Minister for Territorial Cohesion and the Mezzogiorno was reintroduced, with a view to accelerating implementation and raising the policy's political profile.
- The Agency for Territorial Cohesion – which is tasked with national coordination of regional policy - has become fully operational (taking on operational tasks which previously lay with the Department for Economic Development and Cohesion in the Ministry for Economic Development – while political tasks have moved to a new Department for Cohesion Policies in the Presidency of the Council of Ministers).
- Two new units have also been set up for a) evaluation & analysis, and b) verification & control.
- A new high-level government committee (*Cabina di Regia*) has been set up for the domestic side of regional policy (Fund for Development and Cohesion, FSC).
- Broader reforms are shaping the regional development context, notably the Industrial Plan 4.0, which aims to stimulate industrial development nationwide; reforms to the labour market and public sector; anti-corruption measures; and legislation for reorganising local authorities.

An important focus of the new political and institutional structures has been Cohesion policy, both in securing financial absorption and closure under the 2007-13 programmes, and also in terms of ensuring the effective implementation of the 2014-20 programmes.

In terms of domestic funding, a new law decree in 2016 introduced the principle that 34 percent of national public ordinary capital expenditure would be earmarked for the South.<sup>33</sup> Separately, a law decree restated the commitment to concentrating 80 percent of domestic regional policy expenditure (via the Fund for Development and Cohesion, FSC) in the South.<sup>34</sup>

The main tools for implementing the FSC are Pacts for Development, signed by the national government and the Presidents of the Regions or Mayors of the metropolitan cities. In 2017, Pacts for Development were signed between the State and eight southern Regions and seven metropolitan cities (while a special Pact for the industrial area of Taranto in Apulia was already signed in December 2015). Pacts were also launched in the Centre-North for two Regions and three metropolitan cities.

New regional policy instruments have also been set up in 2016-17, notably:

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<sup>33</sup> Law Decree 243/2016, 29 December 2016, converted into law as law no. 18, 27 February 2017 (GU 28/02/2017, no. 49).

<sup>34</sup> [http://www.governo.it/GovernoInforma/documenti/legge\\_stabilita\\_2015/allegati/ARTICOLATO.pdf](http://www.governo.it/GovernoInforma/documenti/legge_stabilita_2015/allegati/ARTICOLATO.pdf).

- A tax credit for business investment in the South;<sup>35</sup>
- A mechanism providing social security relief for employers in the South;<sup>36</sup>
- Special Economic Zones with tax breaks in the five Less Developed Regions; and
- A new scheme for young entrepreneurs in the South ('I remain in the South').

## The Netherlands

In 2016, a Commission was established to examine the structural challenges and employment opportunities in Zeeland,<sup>37</sup> concluding that, while the Province's economy is strong, future challenges require additional public (national and provincial) and private investment, as well as stronger linkages between EU, national and regional development agendas.

In the Top Sectors policy, there is a renewed focus in 2016-17 on the policy's contribution to societal challenges (i.e. ageing populations, clean energy, and sustainable food).

The 2016-17 period has seen the consolidation of the decentralisation of tasks to the provinces and municipalities. A 2016 report recommended further decentralisation of tasks to municipalities, as well as steps to encourage municipalities to cooperate more in order to ensure local service provision.

## Norway

A new White Paper – 'Urban sustainability and rural strength' - was presented to the cabinet in spring 2017,<sup>38</sup> ahead of parliamentary elections in September 2017. It sets the aim of the Government's regional and rural policy in terms of: 'regional balance, through growth capacity, equal living conditions and sustainable regions across the country. A sustainable region has a well-balanced population and brings in to play both human and natural resources for growth and development today and in the future.' This does not imply a fundamental shift in policy objectives or instruments. However, there are some important changes of emphasis – in particular, a shift away from considerations of regional potential as a contributor to national prosperity, less emphasis on community development and physical business infrastructure, and a greater focus on sustainability and regional balance.

There is a more explicit distinction between 'district' policy (i.e. for designated assisted areas) and 'all region' policy, which is cast in terms of 'resilient' regions. This approach had already been taken up in the 2017 budget proposals for regional policy which set out two main goals:

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<sup>35</sup> Law 28 dicembre 2015, no. 208, *Provisions for the formation of the annual and pluriannual budget of the State* (Stability Law 2016), Gazzetta Ufficiale Serie Generale no. 302 of 30.12.2015, Supplemento Ordinario no. 70.

<sup>36</sup> Stability Law 2017 (law no. 232, 11 December 2016)

<sup>37</sup> Commissie Structuurversterking en werkgelegenheid Zeeland (2016) Zeeland in stroomversnelling Actieprogramma voor duurzame economische groei, regionale inbedding en bestuurlijke daadkracht, available at: <https://www.zeeland.nl/digitaalarchief/zee1600253>

<sup>38</sup> Meld. St. 18 (2016-2017) *Berekraftige byar og sterke distrikter*. <https://www.regjeringen.no/contentassets/d15e0f19e7d9439ea5c1b08ba888bdd1/nno/pdfs/stm201620170018000dddpdfs.pdf> (accessed July 2017); an English summary' is available here: <https://www.regjeringen.no/contentassets/d15e0f19e7d9439ea5c1b08ba888bdd1/en-gb/pdfs/stm201620170018000engpdfs.pdf>

- business and community development in designated rural areas – the ‘districts’ – aiming at development of local capacity in the long term, inclusive and growth-based communities, and support for access to local services; and
- sustainable economic development in *all* regions, building on closer cooperation between urban and rural areas, business and skills development and specific restructuring programmes for areas affected by sudden or anticipated job losses.

There is both an institutional and a policy context to these shifts:

- Regional policy is currently the responsibility of the Ministry for Modernisation and Local Government, which has a wide-ranging portfolio, including institutional reform and physical planning. This influenced the review of regional policy and set it within a broader framework. In particular, it shaped debates on the relationships between urban areas and their hinterlands, the potential for ‘deals’ between different tiers of government or between neighbouring areas to address specific challenges, as well as taking account of the local government reform agenda and the scope for the larger counties to play a more strategic economic development role.
- Norway is affected by many of the same issues as elsewhere in Europe – notably an ageing population, the challenge of integrating a multi-ethnic communities and climate change. At the same time, while Norway does not have wide disparities in prosperity or unemployment, it faces some specific challenges including labour shortages, the perceived need for a more coordinated approach to skills and the development of an economy rooted principally in natural resources, and therefore comprising a strong spatial component.

A significant reform of municipal and county-level governance is planned for 2020, involving mergers of municipalities; and steps to merge counties and enhance their role in strategic economic development. Plans for the reform could be adjusted following national election on 11 September 2017.

## Poland

A new Strategy for Responsible Development (SOR)<sup>39</sup> was launched in 2017 for the period up to 2020 and a broader perspective up to 2030. The SOR involves a set of strategic documents and objectives, and stronger analytical and coordinating capacity at central level, as well as revision of the 2006 Act on Regional Development (eg a requirement for integrated strategies at each level of public administration) and related laws. This strategic framework will be in place by the end of 2017 and will start to be implemented from 2018. SOR will involve significant public funds – PLN 1.5 trillion (€355 billion) by 2020,<sup>40</sup> and over PLN 0.6 trillion (€142 billion) in private investment. SOR has three objectives:

- Sustainable economic growth driven by knowledge, data and organisational excellence;
- Socially sensitive and territorially sustainable development;
- Effective State and economic institutions.

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<sup>39</sup> Ministerstwo Rozwoju (2017) Strategia na rzecz Odpowiedzialnego Rozwoju, Warsaw February 2017

<sup>40</sup> Data are converted from PLN to Euros using the ECB exchange rate of 3 April 2017, €1 = PLN 4.2279

Objectives under the 'Territorially sustainable development' heading include:<sup>41</sup>

- Sustainable development using the endogenous potential of individual territories (Building a modern economy in Eastern Poland; Increasing investment attractiveness of Silesia, structural changes; Economically active and attractive cities; Rural development);
- Strengthening regional competitiveness (Concentration of economic activities and synergies between national and regional specialisations; Strengthening the regional investment system; Effective system for financing development projects in the regions);
- Improving efficiency and quality of implementation of territorial policies (Strengthening administrative capacity of local governments and ability to cooperate with partners; Improving organisation of local public services; Strengthening cooperation and integrated approach at local, regional, macro-regional levels).

The SOR includes strategic projects to steer implementation including specific support for 'sensitive areas' (eg peripheral, rural or degraded areas) alongside the main growth centres, in response to widening disparities at sub-regional level, notably:

- Eastern Poland and, after 2020, sub-regional functional areas threatened by marginalisation;
- Less developed areas threatened by marginalisation up to 2020 (northern and eastern regions);
- Silesia, focusing on structural change towards productive, innovative and high-tech sectors;
- Medium-sized cities/towns losing their socio-economic functions.

A new National Strategy for Regional Development, aligned with the SOR, should be finalised by the end of 2017. It is likely to include:

- A continued 'all region' perspective;
- A focus on innovation and industry eg via the economic specialisation of territories, including growth centres that can compete at national or international levels;
- Increased emphasis on 'sensitive areas' (eg peripheral, rural or degraded areas).

## Portugal

The National Programme for Territorial Cohesion was approved in October 2016,<sup>42</sup> which does not have a dedicated budget but acts as a framework bringing together various policy measures targeting low-density, interior areas, funded domestically or with the ESIF support.

A new regional policy scheme – the Incentive System for Entrepreneurship & Employment (SI2E) - was set up in March 2017 to support the creation or expansion of micro and small enterprises, involving investment and net job creation. Funding is provided via the mainland ESIF co-funded Regional OPs, within the framework of CLLD and ITI strategies. Aid rates are higher in low density areas. SI2E focuses on relatively small-scale investments (below €100,000 under CLLD, and between

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<sup>41</sup> Ministry of Economic Development (2017) *Strategy for Responsible Development – strategic projects in territorially sustainable development area*, presentation, Warsaw 5th April 2017

<sup>42</sup> Resolution of the Council of Ministers No. 72/2016: Presidência do Conselho de Ministros (2016) Resolução do Conselho de Ministros No. 72/2016, Diário da República, 1.ª série – N.º 226 – 24 de novembro de 2016: <https://dre.pt/application/conteudo/75796596>

€100,000 and €235,000 under ITI). The launch of this instrument is seen as an important evolution in the implementation of territorial instruments.

The Council of Ministers approved a draft Law in February 2017 to transfer tasks and financial/human resources to local authorities and inter-municipal entities<sup>43</sup> in the fields of education, healthcare, transport, culture, housing, civil protection, community policing, port and maritime areas, rural cadastre and forest management. The transfer of new tasks is foreseen to begin in 2018 and run in phases until the end of 2021.

The draft law also envisages the possible revision of the Local Finance Law, which regulates financial transfers to municipalities, 'to the extent necessary for the exercise of new powers'.

Following an evaluation of implementation, the approach to implementing the Programme for the Economic Valorisation of Endogenous Resources (PROVERE) has been revised in some regions.

## **Sweden**

The domestic Regulation (2017:583) on Regional Growth, linked to the national Strategy for Sustainable Regional Growth and Attractiveness, was updated in 2017, replacing the 2007 regulation. The main changes apply in particular to the regional development strategies and to the involvement of authorities in regional growth activities. In addition, the Regulation contains provisions on responsibility for regional development and on how State resources for regional growth should be used.

The ongoing decentralisation reform has continued in 2016-17, with County councils with directly elected assemblies taking over regional development and other tasks from the country administrative boards (national government's representatives in the regions) or municipal cooperation bodies (local government decision-making forums), depending on the existing/previous structure in different regions. Four additional County councils with elected assemblies were set up in 2017, in addition to the ten existing ones; the transition is also due to be completed in the remaining seven counties by 31 December 2018.

The Government set up a committee in 2017 to examine municipal-level governance, which is focusing on issues such as methods to improve coordination between municipalities and so ensure service provision.

## **Switzerland**

The main regional policy instrument - the New Regional Policy – saw the launch of the new programme period for 2016-23. The main focus continues to be on regional competitiveness and value creation, with an underlying concern for disadvantaged rural and mountainous areas. Funding is implemented via 25 four-year cantonal and inter-cantonal implementation programmes (currently: 2016-19).

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<sup>43</sup> Proposta de Lei 62/XIII. Estabelece o quadro de transferência de competências para as autarquias locais e para as entidades intermunicipais, concretizando os princípios da subsidiariedade, da descentralização administrativa e da autonomia do poder local, 16-02-2017  
<http://app.parlamento.pt/webutils/docs/doc.pdf?path=6148523063446f764c3246795a5868774d546f334e7a67774c336470626d6c7561574e7059585270646d467a4c31684a53556b76644756346447397a4c334277624459794c56684a53556b755a47396a&fich=ppl62-XIII.doc&Inline=true>.

The NRP also provides tax allowances, and this instrument was revised in 2016: the funding perimeter now includes more cantons, but funding is concentrated more strongly on regional centres within each canton.

A new period of the New Financial Equalisation (NFA) system, which is renegotiated every four years, will run in 2016-19.<sup>44</sup>

## United Kingdom

In the context of the UK's decision to leave the EU, one concern from a regional policy perspective relates to the funding of ESIF programmes in 2014-20. The UK government has issued letters guaranteeing funding for ESIF projects up to the date at which the UK leaves the EU. The 2017 Spring Budget also included a budget line for 'assumed domestic spending in lieu of EU transfers' in 2019-22.

There has been further devolution of tasks from the UK State to Scotland, Wales and Northern Ireland, with e.g. borrowing powers for infrastructure investment and also income tax powers in Scotland. Steps are also ongoing to devolve tasks to larger English cities, with a 2016 Act on Cities and Local Government Devolution, and Devolution Deals / City Deals (also covering cities in Scotland and Wales).

Key issues in England include include:

- Two strategies in 2016-17, committing the UK government to public investment in major English regions outside the South-east, with a view to boosting productivity. The Northern Powerhouse Strategy involves investment in transport and digital infrastructure, housing, skills, and enterprise support, notably loan and equity finance for SMEs.<sup>45</sup> The Midlands Engine Strategy focuses on transport infrastructure, skills, support for industrial clusters, and loans and equity finance for SMEs.<sup>46</sup>
- A 2017 Green paper on an Industrial Strategy, including themes of 'Driving growth across the whole country' and 'Creating the right local institutions'; a White Paper is anticipated in 2018.

Key issues in Scotland include:

- A review of enterprise and skills support, leading to proposals in 2017 including steps to address differences within Scotland e.g.: maintaining support for the Highlands & Islands; an additional enterprise agency for the rural South; maximising regional/local economic opportunities; and ensuring that regional equity is taken into account in project appraisal and business planning, and that Scotland-wide services are tailored to regional conditions.
- An 'Islands Bill', under the Scottish government's 2016-17 legislative programme, which will introduce measures such as provision for 'island-proofing' future legislation/policies, creation of a National Islands Plan and extension of powers to island councils. The programme also includes a commitment to deliver 100 percent superfast broadband coverage by 2021 to transform connectivity and improve the productivity of businesses in remote and rural areas.

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<sup>44</sup> <https://www.efd.admin.ch/efd/de/home/themen/finanzpolitik/nationaler-finanzausgleich.html>

<sup>45</sup> <http://northernpowerhouse.gov.uk/> (accessed 28 June 2017)

<sup>46</sup> <https://www.midlandengine.org/> (accessed 28 June 2017)



- Continued pursuit of city region deals as key 'enablers to drive inclusive economic growth'.<sup>47</sup>

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<sup>47</sup> <http://www.gov.scot/Resource/0052/00524214.pdf>



## **ANNEX 2: OUTLINE OF CHANGES IN THE DOMESTIC REGIONAL POLICIES OF 30 EUROPEAN COUNTRIES IN 2016-17**

The following tables outline the main changes introduced/discussed in the regional policies of 30 European countries in 2016-17, focusing on the following dimensions:

- Regional policy strategies and laws;
- Other policy strategies and laws with a regional policy dimension;
- The geographical focus of regional policy instruments;
- The themes and types of regional policy instruments;
- Regional policy funding;
- Institutional frameworks of regional policy;
- Fiscal equalisation mechanisms;
- Allocation of tasks between the central State and sub-national levels;
- Reforms of regional and local government; and
- Emerging issues for discussion.

For further detail on changes introduced/discussed in 2016-17, see the individual country reports and fiches on regional policy instruments, institutional frameworks, Cohesion policy and EU regional aid maps. In addition, Annex 3 provides an overview of the status quo in the regional policies of these 30 European countries.

**Table 2.1: Changes in regional policy strategies and laws in 2016-17**

Changes in Regional Policy Strategies and Laws in 2016-17	
<b>BU</b>	Regional Development Act revised 2016: i) roles of regional and district development councils strengthened in regional policy implementation; ii) revised criteria used to identify areas for targeted support; iii) integrated plans for urban regeneration introduced
<b>CZ</b>	Preparation of the Regional Development Strategy (RDS) 2021+ (to be completed by January 2019), which will feed into preparation of Cohesion policy 2021+. Updated Regional Action Plans for the existing RDS approved in 2016
<b>FIN</b>	Law on Regional Development & Growth Services 2017: reform of regionally development structures from 2019 (Counties providing 'growth services') Regional Development Decision 2016-19 sets Government priorities: Growth through renewal; Vitality through regional networks; Welfare through partnerships. Regional Councils are drafting new Regional Strategic Programmes for 2018-21, in line with national priorities, and in consultation with stakeholders
<b>FR</b>	Mid-term review of State-Region Planning Contracts in 2017, following a technical review in 2016.
<b>DE</b>	A major strategic reform is being prepared for 2021+. Regional Joint Task (GRW) Coordination Framework revised in 2016 and 2017 (for the 2014-20 period) with changes in eligibility rules. GRW Political report presented to federal parliament
<b>HU</b>	Report on territorial development & policy approved by Parliament in early 2017, and is now guiding revision of the National Development & Territorial Development Strategy, which is likely to be an input to Cohesion policy planning 2021+
<b>IT</b>	Pacts for Development (financed by the Fund for Development and Cohesion, FSC) signed between the State and 8 southern Regions and 7 metropolitan cities. Pacts also launched in the Centre-North for 2 Regions and 3 metropolitan cities.
<b>NO</b>	White Paper 'Urban sustainability and rural strength' 2017: stronger focus on regional balance, and clearer distinction between policies for designated rural areas and those for sustainable economic development in all regions
<b>PL</b>	Strategy for Responsible Development (SOR) 2017 setting priorities, inc. for 'territorially sustainable development', and leading to new framework, revision of the 2006 Act on Regional Development, and a new National Strategy for Regional Development. Continued all-region perspective and focus on growth areas, but also a stronger focus on sensitive areas eg rural, industrial restructuring, and declining small/medium towns.
<b>PT</b>	National Programme for Territorial Cohesion approved October 2016: mainly focused on low-density areas targeted by Cohesion policy 2014-20
<b>SI</b>	Revision of the Balanced Regional Development Act adopted by Parliament June 2016
<b>SE</b>	National regulations on regional growth updated 2017.
<b>UK-Eng</b>	Northern Powerhouse Strategy November 2016 and Midlands Engine Strategy March 2017 (i.e. major agglomerations outside the south-east of England)
<b>UK-Scot</b>	2016-17 Islands Bill to introduce island-proofing of future laws/policies, a National Islands Plan, and decentralisation of more powers to island local authorities

**Table 2.2: Changes in other strategies/laws with a regional policy dimension in 2016-17**

Changes in other strategies/laws with a regional policy dimension in 2016-17		Policy field
<b>DE</b>	Federal Climate Protection Plan 2050 includes commitment to supporting structural change in brown-coal producing regions	Climate change
<b>GR</b>	Revised legal framework for spatial planning 2016: new National Spatial Strategy and National Spatial Planning Council, as well as two new sub-national levels of spatial planning	Spatial planning
<b>IE</b>	National Planning Framework: Ireland 2040 and Regional Spatial Economic Strategies under development in 2017	Spatial planning
<b>IT</b>	Industrial Plan 4.0 aims to stimulate industrial development nationwide. Wider reforms e.g. to labour market, public sector, anti-corruption measures.	Nationwide economic development
<b>NL</b>	Renewed focus on the Top Sectors policy's contribution to societal challenges	Enterprise & Innovation
<b>PT</b>	National Spatial Policy Programme is being revised in 2017	Spatial planning
<b>RO</b>	Strategy for Territorial Development is being updated 2017. Law on Landscaping & Urban Planning was updated 2017	Spatial planning
<b>SI</b>	Law on Spatial Planning: will require regional spatial plans, and coordination between the regional spatial plans and regional development plans	Spatial planning
<b>CH</b>	SECO internal framework strategy for all economic development instruments (including those under regional policy)	Business support
<b>UK-Eng</b>	Green paper on Industrial strategy 2017 (inc. themes of Driving growth across the whole country, and Creating the right local institutions); White Paper due 2018	Industry
<b>UK-Scot</b>	Review of Enterprise and Skills support, with proposals for addressing regional/local opportunities and conditions	Enterprise & Skills

**Table 2.3: Changes in the geographical focus of regional policy instruments in 2016-17**

	<b>New territorial focus of regional policy instruments</b>	<b>Types of area</b>
<b>BE</b>	Zones for tax relief (areas in Flanders and Wallonia)	Areas suffering from serious job losses/business closure
<b>CZ</b>	Strategic Framework for the Economic Restructuring of the Moravia-Silesia, Karlovy Vary, and Ústí nad Labem regions 2017 with annual action plans, additional funding and specific calls for projects	Industrial restructuring - Moravia-Silesia, Karlovy Vary, and Ústí nad Labem regions
<b>EE</b>	Wage subsidies for job creation in Ida-Viru county 2016-17. New Programme for the Sustainable Development of Ida-Viru Urban Areas	Peripheral rural/border area
<b>FIN</b>	AIKO 2016-18 to encourage 'regional innovations and experiments' via competitive funding, includes proactive support for areas suffering sudden structural change. In addition, €10 million for areas suffering from sudden structural change in Central Finland.	Areas suffering sudden structural change
<b>FR</b>	6-year Ruralty Contracts, providing a framework for different forms of support. Support for declining small/medium urban centres (Crafts & Commercial Regeneration Contracts)	Rural areas
<b>DE</b>	Federal Energy and Climate Fund is allocating €4 million p.a. for 10 years for an Ideas Competition for the four main brown coal producing regions	Brown-coal-producing regions
<b>HU</b>	New integrated territorial strategy, with funding, for the Balaton lake area	Area of environmental significance
<b>LV</b>	Latgale Special Economic Area set up in 2016	Structurally weak border area
<b>NL</b>	Commission for Zeeland	Industrial restructuring area
<b>PL</b>	Strategy (SOR) provides new support for a) Eastern Poland; b) Less developed areas threatened by marginalisation; c) Silesia and other areas undergoing industrial restructuring; d) Medium-sized cities/towns losing their socio-economic functions.	weakest areas, areas threatened by marginalisation, Silesia, medium sized cities
<b>SK</b>	New 5-year Action Plans for each of the 'least developed districts', including financial plans	Least developed districts (with high unemployment rates)
	<b>Changes to existing regional policy instruments</b>	<b>Types of area</b>
<b>BU</b>	Under the Incentives for Investment Promotion scheme, Sofia now offers funding for local investment projects	Capital city
<b>FR</b>	New map of Rural Renewal Zones 2017, based on inter-municipal groupings rather than municipalities; using social & demographic designation criteria	Rural areas
<b>DE</b>	INNO-KOM programme extended from the eastern <i>Länder</i> to structurally weak areas nationwide	Structurally weak
<b>IT</b>	Under the law for industrial crisis areas, a decree 2016 identified designated 'non-complex crisis areas'; call	Industrial restructuring

	launched 2017	
<b>PT</b>	Some regions have revised the areas targeted by the Programme for the Economic Valorisation of Endogenous Resources (PROVERE)	Low density areas
<b>SI</b>	Decision to prolong measures for Pokolpje; the city of Maribor and neighbouring municipalities; and selected municipalities in the Zasavska region	Structurally weak
<b>CH</b>	New Regional Policy's Tax Allowances instrument now cover more cantons, and with a stronger focus on regional centres in each canton.	Regional centres in structurally weak areas.

**Table 2.4: Changes in regional policy instruments and themes in 2016-17**

	<b>New regional policy themes / instrument</b>	<b>Type of intervention</b>
<b>BU</b>	Three regional financial instruments, for Sofia, North and South	Financial instruments
<b>CZ</b>	Programme for Demolishing Buildings in Socially Excluded Localities	Physical regeneration
<b>DE</b>	New scheme 'Change through Innovation in the Regions' (WIR!) launched under the Enterprise Region umbrella programme for structurally weak regions	Bottom-up structural change via grants for regional innovation systems/capacities
<b>IT</b>	Tax credit for investments in South. Special Economic Zones with tax breaks. Scheme for young entrepreneurs (I remain in the South). Social security relief for employers in the South	Tax credits, social security relief, and loans/grants for start-ups
<b>PT</b>	Incentive System for Entrepreneurship & Employment (SI2E) set up in March 2017 to support entrepreneurship & job creation in micro/small firms, via CLLD and ITI, with higher aid rates in low density areas.	Grants for SME investment & job creation
	<b>Changes to existing regional policy instruments</b>	<b>Types of intervention</b>
<b>DE</b>	Revised GRW rules e.g. allowing funding for environmental State aid projects, some energy infrastructure; wider support for training, R&D, & broadband; guarantees for large firm projects.	Grants for business investment and infrastructure; guarantees for large firm investment
<b>GR</b>	Minor revision of Development Law 2016 governing the main regional aid scheme	Grants for business investment
<b>IT</b>	Procedures for Development Contracts simplified, and eligibility extended to environmental investments. New funding allocated to Start & Smart scheme supporting innovative start-ups	Packages of business support & infrastructure. Grant to firms in South, interest rate subsidy nationwide
<b>RO</b>	New National Programme for Local Development (PNDL 2) 2017-19, funding 8 types of infrastructure, with additional funding for structurally weaker areas	Local infrastructure
<b>CH</b>	New 8 year period of the New Regional Policy (2016-23) and new cantonal & inter-cantonal implementation programmes (2016-19)	Loans & grants for business context & building networks, capacity & strategies



**Table 2.5: Changes in regional policy funding in 2016-17 (not linked to an individual instrument)**

Changes in regional policy funding in 2016-17	
<b>AT</b>	Federal Law for Municipal Investments 2016: €175 million in grants for modernising municipal infrastructure
<b>CZ</b>	Revised National Action Plan of the RDS 2017-18 includes annual funding allocations, which is seen as a step towards greater transparency & funding stability
<b>FR</b>	Fund for Local Investment set up in 2016, funding local infrastructure projects
<b>HU</b>	Decision 2016 to provide additional domestic funding to Central Hungary (esp. Pest County) to compensate for reduction in Cohesion policy funding 2014-20
<b>IT</b>	Law decree 2016 introduced a principle that 34 percent of national public ordinary capital expenditure would be earmarked for the South. Separately, a law decree restated the commitment to concentrating 80 percent of FSC expenditure in the South.
<b>LV</b>	Memorandum of understanding with Iceland, Liechtenstein and Norway for a new investment programme
<b>UK</b>	UK government guarantees funding for ESIF projects up to the date of leaving the EU. Northern Powerhouse Strategy and Midlands Engine Strategy commit UK government to investing in transport and digital infrastructure, housing, skills, and loan/equity finance for SMEs in major agglomerations outside the south-east of England.

**Table 2.6: Changes in regional policy institutional frameworks in 2016-17**

Changes in regional policy institutional frameworks in 2016-17	
<b>BE</b>	Flanders Agency for Innovation & Entrepreneurship launched
<b>BU</b>	Restructuring within the Ministry of Regional Development & Public Works.
<b>CZ</b>	Greater visibility of the role of Government Commissioner for the Moravia-Silesia, Karlovy Vary, and Ústí nad Labem regions
<b>DE</b>	Federal Climate Protection Plan 2050 agreed to set up a Commission for Growth, Structural Change & Regional Development to develop instruments supporting structural change in brown coal producing regions, linking economic, social & environmental goals
<b>EE</b>	Department of regional policies moved from Ministry of Interior to Ministry of Finance
<b>FR</b>	Ministry in charge of territorial development renamed the Ministry for Territorial Cohesion. New national agency for territorial cohesion announced.
<b>HU</b>	Closure of Commission for National Development and transfer of strategic coordination tasks to the Government and the Development Policy Coordination Committee
<b>IT</b>	Political responsibility for regional policy now lies with the President of the Council of Ministers, who has power e.g. to reprogramme funds and take on managing authority tasks. December 2016 post of Minister for Territorial Cohesion & the Mezzogiorno created. New Agency for Territorial Cohesion has become fully operational (tasked with national coordination of regional policy). New high-level government committee for the domestic side of regional policy launched.
<b>PL</b>	New Polish Development Fund 2016 brings together tasks of existing State agencies relating to support for business investment, FDI, exporting etc.
<b>RO</b>	Ministry of Regional Development, Public Administration and European Funds is managing authority of all Cohesion policy OPs from 2017
<b>SK</b>	Responsibility for regional policy transferred from the Ministry of Transport, Construction & Regional development to the Office of Government. New function of the Government Representative for the Least Developed Districts.
<b>UK-Eng</b>	Economy and Industrial Strategy Cabinet Committee set up in August 2016; one theme is 'Driving growth across the whole country'

**Table 2.7: Changes in fiscal equalisation systems in 2016-17**

Changes in fiscal equalisation systems in 2016-17		Scale of change
<b>AT</b>	New Act on Fiscal Equalisation 2017-21.	Regular revision
<b>BU</b>	Review in 2017 of rules for funding tasks delegated by the State to municipalities	Discussion
<b>CZ</b>	Working group on simplification of the tax redistribution system for local and regional authorities	Discussion
<b>FIN</b>	Review in 2017 in preparation for 2019 reforms to health, welfare and regional government which imply major changes in tasks of municipalities & counties	Important reform but retaining existing underlying principles
<b>FR</b>	Minor revision of horizontal equalisation mechanisms. Wider discussion of the accuracy, fairness and efficiency of vertical and horizontal equalisation mechanisms.	Minor change Discussion
<b>DE</b>	New system to be introduced 2020: key change is the end of horizontal equalisation, and stronger vertical equalisation from federal to <i>Länder</i> and local authorities. Solidarity Pact for the eastern <i>Länder</i> also ends 2019.	Important reform
<b>GR</b>	Report to Ministry of Interior 2017 proposed simplification of system of revenues for local government, and additional funding for small municipalities.	Discussion
<b>LT</b>	Fiscal equalisation law revised 2017, changing the percentage of income tax revenue which municipalities can retain before equalisation is applied	Limited change
<b>LV</b>	From 2016, the National Fiscal Equalisation Fund no longer provides additional funds to the four republican cities with the lowest tax revenues per capita	Limited change
<b>LU</b>	A single municipal grant fund (horizontal equalisation) came into force in January 2017, replacing the former horizontal equalisation fund and vertical equalisation mechanism. Transitional arrangements are in place.	Important reform
<b>PT</b>	Possible future revision of the Local Finance Law which regulates financial transfers to municipalities (linked to the decentralisation reforms)	Under discussion
<b>SI</b>	Proposals in December 2016 to amend the Financing of Municipalities Act	Under discussion
<b>ES</b>	New territorial financing system to be negotiated and introduced by end 2017	In preparation
<b>CH</b>	New period of the New Financial Equalisation System in 2016-19	Renegotiated every four years

**Table 2.8: Reallocation of tasks between the central State and sub-national levels in 2016-17**

Reallocation of tasks between the central State and sub-national levels in 2016-17		Scale
<b>BU</b>	Regional Development Act amended 2016 to strengthen the roles of regional and district development councils in regional policy implementation	Moderate
<b>EE</b>	State-appointed County governors/offices to be abolished 2018 and tasks reallocated to local and national levels.	Major reform planned 2018
<b>FR</b>	Consolidation of significant shift in 2014-15, when the Regions became managing authorities of ERDF OPs	Consolidation
<b>NL</b>	Tasks have been decentralised to provinces and municipalities. A 2016 report recommended further decentralisation of tasks to municipalities.	Consolidation; Discussion
<b>PL</b>	Revision of territorial contracts between State and regions 2016 (coordinating levels, policies, and EU and domestic funding). Re-centralisation of some tasks eg of regional environmental agencies.	Minor changes
<b>PT</b>	2017 Proposal of Law to transfer tasks & resources to local authorities & inter-municipal entities (in healthcare, transport, culture, housing, civil protection, community policing, port and maritime areas, rural cadastre and forest management). The transfer of tasks is planned for 2018-21. Broader discussions on further decentralisation reforms are also ongoing.	Proposed & broader discussions
<b>RO</b>	General Strategy of Decentralisation 2017, aimed at transferring further powers from State to local level	Planned
<b>SE</b>	Directly elected County Councils are gradually replacing other county-level entities & taking on more tasks e.g. in regional growth. Discussion starting on appropriate role of the State in the regions.	Discussion
<b>UK</b>	Ongoing devolution of tasks from State to Scotland, Wales, Northern Ireland and larger English cities e.g. borrowing for investment powers and income tax powers devolved to Scotland	Ongoing

**Table 2.9: Reforms of regional/local government in 2016-17**

Reforms of regional/local government in 2016-17		Scale/type
<b>EE</b>	Reform of local government 2017, merging municipalities with fewer than 5000 inhabitants, with the aim of improving local service provision, strategic planning, absorption of ESIF.	Major reform
<b>FIN</b>	New elected Counties will take on tasks from other sub-national bodies from 2019 and provide growth services; the Regional Councils, ELY-centres and TE-offices will close.	Major reform planned 2019
<b>FR</b>	Law of 2015 reallocated tasks among sub-national authorities (to increase regions' strategic leadership & allocating regions additional economic development tasks); and took steps to create larger local authorities, inc. incentives for mergers between municipalities (inter-municipal groupings, metropolitan areas, new municipalities). Discussion of further reallocation of tasks and funding.	Consolidation; Discussion
<b>GR</b>	Report to Ministry of Interior 2017 proposed a review of the internal operation of municipalities & regions. Proposals to use EU/OECD/World Bank technical assistance 2016-18 to reform local government & public administration.	Discussion
<b>IT</b>	Legislation for reorganising local authorities (Law Delrio)	Ongoing
<b>NL</b>	A 2016 report recommended steps to encourage greater cooperation between municipalities.	Discussion
<b>NO</b>	Reform planned for 2020: mergers of municipalities; and steps to merge counties and enhance their role in strategic economic development	Major
<b>SI</b>	Strategy for the development of local self-governments, September 2016, aimed at increasing citizen participation in local decision-making in order to improve local service provision	Ongoing
<b>SE</b>	Directly elected County Councils are gradually replacing other county-level entities (municipal cooperation bodies & county administrative boards). Government committee is examining municipal governance e.g. improving coordination.	Ongoing Discussion

Table 2.10: Emerging issues in regional policy in 2016-17

	<b>Broad-based geographical issues</b>
<b>CZ</b>	Discussions on making Territorial impact assessment obligatory for certain national and regional strategic interventions (cf. environmental impact assessments)
<b>DE</b>	Moving from an approach where one major element solely targets the eastern <i>Länder</i> to an approach in 2020+ where all instruments focus on structurally weak regions nationwide
<b>FIN</b>	How to adapt place-based and place-blind approaches to Finland e.g. involving citizens in regional development policies in urban, rural & island areas.
<b>FR</b>	Debates on the balance between supporting metropolitan areas and counting on trickle-down effects on other areas vs promoting a web of small/medium centres
<b>PL</b>	How to adapt regional policy from 2021 when ESIF funding is anticipated to fall, so that domestic instruments and funding will be more important
<b>UK</b>	Objectives and instruments of regional policy after the UK leaves the EU
	<b>Urban areas</b>
<b>BU</b>	New integrated plans for urban regeneration & development 2016
<b>CZ</b>	Aim of reflecting the EU Urban Agenda in domestic regional policy. Also, interest in 'smart cities' which integrate environmental, technological & transport dimensions. Launch in 2017 of Czech guidelines for the urban agenda.
<b>FR</b>	Support for declining small/medium urban centres as key to ensuring territorial attractiveness and cohesion
<b>NL</b>	Economic role of urban areas and possible further decentralisation of tasks/funding to cities
<b>NO</b>	Urban development strategies based on bottom-up cooperation
<b>PL</b>	SOR concern for the main growth centres, and also for small/medium-sized cities losing their socio-economic functions
<b>RO</b>	Law on Landscaping and Urban Planning requires local authorities to produce Urban Plans taking account of local development strategy and local priority investment programmes.
<b>CH</b>	Relationships between regional policy and agglomeration policies
	<b>Rural/peripheral areas</b>
<b>AT</b>	Study on demographic decline in rural areas; Masterplan for rural development
<b>CZ</b>	Domestic regional policy is developing a typology of five groups of rural areas. A new department of rural support has been set up in the Ministry of Regional Development, which is working on the typology and preparing a rural strategy.
<b>DK</b>	Widening gap between urban and rural areas, and challenges in public service provision.
<b>EE</b>	Study on public service provision in rural areas published 2016
<b>HU</b>	Concerns re Balaton
<b>PL</b>	SOR Strategy concern for rural and peripheral areas threatened by marginalisation in eastern and northern regions
<b>PT</b>	Analysis of territorial convergence and policy effects could trigger adjustments to support for low density territories under Cohesion policy
<b>SE</b>	Parliamentary committee set up 2016 to draft a proposal on sustainable rural development policy, reporting June 2017
<b>CH</b>	Relationships between regional policy and policies for rural/mountain areas
	<b>Border areas</b>
<b>EE</b>	Difficulties facing eastern border areas

	<b>Industrial restructuring areas</b>
<b>CZ</b>	Ongoing concerns with policies for old industrial regions
<b>FIN</b>	How to design & implement policies supporting 'positive structural change' (i.e. when a firm sets up a new plant or creates significant new jobs in a region)
<b>PL</b>	SOR concern for industrial restructuring areas, notably Silesia
	<b>Thematic focus of regional policy</b>
<b>DE</b>	How to broaden regional policy thematically in response to EU aid rule constraints on investment aid to larger firms in 'c' areas while retaining the core focus on supporting structural economic change in structurally weak areas
<b>EE</b>	Tension between large transport infrastructure projects and environmental concerns
<b>NO</b>	Role of knowledge based labour markets in contributing to local strategies
<b>CH</b>	Availability of skilled labour
<b>CH, NO</b>	Role of regional policy in supporting business (vs other business support policies)
<b>CH</b>	Digitalisation in regional development
	<b>Coordination</b>
<b>FR</b>	Pooling resources in isolated areas; improving coordination between urban and rural areas
<b>NO</b>	Coordination in terms of spatial planning and also coordination of different policies locally through agreements or deals to optimise outcomes.
<b>PL</b>	How to coordinate support for these different functional areas - peripheral, rural and degraded, alongside main urban centres
<b>SI</b>	How to link the domestic approach to regional policy with Cohesion policy. How to integrate regional development and regional spatial planning
<b>SK</b>	Coordinating domestic regional policy (e.g. support for least developed districts) with Cohesion policy
<b>SE</b>	Horizontal & vertical coordination eg better cooperation around priorities, linking regional & State agencies, and maximising use & results of policy tools/strategies.
	<b>Institutions</b>
<b>FR</b>	Institutional architecture i.e. more resources for inter-municipal groupings and regions vs preservation of departments and (smaller) municipalities
<b>IT</b>	Ensuring that the new institutional framework leads to effective implementation
<b>SI</b>	Institutional capacity and funding eg of regional development agencies;.
	<b>Broader policies with a regional dimension</b>
<b>DK, EE, NO</b>	Relocation of public sector jobs outside capital city areas (and in EE also concerns over plans to close regional offices of parts of the public administration)

## ANNEX 3: KEY FEATURES OF REGIONAL POLICY IN 30 EUROPEAN COUNTRIES

Dimension	Austria	Similar Countries
<b>Institutional framework of regional policy</b>	Federal: responsibilities are mainly regional, with only a minor role for national coordination	Switzerland
<b>Regional policy objectives</b>	Development of all territories	Belgium, Denmark
<b>Main regional policy instruments</b>	Business support (loans) / Support for underdeveloped areas	Denmark
<b>Regional aid map coverage 2014-20, as % of population</b>	25.87 (all as non-predefined 'c')	Finland, Norway
<b>Regional aid spending as % of GDP in 2013-15</b>	0.021	Luxembourg
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.05	Belgium, Sweden

Dimension	Belgium	Similar countries
<b>Institutional framework of regional policy</b>	Federal: responsibilities are mainly regional, with only a minor role for national coordination	Austria, Germany, Switzerland
<b>Regional policy objectives</b>	Development of all territories	Austria, Denmark
<b>Main regional policy instruments</b>	Business support (grants, tax relief, advisory measures) / Targeted support for areas facing economic difficulties	Finland, Germany, Slovenia
<b>Regional aid map coverage 2014-20, as % of population</b>	29.95 (12.06 in predefined 'c' areas, and 17.89 in non-predefined 'c' areas)	United Kingdom (27.05) and Italy (34.07)
<b>Regional aid spending as % of GDP in 2013-15</b>	0.024	Luxembourg, Sweden
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.08	Germany, Ireland, Sweden



Dimension	Bulgaria	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Various CEE Member States
<b>Main regional policy instruments</b>	Business support (grants, tax allowance, admin support) / Support for business infrastructure / Support for underdeveloped areas / Support for bottom-up development	Czech Republic, Hungary
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (all in 'a' areas)	Estonia, Latvia, Lithuania
<b>Regional aid spending as % of GDP in 2013-15</b>	0.271	Poland, Portugal
<b>Cohesion policy allocations, annual average in 2014-20 % of 2011 GDP</b>	2.67	Croatia, Slovakia

Dimension	Croatia	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Czech Republic, Slovakia
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Various CEE Member States
<b>Main regional policy instruments</b>	Investment grants / Tax relief for business investment / Business infrastructure / Energy efficiency / Support for bottom up development	
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (all as 'a' areas)	Bulgaria, Estonia, Latvia, Lithuania
<b>Regional aid spending as % of GDP in 2011-13</b>		
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	2.62	Bulgaria

Dimension	Cyprus	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Estonia
<b>Regional policy objectives</b>	National growth	Luxembourg, Netherlands
<b>Main regional policy instruments</b>	Business support (e.g. loans notably to SMEs and the tourism sector)	Denmark
<b>Regional aid map coverage 2014-20, as % of population</b>	50 (all in non-predefined 'c' areas)	Ireland
<b>Regional aid spending as % of GDP in 2013-15</b>	0.014	Austria
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.42	Spain (0.36)

Dimension	Czech Republic	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Croatia, Denmark, Slovakia
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	France, Portugal
<b>Main regional policy instruments</b>	Business support / Innovation support / Support for business infrastructure / Support for underdeveloped areas	Bulgaria, Estonia
<b>Regional aid map coverage 2014-20, as % of population</b>	88.1 (all in 'a' areas)	Portugal, Slovakia
<b>Regional aid spending as % of GDP in 2013-15</b>	0.578	Hungary
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	1.89	Portugal

Dimension	Denmark	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Netherlands
<b>Regional policy objectives</b>	Development of all territories	Austria, Belgium
<b>Main regional policy instruments</b>	Business support (grants, other development support, and loans to promote exports in the island of Bornholm)	Cyprus
<b>Regional aid map coverage 2014-20, as % of population</b>	7.97 (all non-predefined 'c')	Luxembourg, Netherlands
<b>Regional aid spending as % of GDP in 2013-15</b>	0.002	Netherlands
<b>Cohesion policy allocations, annual average 2014-20, % of 2011 GDP</b>	0.03	Austria, Luxembourg, Netherlands

Dimension	Estonia	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Portugal
<b>Regional policy objectives</b>	Development of all territories	Ireland, Slovenia
<b>Main regional policy instruments</b>	Business support (grants) / Support for innovation / Infrastructure / Support for underdeveloped areas / Quality of life & local services	Czech Republic, Ireland
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (all 'a' areas)	Bulgaria, Latvia, Lithuania
<b>Regional aid spending as % of GDP in 2013-15</b>	0.144	Slovenia
<b>Cohesion policy allocations, annual average in 2014-20 % of 2011 GDP</b>	2.97	Hungary, Lithuania

Dimension	Finland	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Norway, Poland
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	Norway, Sweden
<b>Main regional policy instruments</b>	Support for businesses (investment grants, transport aid) / Areas of structural change	Germany, Norway
<b>Regional aid map coverage 2014-20, as % of population</b>	26.03 (24.18% as predefined sparsely populated 'c', & 1.85% as non-predefined 'c')	Austria, Norway
<b>Regional aid spending as % of GDP in 2013-15</b>	0.030	United Kingdom
<b>Cohesion policy allocations, annual average 2014-20 % of 2011 GDP</b>	0.10	France, Germany, Ireland, United Kingdom

Dimension	France	Similar countries
<b>Institutional framework of regional policy</b>	Regionalised: responsibility is mainly regional but with active national coordination	Italy, Spain
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	Finland, Sweden, Norway
<b>Main regional policy instruments</b>	Business support (grants, loans, tax relief) / Support for economic difficulties / Support for bottom-up development	Belgium, Germany
<b>Regional aid map coverage 2014-20, as % of population</b>	24.17 (2.93 in 'a' areas and 21.24 in non-predefined 'c' areas)	Norway, Germany
<b>Regional aid spending as % of GDP in 2013-15</b>	0.120	Croatia
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.10	Finland, Germany, Ireland, United Kingdom

Dimension	Germany	Similar countries
<b>Institutional framework of regional policy</b>	Federal: responsibilities are mainly regional, with only a minor role for national coordination	Austria, Belgium, Switzerland
<b>Regional policy objectives</b>	Reduction of regional disparities	Spain, Switzerland
<b>Main regional policy instruments</b>	Investment grants / investment loans / Support for business infrastructure / Bottom-up strategies and clusters	
<b>Regional aid map coverage 2014-20, as % of population</b>	25.85 (14.51 in predefined 'c' areas and 11.33 in non-predefined 'c' areas)	Austria, Finland, Norway
<b>Regional aid spending as % of GDP in 2013-15</b>	0.006	Italy, Spain
<b>Cohesion policy allocations, annual average 2014-20 % of 2011 GDP</b>	0.09	Finland, France, Ireland

Dimension	Greece	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Poland
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Bulgaria, Romania
<b>Main regional policy instruments</b>	Business support (grants, loans, tax relief) / Support for business infrastructure / Quality of life & local services	Czech Republic, Estonia
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (from 1.1.2017: 60.89 in 'a' areas and 39.11 in non-predefined 'c' areas)	Slovenia
<b>Regional aid spending as % of GDP in 2013-15</b>	1.06	Czech Republic (0.578)
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	1.00	Slovenia

Dimension	Hungary	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Latvia
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Bulgaria, Greece, Latvia
<b>Main regional policy instruments</b>	Business support (grants, venture capital) / Support for business infrastructure / Support for underdeveloped areas	Bulgaria, Czech Republic
<b>Regional aid map coverage 2014-20, as % of population</b>	76.71 (70.38 in 'a' areas and 6.33 in non-predefined 'c' areas)	Spain (68.7), Portugal (85.0)
<b>Regional aid spending as % of GDP in 2013-15</b>	0.504	Czech Republic
<b>Cohesion policy commitment appropriations as % of GDP in 2014-20</b>	2.97	Estonia, Lithuania

Dimension	Ireland	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but with some role for local entities	Estonia, Portugal
<b>Regional policy objectives</b>	Development of all territories	Austria, Belgium, Denmark
<b>Main regional policy instruments</b>	Business support (grants) / Support for Gaelic speaking areas	Estonia, Slovakia
<b>Regional aid map coverage 2014-20, as % of population</b>	51.28 (all as non-predefined 'c' areas)	Cyprus
<b>Regional aid spending as % of GDP in 2013-15</b>	0.116	France, Croatia
<b>Cohesion policy allocations, annual average 2014-20, % of 2011 GDP</b>	0.095	Belgium, Finland, France, Germany,

Dimension	Italy	Similar countries
<b>Institutional framework of regional policy</b>	Regionalised: responsibility is mainly regional but with active national coordination	France, Spain
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	Portugal, France
<b>Main regional policy instruments</b>	Business support (grants, tax relief, loan guarantees, interest rate subsidies) / Support for business infrastructure	Spain, United Kingdom
<b>Regional aid map coverage 2014-20, as % of population</b>	34.07 (29.04 in 'a' areas and 5.03 percent in non-predefined 'c' areas. From 1.1.2017, the following will be eligible: 31.81 in 'a' areas and 3.71 percent in non-predefined 'c' areas	Belgium, United Kingdom
<b>Regional aid spending as % of GDP in 2013-15</b>	0.04	Finland, United Kingdom
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.27	Spain

Dimension	Latvia	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Bulgaria, Romania
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Greece, Lithuania
<b>Main regional policy instruments</b>	Business support (grants, loans, tax relief in Free Ports & Special Economic Areas) / Support for business infrastructure / Capacity-building	Lithuania, Estonia
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (all in 'a' areas)	Bulgaria, Croatia, Estonia, Lithuania
<b>Regional aid spending as % of GDP in 2013-15</b>	0.409	Hungary
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	3.01	Estonia, Lithuania, Hungary

Dimension	Lithuania	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Estonia, Latvia
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Greece, Hungary
<b>Main regional policy instruments</b>	Investment grants / Loans for investment / Tax-based support for business investment / Free Economic Zones / Support for business infrastructure and local infrastructure	
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (all in 'a' areas)	Bulgaria, Estonia, Latvia
<b>Regional aid spending as % of GDP 2013-2015</b>	0.215	Malta
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	2.98	Estonia, Hungary, Latvia,

Dimension	Luxembourg	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Malta
<b>Regional policy objectives</b>	National growth	Cyprus, Netherlands
<b>Main regional policy instruments</b>	Business support (grants, tax relief, interest rate subsidies / Targeted support for underdeveloped areas	Ireland, Slovakia
<b>Regional aid map coverage 2014-20, as % of population</b>	8.0 (all as non-predefined 'c' areas)	Austria, Denmark
<b>Regional aid spending as % of GDP in 2013-15</b>	0.023	Belgium, Sweden
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.02	Denmark, Netherlands



Dimension	Malta	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Luxembourg
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Greece, Slovakia
<b>Main regional policy instruments</b>	Business support (grants, tax relief) / Transport aid (Malta-Gozo)	Latvia, Lithuania
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (all in predefined 'c' areas)	Greece, Slovenia
<b>Regional aid spending as % of GDP in 2011-13</b>	0.272	Slovenia, Lithuania
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	1.46	Portugal (1.65)

Dimension	Netherlands	Similar countries
<b>Institutional framework of regional policy</b>	Regionalised: responsibility is mainly regional but with active national coordination	France, Italy, Spain
<b>Regional policy objectives</b>	National growth	Luxembourg
<b>Main regional policy instruments</b>	Support for areas suffering from economic difficulties	Luxembourg
<b>Regional aid map coverage 2014-20, as % of population</b>	7.5 (all in non-predefined 'c' areas)	Denmark, Luxembourg
<b>Regional aid spending as % of GDP in 2012-14</b>	0.004	Denmark
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.03	Austria, Luxembourg

Dimension	Norway	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Finland, Sweden
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	Finland, France
<b>Main regional policy instruments</b>	Business support (social security concession, grants, loans, transport aid) / Support for quality of life	Estonia, Finland
<b>Regional aid map coverage 2014-20, as % of population</b>	25.56	
<b>Regional aid spending as % of GDP in 2013-15</b>	0.257	Poland

Dimension	Poland	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Finland, Norway
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Hungary, Slovakia
<b>Main regional policy instruments</b>	Business support (grants, tax-based support for business investment), Special economic zones / Support for business infrastructure	Estonia, Italy
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (86.3 in 'a' areas and 13.7 in predefined 'c' areas)	Romania
<b>Regional aid spending as % of GDP in 2013-15</b>	0.28	Bulgaria, Portugal
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	2.81	Slovakia

Dimension	Portugal	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Slovenia, UK(Eng)
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	Czech Republic, Sweden
<b>Main regional policy instruments</b>	Investment grants / SME support / Aid for RTDI / Support for bottom-up development in remote rural areas	Czech Republic, Estonia
<b>Regional aid map coverage 2014-20, as % of population</b>	85.01 (69.25 in 'a' areas and 15.77 in non-predefined 'c' areas)	Czech Republic, Hungary, Slovakia
<b>Regional aid spending as % of GDP in 2013-15</b>	0.267	Bulgaria, Norway
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	1.65	Malta (1.46), Czech Republic (1.89)

Dimension	Romania	Similar countries
<b>Institutional framework of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	Bulgaria, Hungary, Latvia
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Bulgaria, Hungary
<b>Main regional policy instruments</b>	Support for business / Support for business infrastructure / Support for bottom-up development	Bulgaria, Hungary
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (89.44 in 'a' areas and 10.56 in predefined 'c' areas)	Poland
<b>Regional aid spending as % of GDP in 2013-15</b>	0.198	Lithuania
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	2.38	Czech Republic (1.9), Bulgaria (2.7)

Dimension	Slovakia	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Czech Republic
<b>Regional policy objectives</b>	National growth and Reduction in regional disparities	Various CEE Member States
<b>Main regional policy instruments</b>	Support for business (grants, tax relief, wage subsidies) / Support for underdeveloped areas	Ireland, Hungary
<b>Regional aid map coverage 2014-20, as % of population</b>	88.48 (all in 'a' areas)	Czech Republic, Portugal
<b>Regional aid spending as % of GDP in 2013-15</b>	0.171	Romania
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	2.72	Bulgaria, Croatia, Poland

Dimension	Slovenia	Similar countries
<b>Institutional frameworks of regional policy</b>	Unitary: essentially national but possibly with some role for local entities	UK (England)
<b>Regional policy objectives</b>	Development of all territories	Estonia, Ireland
<b>Main regional policy instruments</b>	Support for business (grants, loans, tax relief) / Support for business infrastructure / Support for innovation / Support for areas in economic difficulties	Portugal
<b>Regional aid map coverage 2014-20, as % of population</b>	100 (52.92 in 'a' areas and 47.08 in predefined 'c' areas)	Greece
<b>Regional aid spending as % of GDP in 2013-15</b>	0.130	Estonia
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	1.15	Greece, Malta

Source: EPRC

Dimension	Spain	Similar countries
<b>Institutional framework of regional policy</b>	Regionalised: responsibility is mainly regional but with active national coordination	France, Italy
<b>Regional policy objectives</b>	Reduction of regional disparities	Germany, Switzerland
<b>Main regional policy instruments</b>	Support for business (grants) / Support for business infrastructure	Lithuania
<b>Regional aid map coverage 2014-20, as % of population</b>	68.66 (6.9 as 'a' areas, 28.25 in predefined 'c', former 'a' areas, 0.51 as predefined sparsely populated areas, and 33 as non-predefined 'c' areas. From 1.1.2017, the following is eligible, 32.55 as 'a' areas, 5.94 as predefined 'c', former 'a' areas, 0.51 as 0.51 as predefined sparsely populated areas and 29.66 as non-predefined 'c' areas)	Hungary (76.71)
<b>Regional aid spending as % of GDP in 2013-15</b>	0.062	Germany
<b>Cohesion policy allocations, annual average in 2014-20 as % of 2011 GDP</b>	0.35	Italy

Dimension	Sweden	Similar countries
<b>Institutional framework of regional policy</b>	Decentralised: national level has core responsibilities but regions have some tasks	Czech Republic, Norway
<b>Regional policy objectives</b>	Development of all territories and Reduction in regional disparities	Finland, Italy, Norway
<b>Main regional policy instruments</b>	Business support (grants, loans, transport aid, social security concessions)	Denmark, Ireland, Norway
<b>Regional aid map coverage 2014-20, as % of population</b>	12.26 (all predefined sparsely populated 'c')	Denmark, Luxembourg, Netherlands
<b>Regional aid spending as % of GDP in 2013-15</b>	0.024	Belgium, Luxembourg
<b>Cohesion policy allocations, annual average 2014-20 % of 2011 GDP</b>	0.07	Austria, Belgium, Germany, Ireland, United Kingdom

Dimension	Switzerland	Similar countries
<b>Institutional framework of regional policy</b>	Federal: responsibilities are mainly regional, with only a minor role for national coordination	Austria, Belgium, Germany
<b>Regional policy objectives</b>	Reduction of regional disparities	Germany, Spain
<b>Main regional policy instruments</b>	Business support (tax relief) / Support for business infrastructure / bottom-up development	

Dimension	United Kingdom	Similar countries
<b>Institutional framework of regional policy</b>	England: Unitary: essentially national but possibly with some role for local entities Scotland, Wales & Northern Ireland: Regionalised: responsibility is mainly regional but with active national coordination	Portugal, Slovenia France, Italy
<b>Regional policy objectives</b>	England & Northern Ireland: Development of all territories Scotland & Wales: Development of all territories and Reduction in regional disparities	Austria, Denmark Finland, Sweden
<b>Main regional policy instruments</b>	Business support (investment grants, loans, guarantees) / Business infrastructure	Germany, Italy, Poland
<b>Regional aid map coverage 2014-20, as % of population</b>	27.05 (3.91 in 'a' areas, 0.35 in predefined sparsely populated areas and 22.79 in non-predefined 'c' areas)	Finland, Austria, Germany
<b>Regional aid spending as % of GDP in 2013-15</b>	0.029	Belgium, Finland
<b>Cohesion policy allocations, annual average 2014-20 as % of 2011 GDP</b>	0.07	Belgium, Finland, France



## **EoRPA RESEARCH**

This report has been prepared by the European Policies Research Centre (EPRC) under the aegis of EoRPA (European Regional Policy Research Consortium), which is a grouping of national government authorities from countries across Europe. The Consortium provides sponsorship for EPRC to undertake regular monitoring and comparative analysis of the regional policies of European countries and the inter-relationships with EU Cohesion and Competition policies. Over the past year, EoRPA members have comprised the following partners:

### **Austria**

- Bundeskanzleramt (Federal Chancellery), Vienna

### **Finland**

- Työ- ja elinkeinoministeriö (Ministry of Employment and the Economy), Helsinki

### **France**

- Commissariat Général à l'Egalité des territoires (General Commissariat for Territorial Equality, CGET, previously DATAR), Paris

### **Germany**

- Bundesministerium für Wirtschaft und Energie (Federal Ministry for Economic Affairs and Energy), Berlin
- Ministerium für Wirtschaft, Wissenschaft und Digitalisierung (the Ministry for Economic Affairs, Science and Digitalisation), Saxony-Anhalt

### **Italy**

- Agenzia per la Coesione Territoriale (Agency for Territorial Cohesion), Rome

### **Netherlands**

- Ministerie van Economische Zaken (Ministry of Economic Affairs), The Hague

### **Norway**

- Kommunal- og moderniseringsdepartementet (Ministry of Local Government and Modernisation), Oslo

### **Poland**

- Ministerstwo Rozwoju (Ministry of Economic Development), Warsaw

### **Portugal**

- Agência para o Desenvolvimento e Coesão (Agency for Development and Cohesion), Lisbon

### **Sweden**

- Näringsdepartementet (Ministry of Enterprise and Innovation), Stockholm

### **Switzerland**

- Staatssekretariat für Wirtschaft (SECO, State Secretariat for Economic Affairs), Bern

### **United Kingdom**

- Department for Business, Energy & Industrial Strategy, London
- Scottish Government, Glasgow



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