COHESION POLICY
Investments in 2021-2022

European Semester
Country report - Annex D
AGENDA

1. Cohesion Policy 2021-2027 – the context
   - Achievements
   - Future of cohesion policy


3. Response from Greek authorities, Question and Answers
Future of Cohesion policy
Policy objectives

Former objectives are simplified and consolidated into 5 Policy Objectives:

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

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

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

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

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

**Horizontal issues:** partnership; administrative capacity building; cooperation outside the programme area
Future of Cohesion policy Architecture

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<th>ERDF/CF regulation</th>
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Future of Cohesion policy
Modernising ERDF, CF and ESF+

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

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

Simpler
- Easier and faster to programme
- Substantial reduction of administrative costs
- Single audit principle and proportionality for low risk programmes
Stronger articulation between challenges identified in the European Semester and Cohesion Policy funding

- **Strong link in two directions**
  - Policy analysis guides Funds’ investments
  - Funds’ investments deliver policy results

- **Expected benefits**
  - More consistency between different policies
  - Higher impact and better outreach to stakeholders
  - Transparency and accountability

- **Implications for European Semester deliverables**
  - Stronger focus of the 2019 EC country analysis (CRs) on regional and territorial disparities
  - Investment needs and guidance to be derived from this analysis
Future of Cohesion policy
ERDF / ESF+ Thematic Concentration in Greece

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

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

At least 6% sustainable urban development EUR 692 million

FOR ESF+:
- adequate amount, which may include:
  - At least 25% social inclusion + EUR 1,5 billion
  - at least 2% material deprivation * EUR 118 million
  - At least 10% youth employment * EUR 590 million

(amounts in current prices)
Investment-relevant challenges and Commission priorities for 2021-2027 Cohesion policy funding in Greece
A Smarter Europe (PO1)
Investment-relevant challenges

- Greek economy is characterized by very low public and private investments in innovation - low ranking in the Global Competitiveness Index
- Performance in SMEs innovators has fallen since the start of the crisis.
- Ranks very low in the uptake of ICT (last in EU28) and on e-government scoreboard.
- Access to finance for SMEs remains problematic; framework conditions for entrepreneurship, innovation and start-ups continue to be unfavourable
A Smarter Europe (1)
Commission priorities for 2021-2027 funding

• promote business investment in RDI and foster collaboration between public and private research on targeted smart specialization areas
• facilitate business technology transfer, networking, clusters and open innovation
• support activities that allow innovations to reach the market, especially for start-ups and SMES in the digital market
• develop skills related to smart specialization areas, in particular reskilling and digital skills
A Smarter Europe (2)
Commission priorities for 2021-2027 funding

- support the increase of ICT uptake in SMEs (business to business, business to consumer, consumer to consumer) and development of ICT infrastructures and services
- expand and complete the range of e-service provision (e-government, e-procurement, e-inclusion, e-health, e-learning, e-skilling, e-commerce)
- boost the uptake of ICT by citizens, businesses and public sector
A Smarter Europe (3)
Commission priorities for 2021-2027 funding

• foster growth of start-ups / scale-ups and accelerators; develop integrated business advisory services
• promote entrepreneurship and support new business models
• encourage industrial cluster development and enhanced cooperation between SMEs and universities/research centers
A low carbon and greener Europe – (PO2)

Investment-relevant challenges

- Building stock in Greece is aged; public, residential and commercial buildings show low levels of thermal protection
- Heavy reliance on fossil fuels; and opportunities for renewable power generation (wind and solar) remain underexploited
- Greece relies heavily on landfilling of waste; lags behind in recovery/recycling and the circular economy.
- Many small municipalities are still deprived of proper wastewater management and/or reliable provision of drinking water
- Multiple natural and environmental risks - floods and wildfires
A low carbon and greener Europe (1)
Commission priorities for 2021-2027 funding

Enhance energy efficiency in:

- public buildings
- private/residential buildings and
- small and medium sized enterprises premises and installations
A low carbon and greener Europe (2)
Commission priorities for 2021-2027 funding

- promote district heating and cooling based on RES; support small-scale renewable energy sources installations for buildings/premises
- small-scale electricity generation based on renewable energy sources notably in non-connected insular and rural areas
- develop smart grids and smart storage systems related to RES
- increase islands’ electricity interconnections to phase out costly and polluting fossil fuel based generation and allow for optimized generation/use of electricity from renewable energy sources
A low carbon and greener Europe (3)
Commission priorities for 2021-2027 funding

- support waste water facilities in "C" agglomerations and ensure sustainable sludge management
- modernize water supply networks and support small-scale water supply projects in areas with structural or seasonal shortages
- promote and modernize waste prevention and recycling and sorting, reuse centers and composting plants
- facilitate transition to circular economy
- assistance to small municipalities and utilities to improve technical, managerial and organizational capacities - promote the governance model adopted for the wastewater sector in 2014-2020
- support conservation/protection actions in approved protected nature areas with adopted conservation plans and established management bodies
A low carbon and greener Europe (4)
Commission priorities for 2021-2027 funding

• sectoral mapping of hazards and risk analysis (notably for floods and wildfires)
• preparation and implementation of disaster risk management strategies where appropriate in a cross border context (e.g. the Evros river basin)
• flood protection and prevention infrastructures; land, forest and river basin management measures
A more connected Europe (PO3)
Investment-relevant challenges

- Major railways infrastructures remain uncompleted and multimodality of transport system is hampered
- Connections of the seaports system, especially islands, and connections with airport facilities (northern Greece) and major tourist destinations remain unreliable
- Thessalonica and mid-sized urban centers lack sustainable integrated urban mobility systems
- Missing links in motorway and primary road network inhibit accessibility and optimal use of highways, seaports and airports
- Transition to fast broadband is slow, coverage of households with NGA access remains low, ultra-fast speeds for households and SMEs are virtually inexistent
A more connected Europe (1)
Commission priorities for 2021-2027 funding

- modernize existing rail network and interconnections of domestic and international transport links in Northern Greece, where economically justified and financially viable
- support the redesign of the coastal shipping network to create regional nodes to improve accessibility of islands, decongest the port of Piraeus, increase efficiency of the coastal shipping system
- promote freight transport multi-modality by improving rail connections to Trans-European Transport Network ports such as Thessalonica, logistics platforms, industrial zones (Oinofyta)
A more connected Europe (2)
Commission priorities for 2021-2027 funding

Support sustainable urban mobility in:

• Thessalonica

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

based on sustainable urban mobility plans
A more connected Europe (3)
Commission priorities for 2021-2027 funding

- construct the Northern Crete motorway axis along with its multimodal connections to the main network nodes, sea ports and airports
- consolidate the regional primary east-west road axes in Epirus and Thessaly (Igoumenitsa – Volos) and Continental Greece (Karpenisi – Kymi)
- support the multimodal development of transport in Western Greece and Epirus linked to the recently completed Ionia Odos and Egnatia Odos motorways, where economically justified and financially viable
A more connected Europe (4)
Commission priorities for 2021-2027 funding

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

• businesses and households
• transport/logistics hubs
• universities, research centers, schools
• hospitals and public services
A Social Europe (PO4)
Investment-relevant challenges

- Greece has a high unemployment rate including a large portion of long term- and high youth unemployment as well as a large number of NEETs
- Female labour market participation is low
- Education and training systems respond insufficiently to labour market needs particularly with regard to digital skills. Foreign-born students underperform and adult participation in learning remains low.
- VET uptake and adult participation in learning remain low
- Income inequality and risk of poverty or social exclusion are high, while social transfers have insufficient effect on poverty reduction.
- Unmet needs for medical care remain a challenge
- Shortages and skills gaps persists in the healthcare and long-term care sectors
A Social Europe (1)
Commission priorities for 2021-2027 funding

⇒ Regarding Employment, investments aiming to:

- Support active and preventive labour market measures that are open to all and Provide personalised services and targeted training
- Strengthen the promotion of social enterprises
- Further improve the capacity of public employment services
- Develop and implement comprehensive skills strategies including digital skills
- Develop work-life balance policies and promote innovative work organisation
A Social Europe (2)
Commission priorities for 2021-2027 funding

For Education and Training, investments aiming to:

• Increase the labour market relevance of education, promote vocational education and training VET as a quality and skilled career pathway

• Develop comprehensive life-long learning strategies and upgrade basic skills of the adult population

• Enhance partnerships with stakeholders and guidance services underpinning flexible pathways between education, training and work

• Inclusive quality education and training, in particular for persons with disabilities, migrants and refugees
A Social Europe (3)
Commission priorities for 2021-2027 funding

For Social Inclusion, investments aiming to:

- Improve access to affordable, effective and inclusive social and health services; promote measures to overcome prejudice and discrimination against third-country nationals
- Support the most deprived, promote the social integration of children at risk of poverty, persons with disabilities, migrants and refugees; tackle in work poverty, educational and housing segregation; develop family and community-based care services
- Increase equal access to e-Health services, address shortages and skills gaps in health and long-term care
- Invest in the primary health care system (TOMY) and develop day-care centres for people with disability
P04 will focus on specific target groups:

- Youth (tackle youth unemployment, training and education) and long-term unemployed (re-integration in labour market)
- Women (increase labour market participation)
- People at risk of poverty and social exclusion including children (access to social and health services, tackling in work poverty)
- Migrants, refugees and marginalized communities (labour market and social inclusion)
- People with disabilities (access to inclusive education and training)

A key approach in defining specific needs and actions will be to ensure the close involvement of social partners
A Europe closer to citizens (PO5)
Investment-relevant challenges

- The morphological characteristics of Greece and its territorial disparities call for regional and local policies with a strong territorial dimension.
- Small remote islands, mountainous zones, and deprived urban areas suffer from persistent structural weaknesses.
- “Coal Regions in transition”, “Clean Energy for EU islands” and “Circular economy on islands” initiatives; blue growth pillar of “EU Strategy for the Adriatic and Ionian Region”
A Europe closer to citizens (1)
Commission priorities for 2021-2027 funding

In urban areas:

- promote sustainable regeneration of disadvantaged and/or de-industrialised zones/areas in Athens-Piraeus, Thessalonica and in the principal peripheral urban centres

- protect culture and cultural heritage and develop the social economy in the context of integrated development plans for deprived neighbourhoods

- enhance the planning, programming and implementation capacity of local authorities to develop quality projects
A Europe closer to citizens (2)
Commission priorities for 2021-2027 funding

On small remote islands:

- support small-scale ports infrastructures to improve connectivity with neighboring bigger islands and/or the mainland
- promote small-scale wastewater treatment, water reuse and water production infrastructures
- encourage small-scale local transport based on renewable energy sources
A Europe closer to citizens (3)
Commission priorities for 2021-2027 funding

On small remote islands and in mountainous areas:

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

relevant challenges

- Greece ranks low on the European Quality of Government Index (EQI) and 2\textsuperscript{nd} to the last of EU28 in the Word Bank Worldwide Governance Indicators (WGI)

- Extensive experience in management and implementation of Cohesion Policy; skilled and specialised staff; reliable management and control system and competent managing, certifying and audit authorities

- BUT bottlenecks in the design and implementation of ESIF:
  - inefficiencies in the management cycle (at programme and project level) due to lengthy and overly complex procedures
  - proliferation of structures and heavy management and control system
  - capacity problems notably in small municipalities, utilities and other beneficiaries
Factors for effective delivery (1)
Commission priorities for 2021-2027 funding

- division of responsibilities in programming, management and implementation cycle and streamlined and simple mechanism for cross-programme thematic policy coordination and monitoring
- strengthen the capacity of weak and small beneficiaries to deliver projects on quality, budget and on time – develop an effective strategy and ensure a proper framework for assistance
- results of the OECD study on regional policy for Greece post-2020
- empower the regional managing authorities and enhance their managerial independence
Factors for effective delivery (2)
Commission priorities for 2021-2027 funding

• effective measures to prevent and address conflict of interest, fraud and corruption (electronic platforms for the management of state aids and public procurement; integration of the General Secretariat for Anti-Corruption in the Cohesion Funds’ management system)

• improved public procurement performance, address excessively low bids and single bidding

• broader use of financial instruments and/or contributions to a Greek compartment under InvestEU for revenue-generating and cost-saving activities

• foster adequate participation and strengthened capacity of social partners, civil society and other relevant stakeholders
Conclusion and next steps

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