



Observation – Investigation – Reaction: OIR – Online dialogue

European regions in transition: challenges and EU response

9 December 2024

Agenda



Opening remarks



Rural regions



Border regions



Territorial
cooperation



Just transition



Future of European
regional policy



Energy transition

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Rural regions



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Future of European regional policy



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Energy transition



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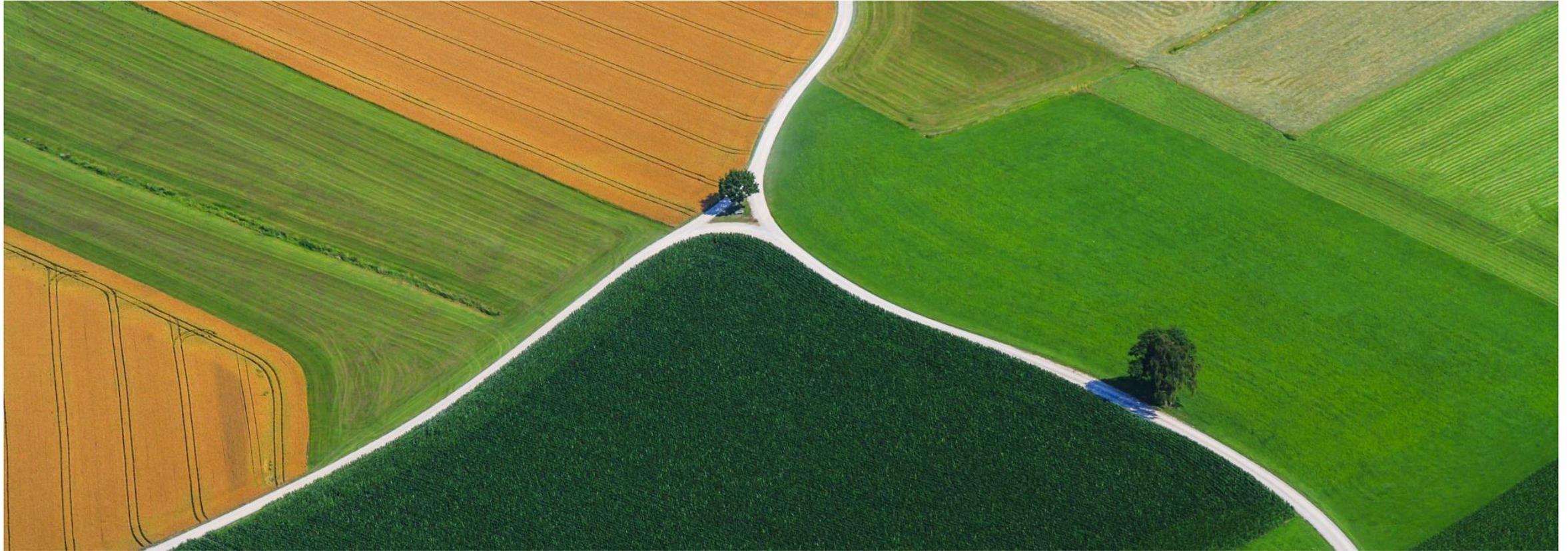


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Energy transition

Rural Regions in Transition – Needs and Policy Responses



Excerpts and findings from the Study on Funding for Rural Areas

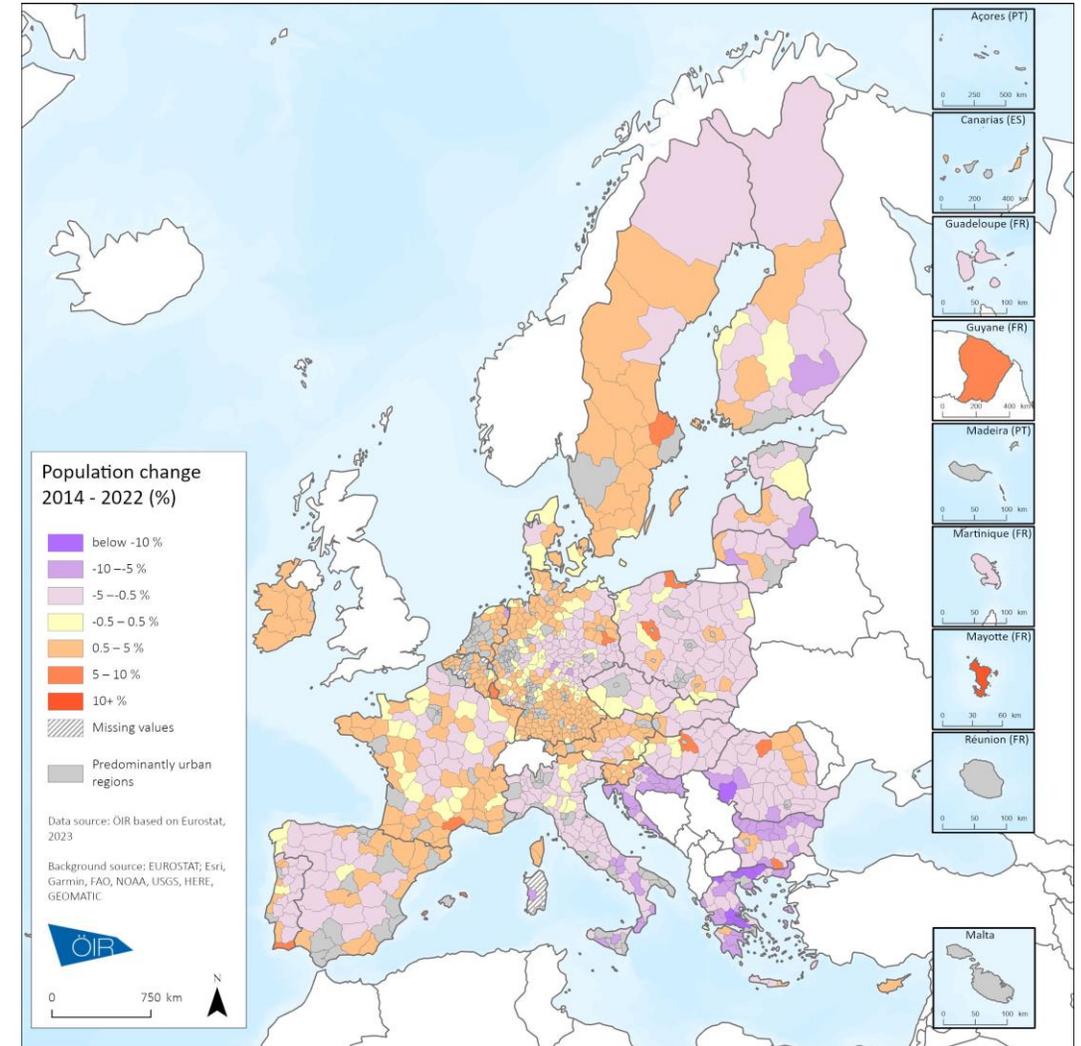
- ▶ Study on Funding for EU Rural Areas
 - Client: European Commission, DG AGRI
 - Study timeline: launch of study in May 2023, finalisation in April 2024
 - Multi-partner consortium: ÖIR GmbH (AT), CCRI (UK), CREA (IT) and ADE S.A. (BE)
- ▶ The study aimed to analyse rural needs and the policy responses of the EAFRD and other EU funds – primarily the Cohesion Policy funds. It investigated issues such as remoteness, geographic constraints and EU policy integration as well as rural governance frameworks.
- ▶ The focus of the study was on rural development support targeting non-farm needs, i.e. basic services, infrastructure, SME support, energy and mobility.
- ▶ We also identified funding intensities of the various EU funds in rural and intermediate areas – from NUTS3 level upwards.
- ▶ Click [here](#) to access the study

Rural regions in transition: structure and discussion

1. Trends and developments in rural Europe
2. EU funds in rural areas
3. Funding integration and targeting – how to make the best of your available resources

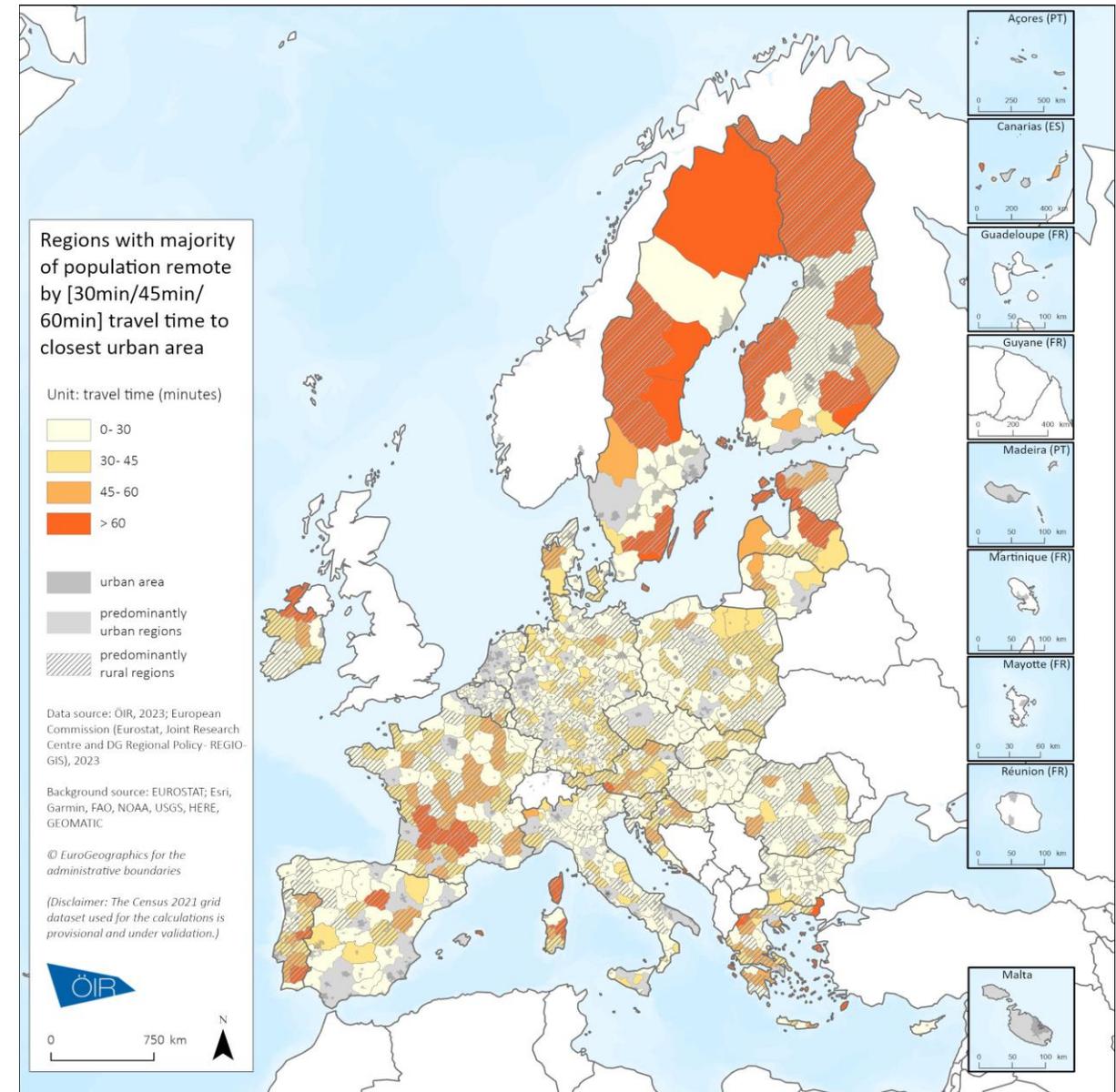
Persistent demographic decline in most parts of rural Europe

- ▶ **Demographic decline** is widespread, with rural populations generally older and more likely to be affected by out-migration than more urban regions, particularly in the most remote rural settings.
- ▶ As population declines in these areas, so do **investments in public services** and infrastructure.
- ▶ Rural regions on average lost population between 2014 and 2022 (-1%), are older and ageing rapidly compared to intermediate and urban regions.



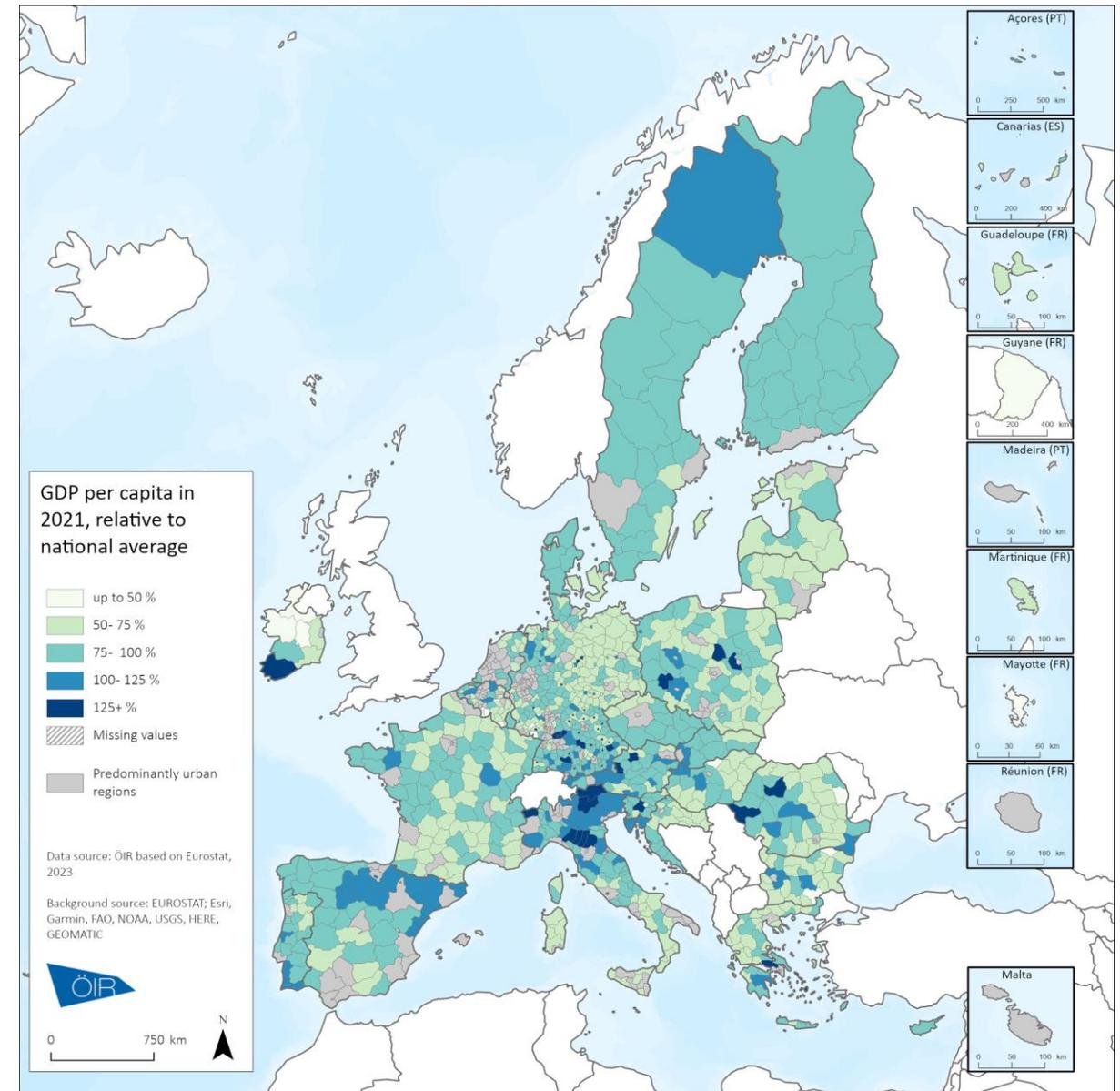
Accessibility and sustainable mobility

- ▶ Access to **basic services and transport/mobility solutions** is also relatively scarce, especially in more remote rural areas.
- ▶ Transport infrastructure and public transport services are important contributors to quality of life. Reliable connections are necessary for the **revitalisation of remote villages, attracting new businesses, inhabitants and tourists.**
- ▶ Demographic change and emigration presents significant challenges to sustaining public transport in small towns and rural areas.
- ▶ Digitalisation, on-demand and shared transport services can help bridge this gap.

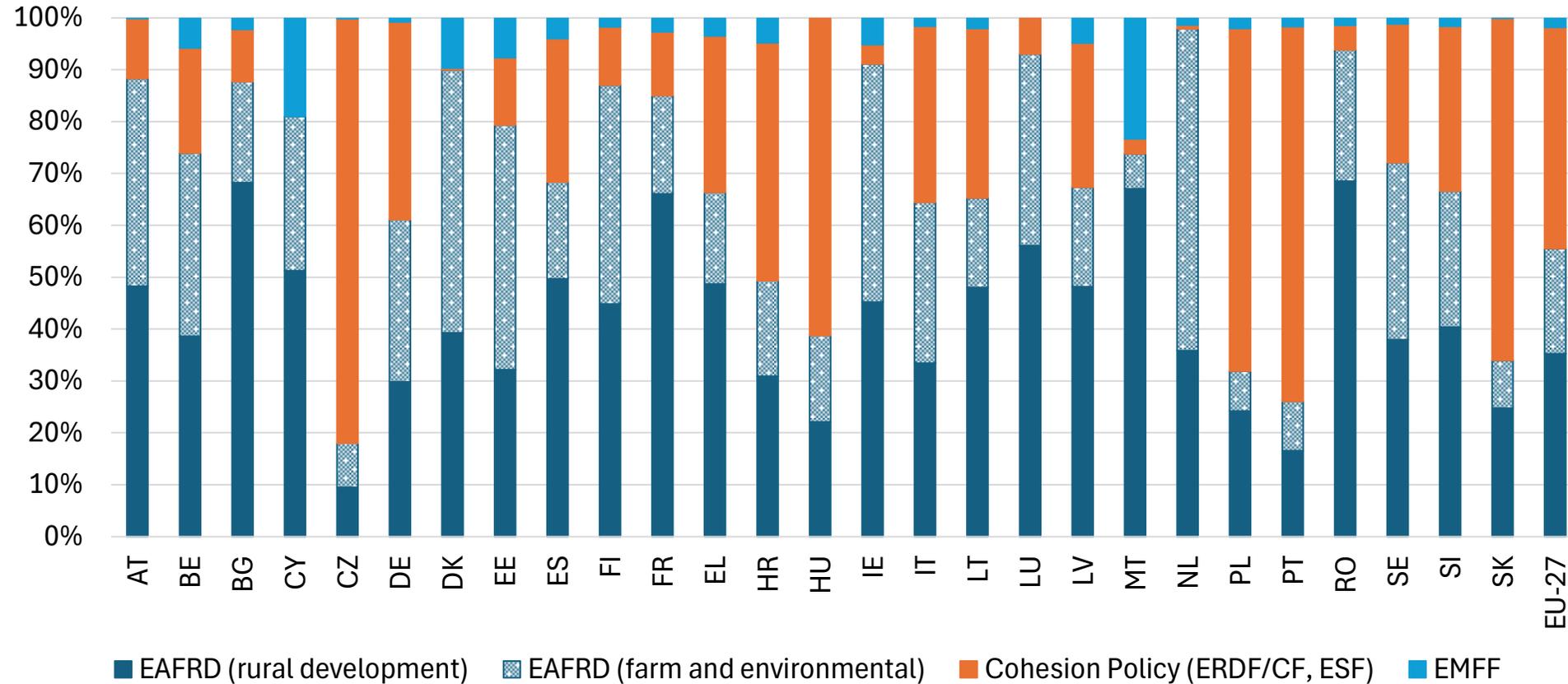


Economic growth and regional inequalities

- ▶ Considering **economic performance**, many rural regions lag national average growth rates while just a few exceed them.
- ▶ Per capita GDP in rural regions was **15% lower** than the average in 2021.
- ▶ Remote and constrained rural regions are **most disadvantaged with average GDP 37% lower** than that for all regions.



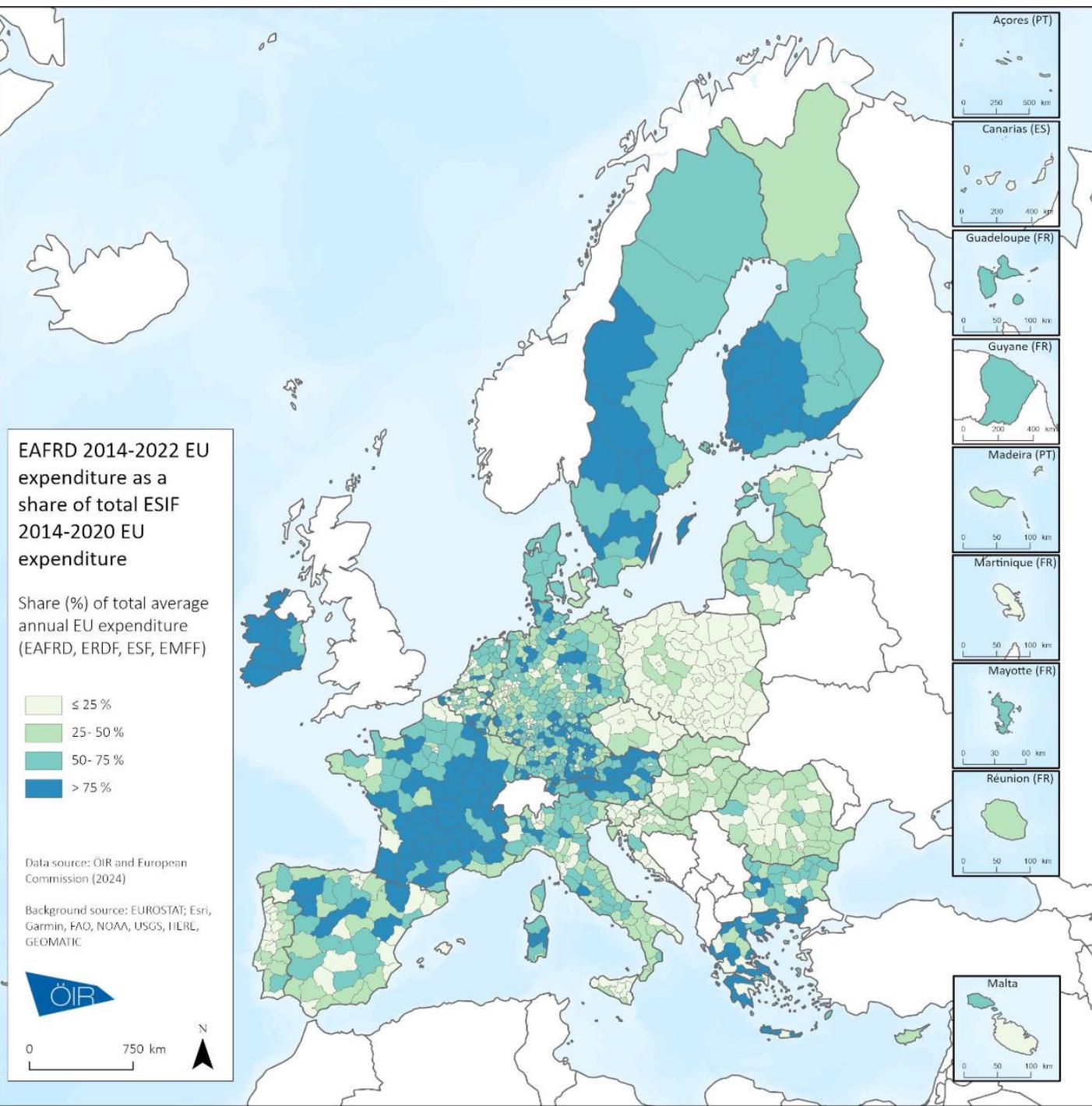
EU funding split in rural and intermediate regions by Member State



Average paid out annual expenditure 2014-2021, relative split: CAP and other ESIF; data sources: Cohesion Data and CATS paid EU expenditure

Source: Münch et al (2024). Study on funding for EU rural areas. European Commission DG AGRI

EU funds in rural areas 2014-2020



Coherence of the EAFRD with other EU funds when supporting rural investments

- ▶ Most synergies are observed between EAFRD and ERDF (larger infrastructure investments, SME support) when supporting rural development beyond farming in the 2014-2020 period. Complementarities between the EAFRD and the ESF or the EMFF were not consistently found when delivering investments to rural regions.
- ▶ In **2023-2027**, the ERDF and RRF are likely to become more prominent for rural development.
- ▶ Tools found to promote greater coherence between CAP and other EU funding to rural areas:
 - More accurate definition of targeted rural areas (i.e., remote or depopulated areas)
 - Formalised governance structure (inter-ministerial or inter-departmental bodies) contributing to coherence by supporting coordination between implementing bodies
 - Instruments to promote integrated planning and specific targeting of deprived rural areas (ITI, integration with LEADER measures, selection criteria or greater aid intensity incentivizing specific areas)
- ▶ Aside from Member States with more holistic approaches, coherence with EU policies is mainly ensured through demarcation, leading to lower integration of EU funding beyond LEADER/CLLD

Integration of EU funding to respond to emerging needs – examples

- ▶ In Limousin (France) integrated territorial instruments (ITI) were created to provide targeted ERDF and EAFRD support in relation to tourism infrastructure, decarbonisation, quality of life and digital accessibility.
- ▶ Integrated Territorial Instruments using ERDF and EAFRD funding were implemented in Spain (Castilla-La Mancha) to help tackle demographic decline.



Pyrenäen Bergstraße © iStock.com/ Jordi Magrans

Integration of EU funding to respond to emerging needs – examples

Coherence in targeting remote areas in Italy between EAFRD and Cohesion Policy funds

- ▶ There is complementarity between measures to facilitate access to services (education, local mobility and healthcare services) and measures **supporting investments in economic activities at local level**
- ▶ To reinforce coherence, in some regions, Inner Area Strategies have been implemented **through integration with LAGs' local development strategies**. In contrast, in other regions they have been implemented **through more favourable selection criteria or specific calls for applications**



Opening remarks



Rural regions



Border regions



Territorial
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Just transition



Future of European
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Energy transition

Study on cross-border regional labour market analysis

- ▶ Study on cross-border regional labour market analysis
 - Client: European Commission, DG REGIO
 - Study timeline: launch of study in May 2023, ongoing
 - Multi-partner consortium: ÖIR GmbH (AT), HETFA (HU), Nordregio (SE) and AEBR (EU)

- ▶ Key objectives of the study
 - identify advantages and challenges for cross-border labour market analysis,
 - provide insights into potentials and opportunities of integrating labour markets,
 - Develop guidance on how to produce cross-border labour market analyses

- ▶ Outputs
 - Comprehensive assessment of over 100 examples for (attempts of) cross-border regional labour market analysis
 - 11 cross-border regional labour market analyses
 - Handbook including practical and technical guidance

Disclaimer:

Please note that this study is currently under review and its final results are expected to be published in 2025. For this reason, slides containing preliminary findings have been excluded from the presentation shared here. Thank you for your understanding.



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The future of European Territorial Cooperation (Rapporteur: Kai Uno Petersen)

- ▶ Impact: Bringing EU citizens closer together in a tangible and direct way, improves life in border regions and promotes European integration
- ▶ Main cross-border obstacles: e.g. trust, language skills, transport links, legal and administrative barriers, recognising qualifications, lack of cross-border public services
- ▶ EU flagship programme funding should be doubled
- ▶ Border regions as laboratories of European integration
- ▶ Support to cross-border functional areas through integrated instruments (e.g. ITI, CLLD)
- ▶ Value of people-to-people projects and cooperation in culture and sport: opportunity to meet, exchange ideas, build new relationships and create mutual trust
- ▶ Treat maritime borders with a distance of up to 150 km as equal to land borders in the context of cross-border cooperation
- ▶ Capacity building in regions in the candidate countries during the accession process.

Solving obstacles to the cooperation of emergency services in the EU's border regions

- ▶ Impacts of missing cooperation: lower accessibility, lower standards of health and emergency services and longer response times, can unnecessarily cost lives
- ▶ Focus of the opinion: everyday cross-border cooperation among rescue services
- ▶ Suggestions for improving the situation:
 - exploiting good practice EU-wide
 - functional cross-border regions to ease emergency service provision across borders
 - framework convention template for bilateral/multilateral agreements
 - proposing new EU legislation (or amending the existing legislative framework), e.g EU-wide regulation on the use of emergency vehicle signals by foreign rescue services
 - joint protocols, mutual recognition of protocols, encouraging joint cross-border training, cross-border certification of emergency service providers
 - preparedness and automatic cross-border provision of emergency services instead of case-by-case requests
 - digital solutions, incl. real-time translation.



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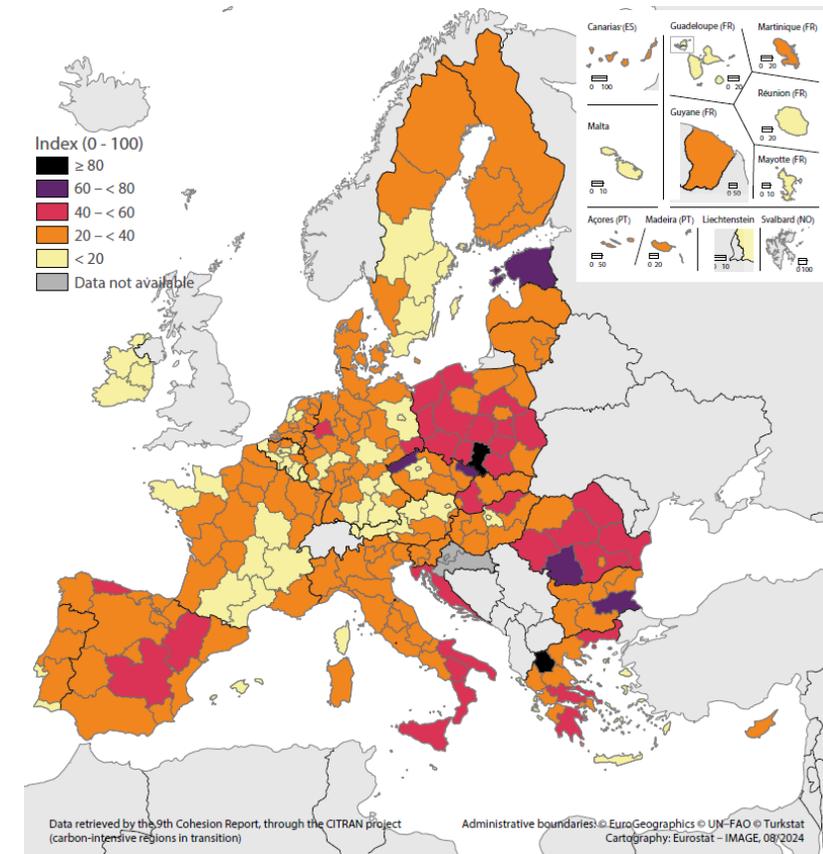
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Energy transition

A just transition for all EU regions (Rapporteur: Marco Marsilio, President of Abruzzo Region – IT)

- ▶ A robust cohesion policy with a strong transition component should be ensured, with bonus allocations for regions dependent on strategic greenhouse gas-intensive industrial sectors.
- ▶ The most vulnerable areas, which may include all types of transition-related challenges from coal regions to automotive regions and others, should be provided with specific, and targeted as well as continued support.
- ▶ Just transition plans for transition regions should consistently follow a place-based approach and be managed by competent authorities based on the partnership principle and multi-level governance.
- ▶ Click [here](#) to access the opinion



Socio-economic risks associated with the green transition according to NUTS2 regions

A just transition for all EU regions (Rapporteur: Marco Marsilio, President of Abruzzo Region – IT)

- ▶ Reaching climate neutrality by 2050 entails differing regional starting points and asymmetric territorial impacts, which need specific EU support to ensure a fair transition.
- ▶ The opinion also touches upon other aspects such as an earlier review of legislation setting CO₂ emission targets and technological neutrality.

Other CoR initiatives related to Just Transition:

- ▶ [Multi-level Dialogue on Just Transition](#): dialogue event organised twice-yearly in cooperation with the European Commission and linked to the Just Transition Platform Conference.
- ▶ [Automotive Regions Alliance](#): a political network of regions committed to the successful transition of the European automotive and supply industry.



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Energy transition

The future of European regional policy



Founder and director of Spatial Foresight

Kai Böhme



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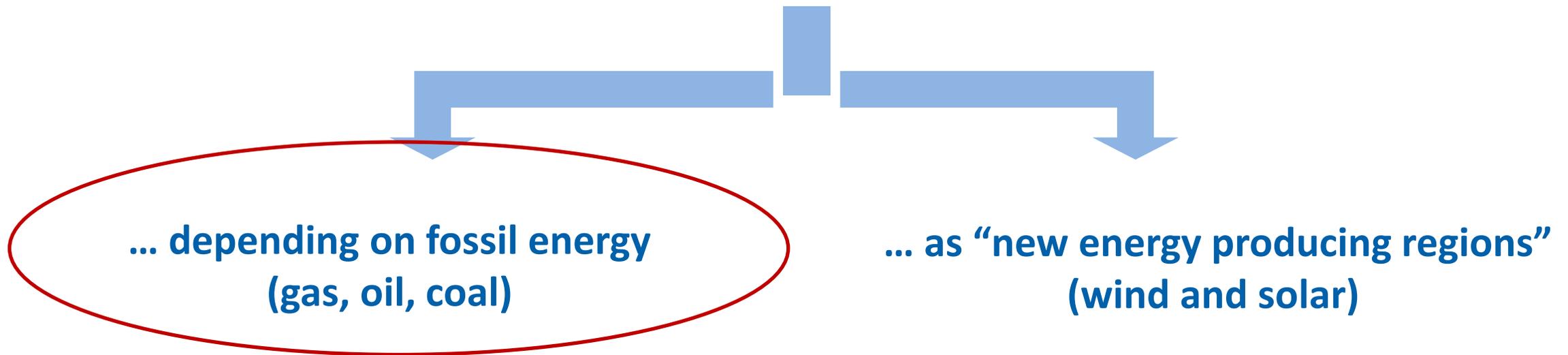
Energy transition in the EU

European Policies as especially ...

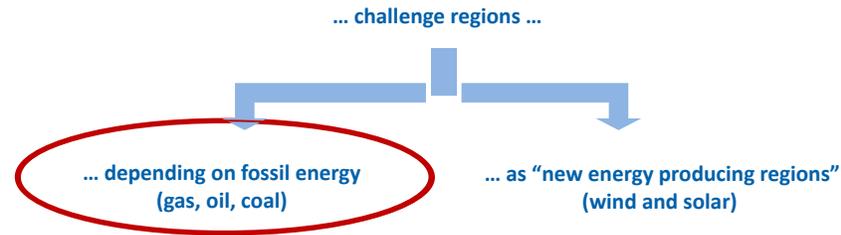
.... Green Deal: Europe 1st climate neutral continent – 2050: zero net GHG emissions

.... Aim to reduce dependency on imported fossil fuels (oil & gas) ...

... challenge regions ...



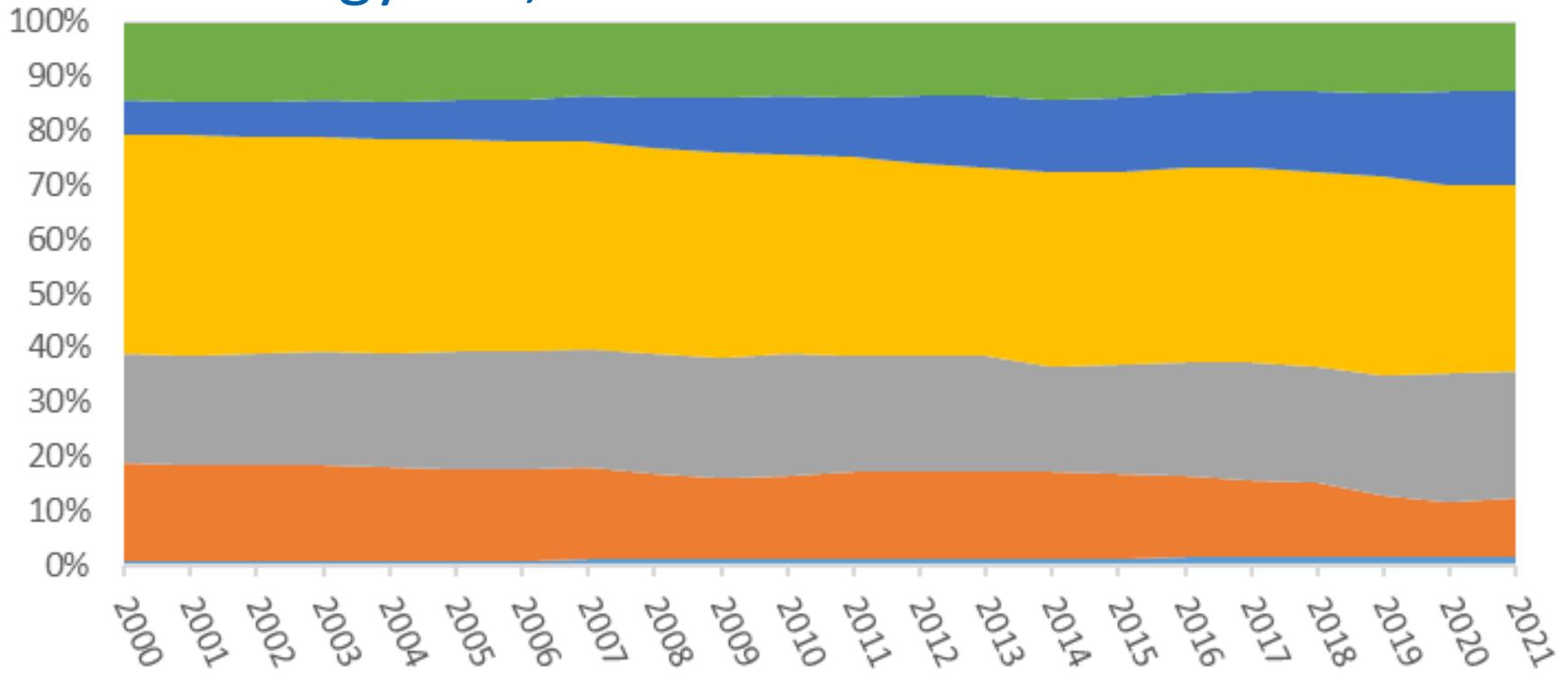
Challenged Regions depending on fossil energy – EU-27 Energy mix, 2000-2021



STUDY
Requested by the REGI Committee



The impact of the gas supply crisis on the Just Transition Plans



- Nuclear heat
- Oil and petroleum products (exc biofuel portion)
- Solid fossil fuels
- Renewables and biofuels
- Natural gas
- Others

Source: Hat, K. et al. 2023, Research for REGI Committee – The impact of the gas supply crisis on the Just Transition Plans, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels



Policy Department for Structural and Cohesion Policies
Directorate-General for Internal Policies
PE 733.134 – April 2023

EN

Dependency on hydrocarbons by industries



	Gas	Oil
Chemical and petrochemical	Red	Red
Construction	Green	Red
Food beverages and tobacco	Red	Orange
Iron and steel	Orange	Green
Machinery	Orange	Orange
Mining and quarrying	Light Green	Orange
Non-ferrous metals	Green	Light Green

	Gas	Oil
Non-metallic minerals	Red	Red
Not-elsewhere specified	Light Green	Green
Paper, pulp and printing	Orange	Green
Textile and leather	Light Green	Light Green
Transport equipment	Green	Light Green
Wood and wood product	Light Green	Light Green

Source: Hat, K. et al. 2023, Research for REGI Committee – The impact of the gas supply crisis on the Just Transition Plans, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

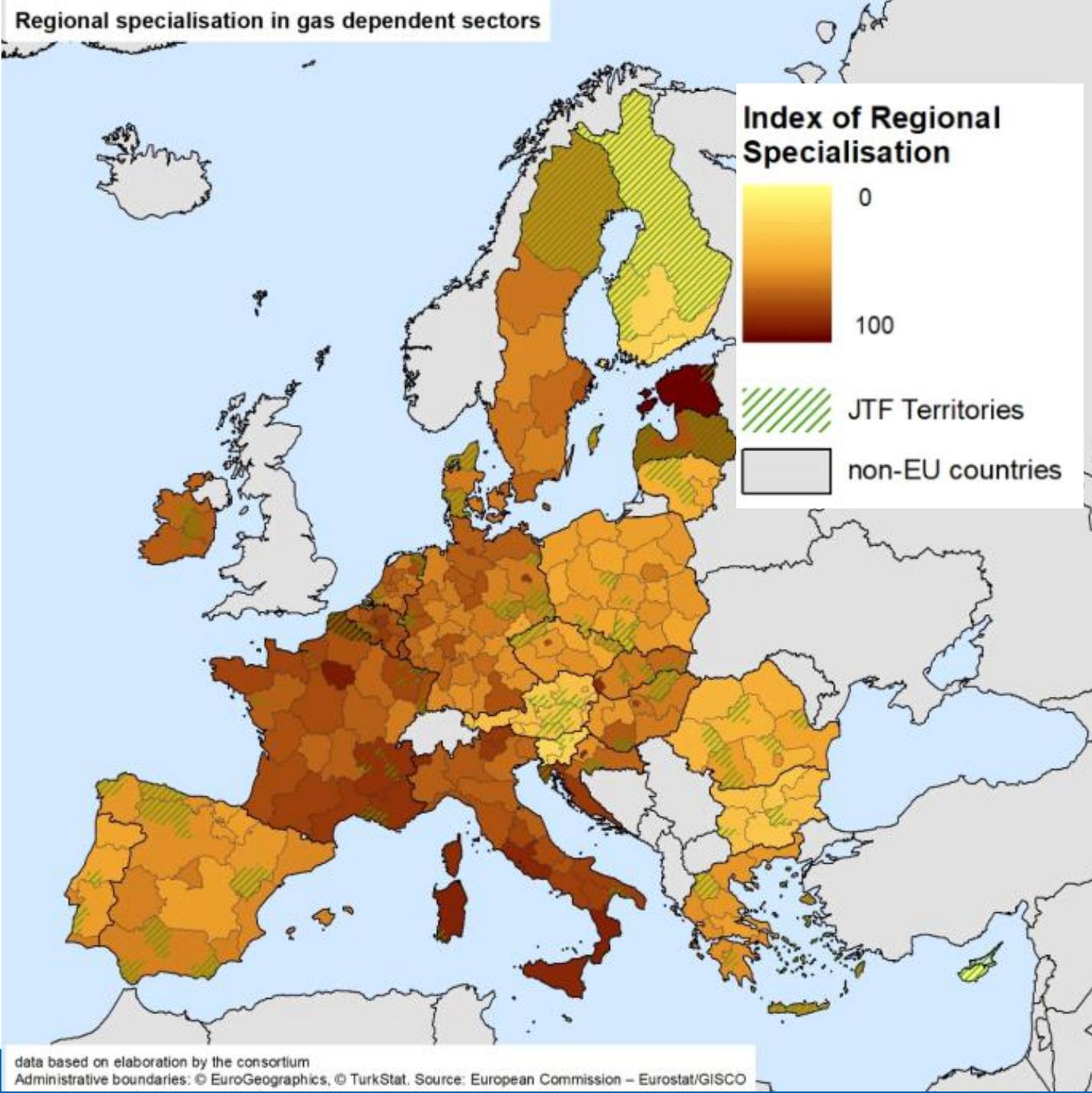
Source: consortium calculation based on Eurostat dataset ENG_BAL

➔ Regions with a high share of industry in sectors highly dependent on hydrocarbons especially challenged

Challenged Regions depending on gas Regional specialisation in gas dependent sectors

➔ Risk caused by green transition is
regionally dislocated

Source: Hat, K. et al. 2023, Research for REGI Committee – The impact of the gas supply crisis on the Just Transition Plans, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels



Main EU support for Challenged Regions depending on fossil energy

▶ Cohesion Policy 2022-2027

- climate mainstreaming across all EU expenditure → 25% of EU expenditure to climate objectives
- Policy Objective (PO) 2 “a greener Europe” (ERDF + INTERREG)

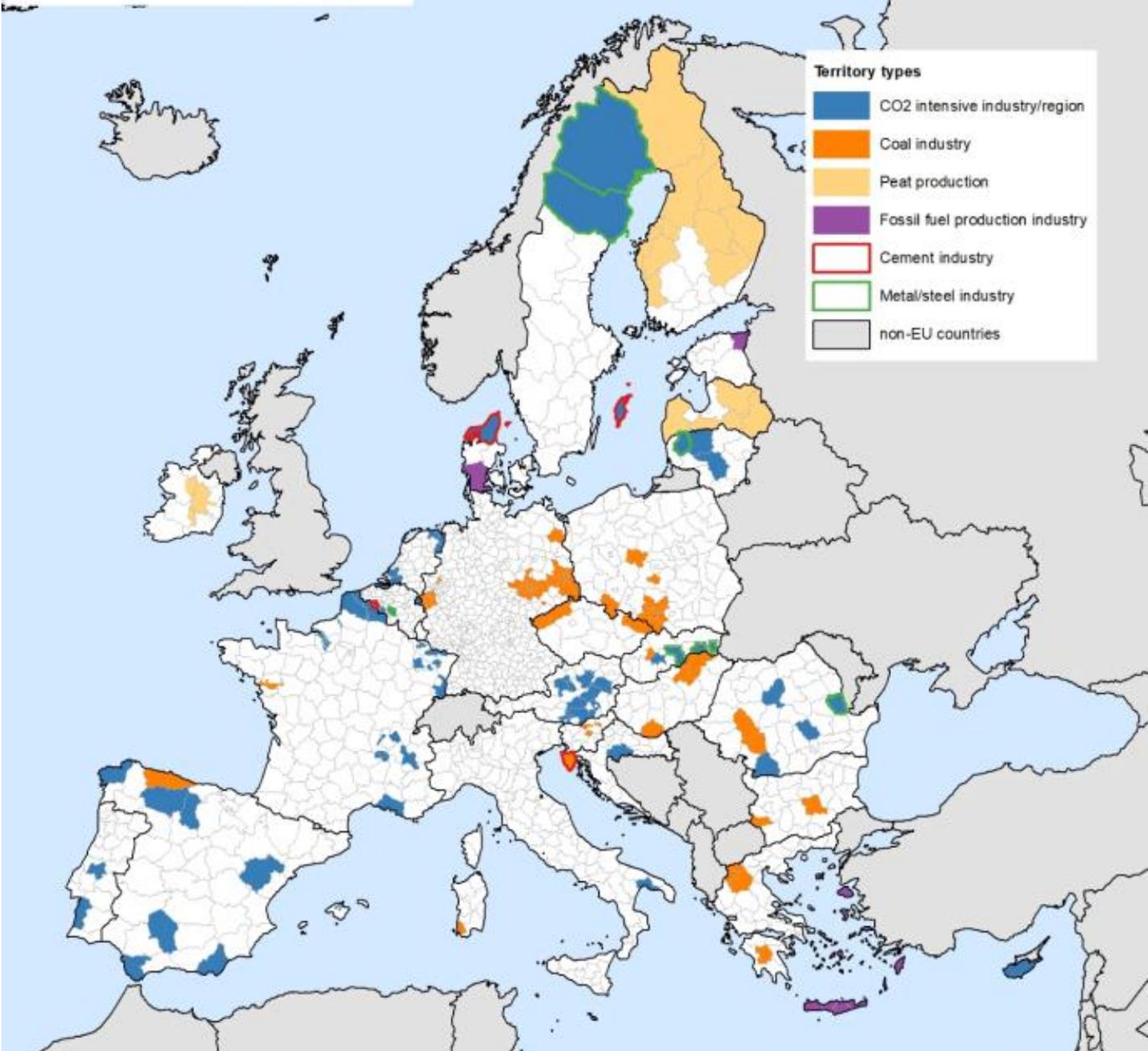
▶ Just Transition Mechanism

- Tailored financial support to territories facing serious socio-economic challenges arising from the transition towards climate neutrality
- Strategic Territorial **Just Transition Plans** (JTP) to unlock and use JTM resources
- 93 **JTP territories** in the EU (March 2023) defined
- Main factors:
Coal extraction and industry, CO₂ intensive industry in the region, Peat extraction, other fossil fuel production, (+ cement, metal, steel production)

Overview of the JTF territory types

-  CO2 intensive industry/region
-  Coal industry
-  Peat production
-  Fossil fuel production industry
-  Cement industry
-  Metal/steel industry
-  non-EU countries

Overview of the JTF territory types



JTF territories (as of March '23): European Commission
Administrative boundaries: © EuroGeographics, © TurkStat. Source: European Commission – Eurostat/GISCO



Support of challenged regions – first findings

► Challenges

- Numbers show that the uptake of funding in PO2 can be improved
- “Competitive funding” at EU level and national level can challenge the efficiency of the support
- regions, where big “old” industries are dominating, often have small entrepreneurial ecosystems
→ low basis for innovative transition

► Chances

- A JTP region has already an elaborated and agreed plan for the energy transition
→ opportunities for diversification are identified
- involvement of residents, entrepreneurs, research institutions as significant drivers of the transition

► Requirements

- Awareness raising is key
- Main role of good supporting technical assistance
- Exchange and learning from each other

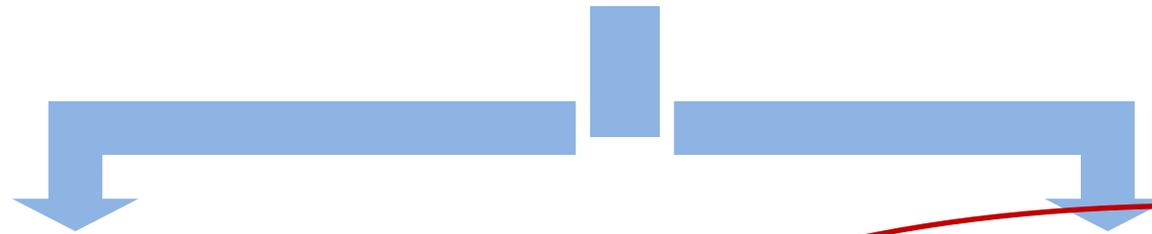
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European Policies as especially ...

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... Aim to reduce dependency on imported fossil fuels (oil & gas) ...

... challenge regions ...



**... depending on fossil energy
(gas, oil, coal)**

**... as “new energy producing regions”
(wind and solar)**

Challenged “new energy producing regions”



... challenge regions ...

... depending on fossil energy
(gas, oil, coal)

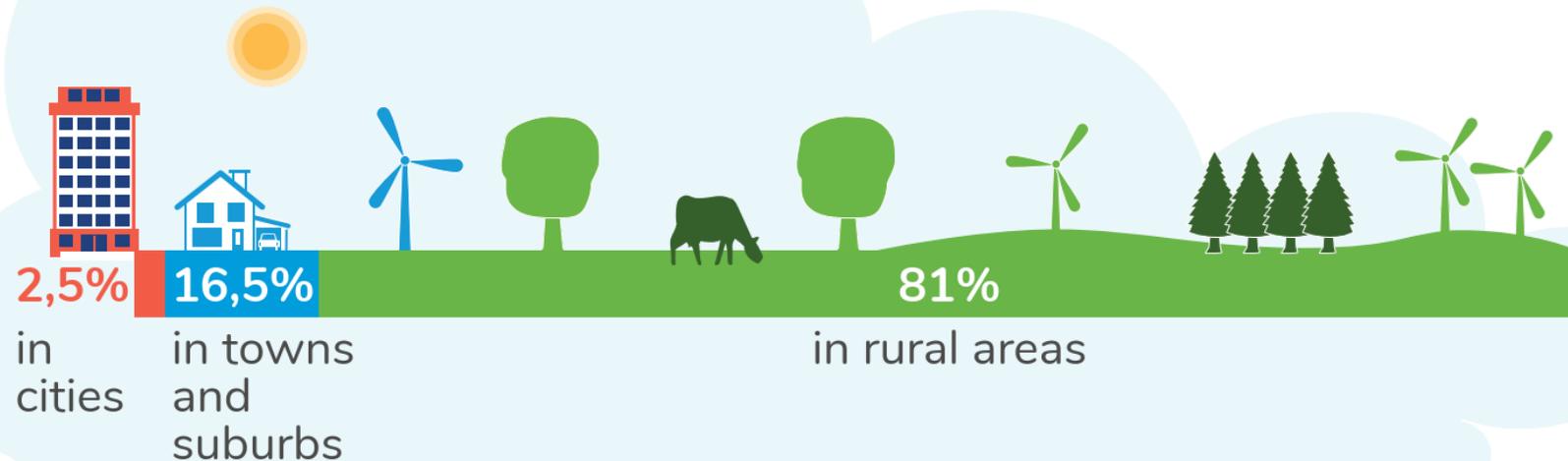
... as “new energy producing regions”
(wind and solar)

Challenges

- ▶ 2.2% of the EU’s land is needed to achieve 100% renewable energy sustainably (EEB, 2024)
- ▶ just 5.2% of the EU territory classified as suitable for solar and wind energy (JRC)
- ▶ availability and suitability of land vary significantly across Member States (EEB, 2024)

Suitable land for renewables

➔ New developments in rural areas



Source: European Environmental Bureau (EEB 2024): Land for renewables, Briefing on spatial requirements for a sustainable energy transition in Europe. Brussels

Challenged “new energy producing regions”



Challenges in rural areas

- ▶ Competing land-use – land use conflicts in regions with few land use conflicts before
- ▶ unequal distribution of benefits and burdens
- ▶ Local and regional impacts
 - Noise of wind parks
 - change of the landscape
 - large spatial footprint of solar farms
 - Challenged biodiversity:
 - wind parks: birds, bats;
 - solar parks: fragmentation



RED III Directive

Goal

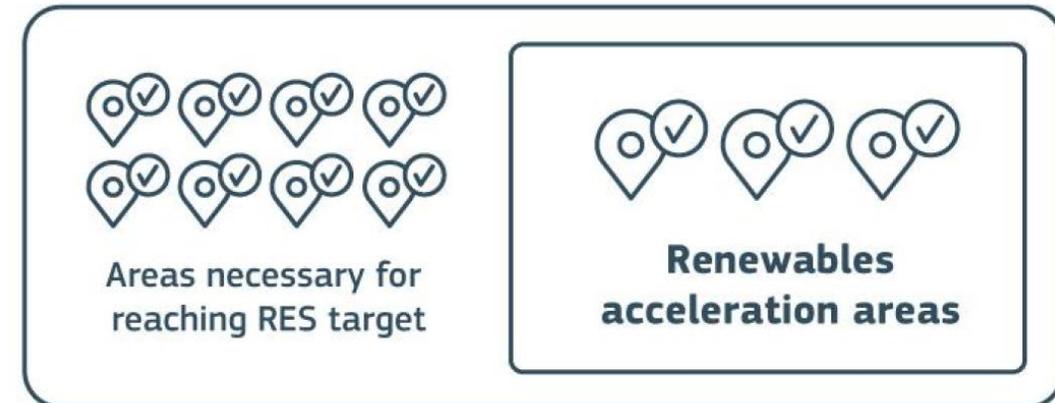
- ▶ 42.5% of the energy mix produced by renewables by 2030
- ▶ Speed up approval processes

Mapping of suitable areas for the deployment of renewable Energy to achieve targets

- ▶ national contributions towards the revised EU renewable energy target for 2030 of 42.5%
- ▶ Mapping by Member States till 21 May 2025

Definition of Renewables Acceleration Areas (RAAs)

- ▶ for at least one technology by 21 February 2026
- ▶ Mainly for artificial and degraded areas
- ▶ Including a Strategic Environmental Assessment
- ▶ Defining mitigation measures

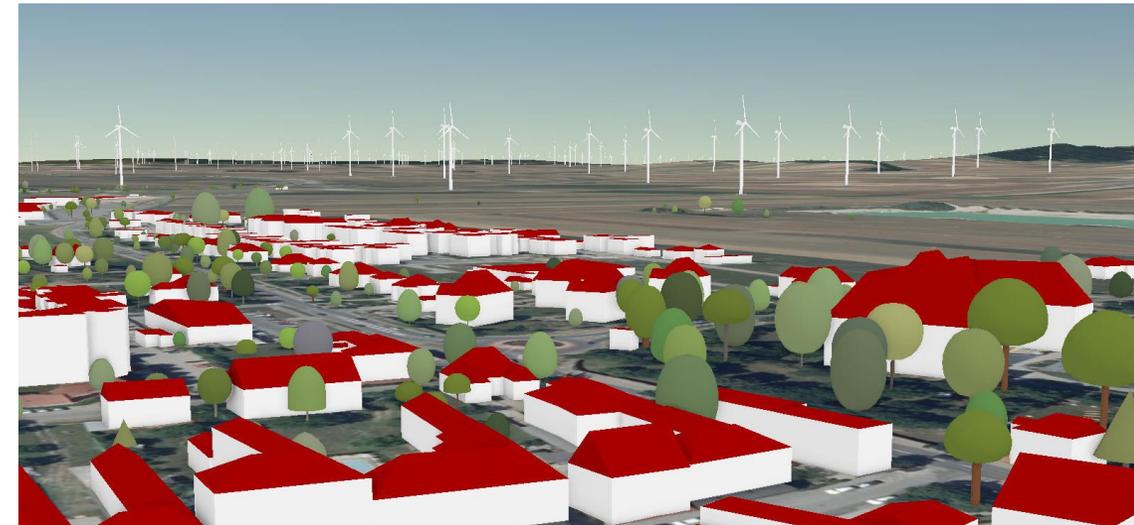


Challenged “new energy producing regions”



Issues to be treated in “new energy producing regions”

- ▶ Deal with (new) land use conflicts – development of mitigation measures
- ▶ Develop and implement schemes to close the gap of unequal distribution of general benefits and local burdens (e.g. communal tax on windfarm, energy communities, ...)
- ▶ Participatory planning processes to increase Socio-political acceptance, especially community acceptance





Thank you for your attention

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