

Department of Geography and Environment public lecture

Redesigning the World's Largest Development Programme: EU cohesion policy

Professor Philip McCann

Special adviser to Johannes Hahn

Professor of Economics, University of Waikato, New Zealand

Dr. Simona Iammarino

Chair, LSE



LSE events

Suggested hashtag for Twitter users: #lsemmccann



Redesigning the World's Largest Development Policy: EU Cohesion Policy

Philip McCann

University of Groningen

*Special Adviser to the European
Commissioner for Regional Policy
Johannes Hahn*

Structure of the Talk

- 1. Evolution of EU Cohesion Policy
- 2. Globalisation and Economic Geography
- 3. Space Blind or Place Based?
- 4. The EU Policy Debates
- 5. Results Oriented Policy
- 6. OECD Regional Context
- 7. EU Regional Context
- 8. EU Urban Context
- 9. The UK Context

1. Evolution of EU Cohesion Policy

- 1970-1986 Regional Policy was primarily a compensation scheme for donor countries
- 1988 Delors Reform of European Regional Policy in response to the accession of Greece, Portugal, Spain
- EU Regional Policy was conceived of as a *Cohesion* Policy - a question of terminology
- Focus was on EU integration and the Single Market
- Current Policy architecture - three changes

1. Evolution of EU Cohesion Policy

- Shift of priorities to poorer regions
- In 1989 some 56% of resources were allocated to the poorest regions and countries
- The lagging regions in the EU-15 were the major recipients of support 2000-2006
- Today new member states account for 21% of the EU-27 population and 52% of Cohesion Policy expenditure 2007-2013

1. Evolution of EU Cohesion Policy

- Objective regions - prioritisation
- Planning - submission of plans
- Partnership between authorities
- Compatibility of policies
- Concentration of resources
- Coordination of instruments
- Additionality
- Three phases 1988-1999; 2000-2006; 2007-2013

1. Evolution of EU Cohesion Policy

- 1988-1999 *Objective 1 Regions* (Structurally backward)
- Regions at NUTS2 with GDP per capita <75% EC average
- 1988-1999 *Objective 2 Regions* (Industrial decline) -
Regions at NUTS3 with high unemployment
- 2000-2006 *Objective 1 Regions* Regions at NUTS2 with
GDP per capita <75% EC average - objective is now to
counter lagging development
- 2000-2006 *Objective 2 Regions* (Economic and Social
Conversion) - Regions at NUTS3 - objective is now to
promote competitiveness and employment growth
- 2000-2006 *Objective 3 Regions* (Training Systems and
Employment) ESF
- InterregII URBANII EQUAL Leader+ Rural Dev and
Fishing beyond Objective 1

1. Evolution of EU Cohesion Policy

- 2007-2013: 3 Objectives 3 Financial Instruments
Convergence Objective ERDF ESF CF
Competitiveness and Employment Objective
ERDF ESF
European Territorial Cooperation Interreg III
- 2000-2006 EU Cohesion Expenditure €233bn
- URBANII and Equal → CO and C+EO
- Leader+ EAGGF → EAFRD; FIFG → EFF Both separate legal basis
- 2007-2013 EU Cohesion Expenditure €347bn
- EU Cohesion Policy now accounts for 35% of total EU budget - the major component

1. Evolution of EU Cohesion Policy

- Lisbon Treaty, Article 3, third indent, of the Treaty on European Union (TEU) states that:
“the union shall promote economic, social and territorial cohesion, and solidarity among Member States”
- Article 2(c) of the Treaty of the Functioning of the European Union (TFEU) provides that
“Shared competence between the Union and the Member States applies in (...) economic, social and territorial cohesion.”

1. Evolution of EU Cohesion Policy

- *EU regional policy is an investment policy. It supports job creation, competitiveness, economic growth, improved quality of life and sustainable development. These investments support the delivery of the Europe 2020 strategy.*

European Commission Inforegio Website

1. Evolution of EU Cohesion Policy

- *Europe 2020: A European Strategy for Smart, Sustainable and Inclusive Growth* [COM (2010) 2020] 3.3.2010
- *Smart Growth*: Improving the conditions for innovation, research and development; Improving education levels
- *Sustainable Growth*: Meeting climate change and energy objectives
- *Inclusive Growth*: promoting employment; Promoting social inclusion (in particular through the reduction of poverty)

1. Evolution of EU Cohesion Policy

- Europe 2020 Agenda: *smart* growth, *sustainable* growth and *inclusive* growth
- OECD Growth Strategy: *stronger*, *cleaner* and *fairer* growth
- US Government: *sustainable* communities, *innovation* clusters, *revitalizing* neighbourhoods

1. Evolution of EU Cohesion Policy

- October 6 2011 Proposals for the New Cohesion Policy Regulation
- Common Strategic Framework: The European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF)

1. Evolution of EU Cohesion Policy

- Multi-annual Financial Framework (MFF) 2014-2020
- Cohesion Policy €376bn, including €40bn Connecting Europe facility
- Alignment with *Europe 2020* objectives
- Thematic concentration
- Limited menu of priorities
- Results and performance oriented
- Multi-level governance

1. Evolution of EU Cohesion Policy

- ESF - at least 25% of the Cohesion Policy envelope - minimum shares in each category
- Increased funding for poorer regions > 80% of funding in poorer regions of EU12 - an increase of 30% on the current system
- New categories of regions
 - Less developed regions with a GDP/head of <75% of EU average
 - Transition regions with a GDP/head of 75-90% of EU average
 - More developed regions with a GDP/head of >90% of EU average

1. Evolution of EU Cohesion Policy

- Emphasis on a place-based territorial approach
- Integrated approach - provision of public goods tailored to the context
- Vertical and horizontal multi-level governance - cross 'silos' jurisdictional policy coordination and delivery
- Partnership - Investment and Development Partnership Contract
- Increased urban emphasis
- Use of *conditionalities* and *results/outcome indicators*

1. Evolution of EU Cohesion Policy

- Discussions are expected to focus on the central themes of strategic programming and thematic concentration - both with a view to ensuring the closer alignment of cohesion policy with the goals of the Europe 2020 Strategy.
- These regulations will have to be adopted by the end of 2012 to allow the new programming of cohesion policy to get underway on time to start in 2014.

2. Globalisation and Changing Economic Geography

- Institutional Changes - the EU Single Market; BRIICS countries; DTTs and BITs; NAFTA
- ICT technological advances; commercial aircraft; RO-RO; phones; The Internet;
- Growth in multinationals; out-sourcing and off-shoring
- Slow *inter*-national convergence, increasing *intra*-national *inter*-regional divergence
- Formation of global regionalism: EU; NAFTA: South and East Asia

2. Globalisation and Changing Economic Geography

- 1990s increasing role of *cities* - global cities
- 1990s cities and growth
 - higher productivity
 - more knowledge outcomes: patents, innovations, copyrights, licenses
 - higher human capital - both stocks and inflows
 - 'creativity'
 - entrepreneurship

2. Globalisation and Changing Economic Geography

- Premium for face-to-face contact - but why if *The World is Flat* (Friedman, Cairncross, O'Brien)
- Spatial transactions costs for standardised non-knowledge-intensive activities have ***fallen***
- Spatial transactions costs for non-standardised knowledge-intensive activities have ***risen***

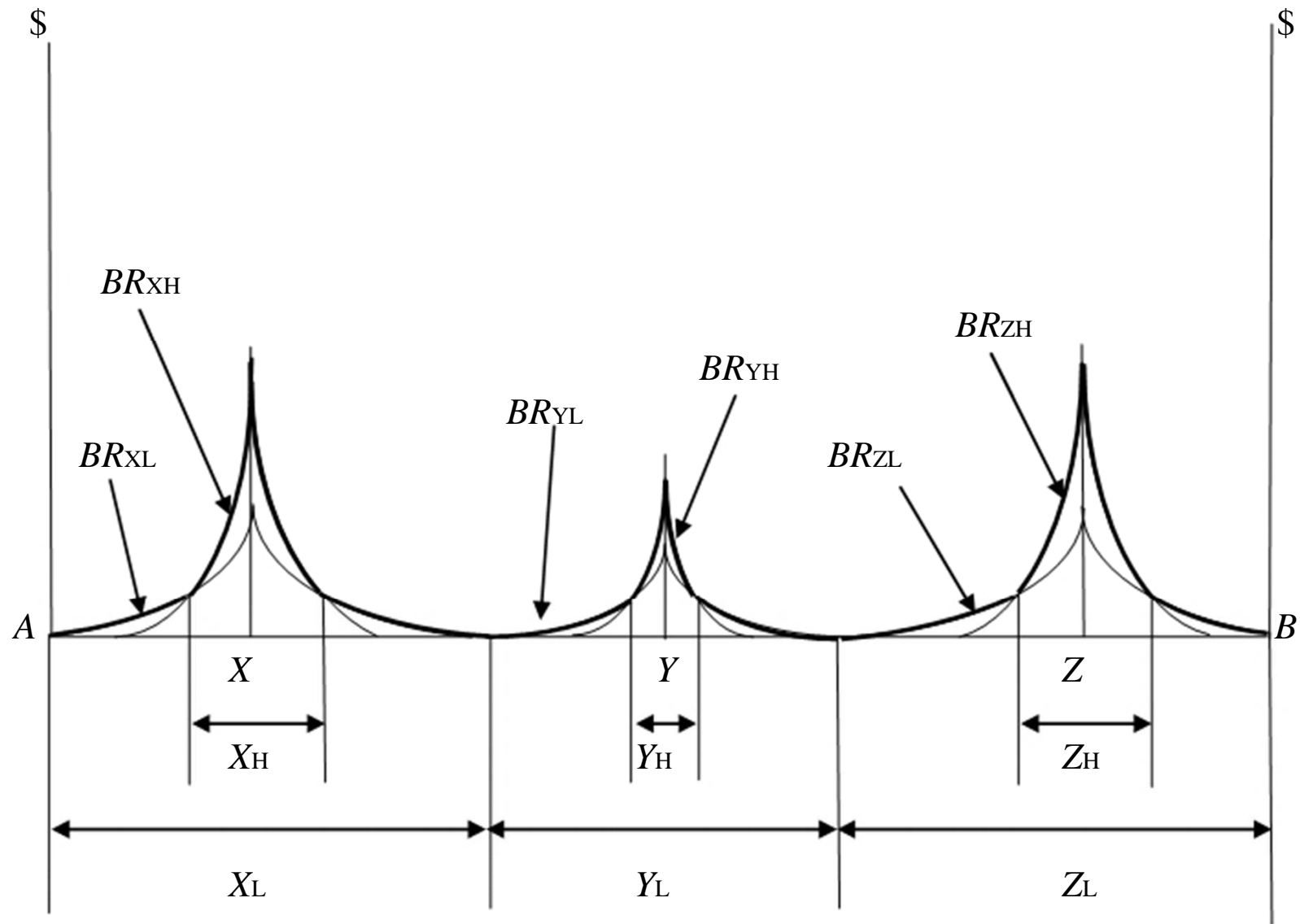


Fig. 1 A Three City One-Dimensional Economic Geography

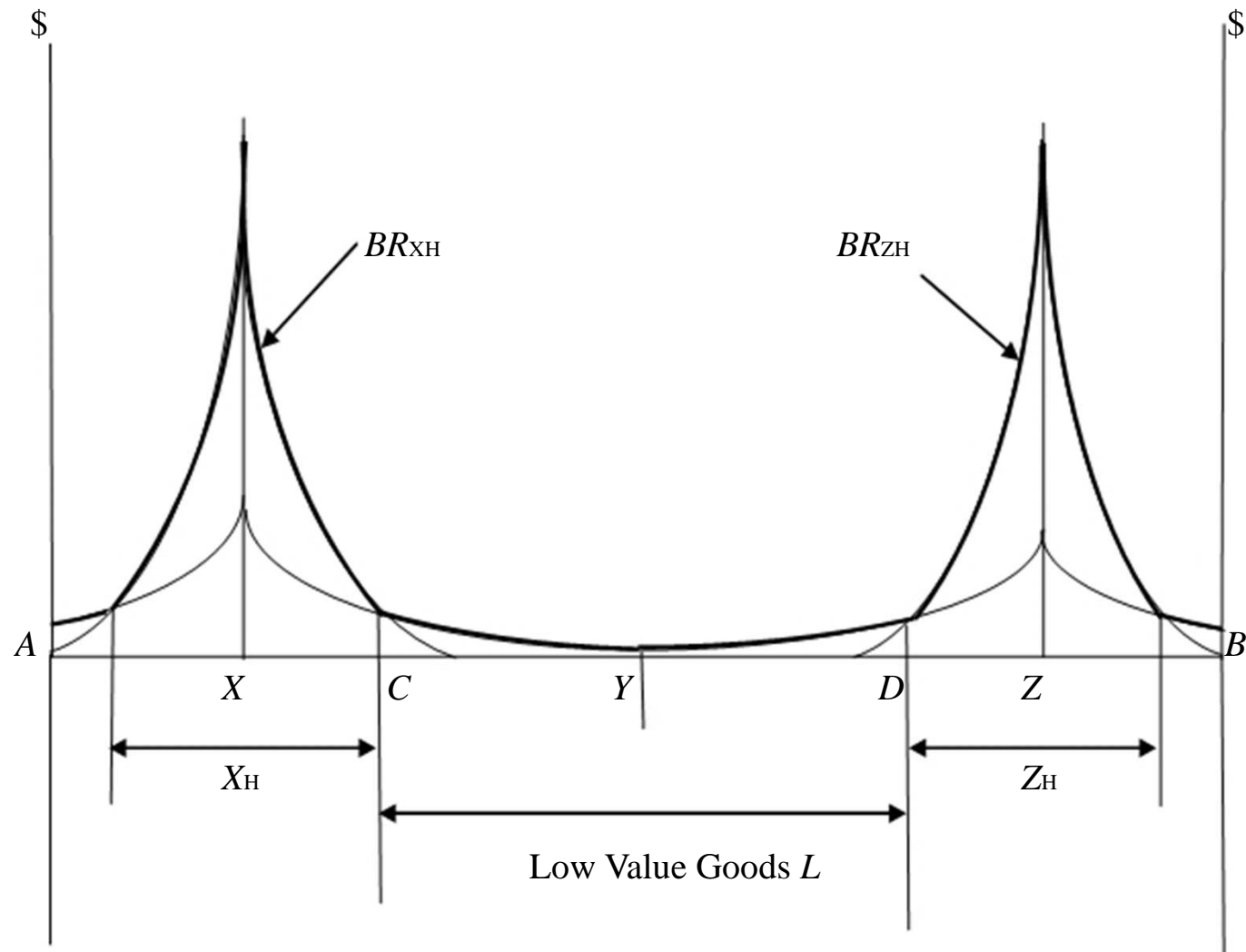
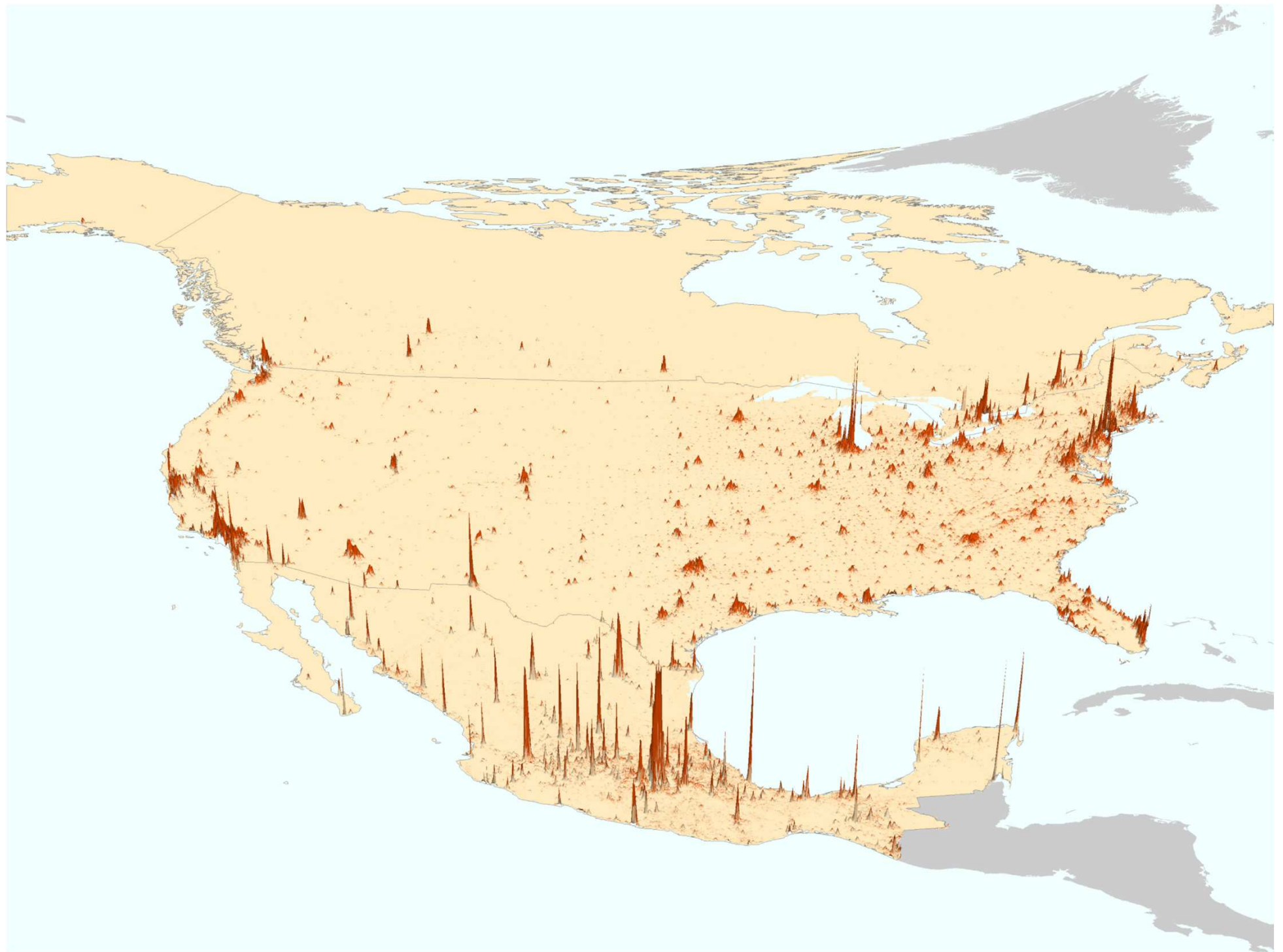
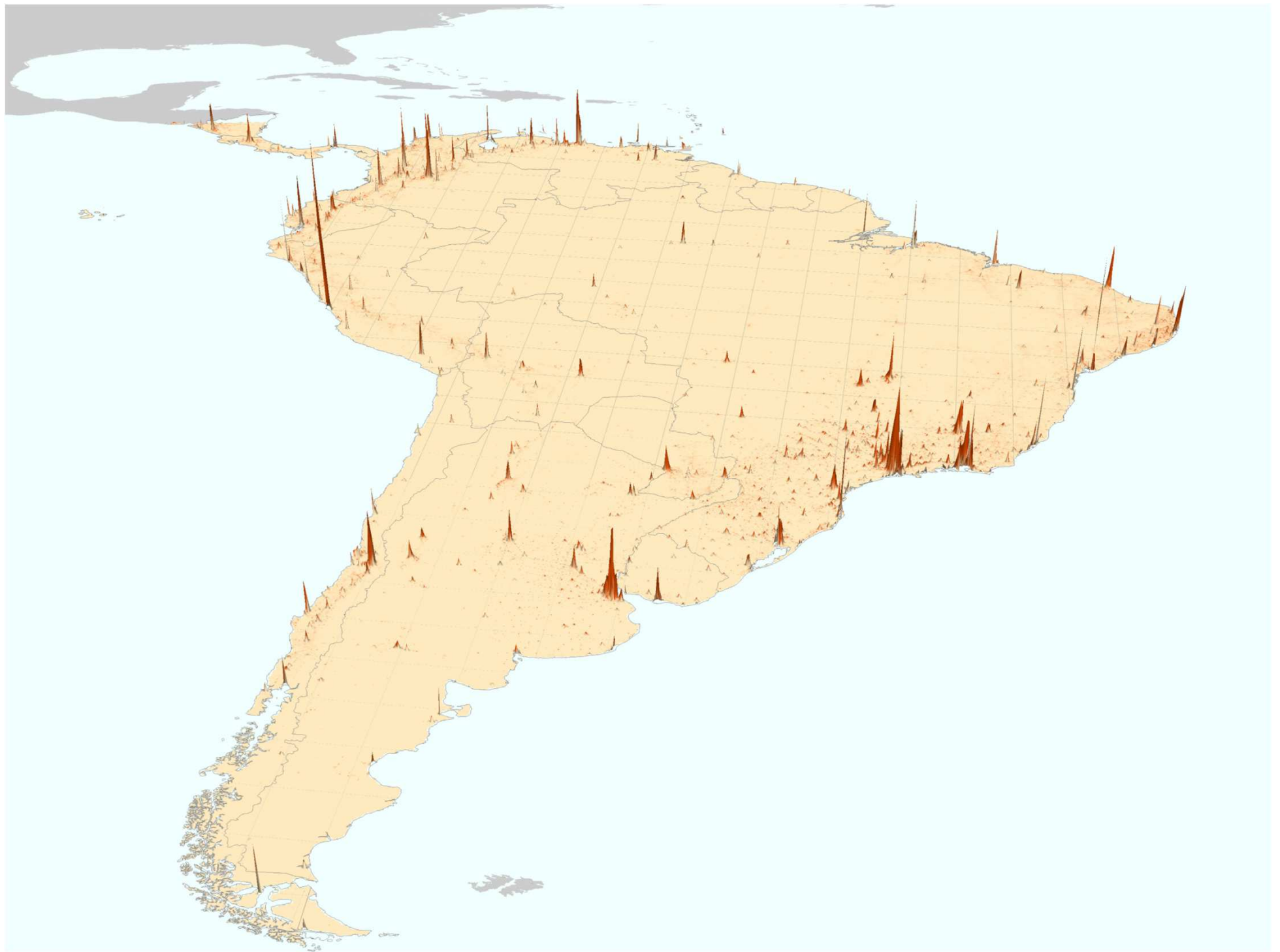
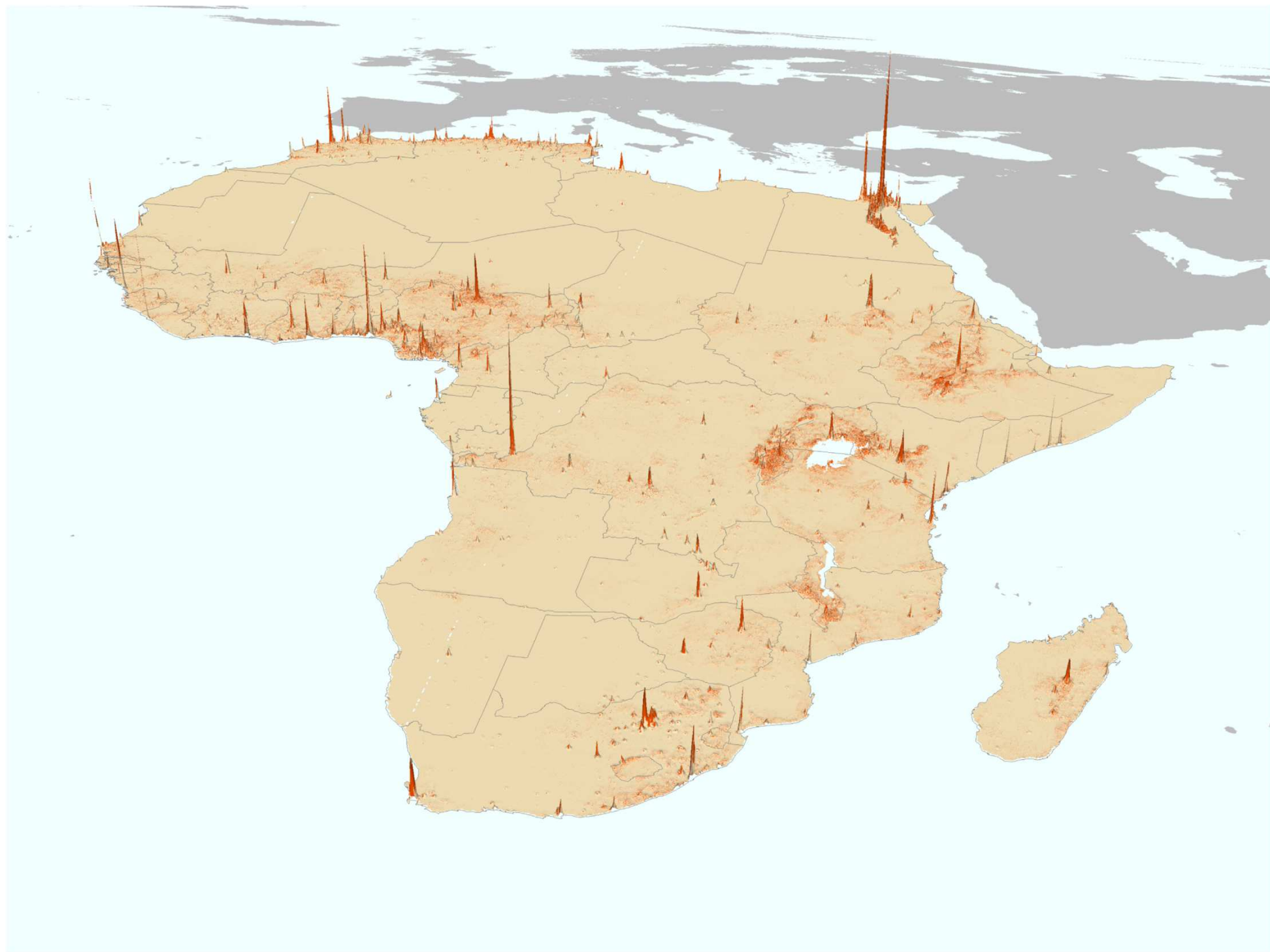


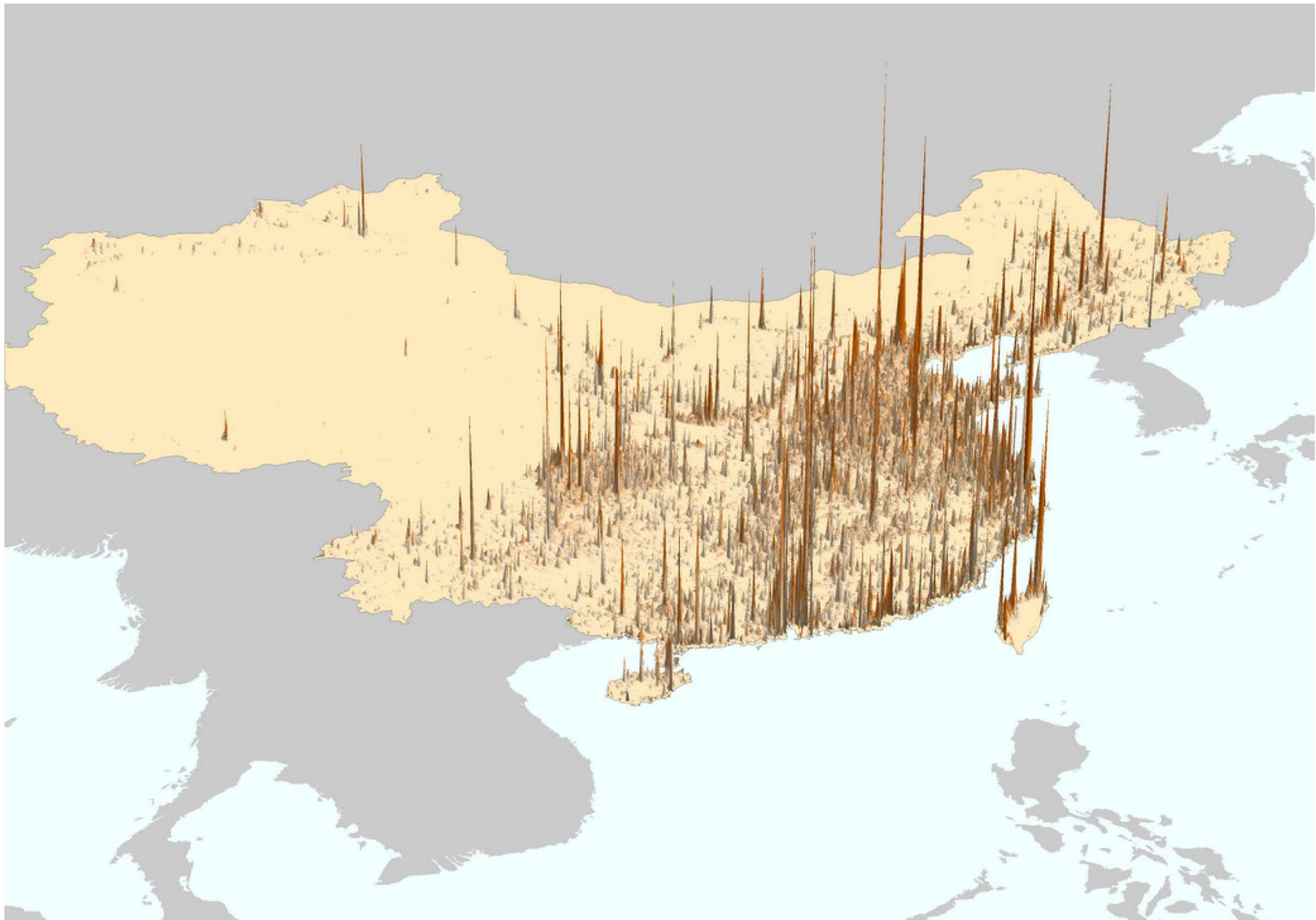
Fig. 2 Globalization, Localization and Economic Geography

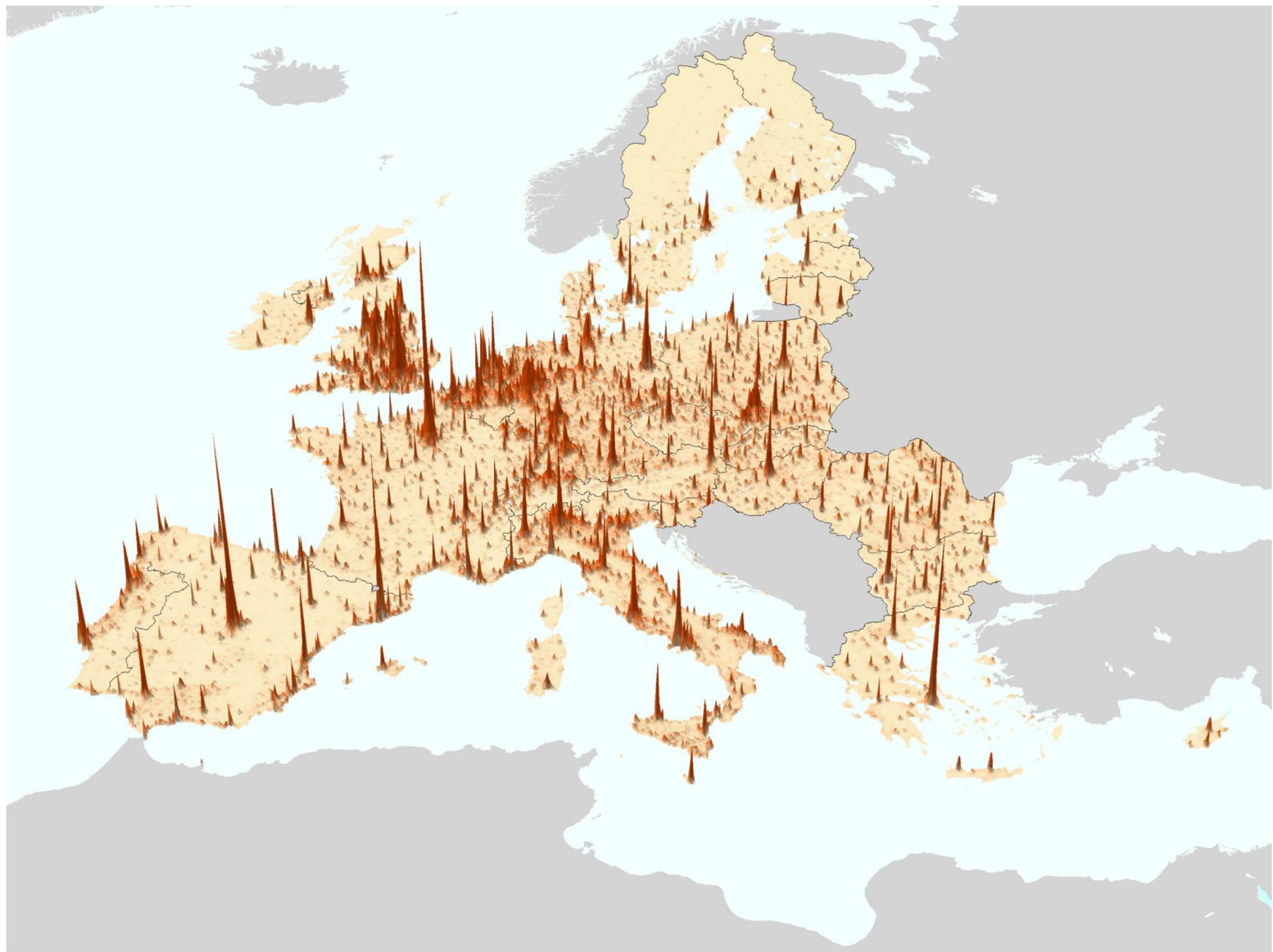












3. Space Blind or Place-Based?

- World Development Report 2009 *Reshaping Economic Geography*
- ‘Space blind’ approach underpinned by role of agglomeration in developing economies
- Growth in BRIICS countries dominated by urban expansion and rural-urban migration
- Focus on efficiency but not distribution
- Mixture of *NEG* New Economic Geography and Urban Economics

3. Space Blind or Place-Based?

- WDR 2009 - geography matters as well as institutions
- 'Home market' effects and agglomeration are critical for growth - counterpoint to small country arguments
- 'Correct' geography is required - the right factor inputs are in the right places for the right sectors
- To achieve the 'correct' geography the major policy emphasis is to encourage factor mobility in response to market signals - *space neutral* policy

3. Space Blind or Place-Based?

- Emphasis on agglomeration - failure of orthodox (minimalist) WB institutions arguments?
- Policy 'neutrality' - is it a question of *intent* or *outcomes*?
- Who decides on what and where? Capital city elites - reduces to a capital city argument - and preferences of multinationals (WDR 2003; Henderson 2010; Kim 2011)
- Institutions - decision-making does matter - but where, when, why and how?

3. Space Blind or Place-Based?

- Sector policies - innovation policies; R&D targeting in medical, aerospace, biosciences, etc
- Intention is on increasing innovation and technology
- Outcomes depend on behavioural responses of actors; knowledge acquisition, spillovers, and dissemination...most of which are geographical in nature
- A genuinely space neutral + sector neutral policy is therefore *not* sufficient for growth
- Counterfactual case of no policy
- ***Place-based*** policy - local context matters

3. Space Blind or Place-Based?

- Space neutral sector policies in terms of intent are almost ***never*** space neutral in terms of outcomes
- Role of interdependencies is critical
- A place-based approach systematically incorporates two types of sectoral issues - both *inter*-sectoral and *intra*-sectoral issues - but this is not possible for sector-only or space neutral policies

3. Space Blind or Place-Based?

- Barca Report 2009 *An Agenda for a Reformed Cohesion Policy*, European Commission, Brussels
- *How Regions Grow*, 2009a, OECD
- *Regions Matter: Economic Recovery, Innovation and Economic Growth*, 2009b, OECD
- CAF 2010 Report
- OECD *Regional Outlook 2011*
- US Government 2010/2011
- http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-21.pdf
- <http://www.whitehouse.gov/blog/2010/06/30/place-based-investments>

Table 1. Old and new paradigms of regional policy

	Old paradigm	New paradigm
Objectives	Compensating temporarily for location disadvantages of lagging regions	Tapping underutilised potential in all regions for enhancing regional competitiveness
Unit of intervention	Administrative units	Functional economic areas
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aids	Mix of soft and hard capital (capital stock, labour market, business environment, social capital and networks)
Actors	Central government	Different levels of government

Source: OECD (2009), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*.

3. Space Blind or Place-Based?

- Modern place-based thinking builds on institutional and social capital arguments
- Not geography versus institutions but interactions between geography and institutions
- We function in places - all aspects of the economy - including policy and governance
- People policies and place policies overlap, interact, complement
- Perceptions really do matter

4. The EU Policy Debates

- EU countries - implicit or explicit social contracts
 - very different from WDR 2009 countries
- Integration and the Single Market - winners and losers - within countries
- *Social* cohesion and *territorial* cohesion are core elements of the Treaty
- Sector policies cannot deliver these objectives alone
- Europe 2020 goals - *smart* growth, *sustainable* growth and *inclusive* growth - all these are explicitly spatial in terms of outcomes

4. The EU Policy Debates

- *Sapir Report* 2004 - spatially blind
- Emphasis on promoting labour mobility, infrastructure, innovation
- EU convergence fund to focus on low-income *countries and not low income regions*
- Development of institutions and governance in recipient countries
- Failure of elites to respond
- Problem of expertise and knowledge

4. The EU Policy Debates

- EU sector policies - problem of 'capture' - of rent-seeking elites
- Asymmetric information and problem of EU expertise
- No way of linking outcomes to policies without knowing the counter-factual
- No role for institutional reform or the promotion of multi-level governance
- Role of local and national elites - monopoly and monopsony

4. The EU Policy Debates

- 2008 Danuta Hübner called for an inquiry into the nature, role and rationale for EU Cohesion Policy - multiple hearings from experts
- Barca (2009) *An Agenda for a Reformed Cohesion Policy*
- Weaknesses in the existing system
- A deficit in strategic planning due to a lack of any real territorial perspective
- A lack of focus and a failure to distinguish between efficiency and social inclusion objectives

4. The EU Policy Debates

- A failure of the needed *contractual arrangements* for promoting the institutional changes appropriate to localities
- A lack of information provision
- Little usage of available data
- Lack of any evaluation of impacts at the local level
- No consideration of broader issues relating to wellbeing (Stiglitz-Sen-Fitoussi 2009 Commission)

4. The EU Policy Debates

- A *place-based* development policy
- Barca Recommendations - to take account of the explicitly *spatial impacts of non-spatial policies*
- Move away from the convergence criteria to focus on adjustment and transformation criteria
- Explicitly consider spatial population changes, agglomeration and network effects, local regional capabilities and regional untapped potential

4. The EU Policy Debates

- Transfer the onus of responsibility to local stakeholders and policy-designers to identify bottlenecks, market failures, missing links in partnership with EC
- Need to extract and build on local knowledge, to mobilise stakeholders, and to align incentives
- Multi-level governance partnerships - local/internal and national/international/external are required in order to guarantee proper use and inference from the indicators

4. The EU Policy Debates

- Impact, outcomes and credibility of Cohesion Policy rests on the dissemination of *policy-learning* effects and the fostering of institutional innovation
- Place-based space-specific policies which integrate sector policies into a comprehensive targeted platform are the ideal way to provide public goods tailored to the context
- Ability of Cohesion Policy to impose credible sanctions is essential

5. Results Oriented Policy

- Shift of policy focus from actions and financial means to outcomes/results - real added value
- Policy intentions → results/outcomes
- Towards the *wellbeing* implications of the policies
- 2009 Report of the “Commission on the Measurement of Economic Performance and Social Progress” (Stiglitz-Sen-Fitoussi Commission)

5. Results Oriented Policy

- OECD-hosted “Global project on measuring progress”
- December 2010 Report “Monitoring economic performance, quality of life and sustainability” jointly produced by the French “Conseil d’analyse économique” and the German Council of Economic Experts
- UK case - “Atkinson Review: Final Report, Measurement of Government Output and Productivity for the National Accounts”

5. Results Oriented Policy

- Policies have to be *place-based* for local design, control, and legitimacy
- Local capabilities and knowledge extraction
- Essential to define *conditionalities* which:
 - are reasonable, feasible, just, enforceable
 - link policy progress and goals to *outcomes*
 - use of *results/outcome indicators*
 - permit impact *evaluation* and *assessment*
 - encourage institutional innovation and appropriate multi-level governance reforms

<p>Statistical systems and results indicators</p>	<p>The existence of a statistical system necessary to undertake evaluations to assess the effectiveness and impact of the programmes</p> <p>The existence of an effective system of result indicators necessary to monitor progress towards results and to undertake impact evaluation</p>	<p>A multi-annual plan for timely collection and aggregation of data is in place that includes:</p> <ul style="list-style-type: none"> - the identification of sources and mechanisms to ensure statistical validation; - arrangements for publication and public availability. - an effective system of results indicators including: <ul style="list-style-type: none"> - the selection of result indicators for each programme providing information on those aspects of the well-being and progress of people that motivate policy actions financed by the programme; - the establishment of targets for these indicators; - the respect for each indicator of the following requisites: <p>Robustness and statistical validation</p> <p>clarity of normative interpretation,</p> <p>responsiveness to policy,</p> <p>timely collection and public availability of data;</p> - adequate procedures in place to ensure that all operations financed by the programme adopt an effective system of indicators.
--	--	---

5. Results Oriented Policy

- ***Outputs*** are measurable policy actions whose intended task is to produce results/outcomes
- ***Results/outcomes*** are the specific dimension of the wellbeing and progress of people (in their capacity of consumers, workers, entrepreneurs, savers, family or community members, etc.) that motivates policy action, - i.e. that is expected to be modified by the interventions designed and implemented by a policy

5. Results Oriented Policy

- Once a desired result/outcome has been chosen, it must be represented by appropriate measures.
- This can be done by selecting one or more appropriate results/outcome indicators, i.e. *variables that provide information on some specific aspects of the result/outcome that lend themselves to be measured*
- In some cases outputs will be results/outcomes in other cases - it depends on the explicit intentions and objectives of the policy

5. Results Oriented Policy

- Results/outcome indicators can measure both actual “achievements”, i.e. activities and situations of people (e.g.: a change in the number of cars travelling from X to Y, or a change in the banking leverage of SMEs),
- - and also “opportunities to achieve”, i.e. what people would be able to achieve if they decided to do so (e.g. a change in the travelling time from X to Y - were one decide to go from X to Y - or a change in the rationing behaviour of banks were a firm decide to borrow).

5. Results Oriented Policy

- Inputs → Outputs → Results/Outcomes
- The result/outcome can be a short- and/or a long-term one
- In some cases a particular phenomenon will be an output whereas in other cases it will be a result/outcome
- It is a question of intention - this drives the thematic and policy prioritisation and the specific policy design
- Impact refers to progress regarding achieving the intended result/outcome

5. Results Oriented Policy

- Distinguish results/outcomes from outputs
- Measurement of progress towards results/outcome targets
- Identify how and when different data are to be collected, collated and reported
- Data can be at the project level and at the programme level - all projects should be able to generate results/outcome data

5. Results Oriented Policy

- Policy makers must decide the priority (Stiglitz-Sen-Fitoussi 2009)
- A policy might also be aimed at more than one outcome, i.e. at different dimensions of well-being and progress.
- For example, an urban-regeneration plan might at the same time be aimed at improving innovation, reducing/not aggravating access to work, improving air quality

5. Results Oriented Policy

- Results/Outcome indicators can be either quantitative or qualitative
- Indicators can be survey based or case-study based
- Quantitative indicators can be metrics or aggregated behavioural indicators
- Qualitative indicators - performance story recording techniques
- Most powerful 'bags' of indicators are a combination of qualitative and quantitative indicators

5. Results Oriented Policy

- Need to ensure that Member States report about progress of results indicators
- Need to publicise the results and share experiences - monitoring and learning
- Promote policy-learning via shared experiences
- Need to foster an awareness of unintended policy consequences - both positive and negative
- Helps identify previously unknown linkages between phenomena or policies

5. Results Oriented Policy

- *The goal is neither to construct an encompassing indicator of well-being, sustainability or progress, nor to set a “dashboard of indicators” for the EU as a whole in order to assess progress in a comparative way, nor to set a “menu of indicators” from which Member States can choose. It is rather to build a system whereby each Member State and Region chooses, according to agreed general principles, those indicators that are most suitable to track the progress of its own cohesion policy programmes towards the outcomes/performances they aim to achieve, and commits to annually report about changes in these indicators.*

5. Results Oriented Policy

- Express the objectives in the programming documents and at project level in terms of changes in results/outcomes measured by the indicators chosen by the Member States and assessed, whenever possible, with reference to explicit targets
- Ensure the quality of the results indicators through the adherence to clear-cut methodological principles that need to be met by these indicators

5. Results Oriented Policy

- *Results/outcome indicators selected by Member States should be:*
 - **reasonable:** capturing the essence of an outcome according to a reasonable argument about which features of the outcome they can and cannot represent;
 - **normative:** having a clear and accepted normative interpretation (i.e. there must be agreement that a movement in a particular direction or within a certain range is a favourable or an unfavourable result);
 - **robust:** reliable, statistically and analytically validated, and, as far as practicable, complying with internationally recognised standards and methodologies;
 - **responsive to policy:** linked in as direct way as possible to the policy interventions for whose assessment they are used, while not being subject to manipulation;
 - **feasible:** built, as far as practicable, on available underlying data, their measurement not imposing too large a burden on Member States, on enterprises, nor on the citizens;
- **debatable:** timely available to a wide public, with room being built for public debate and for their own revision when needed and motivated

5. Results Oriented Policy

- Once a desired result/outcome has been chosen, it must be represented by appropriate measures.
- This can be done by selecting one or more appropriate results/outcome indicators, i.e. *variables that provide information on some specific aspects of the result/outcome that lend themselves to be measured*
- In some cases outputs will be results/outcomes in other cases - it depends on the explicit intentions and objectives of the policy

5. Results Oriented Policy

- Use of results/outcome indicators is designed to change behaviour
- This is not because the results/outcomes are known in advance but in order to drive the policy process correctly (Rodrik 2004)
- Aim to make intentions explicit, foster prioritisation and concentration
- Help steer and adjust policy as necessary
- Foster policy-learning and policy-innovation

5. Results Oriented Policy

- “ Outcome Indicators and Targets - Towards a Performance Oriented EU Cohesion Policy,” and complementary Notes: “Meeting climate change and energy objectives” and “Improving the conditions for innovation, research and development”, (Fabrizio Barca and Philip McCann et al.), 2011, *DGRegio Website*.

Available at:

http://ec.europa.eu/regional_policy/sources/docq_ener/evaluation/performance_en.htm

6. OECD Regional Context

- OECD patterns of growth are very heterogeneous across regions - similar probabilities of above average growth - but dispersion higher for rural regions
- Benefits of urban concentration and agglomeration are neither linear nor infinite-limited in many OECD countries
- USA, Korea + Japan; Canada, Australia and NZ
- OECD (2009a,b) evidence that endogenous factors are critical for regional growth

6. OECD Regional Context

- Two-thirds of growth is driven by non-core areas
- Regions with less than 75% GDP per capita account for approximately 40-50% of growth
- 45-60% of growth is accounted for by regions with below national average GDP per capita
- Smaller non-core areas are now growing faster across the OECD than core and larger regions
- Importance of dealing with local development factors in a ***systematic*** and ***coordinated*** way

7. The EU Regional Context

- 1990-2002 primacy of urban areas across EU: urban > intermediate > rural
- Post 2002 shift in favour of non-core locations in many EU countries in terms of population growth and productivity growth
- EU-15: intermediate areas and rural areas growing faster than urban areas
- EU-17 urban growth still dominates
- Different patterns in different countries - no simple story
- Dutch reversal Broersma and van Dijk (2008)
JEG

7. The EU Regional Context

- EU is different from the WDR 2009 scenarios, in terms of both institutional issues and economic geography
- *Institutional* variation; legacy effects of land markets; legal systems; technical issues; governance issues
- Differences in language and culture inhibit migration
- Many excellent institutional environments
- Reform of varying and good institutions is complex - problem of EU legitimacy

7. The EU Regional Context

- In the EU major performance differences are between *places*, not sectors
- Small and medium sized cities are most productive EU areas rather than very large cities
- Complex polycentric EU-wide network structure
- Within EU *connectivity* is critical, rather than urban scale, national scale, regional specialisation or diversity (Bel and Fageda 2008; Ni and Kresl 2010)

7. The EU Regional Context

- Role of major cities is significant in UK, France, Poland, Czech Republic
- Polycentric systems in The Netherlands, Northern Italy, Germany
- Urban-urban migration in rich EU countries
- Rural-urban migration in Mediterranean and CEECs
- Overall urban share of EU GDP has hardly changed

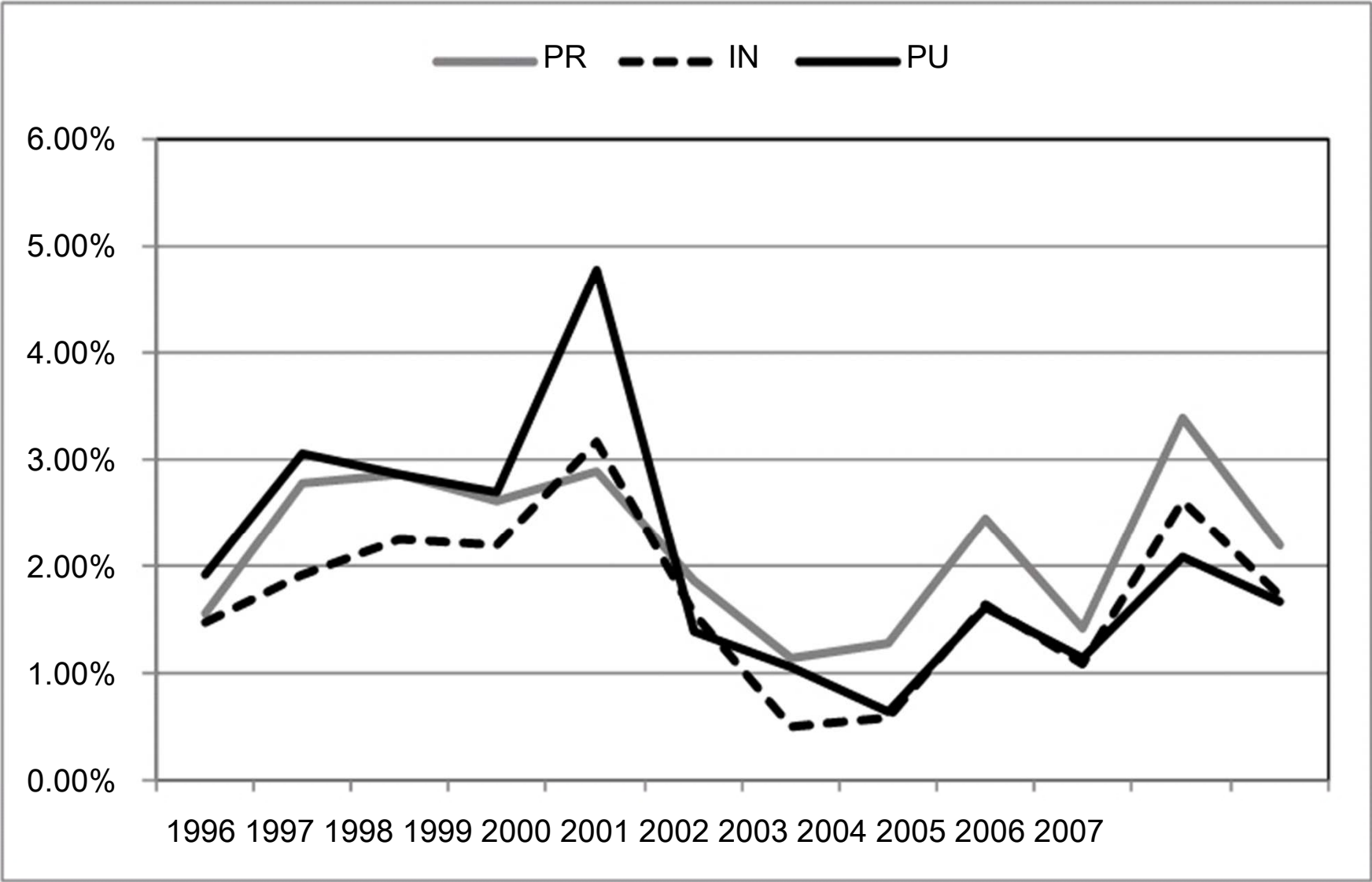
7. The EU Regional Context

- OECD classification: ***PU*** primarily urban, ***PI*** primarily intermediate, ***PR*** primarily rural
- EC (DGRegio) classification: metro, non-metro, degree of urban, close and remote intermediate and rural
- Productivity levels - urban vs remote rural Ratio in EU15: 1.53 Ratio in EU17: 2.8

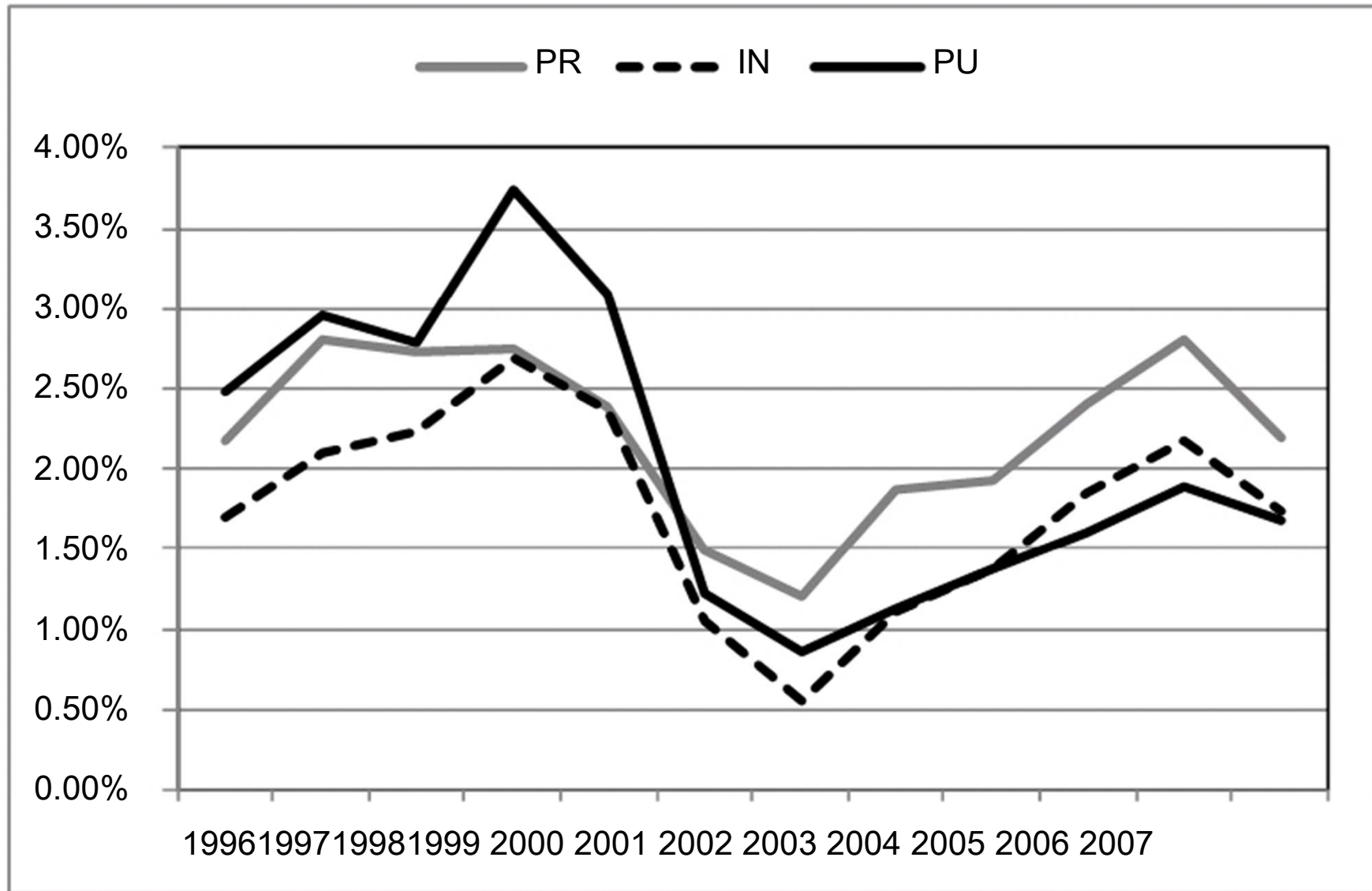
7. The EU Regional Context

- 335 OECD TL2 regions and aggregate growth
 - 2% of regions → 22% of growth
 - 26% regions → 58% of growth
 - 53% of regions → 19% of growth
 - 19% of regions → 1%
- 718 OECD EU TL3 regions and aggregate growth:
 - 2% of regions → 21% growth
 - 34% of regions → 58%
 - 49% of regions → 20.5%
 - 15% of regions → 0.5%

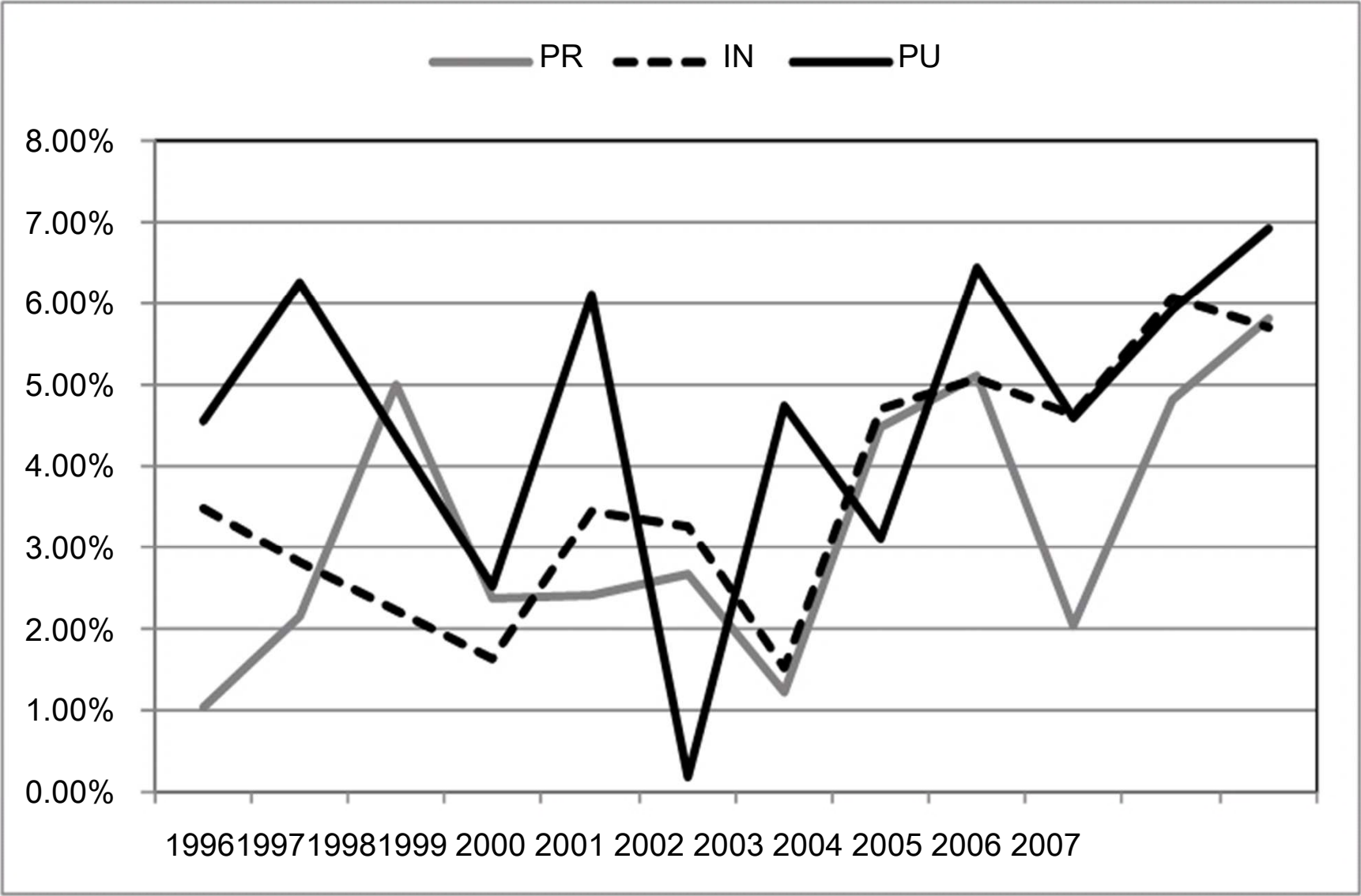
EU-15 Yearly



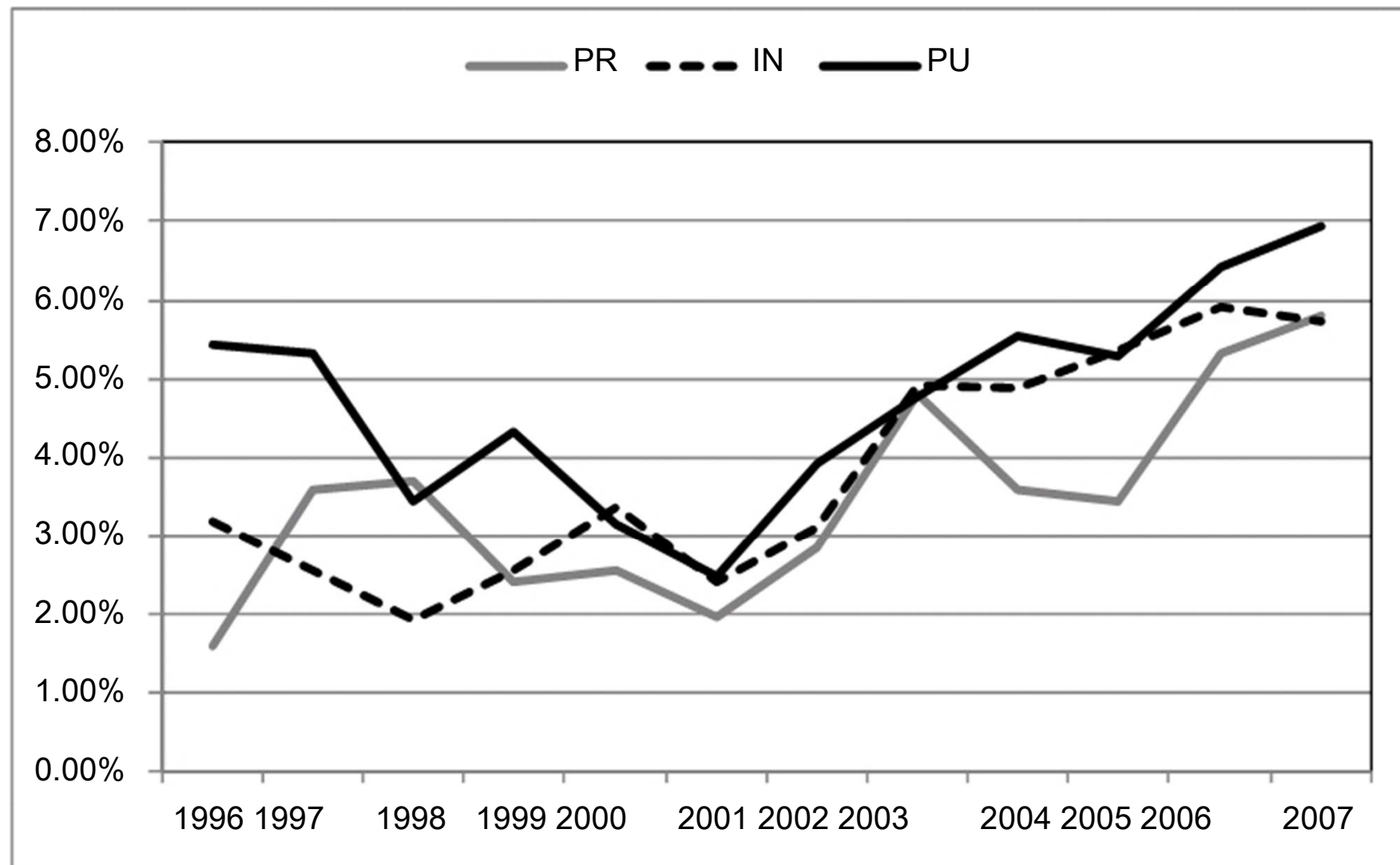
EU-15 2 yr MA

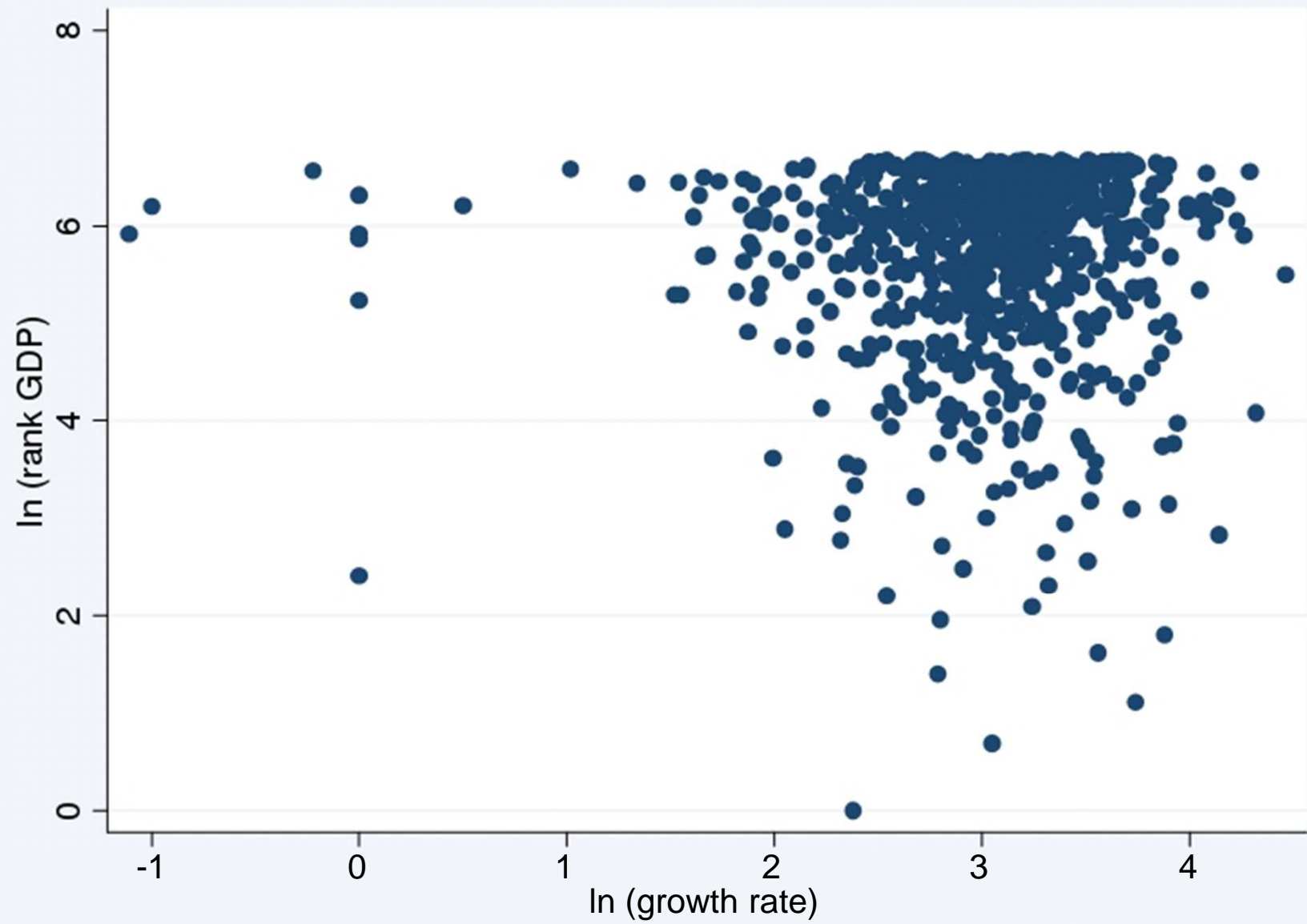


CEECs Yearly

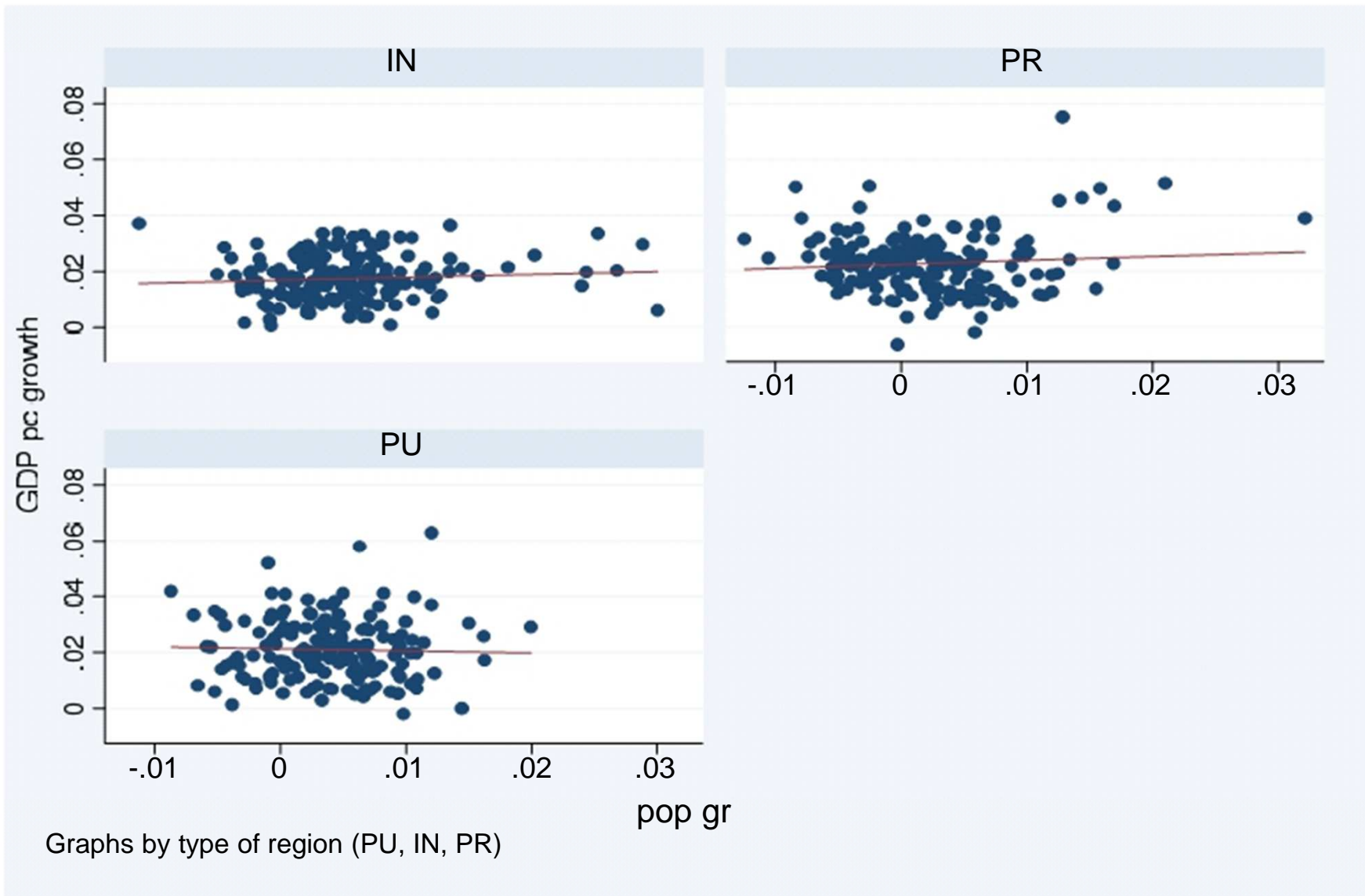


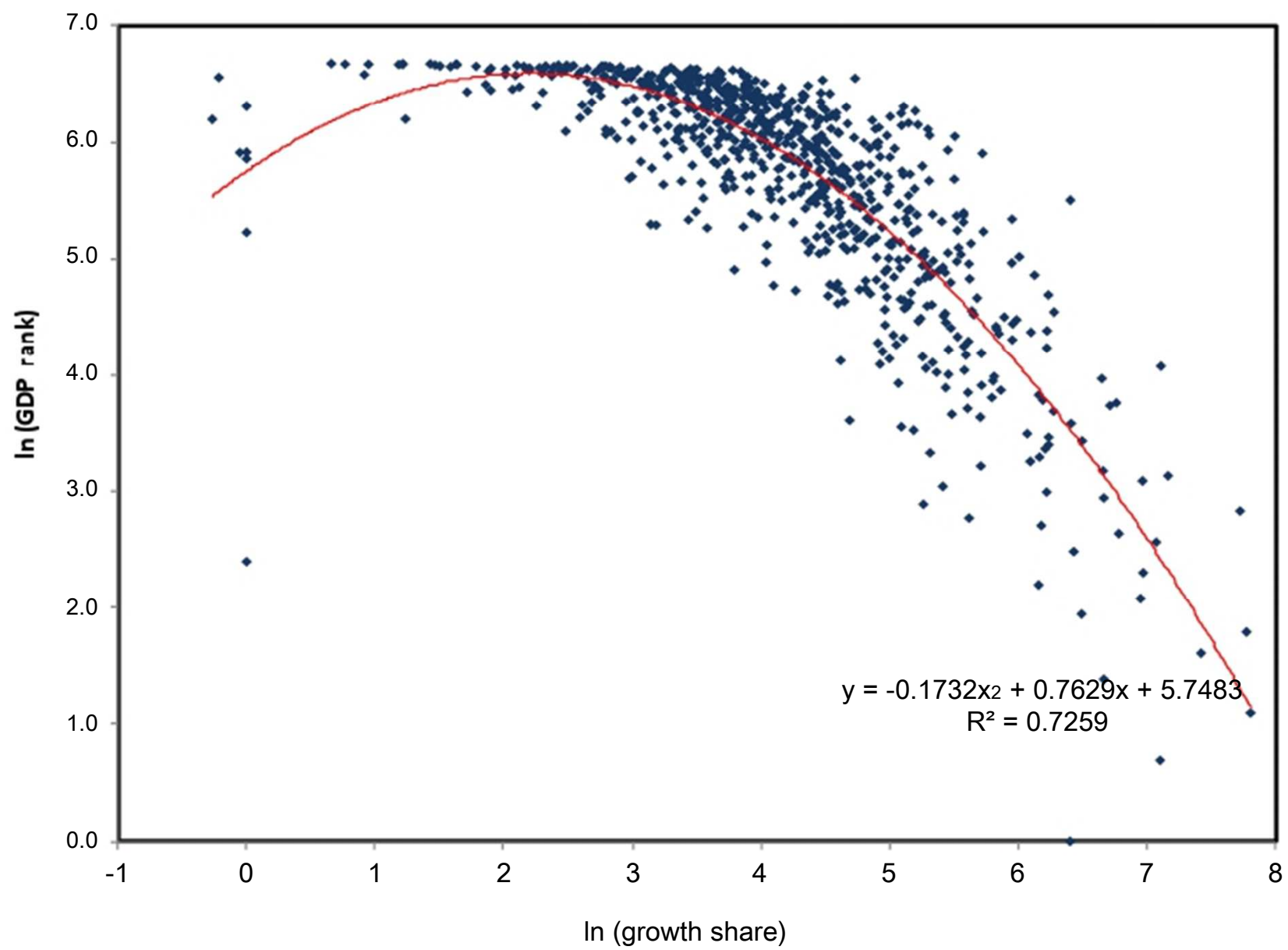
CEECs 2 yr MA





EU 15:

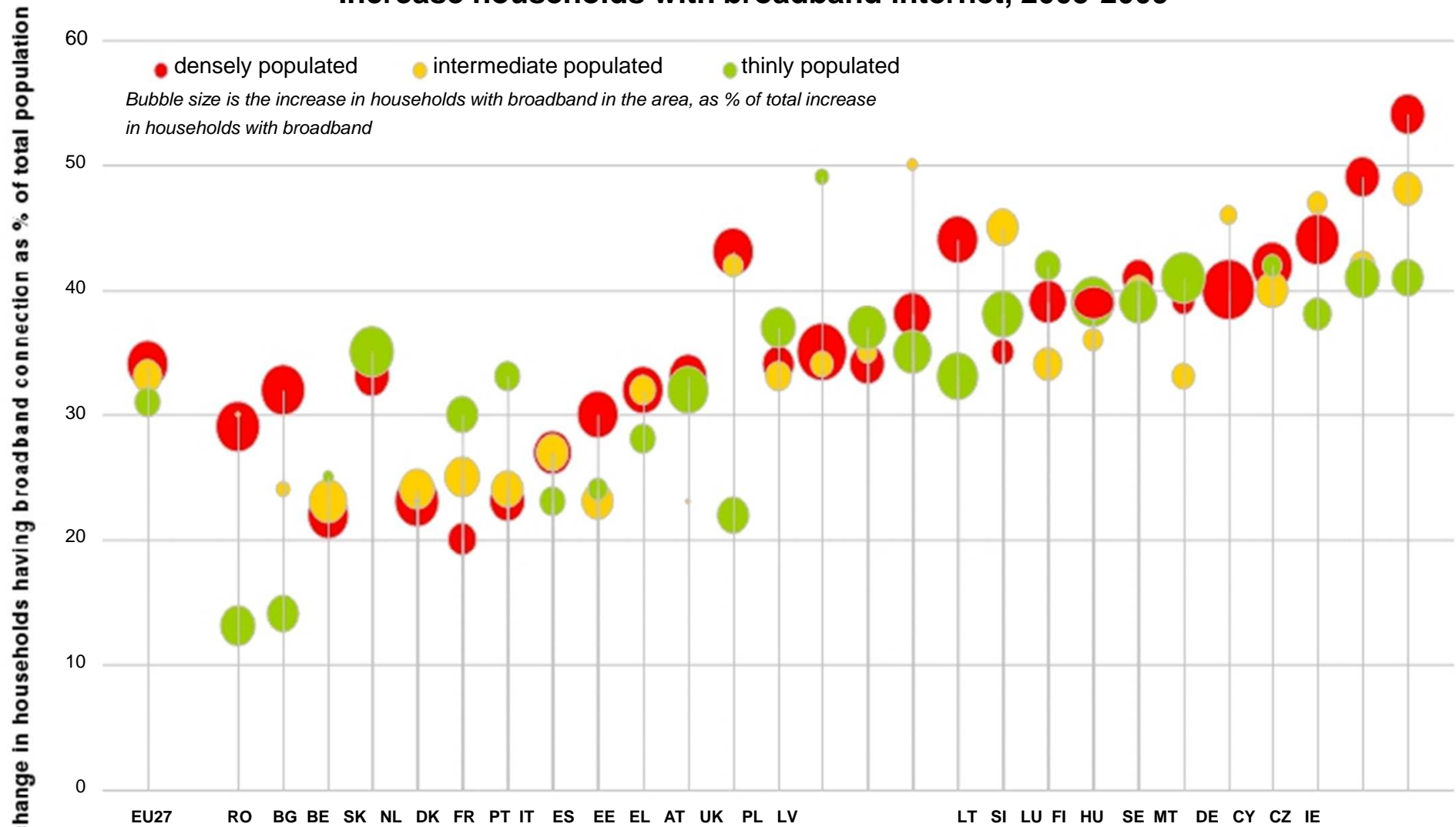




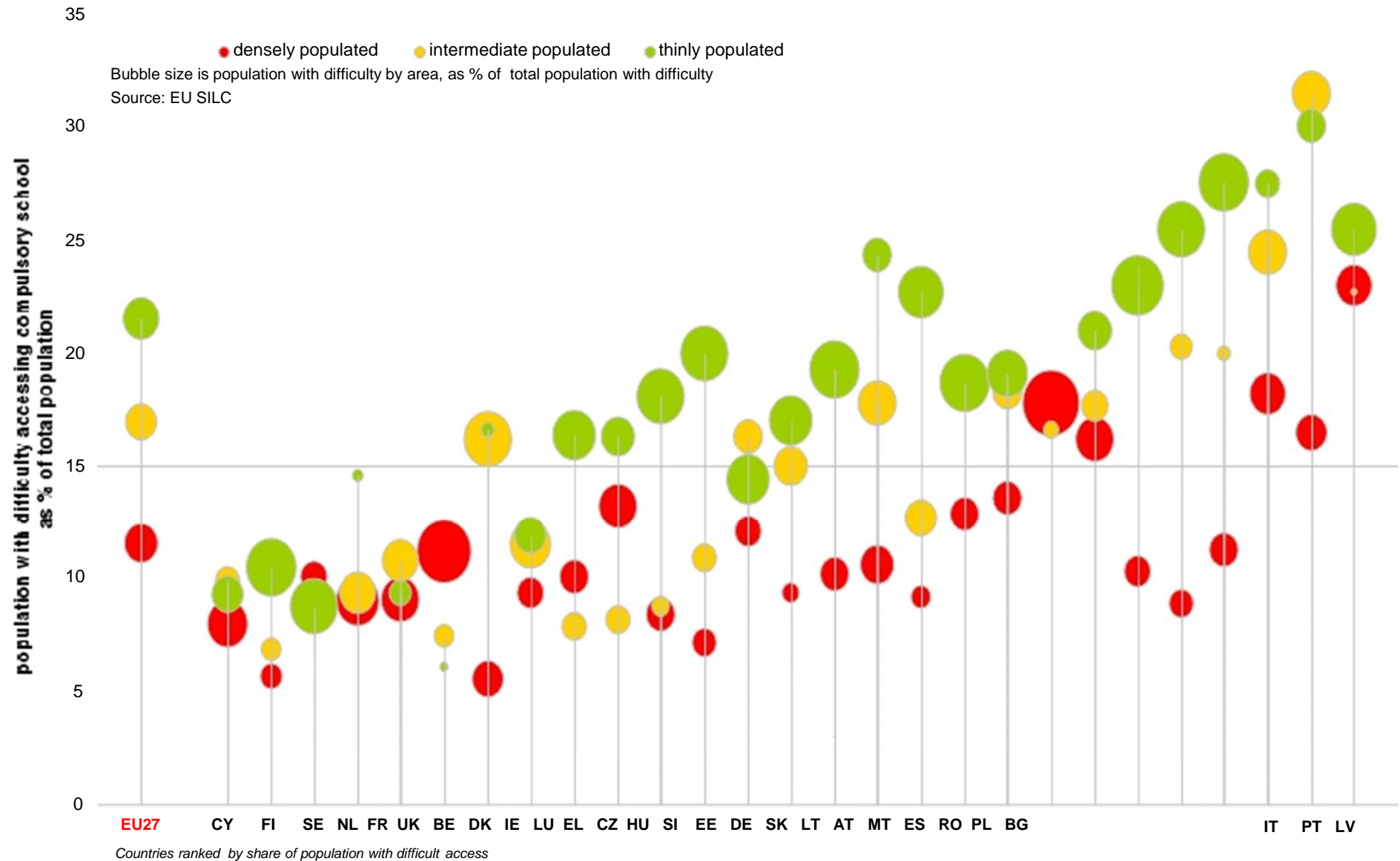
7. The EU Regional Context

- Reasons for the post 2000 regime change?
- New technologies tend to originate - or concentrate in densely populated areas first - but spread effects narrow the urban advantages
- Spiky world in terms of productivity - but evidence of flattening or catch up?
- A more general picture in terms of the impacts and evolution of globalisation?

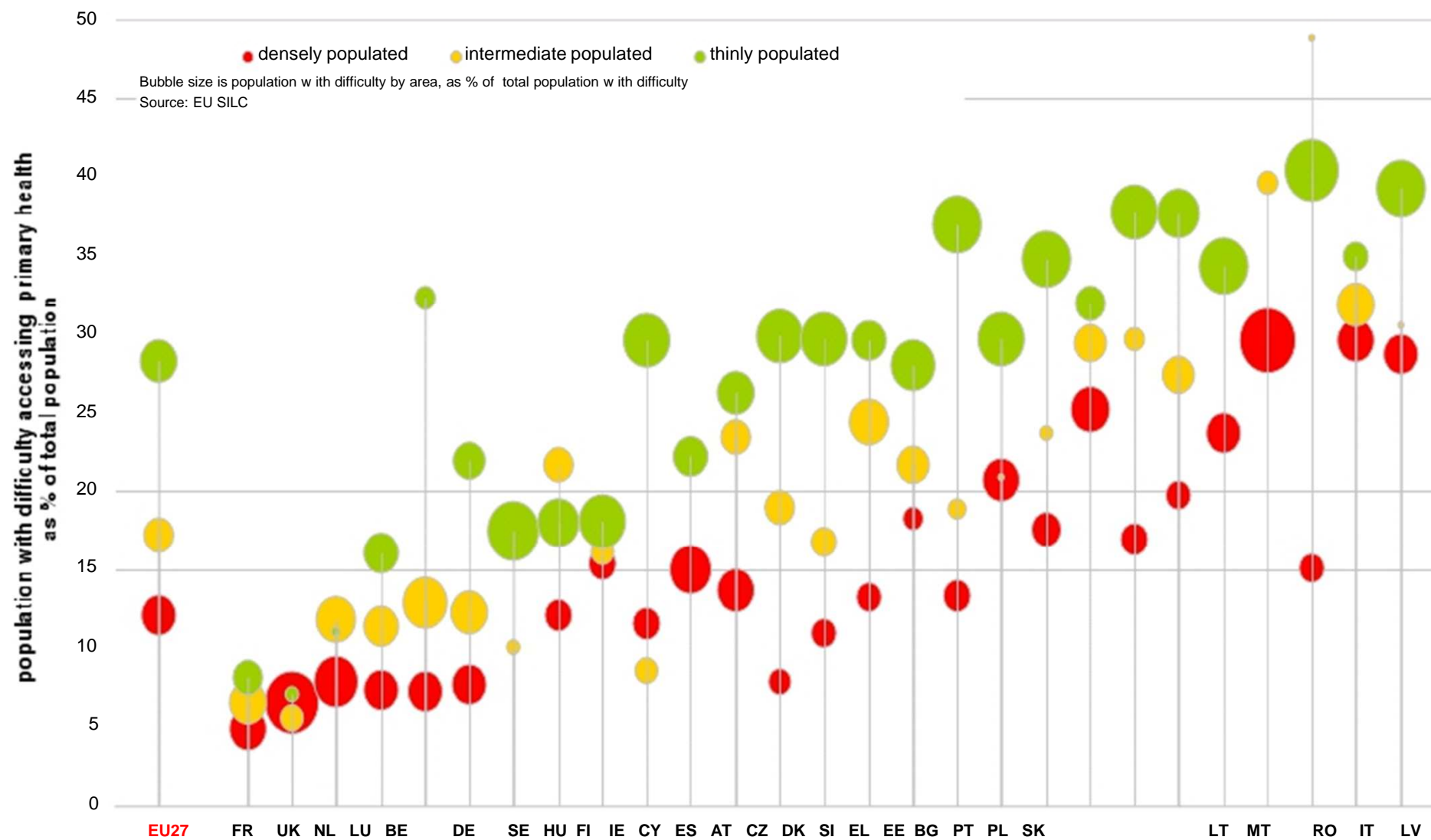
Increase households with broadband internet, 2005-2009



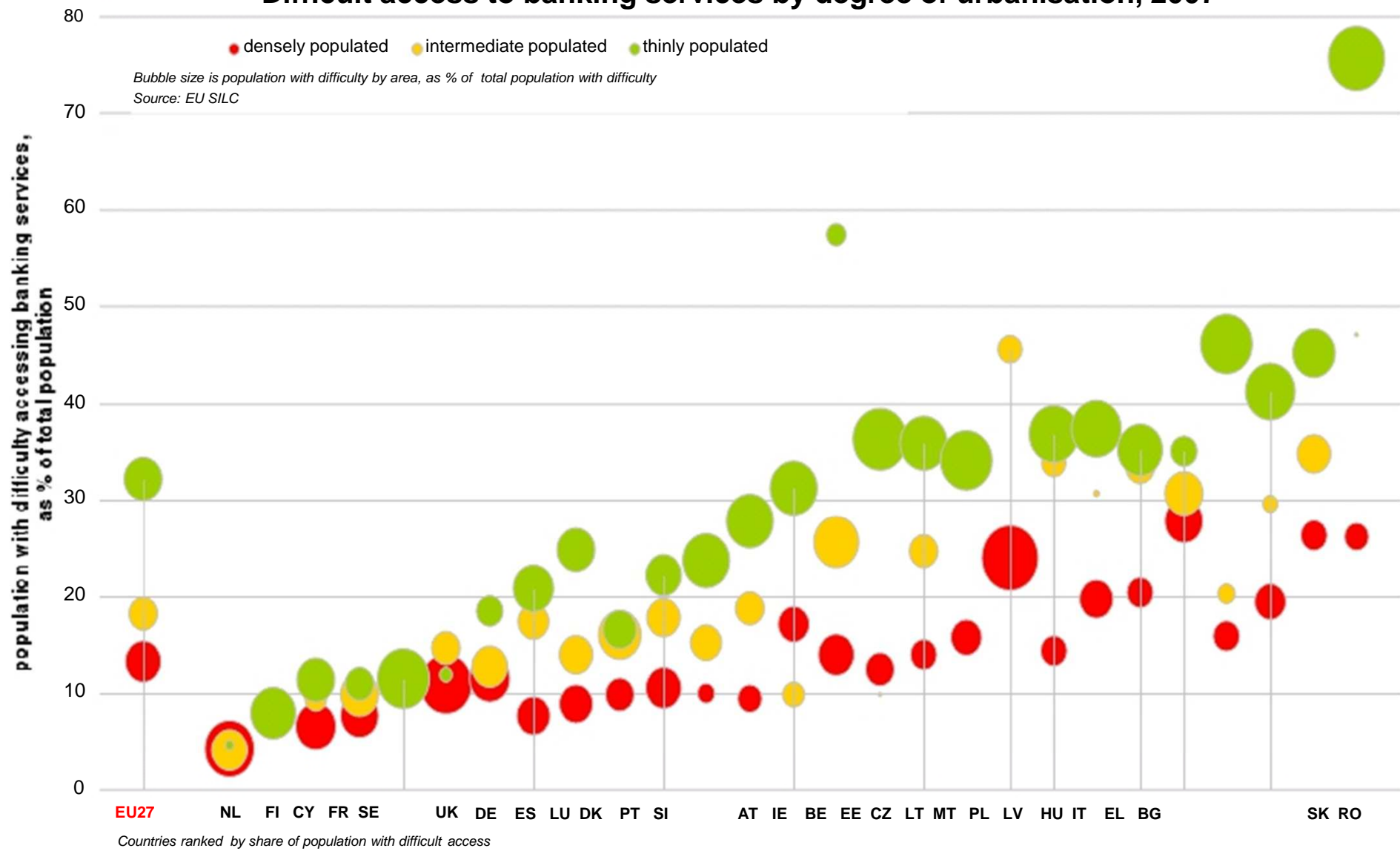
Difficult access to compulsory schools by degree of urbanisation, 2007



Difficult access to primary health care by degree of urbanisation, 2007



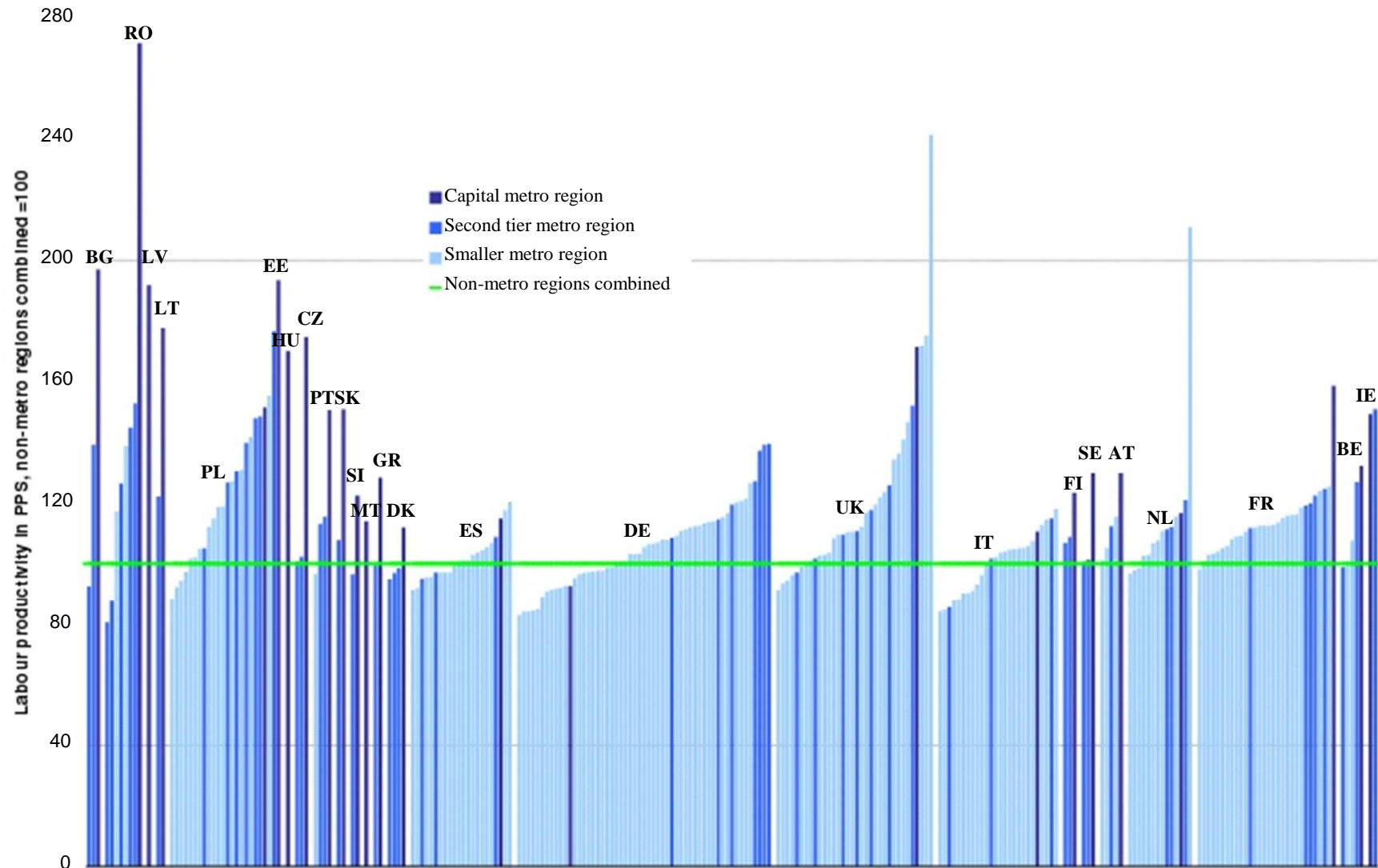
Difficult access to banking services by degree of urbanisation, 2007



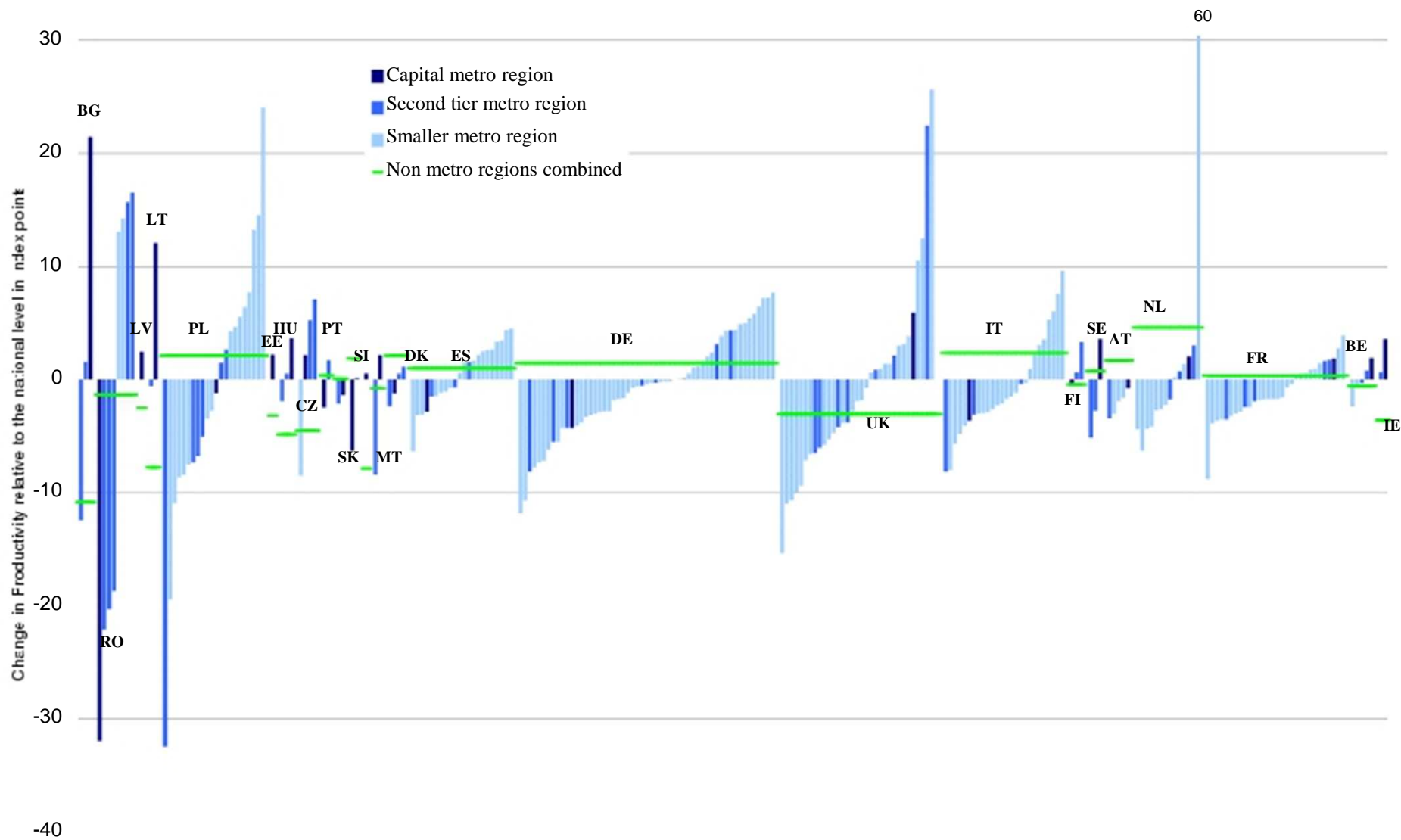
8. The EU Urban Context

- 2000-2008 UK, France, Netherlands, Spain – population of metro regions grows at a lower rate than national population
- GDP per capita share of primarily urban areas in EU15 has remained almost constant over the last decade
- Cities offer most possibilities and provide greatest challenges
- Middle-skills as well as low skills problems
- Reasons for slower growth - anti-urban bias and planning restrictions?
- Concentration followed by spread effects?
- Shifts in the spatial structure of the economy?

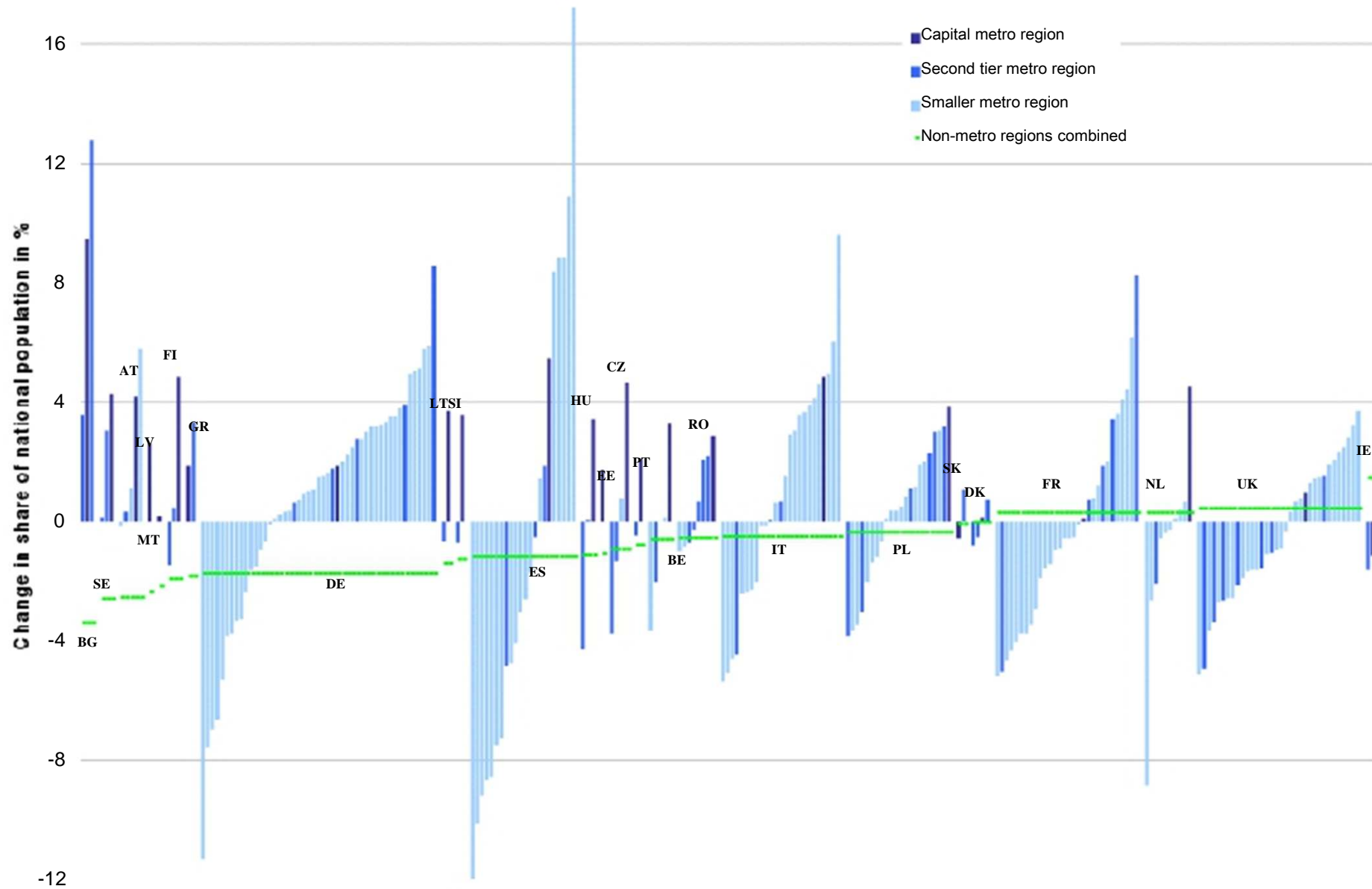
Labour productivity in PPS in metro regions compared to the rest of their country, 2008



Change in labour productivity in pps, 2000-2008



Population change in metro regions, 2000-2008



9. The UK Context

- 2007-2013 UK Cohesion Policy funding €10.6bn
 - €2.9bn under the convergence objective
 - €7.0bn under the competitiveness and employment objective
 - €700m under the convergence objective
- The UK has 22 regional programmes
 - 16 receive funding from ERDF
 - 6 from ESF

9. The UK Context

- *Local Growth: Realising Every Place's Potential*, October 2010
- *Unlocking Growth in Cities*, December 2011
- *Renewing Scotland's Public Services: Priorities for Reform in Response to the Christie Commission*, September 2011
- *Scotland's Cities: Delivering for Scotland*, December 2011
- *Economic Renewal: A New Direction*, July 2010
- *Programme for Government*, 2011, Welsh Government
- *The Plan for Growth*, March 2011
- *The Path to Strong, Sustainable and Balanced Growth*, November 2010
- Draft National Planning Policy Framework, August 2011

8. The UK Context

- Rebalancing
- Importance of places
- Integrated service delivery
- Appropriate geographies
- Urban emphasis
- LEPs + Enterprise Zones
- Core Cities Amendment
- General power of competence
- Regional Growth Fund + Growing Places Fund
- Tailored city deals

9. Conclusions

- Reform to EU Cohesion Policy is happening
- Place-based, results-oriented
- Multi-level governance
- Fostering governance innovation
- New concepts of partnership
- Increasing urban emphasis
- Urban is rather different to textbook descriptions
- UK policy statements are consistent with EU reforms and OECD agenda

Department of Geography and Environment public lecture

Redesigning the World's Largest Development Programme: EU cohesion policy

Professor Philip McCann

Special adviser to Johannes Hahn

Professor of Economics, University of Waikato, New Zealand

Dr. Simona Iammarino

Chair, LSE



LSE events

Suggested hashtag for Twitter users: #lsemmccann

