



# PANORAMA

*Focusing on European Regional and Urban Policy*

WINTER 2019 / No. 71

Portugal's agenda  
prioritises growth  
and sustainability

CROSS-BORDER  
COOPERATION  
STRENGTHENS  
INTERREG FAMILY



CITIZENS JOIN  
THE EUROPEAN  
WEEK OF REGIONS  
AND CITIES  
DEBATE



# PANORAMA

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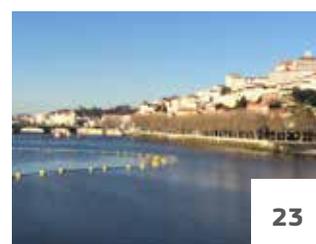
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## EDITORIAL

**Leaving no region and no person behind**

*Feliz Ano Novo e uma calorosa saudação aos leitores da revista Panorama!* It is my pleasure to greet you and wish you a happy 2020 in my mother tongue.

My attachment to Europe and regional policy is deeply rooted in my personal journey. Growing up in a dictatorship, for me Europe was – and remains – a symbol of hope, democracy and freedom. My academic studies were in regional policy and European integration. As a young economist, I worked for more than a decade on regional development issues.

Later on, as minister for planning, I negotiated the financial framework for 2000-2006. As a Member of the European Parliament and then as a central banker, I dealt with key economic files on the deepening of economic and monetary union.

These different experiences made me realise how interconnected these different policy areas are and the importance of keeping cohesion as a fundamental principle at the core of the European project.

This is now more relevant than ever. Globalisation, digital revolution and climate change are challenges that Europe needs to face collectively. They represent opportunities to

reboot our economic model and build fairer and more prosperous societies. However, these transformations raise concerns and anxiety in many of our regions.

It is my mission, together with all of you, to make sure that we seize these opportunities, make the necessary reforms towards a greener, interconnected and digital economy and, very importantly, provide the right support to those more affected by this transition.

Communication must also remain a priority. Although this policy has done so much, for so many citizens, it still does not get due credit. I want to visit the regions, to understand local concerns and aspirations, to encourage faster and better implementation of projects, and to let communities know they matter.

Current challenges call on us to be bold in promoting cohesion, resolute in undertaking the necessary reforms, and determined so that no person and no region are left behind. Let us answer the call, together! ■



**Elisa Ferreira**

*European Commissioner for Cohesion and Reforms*

# Strategic Report: ESIF investing in smart, sustainable and inclusive growth in all EU regions

In their latest progress reports, Member States acknowledge the decisive role played by the European Structural and Investment Funds in addressing environmental, economic and social changes and putting in place the reforms needed for a sustainable future.

The European Structural and Investment Funds comprise the Cohesion Fund, the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). Their main purpose is to foster lasting socio-economic convergence, resilience and territorial cohesion.

In 2018, with a budget of approximately EUR 460 billion – over EUR 643 billion with national co-financing – the ESI Funds have delivered a critical mass of investments in priority areas of the EU through shared management between the Commission and the Member States. By supporting job

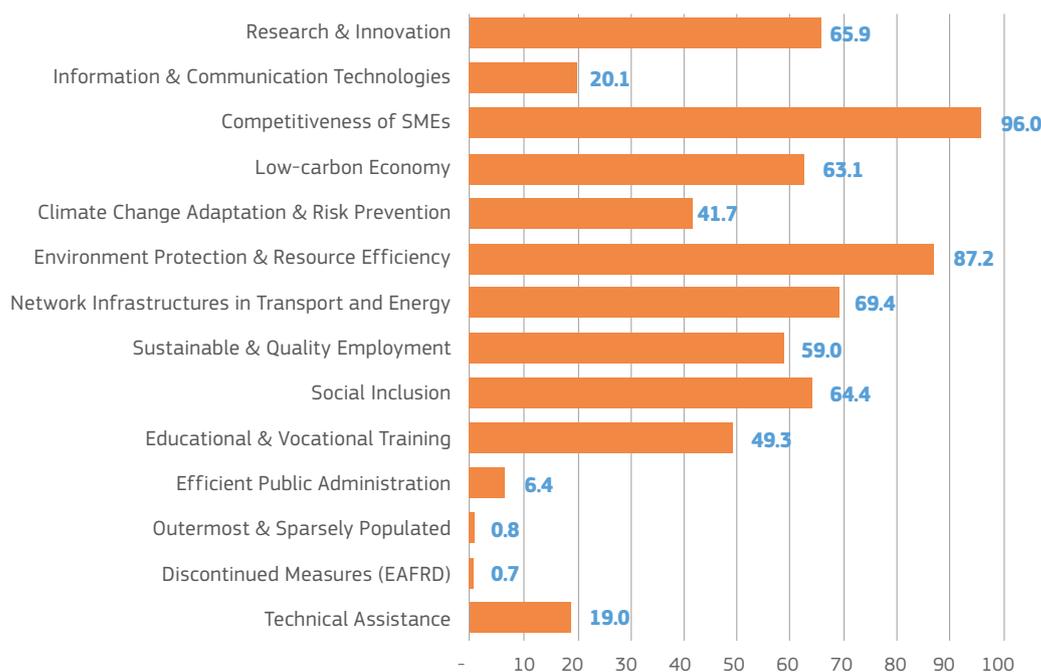
creation, growth and investment, strengthening the Single Market, the Energy Union and economic governance, these investments are responding to the needs of the real economy.

On 17 December, the Commission published the ‘Strategic Report 2019 on the implementation of the ESI Funds’ which provides detailed and updated information on the implementation of the 2014-2020 ESIF programmes until the end of 2018, based on Member States’ progress reports. At that time, 72% of the available ESIF resources had been committed.

This report and the ESI Funds’ Open Data Platform (<https://cohesiondata.ec.europa.eu>) give a thorough overview of progress in all the thematic areas. ■

## FIND OUT MORE

<https://europa.eu/!uD83tU>



## Projects already funded are having a growing impact in key policy areas

- › more than 1.6 million businesses – including farms – are being supported;
- › 300 000 new jobs are being created by supported firms;
- › 26 million people have received help for training, education or job-seeking;
- › 8.3 million households will have access to better broadband;
- › more than 3 900 km of railway lines are being built or reconstructed;
- › 60 million people are benefitting from ongoing projects in the health sector.

The current policy focus and its adaptable framework are enabling the ESI Funds to make a major contribution to new and emerging challenges. Most funding areas already support UN Sustainable Development Goals (SDGs), climate adaptation and risk reduction actions, and this focus can be boosted within the ESIF programmes as needed.

## Priorities and achievements

Since the beginning of the 2014-2020 programming period, the European Structural and Investment Funds have focused on achieving socio-economic convergence, resilience and territorial cohesion, helping to address both current and emerging challenges and laying the foundations for the EU's sustainable future.



**European Regional Development Fund (ERDF):** Projects supported under the ERDF have contributed to further boosting areas such as research and innovation, information and communication technologies, and SME competitiveness. As a result, 300 000 jobs are being created, 20 000 researchers supported, and over 8 million households will be offered greater access to broadband.



**Cohesion Fund:** Cohesion Fund projects have helped the Member States with their greatest development needs in the environment and transport to meet EU standards. For example, over 1 300 km of reconstructed railway lines and 275 km of new or improved metro and tram lines are currently in the pipeline, and the equivalent of over 12.5 million people will be served by improved waste-water treatment.



**European Social Fund (ESF):** The ESF has continued to play an essential role in supporting employment, education and training, and in further reducing poverty and inequalities. The impacts include over 23 million people receiving help to improve their employment opportunities, 3.4 million gaining a qualification, and 2.7 million young people supported under the Youth Employment Initiative.



**European Agricultural Fund for Rural Development (EAFRD):** The EAFRD has been a catalyst for promoting sustainable and innovative agriculture and forestry, and for making rural areas more vibrant. For instance, the equivalent of 75 % of the EU's total area under organic farming has been supported through conversion or maintenance projects, and 130 000 farms are being helped to become more competitive.



**European Maritime and Fisheries Fund (EMFF):** EMFF projects have provided strategic leverage to help fishermen transition towards sustainable fishing, supporting sustainable aquaculture, and helping coastal communities thrive. To date, nearly 34 000 projects have been financed across the EU.

# Neighbours join forces to face global challenges

The ENI CBC community comprises hundreds of thousands of people working across the EU's external borders, Europeans and non-Europeans alike, acting together to boost activities, stimulate economic growth and to transfer knowledge.

From DG NEAR to DG REGIO, the plan is to further strengthen the cooperation on the EU's external borders, developed under the Neighbourhood Policy and Cohesion Policy. On the ground, it is still about building trust and connections among people living on the external borders of the European Union and improving the day-to-day lives of people living on both sides of the borders through cooperation. It is also about building roads to connect markets and improve tourism, recycling waste into fertilisers, and preserving threatened species to reverse biodiversity decline.

As of 1 January 2020, the European Neighbourhood Instrument (ENI) cross-border cooperation programmes are joining DG REGIO as part of the Interreg family, to increase coordination and unlock synergies with other territorial cooperation instruments.

The programmes cover 31 different countries, with a wide variety of languages, culture and lifestyles. Nevertheless, they are all working for the benefit of local communities on both sides of the EU border, addressing common obstacles to find joint solutions. In challenging times, these programmes are living proof of what cooperation truly means: keep connecting, sharing and exchanging across borders.

## Crossing frontiers

Never before have challenges been so global: pollution, climate change and social tensions, among others. If a border area is affected in a neighbouring country, Europe is touched as well, and vice versa. Responses to crises cannot mature in isolation: global problems demand no visas to cross frontiers.

Cross Border Cooperation (CBC) programmes across the EU's external borders give thousands of organisations an opportunity to act together, to exchange knowledge and expertise in their day-to-day activities, and to bring tangible results to their

regions. The 15 ENI CBC programmes stretch from Finland and Russia in the north, to countries such as Hungary and Ukraine in the east, and Italy, Northern Africa and the Middle East in the south. They cover thousands of kilometres of land and sea borders, with one sea crossing and three sea basins, for an overall investment of EUR 1 billion during the 2014-2020 programming period. To date, more than 4200 applications have been submitted and almost 600 projects have been awarded funding. In the field, there are over 2000 beneficiaries, NGOs, universities, municipalities and private companies: a small world on the move, both public and private, building trust among communities.

## Adopting common rules

'Many years ago, when we started, there were more mirror projects: people in one territory tended to do the same thing as people on the other side,' says Mathieu Bousquet, Head of Unit C1 – Georgia, Moldova, Neighbourhood Cross-Border in DG NEAR. 'But now beneficiaries are working together more and more, for one single, common objective.'

Cooperation along the EU's external borders started to take shape back in 2006. Many challenges were faced during the first programming period (2007-2013) when the instrument was extended to cover the full Neighbourhood and, for the first time, a set of common rules was applied.

'Everybody had to move away from what they knew, the specific funding procedures they were familiar with: Member States from Cohesion Policy regulations, and partner countries from the development aid and technical assistance modality,' explains Carlos Bolaños, team leader at TESIM, technical support for the implementation and management of ENI CBC programmes. 'Today, we can say that we have a real, genuine partnership in place, with joint management of programmes. And this "ownership feeling" is somehow unique in the cooperation field, a real asset of the ENI CBC initiative.'

Steering through European financial crises and regional turmoil, the ENI CBC programmes are holding fast. The first programming cycle was implemented in a period of deep economic crisis for Europe and its neighbours, while conflicts were taking their toll in Syria, and relations were strained in Crimea. However, stakeholder commitment was strong and the cooperation managed





# Developing a sense of history

**W**ould you like to 'sense' art, history and nature using modern technologies combined with traditional historical methods of reconstruction? If so, be prepared for a surprise in the new Fortepiano room of Latvia's Alūksne New Castle, get a flavour of history in Pavlovsk Park in Russia or take time out at night with the bats in Litene Manor, Latvia.

A new 'Sense Tour' has been developed by Latvian and Russian partners within the '630 Versts Full of Feelings' project, funded under the Latvia-Russia ENI CBC Programme. The project aims to create a customised tourist experience by discovering magnificent landscapes, manor parks and castles in the cross-border area between Latvia and Russia. Tourist sites include Izborsk Museum-Reserve, Kraslava and Lūznava Manors, Preiļi Manor park, and Arendole, Varaklani and Litene Manors. The new tourist route will stretch from Krāslava to Alūksne in Latvia then continue on to Pavlovsk in St Petersburg, Russia.

Based on their successful cooperation in the previous programming period, the partners will continue to jointly promote the route. They will also focus on enhancing the professional skills of tourism sector staff by organising workshops, exhibitions, conferences and festivals.

Programme co-financing of EUR 720000 will strengthen the historical and cultural capacity of the cross-border area, contributing to the socio-economic development of Latvia's Vidzeme and Latgale regions in Latvia, the Pskov region and St Petersburg in Russia.



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<http://latruscbc.eu/projects/630-versts-full-of-feelings/>



## INNOVATION AND ECONOMIC DEVELOPMENT MEDITERRANEAN SEA BASIN

# Turning wine by-products into cosmetics

**W**hat can be done with grape waste? An EU-funded project is looking into turning it into a resource or putting it to good use in cosmetics or health products.

In the Mediterranean area, the traditional grape crop has a strong potential for innovation which has yet to be effectively exploited. Generally speaking, people working in the grape-cultivation sector are focused on improving the quality of both the grape and the wine rather than considering how to make the most out of grape waste. However, since the beneficial properties of wine by-products have now been revealed, antioxidant/anti-inflammatory/anti-neurodegenerative formulations are currently being researched by 'BESTMEDGRAPE'. This project is being implemented by Italy, Tunisia, France, Lebanon and Jordan under the ENI CBC Mediterranean Sea Basin Programme and managed by the autonomous region of Sardinia in Italy.



The idea is to study wine by-products as a source of bioactive compounds that can be transformed into innovative commercial pharmaceutical products. Thus, the project will not only valorise an excellent Mediterranean crop such as the grape but will also expand the grape value chain by developing nanotechnological products. The result will be a boost to the local economy, more employment opportunities while, at the same time, reducing the environmental pollution normally generated by the bulky waste from winemaking. ➤

<http://www.enicbcmed.eu/projects/bestmedgrape>



# Waste-free rivers for a clean Black Sea



**R**educe, reuse, recycle: could the ‘3 Rs’ for solid waste be the way to help save the Black Sea? This basin is Europe’s most polluted sea in terms of floating litter. Almost all the rubbish comes from bags and bottles which are carried to the sea by its major rivers: the Rioni River in Georgia and Prut River in the Republic of Moldova are the two main Black Sea polluters coming from inland areas. When the water levels rise, the rivers wash up all the litter around their banks – which are often used as illegal dumping sites – and take it to the sea.

Therefore, an important part of reducing contamination is to remove plastic from the riversides and dispose of it by recycling. Thus, Georgia, Moldova and Romania have joined forces in the ‘Waste-free rivers for a clean Black Sea’ project with the aim of introducing good waste-management practices in the communities located along the Black Sea basin rivers. Under the ENI CBC Black Sea Basin Programme 2014-2020, around EUR 1 million will be used for implementation of

municipal green waste composting in Kutaisi (Georgia), for the introduction of municipal WEEE (waste electrical and electronic equipment) collection in Ungheni, and for source separation of plastic waste in Poti (Republic of Moldova).

Building on the results of a previous project, the latest one is raising awareness about modern approaches to waste management in local communities, including educational programmes, clean-up events and training sessions.

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<https://wmp.ge/wmp2/>



## CROSS-BORDER INFRASTRUCTURES SOUTH-EAST FINLAND AND RUSSIA

# Better sea connections for people and goods



Although HaminaKotka, the largest cargo port in Finland, is a key point on the Trans-European Transport Network (TEN-T) in the Baltic Sea, it faces a lack of facilities for heavy passenger traffic. On the other shore – just 250 km away – lays the port of St Petersburg in Russia, which has the opposite problem: inadequate specialised facilities to receive a heavy flow of cargo vehicles and goods. Despite the short distance, there is no regular international ferry connection between the two ports. This has created a bottleneck for the efficient mobility of people and goods, which is negatively affecting the economies on both sides of the border.

Under the current period 2014-2020, the EU – together with Russia and Finland – is investing over EUR 4.5 million under the South-East Finland – Russia ENI CBC Programme in two large infrastructure projects ('KOTKA PAX' and 'Multipass Port') to improve border-crossing points at seaports and increase cargo and passenger flows between Russia and Finland.

The idea is to work on both sides of the Baltic Sea: to establish a new terminal and checkpoint with safe and time-saving customs and border-control operations on the Finnish side, and to install new facilities and equipment for cargo control on the Russian side. This will enhance the capacities of both seaports and will attract new cargo-transportation companies, increasing tourist flows and contributing to better logistics and mobility in the Baltic Sea basin. ■

<https://www.haminakotka.com>

<https://portspb.ru/en>

# FI Campus 2019: looking ahead to 2021 and beyond

The annual *fi-compass* flagship event, FI Campus 2019, took place on 4 and 5 December 2019 in Brussels, Belgium.



*f* *i-compass* is the horizontal advisory services platform on financial instruments under the European Structural and Investment Funds (ESIF), provided by the European Commission in partnership with the European Investment Bank (EIB). This was the third consecutive annual FI Campus event which, this year, attracted over 400 practitioners from ESIF managing authorities, financial intermediaries and other stakeholders involved in ESIF financial instruments.

ESIF financial instruments include, for example, loans, guarantees, equity and quasi-equity. According to the proposed new Common Provisions Regulation (CPR), they will remain an important delivery mechanism for ESIF resources in the 2021-2027 programming period. With this year's slogan 'Looking ahead to 2021 and beyond', FI Campus 2019 offered participants a versatile programme, including:

- Comprehensive and interactive information sessions on the proposed new CPR as well as the InvestEU Programme;
- Workshops on horizontal topics related to ESIF financial instruments, such as state aid as well as audit and control;

- Case study sessions on financial instruments under the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) in a range of different sectors such as urban development, SME competitiveness, and research, development and innovation (RDI);
- Parallel sessions covering financial instruments under the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

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## FIND OUT MORE

For further questions related to the European Commission's presentations at FI Campus 2019, please contact:

[REGIO-B3-FINANCIAL-INSTRUMENTS@ec.europa.eu](mailto:REGIO-B3-FINANCIAL-INSTRUMENTS@ec.europa.eu)

Presentations from the event are available on the FI Campus 2019 event page:

<https://bit.ly/2Na2V8E>

# FI CAMPUS 2019: SHOWCASING THE POSITIVE IMPACT OF ESIF FINANCIAL INSTRUMENTS

The **fi-compass Showcase 2019** campaign is promoting stories from across the EU related to ESIF financial instruments and the projects supported. Launched in early summer 2019, the main objective of the campaign is to showcase the positive impact of ESIF financial instruments on the ground. Ten shortlisted stories submitted to the Showcase were exhibited at FI Campus 2019. During the event, FI Campus participants were able to vote for their favourite stories to receive the *fi-compass Showcase Award 2019*.



*FI Campus 2019 participants exploring the fi-compass Showcase 2019 exhibition*



# The three winning stories at FI Campus 2019



## Slovakian businesses capitalise on investment

In Slovakia, four pioneering companies have used equity investments, co-financed with European Structural and Investment Funds (ESIF), to expand their services and develop new products.

- Boataround is a boat rental and yacht charter website. It employs over 30 people and offers 24-hour customer service, having used investments for training, marketing and product development.
  - GA Drilling has developed a new plasma technology that makes drilling easier, quicker and cheaper.
  - KOOR is an energy services company that improves energy efficiency in buildings using environmentally friendly methods.
  - GreenWay operates more than 250 electric charging stations in Slovakia and Poland. It plans to install 800 stations using the investments and a European Investment Bank (EIB) loan.
- <https://bit.ly/2uxenF2>



## Introducing fun and games in Bulgaria's capital

In Bulgaria, three interconnected urban development projects have revitalised 10 hectares of land in the country's capital, Sofia. Local people and tourists are flocking to a new centre for sports activities and entertainment; a great example of an integrated approach using Urban Development Funds.

The sports complex and surrounding Vazrazhdane Park received JESSICA (Joint European Support for Sustainable Investment in City Areas) loans. Play areas were built for basketball, football and volleyball. ESIF financial instruments also financed the expansion of the park, including the construction of five outdoor swimming pools and one indoor pool. These use naturally occurring heated mineral waters and are accessible to people with disabilities.

- <https://bit.ly/37Mgpzo>



## Restored slaughterhouse leads revitalisation of Szczecin district

In Poland, a 19<sup>th</sup> century abattoir has been transformed into the 'Old Slaughterhouse', a business and culture hub for the city of Szczecin. The building's original features have been restored while, in parallel, an EIB loan has been used to modernise the facilities. The project has helped to encourage further restoration of the surrounding area.

Located on industrial land which lay derelict for years, the building now houses a restaurant, a bookshop and businesses, including the office of an international logistics company. Its modern cultural facilities include a children's play area, gallery space and fully-equipped meeting rooms which are available for hire.

- <https://bit.ly/2FwuFQy>



**Jonathan Denness, Head of Financial Instruments and International Financial Institutions Relations Unit, Directorate-General for Regional and Urban Policy, European Commission**

*What were your impressions of FI Campus 2019?*

Once again, the high number of FI Campus 2019 participants has shown how much interest there is in ESIF financial instruments and how keen stakeholders are to learn about this topic. This demonstrated that FI Campus is definitely one of the most important events in the year and that the partnership between the European Commission and the European Investment Bank to deliver *fi-compass* is very strong. *fi-compass* assists managing authorities and national promotional banks and institutions (NPBIs) to deliver ESIF financial instruments on the ground.

*What did you look ahead to most at this year's event?*

At this year's FI Campus, we focused in particular on the explanation of the proposed new regulatory framework in the 2021-2027 programming period and the new opportunities to deliver ESIF financial instruments then. This included comprehensive presentations by multiple stakeholders on the proposed new CPR and the InvestEU Programme. European Commission experts also explained key horizontal topics related to ESIF financial instruments, such as state aid and audit and control. Finally, the *fi-compass* Showcase 2019 presenting stories of the positive impact of ESIF financial instruments delivering new projects was also an important part of this year's event.

*The theme of this year's FI Campus was looking ahead to 2021 and beyond – what is your view on the future of ESIF financial instruments?*

I think the future is very bright. In our new regulatory framework proposal, we have simplified the rules significantly

and have provided more opportunities to become creative with ESIF financial instruments. For example, the simplified rules on the combination of grants and financial instruments: combinations are now also possible within the same operation. Furthermore, we have included the possibility of contributing some Cohesion Policy resources to the Member State compartment of the InvestEU Programme. These are big new opportunities to help deliver projects on the ground. Overall, I am very optimistic about the future and look forward to an increase in the number of financial instruments in the 2021-2027 programming period, under both the shared management programmes and the InvestEU Programme. ■

# Portugal moves to a more innovative, sustainable economy



Portugal's steady economic recovery following the 2010-2014 debt crisis has been driven by EU support, structural reforms, and a booming tourism industry. EU investments are supporting key efforts – such as boosting innovation and sustainable development – to promote long-term prosperity.

Situated on the Iberian Peninsula in southwestern Europe, Portugal covers 92 226 square kilometres and has a population of 10.3 million. Bordering on Spain to the north and east, it boasts a stunning Atlantic coastline to the west and south.

Its territory also encompasses Madeira, an archipelago off the north-west coast of Africa, and the Azores, an island chain in the mid-Atlantic.

An EU member since 1986, Portugal experienced a severe debt crisis between 2010 and 2014. A EUR 78-billion support package from the European Union and the International Monetary Fund helped the country recover from the 2011-2013 recession.

Portugal's economy has since rebounded, posting 3.5% GDP growth in 2017 – its highest level since 2000 – followed by 2.4% growth in 2018.

In 2018, the most important sectors of Portugal's economy were wholesale and retail trade, transport, accommodation and food services (24.9%); public administration, defence, human health and social work activities (19.1%); and industry (18.5%).

Helping to power the country's economic comeback are strong exports underpinned by a booming tourism industry, with international visitor numbers increasing each year over the past eight years.

The economic expansion has sparked strong job creation, contributing to an unemployment rate drop to under 7% in the fourth quarter of 2018, well below the euro-area average and in line with pre-crisis levels, according to the European Commission's Portugal Country Report 2019. In addition, Portugal continues to correct its macroeconomic imbalances, and public finances have continued to improve, the report says.

However, issues remain. While noting that economic growth exceeded expectations in the first half of 2019 and was driven by 'buoyant investment', the Commission forecasts that growth is expected to moderate, with 2% anticipated for 2019 and 1.7% for both 2020 and 2021.

Public and private sector debt – as well as foreign debt – are still significantly above the benchmarks set, the report says. In addition, higher public and private investment in innovation, resource efficiency, labour-force training, infrastructure and modern employment policies would strengthen Portugal's long-term sustainable growth potential.



The low skill level of workers – especially in the digital domain – is an obstacle to investment and productivity growth, with income inequality and the poverty rate among people who work above the EU average, according to the Country Report. The Commission also noted that insufficient shipping and railway infrastructure connections make it tough for export-oriented businesses to benefit from the EU's Single Market.

## Funds foster innovation

Amid this backdrop, the European Structural and Investment Funds (ESI Funds) play a crucial role in overcoming Portugal's main structural constraints to growth and employment.

Investment is organised around four thematic areas: competitiveness and internationalisation; human capital; social inclusion and employment; as well as sustainability and the efficient use of resources.

The goal is to increase competitiveness by stimulating the production of tradable goods and services, promoting employment – in particular among young people, broadening the qualifications and skills of workers, reducing poverty, modernising public administration and promoting energy efficiency.

In particular, it is important to underline the impact of ESI Funds in promoting innovation, given their key role in overcoming restrictions not only to Portugal's competitiveness but also its sustainability.

In the current 2014-2020 period, 57% of the total Cohesion Funds reprogrammed to support alignment with the European Semester – which provides a framework for the coordination of economic policies across the EU – has been allocated to competitiveness and sustainable development (38% and 19%, respectively).

By the end of September 2019, this had supported more than 3 000 research and development and knowledge transfer projects and over 97 000 tonnes of carbon dioxide equivalent contributing to Portugal's estimated annual decrease in greenhouse gas emissions.

## Spotlight on sustainability

Preparations are ongoing for the 2021-2027 programming period to address the remaining challenges facing Portugal and to anticipate those that will be particularly important over the course of the next decade – climate change and the energy transition, digitisation, globalisation and demographic sustainability due to Portugal's ageing population. Promoting internal cohesion and the participation of all territories in the development process are also expected to be a focus.

Accordingly, the 2021-2027 programming period will be based on the main objective of converging Portugal with the EU average. This will be done within the framework of the coordination mechanisms of existing economic policies at the European level based on the Portugal 2030 Strategy, which is being organised around four priority agendas.

The first agenda, related to people, comes in response to demographic challenges and will focus on an increase in inclusion and a reduction in inequality. The second focuses on innovation and qualifications as factors promoting development. The third aims to promote an externally competitive and internally cohesive country, with the fourth targeting the sustainability and reuse of natural resources. ➤

# Competitiveness gives sustainability a boost



*Panorama* asked Jaime Andrez, chairman of the board of COMPETE 2020, to expand on the impact made by the programme on Portugal's current and future policy priorities.



*COMPETE 2020 is the largest programme in Portugal in the current programming period, involving three funds (ERDF, ESF and CF). What do you think are the most significant results these competitiveness-supporting instruments have achieved in the country's economic and social structure?*

The Competitiveness and Internationalization Thematic Operational Program (COMPETE 2020) is part of the Portugal 2020 Competitiveness and Internationalisation thematic priority (2014-2020) which was approved by the European Commission on 16 December 2014. The budget for COMPETE 2020 is EUR 6.2 billion, EUR 4.4 billion of which is financed by ERDF, ESF and Cohesion Fund and the remaining EUR 1.8 billion is national-matched funding.

During six years in operation, COMPETE 2020 has already received 11 169 applications and supported 6 327 projects involving an incentive of approximately EUR 2 billion of the eligible investment of around EUR 8 billion.

Company Incentives Systems, in particular those targeting innovative productive investments by SMEs, are the main drivers of COMPETE 2020. Its contribution has also been significant in stimulating business research and development and cooperation between business research and innovation system organisations, promoting knowledge transfer and reuse.

The consolidation of economic growth and job creation are major challenges for the Portuguese economy and depend essentially on enhancing the competitiveness and innovation of national companies.

The study 'Avaliação do Impacto dos Fundos Europeus Estruturais e de Investimento no Desempenho das Empresas' (Assessing the Impact of European Structural and Investment Funds on Business Performance), which was a feature of the Portugal 2020 evaluation plan, shows the effectiveness of incentive systems in the previous programming period. Furthermore, it indicates their contribution to positive developments for companies

*“Today, the concept of competitiveness is moving closer and closer to sustainability.”*

supported in areas such as investment, qualifications for human resources, innovation, internationalisation and business competitiveness.

It also underlines the following outcomes for COMPETE 2020: greater investment in business R&D; the number of projects submitted in response to current societal challenges, in particular in the field of climate action; and the online availability of public services for citizens and businesses. It is also possible to foresee the impact of business projects in the creation of 41 000 jobs, a 77% increase in gross added value, a 55% rise in business turnover, and a 72% increase in international turnover. These numbers clearly suggest greater product value intensity, increased export intensity and higher labour productivity.

*What strategic areas have already been established as future priorities in COMPETE 2020?*

The current priorities and strategic areas are in line with those that will feature in

the future and by necessity will be subject to digital transformation and the opportunities and challenges digital brings to the national economy. Supported projects – involving companies, central government agencies and other relevant organisations such as business associations – meet the innovation requirement that is the hallmark of this strategic design.

As I have already mentioned, societal challenges, particularly in the area of climate action, are also a priority in the COMPETE 2020 policy instruments.

Although environmental concerns and the road to sustainable development are major challenges for humanity, they also offer companies a great opportunity, which can play a key role in this area. For centuries, it seemed that economic growth depended on the use of natural resources as if they were inexhaustible. However, this has resulted in a crisis over resources and higher prices. If we fail to address this concern, particularly in the projects

supported by COMPETE 2020, in the medium term we will witness the disappearance of the world and its ecosystems as we know it. This cannot be allowed to happen: there must be no economic growth and competitiveness without a balanced use of resources.

Today, the concept of competitiveness is moving closer and closer to sustainability. It incorporates a whole set of other notions, such as circularity, sustainability or viability, digitisation, qualified and properly paid employment, and society’s satisfaction with goods and services the quantities, prices and quality of which are determined by consumer demand.

Being competitive means being sustainable and being sustainable means being competitive! ■

**FIND OUT MORE**

<https://www.compete2020.gov.pt/>

# POSEUR prioritises sustainability and climate change



Helena Pinheiro de Azevedo, President of POSEUR Managing Authority, tells *Panorama* how Portugal is taking on the sustainability and climate change challenge.



*How is the sustainability and climate agenda being implemented in the Operational Programme for Sustainability and Efficient Use of Resources (POSEUR) and what is expected to be achieved by 2023?*

Through the support of the Cohesion Fund, POSEUR ensures a wide range of interventions in the areas of sustainability and climate, including very relevant contributions to the following thematic objectives (TOs): TO 4 - Support the transition to a low-carbon economy in all sectors; TO 5 - Promote climate change adaptation and risk prevention and management; and TO 6 - Preserve and protect the environment and promote resource efficiency.

In relation to what is expected to be achieved in 2023 in the various investment priorities, it is important to highlight the very significant contribution to climate change mitigation through various measures that contribute to reducing the emissions of CO<sub>2</sub> and other greenhouse gases. The target for 2023 points to an annual reduction of 124 000 tonnes of

CO<sub>2</sub> equivalent. This will result from investment support for the reinforcement of energy production capacity from renewable sources, for the increase of energy efficiency in central public administration buildings, and for more sustainable urban mobility, decreasing fossil-fuel consumption and increasing the use of clean public transport, while reducing individual motorised transport.

Reference should also be made to support from the Climate Change Adaptation (CCA) programme and the prevention and management of risks largely associated with climate. The aim is to extend CCA plans across the national territory, implement adaptive measures and raise awareness among the population, as well as making relevant investments for coastal protection and prevention of the risks that most threaten the territory, particularly forest fires and floods. By the end of the project, the intervention is expected to span 75 kilometres of coastline for the protection of people and goods, reaching 80% of the national population who will benefit from protection against forest fires.

*“Through the support of the Cohesion Fund, POSEUR ensures a wide range of interventions in the areas of sustainability and climate.”*

Finally, it is also worth noting POSEUR's support for environmental protection and the promotion of resource efficiency. This includes investments in various areas aimed at contributing to the circular economy by increasing the recycling capacity of urban waste (+230 000 tonnes/year), strengthening the quality and sustainability of the water supply (1.8 million people covered by improvements to the water supply) and waste-water sanitation systems (1.6 million people served by improvements in sanitation systems). These measures are also intended to improve the quality of the environment and preserve natural resources, as well as protecting biodiversity and ecosystems, which are also threatened by climate change.

*What are the future priorities identified for Portugal in these areas?*

Sustainability and climate are the major present and future national priorities, as can be seen in the National Energy and Climate Plan 2030 and the 2050 Carbon Neutrality Roadmap. These strategic national documents, which

were approved in 2019, defined an Integrated Action Plan, with the central strategic objective of achieving carbon neutrality in Portugal by 2050. This includes, among many others, measures aimed at decarbonising electricity production, increasing energy efficiency in all sectors of the economy, decentralising energy production, decarbonising the residential and public sector and, finally, decarbonising mobility and favouring public transport.

Urgent action must also be taken to combat climate change and its impacts, including building resilience and adaptive capacity to climate-related risks and disasters, integrating climate-change measures into national policies, strategies and planning, improving education, raising awareness and human and institutional capacity with regard to mitigation, adaptation, impact reduction and early-warning measures with respect to climate change.

Within the framework of Cohesion Policy 2021-2027 funding for Portugal, the European Commission also defines

in Strategic Objectives 2 a continuity and deepening of support for sustainability and climate. This has the general objective of contributing to a greener and more low-carbon Europe and a transition to clean and equitable energy, green and blue investments, a circular economy, as well as adaptation to change and risk prevention. ■

**FIND OUT MORE:**

<https://poseur.portugal2020.pt/en/>

## FARO-OLHÃO WASTEWATER TREATMENT PLANT AND OLHÃO LIFT SYSTEM

This project will develop a new sanitation infrastructure in the region, helping to ease significant environmental problems and improve the quality of life and health of the local population. The Cohesion Fund will contribute EUR 18.5 million of the total EUR 21.8 million investment in line with Council Directive 91/271/EEC of 21-05-1991 (on urban wastewater treatment).

The project aims to upgrade the Algarve region's basic sanitation system by creating the necessary conditions to improve water quality and the status of existing water resources. Furthermore, the work will help to protect the biodiversity of the Ria Formosa Natural Park, thereby boosting the region's economy, which is largely based on tourism. Likewise, the quality of its beaches and bathing waters as well as its regional products, such as seafood from the Ria Formosa, will also benefit.

The work entails the construction of urban wastewater treatment facilities with the most modern biological effluent-treatment techniques. With the investment completed, the project is currently in the testing and start-up phase of operation.



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## EXPANSION OF THE CALHETA HYDROELECTRIC PLANT



Madeira Island's electricity grid is isolated and small, and some of the renewable energy produced during hours of lower demand, especially at night, cannot be exported or stored so it is wasted.

The Expansion of the Calheta Hydroelectric Plant project aims not only to increase hydroelectric energy production at the new plant, but also to create an infrastructure for storing electricity. The system includes the production of electricity and the capture, storage and pumping of water. The aim is to strengthen the reserve capacity and use of energy from intermittent renewable sources (such as wind and solar energy). This, in turn, will contribute to

reducing fossil energy production, boosting the stability of the electricity system and making the island's electricity supply more reliable.

While increasing the region's renewable-energy production capacity, this project will also contribute to reducing Madeira's dependence on fossil fuels and consequently cutting CO<sub>2</sub> emissions by 2020, in line with national and EU targets.

This is a major project supported by an investment of EUR 45 million from the Cohesion Fund. The work is now at an advanced phase, with the operations due to start early in 2020.

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## **DREDGING THE COIMBRA BRIDGE/DAM RESERVOIR AND STABILISATION OF THE RIGHT BANK OF THE MONDEGO RIVER BETWEEN THE SANTA CLARA BRIDGE AND THE COIMBRA DAM/BRIDGE**

Climate change has caused significant changes in the annual rainfall cycle in Portugal, with periods of drought and heavy rainfall, including some extreme precipitation events.

The city of Coimbra is cyclically affected by floods on the Mondego River, in particular those which occurred in January and February 2016. During this period, the river flow reached unprecedented levels, endangering the safety of citizens and putting public and private property at risk, particularly the city's historical heritage.



Following Directive 2007/60/EC of the European Parliament and of the Council (on assessment and management of flood risks) and identification of 22 critical flood areas in the 'Water Information System for Europe - WISE', the Risk and Flood Management Plans were completed, defining the structural measures to be implemented for flooding.

One such measure for the Mondego River concerned the dredging of the Coimbra Bridge/Dam reservoir. Consequently, funding for the Coimbra Dam/Bridge Reservoir was approved: from an expected total investment of EUR 12 million, EUR 10.1 million will come from the Cohesion Fund.

This project aims to improve the hydrodynamic conditions of run-off and create a larger water column in the Mondego River. This will have a significant impact by preventing or mitigating flooding in the city of Coimbra and the surrounding region. The work should be completed by the end of 2020.



## GREEN URBAN LIVING

With support from COMPETE 2020, the Green Urban Living project set out to develop new green roofing and facade systems made from expanded cork agglomerate. The goal was to enhance sustainability, conserve resources, increase the energy efficiency of buildings and mitigate some effects of climate change in urban areas.

Co-funded as part of the R&TD Incentives System, the project received an investment of around EUR 412 000, with the ERDF providing approximately EUR 260 000. Project leader Carlos Oliveira e Silva emphasised that the contribution from COMPETE 2020 was fundamental in providing the necessary resources for research, laboratory tests, equipment and prototypes for real tests which all resulted in the project's successful conclusion.



## NANOCLEANLEATHER



The Nanocleanleather project set out to develop leather with anti-soiling properties (dirt-repellence and easy cleaning) and self-cleaning (photocatalytic degradation of contaminants on the surface of the leather) for the automotive sector (specifically seat covers, steering wheels, dashboards and door panels) using nanostructured additives.

On the one hand, the project aimed to meet the tanning industry's pressing need for improved skin-cleaning properties, with enhanced performance and durability while maintaining its natural look. On the other hand, in line with its sponsor, Couro Azul (Blue Leather), the project team focused on supplying the

rail and aviation sectors, where such properties are even more important, given the higher frequency of cleaning and tighter timings than currently apply in the automotive industry.

The NanoCleanLeather project was co-funded by COMPETE 2020 under the R&TD Incentives Scheme in the area of co-promotion. From an investment of around EUR 459 000, EUR 330 000 came from ERDF support.

<https://bit.ly/2FAc5XO>

## AORP – PORTUGUESE JEWELLERY NEWBORN

The main aim of the project was to consolidate the export potential of Portuguese jewellery production and enhance its visibility on the global market.

The AORP – Portuguese Jewellery and Watchmaking Association – created the Portuguese Jewellery Newborn brand to promote the latest talents in national jewellery production. The idea was to reinvent the traditional sector under the umbrella of a unique promotional brand representing the creativity and work of new national designers.

The opportunities provided saw Portuguese jewellery designing attractive pieces and innovative business models among new creators (Newborn) and traditional companies, thereby identifying the appropriate channels to take the sector to another level.



Co-funded as part of the Collective Initiatives Support System in internationalisation, investment in the project was around EUR 556 000, of which approximately EUR 473 000 was funded by the ERDF.

<https://bit.ly/2QFoCzP>

## R4TEXTILES

The R4Textiles project – which developed the Tenowa fabric brand – prioritised a research strategy that led to the adoption of sustainable policies for reducing environmental impact.

In the current context of environmental awareness-raising, Riopete-Têxteis SA, one of Portugal's oldest textile companies, committed to a research strategy and sustainable policies to reduce environmental impact. The project was based on the recovery and reuse of textiles, agri-food waste and other by-products from geographically close agri-food industries.

Under the Rebirth of Textiles branding, Tenowa is Riopete's trademark for all the products developed by this project.

In the context of the circular economy, R4Textiles was co-funded by COMPETE 2020 under the Research and Technological Development (R&TD) Incentives Scheme, and was eligible for an investment of around EUR 978 000, of which EUR 602 000 was provided by the ERDF.

<https://bit.ly/3020f1C>



## IN YOUR OWN WORDS

**PANORAMA**  
welcomes your  
contributions!

In Your Own Words is the section in *Panorama* where stakeholders at local, regional, national and European level outline their achievements for the 2014-2020 period and share their views on the ongoing and crucial discussions

on Cohesion Policy post-2020. *Panorama* welcomes contributions in your own language, which we may feature in future editions. Please contact us at [regio-panorama@ec.europa.eu](mailto:regio-panorama@ec.europa.eu) for further information on guidelines and deadlines.

# A circular economy for the Lisbon and Tagus Valley Region

In 2015, the European Union adopted a package of measures to simultaneously help each Member State to transition to the circular economy and to stimulate global competitiveness, sustainable economic growth and the creation of new jobs.



**Teresa Almeida**  
*President, Regional Development,  
Circular Economy, innovation,  
competitiveness and cooperation*

In this context, in 2018, Portugal launched its Circular Economy Action Plan (PAEC) which is divided into several actions – namely in the preparation of Regional Agendas for Circular Economy – to be developed by each of the five Regional Coordination and Development Commissions.

The strategy presented in the Regional Agenda for Circular Economy of the Lisbon and Tagus Valley Region (AREC-RLVT), developed by its Regional Coordination and Development Commission, benefited from internal, sectoral and regional metabolism studies pointing to alternatives, solutions and priorities.

The AREC-RLVT has been a strategic definition tool aimed at integrating the principles of the circular economy into the region's business and productive fabric, the functioning of cities and urban centres and the promotion of regional development. It was the starting point for dissemination and promotion processes, aligned with the

PAEC programme structure. This process has created a new flow-based approach to territorial diagnosis and has contributed to the preparation of the next community support framework.

With the integration of the circular economy in the development of regional public policies, the CCDR LVT is seeking to ensure the abandonment of the linear economy as a way to prevent and anticipate some of the structural challenges ahead on the 2020-2030 horizon. These include, for example, climate change, technological integration, demographics and a lack of resources. ■

**FIND OUT MORE**

[www.ccdr-lvt.pt](http://www.ccdr-lvt.pt)

# How equity-based financial instruments spur regional economic growth

Although Europe produces large amounts of high-quality research, somehow all that knowledge does not translate into products and services for economic and social benefits.

Despite the fact that Europe is home to some of the world's best and most innovative minds, we lag behind the likes of China and the USA when it comes to start-up and especially scale-up success.

Traditionally, start-ups source their funds from 'family, friends and fools' before finding one (or several) high-net-worth individual who provides them with 'angel capital' to get through the early stages of the business. These angels offer their support and expertise (and money) in return for equity.

But the angels take high risks in these scenarios, and often make large losses. Public bodies can cushion the financial risk that angels may face, and boost angel investment, thanks to the equity-based financial instrument put forward by the European Commission.

This instrument is a public-private co-investment fund that supports high-risk companies during the early

seed stages. The presence of public funds lowers the risk for business angels and encourages more private investment.

However, many managing authorities look at the equity financial instrument and are scared by it. After all, you may invest between EUR 40 and EUR 50 million in 20 to 30 companies, of which maybe 7 or 8 will do okay, 2 or 3 will do well and hopefully one will do amazingly, but the rest will fail, sometimes with bankruptcy. To a public body, that is a lot of taxpayers' money supposedly gone down the drain. But what managing authorities often do not realise is that the effect of just a few companies on the entire region's economy will be so large that it completely justifies the losses made.

In the UK, just 6% of high-growth companies generated half of the UK's employment growth between 2002 and 2008. These companies were not the average small business – they were knowledge-intensive, high-risk start-ups which succeeded. Similarly, a study from the Kauffman Foundation in the USA shows that the top performing 1% of high-growth companies generates 10% of direct new jobs and 40% of indirect new jobs. So, it is not about fancy start-up policies, it is about job and wealth creation!



**Luigi Amati**  
*CEO of the META Group and President  
of Business Angels Europe*

An equity financial instrument is a win-win situation. It will allow the start-up to receive early-stage expert advice from an experienced angel investor coupled with financial support. It will develop a network of business angels and other early-stage investors who can be approached for future financial instruments and venture capital initiatives. And, when the next EUR 100-million company – or even better, a unicorn – is discovered, it will bring success, jobs and economic growth to the local community. ■



## CAPTURED ON CAMERA

# Revisiting the main attractions at EWRC 2019

The 17<sup>th</sup> European Week of Regions and Cities exceeded its record attendance figures with more than 9000 participants and some 400 selected partners, including 21 Commission services.

Almost 400 workshops, debates, exhibitions and networking opportunities took place to explore and share best practices on how regions and cities can work together for a stronger Cohesion Policy.

We are now starting preparations for the next edition of the European Week of Regions and Cities which will take place from 12 to 15 October 2020 (save the date!).

Looking forward to welcoming you all again next year!

### Agora Village

In a very sustainable atmosphere and environment, the Agora Village was the central hub for networking, offering visitors the possibility to participate in various workshops in dedicated areas with silent disco facilities which enabled participants to listen

to the presentations on headphones without disturbing others. The Agora venue also welcomed 42 exhibitors and 11 regions presenting a taste of their regional specialities.



*“ The moments of conviviality in Agora Village give meaning to the concept of a United Europe. ”*



*“ I appreciated the venue and the possibility to network. ”*



*“ It was perfect, thanks for the opportunity to participate. ”*



*“ I am glad to have been to such a great event! ”*



During the event, a record number of attendees from 70 countries were provided with many opportunities to participate in a variety of workshops, debates, exhibitions and networking.



The EWRC opened with a high-level political debate entitled 'Regions and cities, pillars of the EU's future'



Joining in the events, 100 Young Elected Politicians representing the local and regional level from 26 Member States



In the Urban Living Lab Playground: The Co-Creation Game, players were asked to develop a storyline on a climate-related challenge



Karl Karl-Heinz Lambertz, President of the CoR with Younous Omarjee, Chair of the European Parliament Committee on Regional Development promoting the Cohesion Alliance



The BoerenBruxselPaysans project is helping to make local, healthy and quality food accessible for all Brussels' residents

## Citizens' Dialogue

In addition to the more traditional events, this year the EURegionsWeek opened its doors to citizens via a workshop and debate. The result was a lively exchange between around 100 young citizens on EU issues such as A Europe Closer to Citizens, The Future of Europe and the Role of the Regions and the Cities, A Greener Europe and A Smarter Europe.



## The media programme

Although it was difficult to exceed the record number of reports published last year, the 2019 media programme focused on continuing to present the achievements of Cohesion Policy investments throughout the EU. The 36 articles

published provided further insights into the state of preparations on the post-2020 budget and gave the media the opportunity to engage with the new College of Commissioners.



*Award ceremony of the Megalizzi-Niedzielski prize for aspiring journalists*



## REGIOSTARS Awards Ceremony

As is the custom each year, the European Commission rewarded the five EU-funded projects which demonstrated excellence and new approaches to regional development.

In the first category, 'Promoting digital transformation', the award went to Energy Cells GR, a cross-border cooperation project, involving Germany, Belgium, France and Luxembourg, on sustainable energy consumption and innovative renewable energy production.

The UK company CobBauge received an award for 'Connecting green, blue and grey' (2<sup>nd</sup> category), for developing walling material using earth and fibres.

The award for 'Combatting inequalities and poverty' (3<sup>rd</sup> category) went to Good Support from Poland, an online platform connecting the inhabitants of the Zachodniopomorskie region to local social services.

Climate Active Neighbourhoods (CAN), a joint Belgian, French, German, Dutch and UK project, was given the award in the 4<sup>th</sup> category, 'Building climate-resilient cities'. The project promotes locally led strategies to increase energy efficiency for households in deprived urban areas.

The award in the 5<sup>th</sup> category, 'Modernising health services' went to Orsi Academy from Belgium, a training and expertise centre in the field of new techniques in minimally invasive surgery and robotic surgery.

Finally, the public choice award was given to CityWalk from the Interreg Programme Danube which helps cities in the Danube Region become more walkable. ■

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### FIND OUT MORE

[https://ec.europa.eu/regional\\_policy/en/regio-stars-awards/](https://ec.europa.eu/regional_policy/en/regio-stars-awards/)

## NEWS [IN BRIEF]

## ENGAGING CITIZENS FOR GOOD GOVERNANCE IN COHESION POLICY



In her political guidelines for the new Commission, President Ursula von der Leyen expressed her will for European citizens to play a leading and active part in building the future of our Union. The importance of more citizen engagement has been recognised and strengthened in the Lisbon Treaty with the European Citizens' Initiative and in a number of documents and political declarations, such as the Commission contribution to the Sibiu Declaration for a 'new strategic agenda for the EU 2019-2024'.

With this in mind, the European Commission's Directorate-General for Regional and Urban Policy is organising a conference on engaging citizens and civil society in Cohesion Policy. The event will take place under the political leadership and with the participation of Commissioner for Cohesion and Reforms Elisa Ferreira. It will focus on how to ensure closer cooperation with citizens and civil society in the governance and implementation of Cohesion Policy and management of dedicated EU funds. Through more active citizen engagement, institutions will become even more transparent and accountable, while investments will bring more and bigger results on the ground. ■

### FIND OUT MORE

[https://ec.europa.eu/regional\\_policy/en/conferences/citizens\\_good\\_governance](https://ec.europa.eu/regional_policy/en/conferences/citizens_good_governance)

## SHAPING A SUSTAINABLE URBAN FUTURE



Cohesion Policy is at the heart of sustainable urban development in Europe. Around EUR 115 billion is being spent in cities, of which EUR 17 billion is being implemented locally through integrated urban development strategies managed directly by urban authorities. For the next European budget, after 2020, the European Commission is proposing a stronger urban dimension by earmarking 6% of the total European Regional Development Fund budget per Member State for sustainable urban development. The proposal also introduces a policy objective 'Europe closer to the citizens', and a new European Urban Initiative acknowledging that the urban dimension of Cohesion Policy relies on a strategic multi-level partnership with local authorities and civil society.

For this reason, 53 urban projects have been selected to be exhibited at the upcoming Cities Forum 2020 to be held from 30 to 31 January in Porto, Portugal. This Showcase Exhibition of Good Urban Projects shows in concrete terms what Cohesion Policy is bringing to European citizens. It gives examples of what cities are achieving and the crucial importance of an integrated approach and multi-level governance for policymaking. In addition, the urban practices presented give an indication of projects the Commission expects to fund in the future.

The good practices come from the Cohesion-Policy-funded programmes: URBACT, the Urban Innovative Actions and urban projects financed through the mainstream programmes. ■

### FIND OUT MORE

<https://citiesforum2020.topi.com/>

## YOUTH4REGIONS MEDIA PROGRAMME

*Here are two more articles submitted by young journalists who participated in the YOUTH4REGIONS blogging competition.*

The Youth4Regions media programme supports the development of the next generation of journalists specialised in regional policy. It encourages these young Europeans to communicate on EU-funded projects.



# Ávila, setting an example for the future

**In 1912, the poet Antonio Machado spoke of Castile as a wasteland of conservative roots very closely connected to their customs, a perception of the Castilian-Leonese territory which lives on to this day. However, Ávila, one of the greatest exponents of this Castilian traditionalism, has reversed this belief, becoming a model for modernisation and progress for other European cities.**

The city of Ávila, a World Heritage Site since 1985, is a tourist enclave with a prime location in Spanish territory. Just an hour away from Madrid, a large number of tourists visit the Castilian-Leonese town, attracted by its medieval walled enclosure, one of the best preserved throughout the whole of Europe. Ávila has delighted some of the biggest stars from 20<sup>th</sup> century culture, including writer Ernest Hemingway and filmmaker Orson Welles.

The Smart Heritage City (SHCity) project, launched in 2016 under the European Regional Development Fund (ERDF) programme Interreg V Sudoe, has successfully deployed a technological platform in this city which facilitates the management and conservation of historical sites and contributes to its revitalised tourism industry.

To carry out this project, it was necessary to bridge the large digital gap the autonomous community of Castile and León has suffered compared to other Spanish regions. Addressing this in 2017, coverage across this territory increased by almost 5 %, benefitting 233 996 inhabitants in the region. Grants for the extension of broadband, co-financed by the state and the EU's ERDF funds, included some EUR 11 million in subsidies which were allocated to telecom operators to progress the deployment of ultra-fast broadband in Castile and León.

The Ministry of Energy, Tourism and Digital Agenda reports that since the call for proposals in 2013, Castile and León has been granted EUR 15 million, resulting in an investment of EUR 28 million for telecom operators. By province, Ávila was the largest beneficiary of these grants in 2017, receiving EUR 3 million.

Thanks to the SHCity Project, a network of 230 sensors and devices has been rolled out in 26 locations, indoors and outdoors, throughout the city's historical complex. In real time, these sensors control some 20 environmental and structural parameters, as well as others relating to safety, electricity consumption and visitor numbers.

The data collected by the sensors is aggregated with that from other systems, generating a flow of over 1 000 items of data per hour, which facilitates the work

of managers. By gathering this data, Ávila City Council is able to streamline action and improve the decision-making process when presented with an anomaly that could damage this city's historical complex, such as a significant rise or fall in temperature or humidity.

Moreover, a tourist app has been developed by the project which uses information captured by the monitoring system, aligning it to raise awareness among visitors, and society in general, of the importance of preserving heritage properly. The app also enables users to create their own city routes, evaluating the time they have available, the places of interest nearest to their location, and those venues where waiting times are shorter because they are registering a lower number of visitors at that particular moment.

The SHCity challenge is to replicate the project in other European historical complexes. To achieve this, a prototype has been developed for Sintra-Cascais in Portugal and Riba-roja de Túria in Valencia, Spain.

David has recently finished his first year in a degree in Journalism and Media Studies at the Carlos III University of Madrid in Spain. He believes that serious journalism is one of the best ways to achieve a society which enjoys greater freedom. In the future, David would like to become a research journalist.



An ERDF investment of EUR 1 194 333 in the project represents 1.5% of over EUR 79 million invested in projects in Castile and León since the start of 2019. However, this sum only accounts for 12% of nearly EUR 700 million the EU plans to spend in this region. ➤

*Walls of Ávila, Spain*



# Creativity as a driver for integration

**One young blogger talks to locals in Distrito Sur in Córdoba, Spain, to find out more about the neighbourhood and how EU funds are making a big difference to residents there.**

‘There is no doubt that the neighbourhood is much better now. If you asked about Distrito Sur before, people would have pulled a face or made a smart remark about the area. We didn’t feel part of the city. But now the streets are beautiful, there’s a lot more movement and people are generally happier,’ Ana, a local resident, explains.

Ana’s family had to move from the Sierras de Córdoba to Campo de la Verdad in Distrito Sur (the Southern District, an area of Córdoba comprising five neighbourhoods: Campo de la Verdad, Sector Sur, Miraflores, Fray Albino and Guadalquivir) because they were tired of driving several hours each day to Ana’s school and back. There, they found an open and friendly neighbourhood, although one with a major problem: it was a marginal neighbourhood.

Despite its close proximity to Córdoba’s historic quarter, its location on the opposite side of the River Guadalquivir always worked against it. Today, some pockets of marginality remain, which various public administrations have been trying to improve since the 1990s. Even so, there is still a clear lack of social services, deterioration of infrastructure, high levels of unemployment, and low levels of income.

José Luis, a lifelong resident of Sector Sur, recounted with sadness: ‘This was different before. There were two cinemas. Two! People often came here and we were very integrated into the city, especially in terms of culture.’

But a turning point in the history of Distrito Sur changed development of the area forever. The ‘Urban Sur’ plan is framed within the 2007-2013 implementation period of the European Regional Development Fund (ERDF) plan for Córdoba through the Córdoba Municipal Institute of Economic Development and Employment (IMDEEC), an entity dependent on the city council. The plan had a budget of over EUR 12 million of which EUR 10 million came from the ERDF.

“ *The Urban Sur plan is the best representation of how European funds have a positive impact on the city’s development.* ”

Soledad Cañizares Sevilla

Its ambitious and innovative objective was to achieve the economic and social revival of the area, facilitating its integration in a sustainable way. This depended on an action-based strategy and the opportunities presented by culture and the creative economy, which had never been proposed in the city before.

As Soledad Cañizares Sevilla, a member of the IMDEEC Department of Projects and Institutional Cooperation, told me: ‘The Urban Sur plan is the best representation of how European funds have a positive impact on the city’s development (...) It was very innovative – to achieve development through culture is a pilot project using a form of integration that, without a doubt, will be applied again.’

This plan centred around four actions. The first involved improving the urban environment and technological efficiency by renovating four streets. The impact of these renovations included extending cycle lanes, planting over 100 trees, and the transition to energy-efficient street lighting.

The second consisted of a social integration and training programme, evidenced by the transformation of the old teacher training school into a centre for ICT training, artistic creation and education. This area also included a number of social inclusion plans with more than 5 000 participants.

A third activity focused on the area’s sustainable economic development, whereby an entrepreneurial academy and business incubator will be established in the old school. Finally, the fourth course of action, focusing on research, development and innovation, has culminated in the construction of the Seneca ICT Centre which supports technology training for neighbourhood residents.



Javier is studying Communication and International Relations at Loyola University in Córdoba, Spain. He is passionate about the EU and the media, and has a particular interest in using his creativity (video, image, etc.) in social media.

It is true that some infrastructure is still under construction, but a change can already be felt in Distrito Sur. Urban Sur has invigorated the area’s various neighbourhoods, increasing and improving infrastructure and, above all, improving the lives of all the residents.

‘We are really happy with how European funds are being spent and, of course, the neighbourhood is now much more aware of the important role played by the EU in our development. In fact, my grandmother recently said: “Ana, you who are young are those who have to be in charge of maintaining the European Union, which does great things for all of us,” and I replied “yes”, how could it be any other way,’ Ana concluded. ■

*With special thanks to Ana Jiménez Rey, Soledad Cañizares Sevilla, and the residents of Distrito Sur for their courtesy.*

#### FIND OUT MORE

Urban Sur: <http://urbansur.cordoba.es/>

## DATA POINT

# European regions reveal varying degrees of competitiveness

**Over the past 10 years, the Regional Competitiveness Index (RCI) has been measuring the major factors of competitiveness in all the regions across the European Union.**

Comprising 11 different components, the RCI captures concepts relevant to sustainable development, productivity and well-being. These components are classified into three groups: the basic group, including enabling aspects of competitiveness, the efficiency group, including intermediate aspects, and innovation, describing the most cutting-edge factors of competitiveness.

This unique index provides within-country insights which national competitiveness indices cannot capture. The latest edition, launched at the European Week of Regions and Cities in Brussels on 7 October 2019, confirms a polycentric pattern with a wide-ranging variation characterising both countries and regions within the same country. Ten years after the global financial crisis, the north-west, south-east divide across the EU remains both clear and visible.

### Capital gaps: shrinking or diverging?

The RCI has always shown a remarkable gap between capital/metropolitan regions and the rest of the country. The capital region is always the most competitive region within each country, as indicated in the chart below which presents the within-country variation for the 2019 edition (countries are ordered from worst to best according to their national score). Three notable exceptions have been consistent throughout all editions of the RCI: Italy, where

Lombardia is the best region; Germany, where Berlin has always been outperformed by either Frankfurt or Oberbayern; and the Netherlands, where Utrecht has always been the most competitive.

In Italy, Spain and Belgium, regional competitiveness levels span a wide range but are almost evenly spread across all the regions in each country, as shown by the height of the bars in the chart which include 50% of the regions' scores in each country. Other countries also show a very high variability, although this is due to the significantly higher performance of the capital region compared to other regions in the country: for example, in France, Portugal and most of the eastern European and Nordic countries where the regions neighbouring the capital are far less competitive.

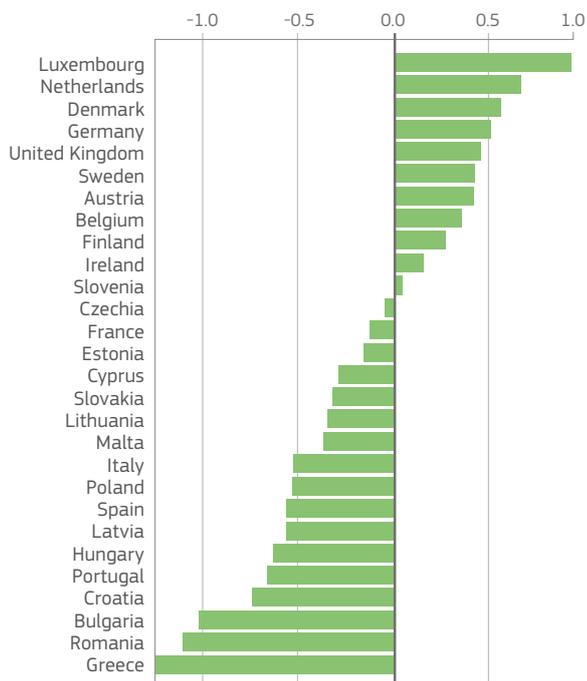
The strength of capital regions reflects the higher capacity of metropolitan areas to function as agglomerating economies attracting human capital and businesses.

The question is: are these gaps between the capital and the rest of the country growing or can we identify any signs of catching up?

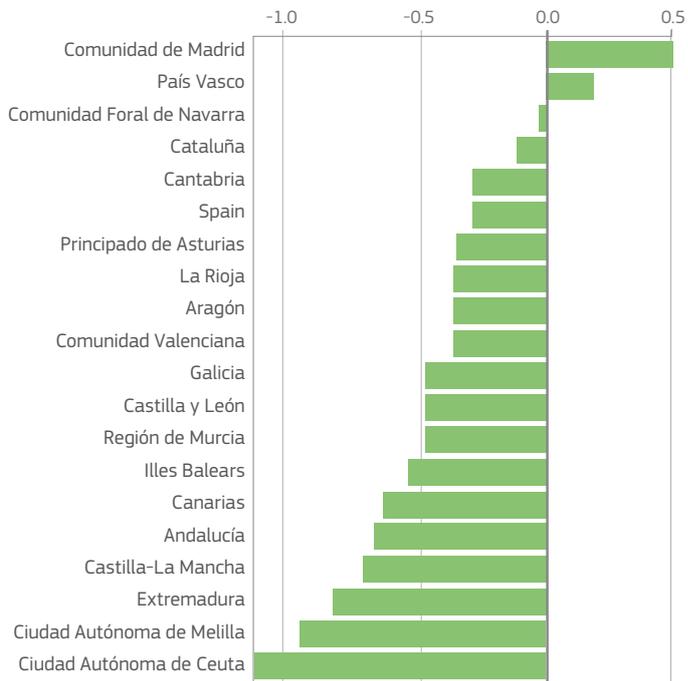
Overall, stable gaps can be observed across the different RCI editions, although in some countries *chasing regions* have been catching up in recent years.

Monitoring the evolution of the capital/metropolitan gaps is particularly important for Cohesion Policy, the main mission of which is to help regions catch up and reduce geographical disparities. ■

## RCI gap in EU Member States, 2019



## RCI gap in Spain, 2013



### FIND OUT MORE

A full presentation of the European Regional Competitiveness Index 2019:

[https://ec.europa.eu/regional\\_policy/en/information/maps/regional\\_competitiveness/](https://ec.europa.eu/regional_policy/en/information/maps/regional_competitiveness/)

An overview of RCI 2019:

<https://cohesiondata.ec.europa.eu/stories/s/363v-4uq6>

For more on ESIF Funds open data follow @RegioEvaluation or check out #ESIFOpenData on Twitter

For a country-by-country analysis, select your country of interest in both bar charts at the link below and compare the gap between the best-performing region

(always at the top of the chart) and the following regions. For example, in France, there is a slight convergence of Alsace and Rhône-Alpes towards the capital region Île-de-France. On the other hand, in Hungary, the trend indicates that Budapest (Közép Magyarország) is slowly diverging from the rest of the country which is struggling to keep pace.

From the interactive charts, you can select your country of interest and compare the RCI scores for all the regions in that country between the 2013 Index, which captures the socio-economic situation just before the 2008 economic crisis, and the most recent RCI 2019.

**Do you have an issue you would like discussed in future *Panorama* DATA POINT features?**

**Is there a dataset you would like us to put on the ESIF Open Data Platform?**

If so, please e-mail: REGIO-EVAL@ec.europa.eu

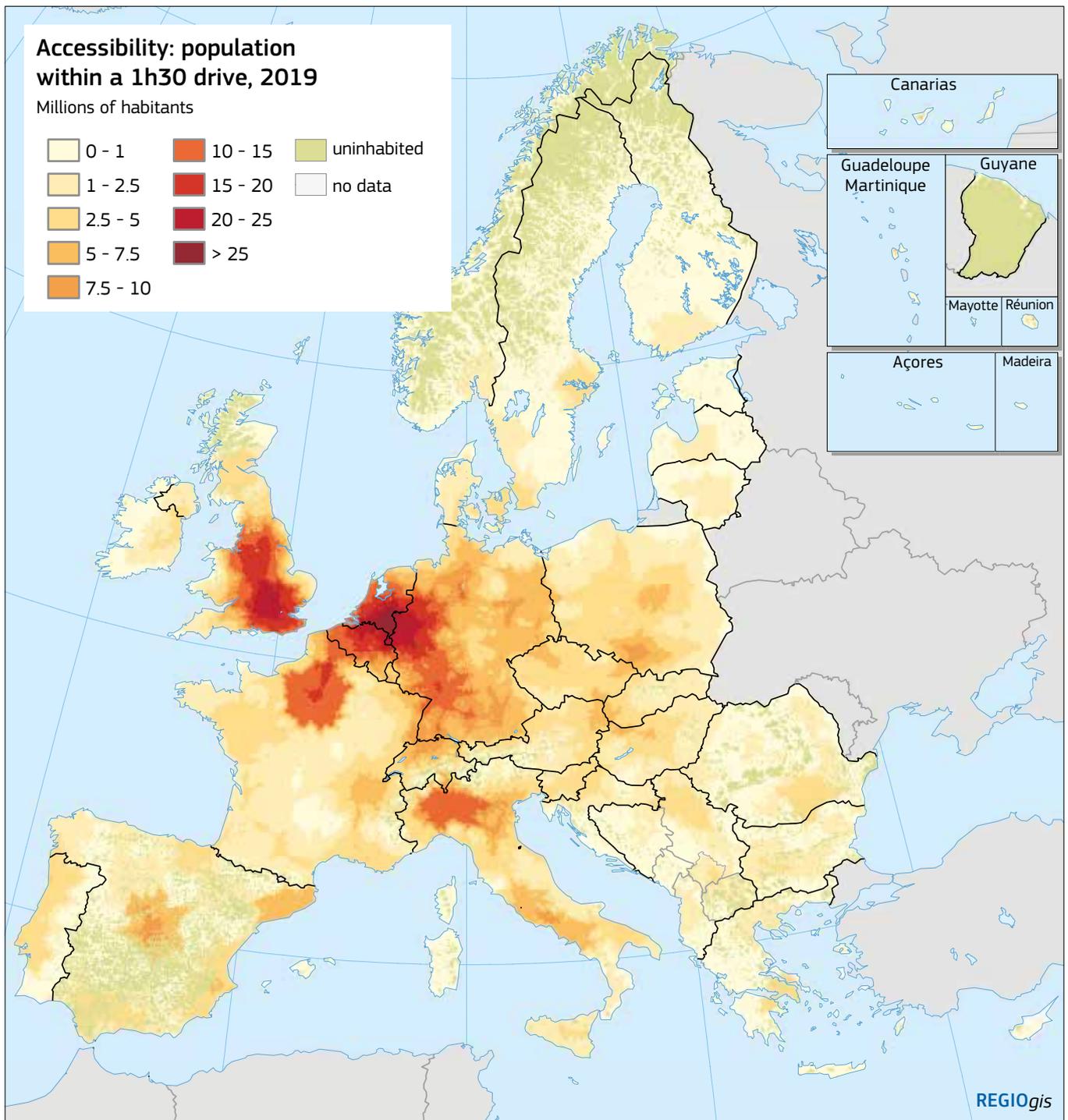
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## Mapping accessibility via Europe's major road networks

The map below shows how many people can be reached within a 90-minute drive (not taking congestion into account). The capitals, big conurbations and large cities in Europe all have very high levels of accessibility. However, these high levels are mainly

determined by the spatial concentration of population and far less by the quality and quantity of road infrastructure. If many people live nearby, a location can have a high level of accessibility even though it has a relatively poor road infrastructure.



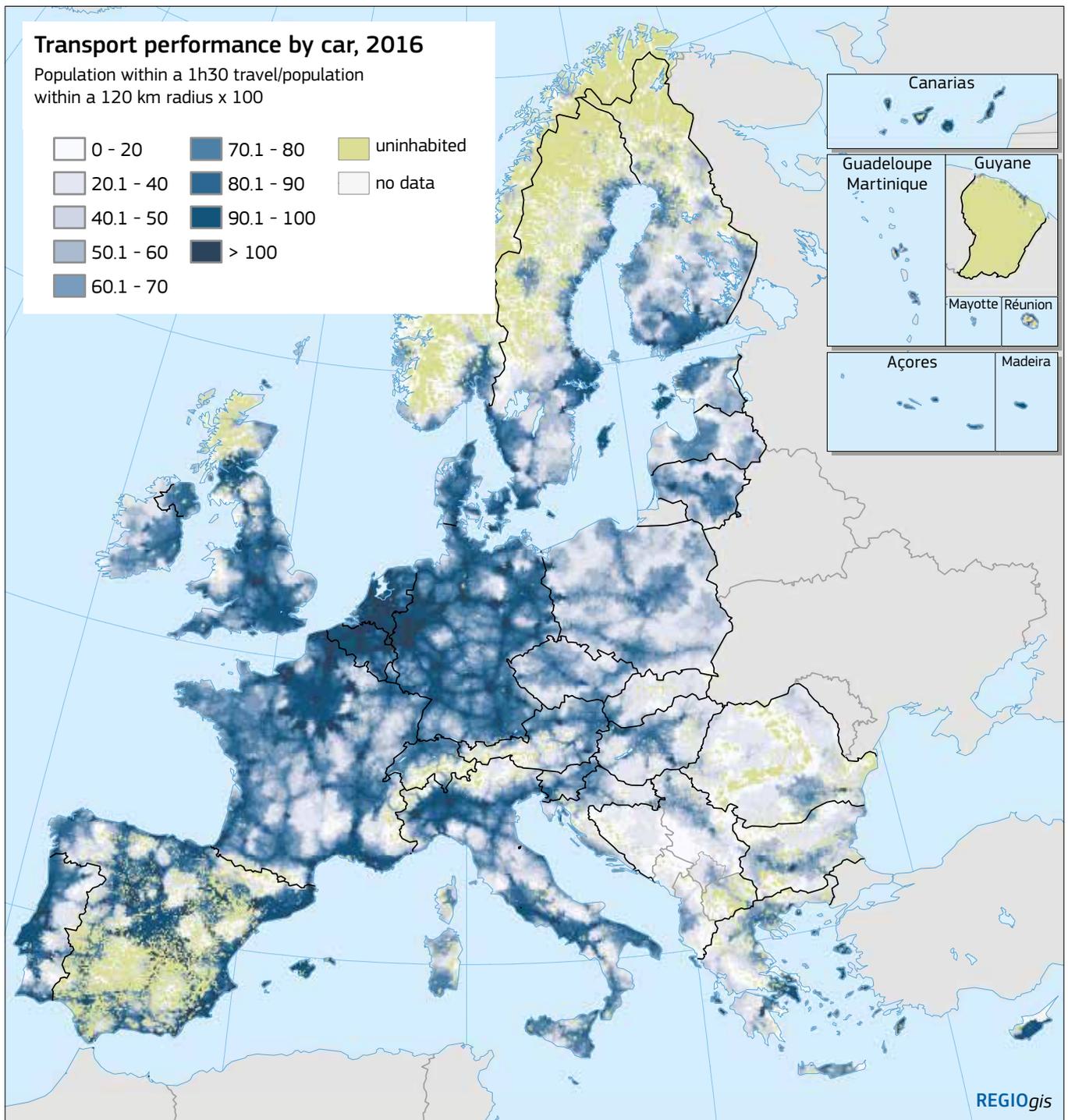
Map shows the population weighted average for cells of 5x5 km for better visualisation.

Analysis was done for 1x1 km cells.

Sources: REGIO-GIS, Eurostat, JRC, TomTom, IGN-F

To identify which places have good road infrastructure, the map below shows where people can reach the nearby population easily. A score of 100 or more is very good. It means that within a 90-minute drive a person can reach at least the same number of people as live within a 120-km radius. On this map, the main highway network in western Europe stands

out clearly. In eastern EU, the road performance is much lower, even around the capitals and main cities. In general, rural areas have a lower level of road-transport performance despite a far higher length of road network per resident than cities. The dispersed population in rural areas makes it very costly to provide access to high-speed roads. ■



Map shows the population weighted average for cells of 5x5 km for better visualisation. Analysis was done for 1x1 km cells. Sources: REGIO-GIS, Eurostat, JRC, TomTom, IGN-F

# “Interreg Volunteer Youth”

## On track for a modern railway line around Mount Etna

Nowadays, it is still possible to identify several persistent issues such as the lack of adequate and innovative public services in different regions. It must be acknowledged that, in most cases, EU Member States are not able to eliminate the enormous difficulties that exist in their regions, in particular convergence issues like those in Sicily.

Thus, the question is: what can be done to resolve these difficult issues? The answer will be to support and reinforce Cohesion Policy. The importance of the policy is also underlined by DG Regio’s ‘EU in My Region’ initiative which highlights and shares the most symbolic projects approved by the European Commission, such as the extension of Circumetnea railway line (built in 1890) around the city of Catania, the seventh largest metropolitan city throughout Italy.

The above-mentioned project is one of the most relevant, sustainable, efficient and innovative projects in Italy designated in the programming period 2014-2020. A maximum contribution of EUR 478 million has been allocated for building eight new stations: San Domenico, Vittorio Emanuele, Palestro, San Leone, Verrazzano, Librino, Santa Maria Goretti and Airport.

The extension will make it easier for students, workers and tourists to move around and to reach the city centre from the airport, although the number of passengers per year has significantly increased from 600000 to 5 million, recorded in 2018. It also implies a reduction in CO<sub>2</sub> emissions because, among various other reasons, train passengers will not use their cars so often.

It must be no forgotten that this project is also crucial as it concerns smart specialisation, and the municipality of Catania has suffered from a lack of savings in recent times.

In addition, the Circumetnea railway line was also one of the projects co-funded by the European Regional Development Fund (ERDF) for the period 2007-2013. Under the regional operational programme for Sicily, launched on 7 September 2007, four stretches of railway were built: Galatea-Giovanni XIII, Giovanni XIII-Stesicoro, Borgo-Nesima and Nesima-Misterbianco Centro.

The whole project is well aligned to Cohesion Policy which aims to make EU citizens feel closer by cutting the distances separating them. ■



**Danilo Distefano** is a former volunteer in the Interreg South Baltic Programme Joint Secretariat, thanks to the Interreg Youth Volunteer initiative.

## PROJECTS

TAKING A JOURNEY BACK  
IN TIME BY ROAD AND RAIL

**TOTAL INVESTMENT**  
**EUR 11 332 552**

**EU CONTRIBUTION**  
**EUR 7 199 455**

**Thanks to two complementary projects, a unique museum complex is being developed at the headquarters of the world-famous Tatra vehicles in Kopřivnice, Czechia.**

Work started in 2019 to convert the firm's unused foundry building into a state-of-the-art museum, adding to and enlarging the two exhibitions currently associated with the famous brand. The project's main aim is to present a comprehensive collection of vehicles mapping Tatra's history and the development of the automotive industry through sophisticated, visually attractive and interactive displays.

Dating back to 1850, Tatra, the oldest Czech automotive company and the third oldest vehicle producer in the world, is regarded as one of the crown jewels of Czechia's industry. Visitors to the current Tatra Technical Museum can see the very first car produced in 1897 – the Präsident – which was the first carriage to be powered by an engine instead of horse-drawn.

However, the museum lacked sufficient space to display the entire collection which meant that some of the exhibits had to be kept in storage.

### Tatra Vehicles Museum project

The new Tatra Vehicles Museum project set out to solve this problem (total investment EUR 6.7 million). Developed by the Moravian-Silesian Regional Government, with funding from the European Regional Development Fund (EUR 4 million), the new space, which is now situated in a former foundry and storage area at the same venue, is scheduled to open in 2021.

In addition to 60 unique exhibits, visitors will be able to see 70 vintage models, especially trucks, donated to the museum by the owners of the Tatra Trucks company, and special exhibits showing how the engines actually work.

### Slovenska Strela

In January 2018, Tatra Trucks also secured a European grant for a project to reconstruct a Czech national cultural heritage item – the Tatra T 68 motorised train, also known as the Slovak Missile. The train had been displayed until mid-2018 in front of the Kopřivnice Technical Museum but it was not protected from the elements and was deteriorating.

Tatra Trucks decided to recondition the Slovak Missile and to build an entirely new exhibition area for it alongside the new exhibition spaces at the Tatra Vehicles Museum.

The total cost of the project to reconstruct the Slovak Missile, including construction of the exhibition space, is estimated at EUR 4.6 million, almost EUR 3.1 million of which will be covered by European funding, with the rest coming from Tatra Trucks.

The Slovak Missile restoration started several months ago and will involve comprehensive repairs to return it to an operational state. The job should be completed within a year, after which the train will be moved to the new exhibition area. In good weather, it will be taken outside and, on special occasions, may even make trips on Kopřivnice's public railway lines. ■

### FIND OUT MORE

<https://www.tatramuseum.cz/index.php?r=5&idj=2>  
<http://slovenska-strela.cz/en-GB>



## PROJECTS

# DIGITAL TECHNOLOGIES BOOST SPAIN'S NATIONAL HEALTH SERVICE

**TOTAL INVESTMENT**  
**EUR 33 471 081**

**EU CONTRIBUTION**  
**EUR 23 402 419**

**The Health and Social Well-Being Programme (SBS) has consolidated the use of ICT within Spain's national health system. The focus has been on making key electronic services for citizens and health-care providers interoperable and more efficient. Backed by the ERDF, this project is helping people access vital health services across the country, not just where they live.**

**T**he SBS programme facilitated the effective exchange of electronic prescriptions and digital medical records in the Spanish national health system which is based on a decentralised structure. Work was also carried out to evaluate user information systems in the health service.

Implementation of the electronic prescription service means that all Spanish citizens can obtain a prescription at any pharmacy in the country. This brings major benefits for people who may be on holiday or travelling and do not want their treatments interrupted. Under the old system, people could only get their prescriptions and medicines in their region of residence. The electronic prescription service has been implemented in all 13 000 primary care centres across Spain as well as all the country's 21 000 pharmacies.

The nationwide roll-out of the digital clinical-histories system enables the exchange of medical records between all 17 Spanish regions (autonomous communities), and two Spanish autonomous cities (Ceuta and Melilla). Public health officials and doctors can now see anyone's records, helping them to provide effective treatment anywhere in the country. Moreover, patients can use a secure identity-verification system to view and download their medical records and find out who has else has seen them.

The project has also improved the identification system for health-service users by incorporating vital and up-to-date security measures. These changes will safeguard data confidentiality while authenticating the identity of doctors, pharmacists and patients.

All Spanish citizens – 46.5 million people – now have health cards which they can use to access the digital services.

## Essential infrastructure

To bring about change, the SBS project carried out a number of tasks. Health-centre professionals were provided with the appropriate equipment, including high-resolution screens and workstations. Data-processing, storage and wireless-access (Wi-Fi) infrastructure was installed in hospitals. Furthermore, software was developed to improve the interoperability, management, digitisation and archiving of clinical records within the Spanish health system.

Meanwhile, the introduction of centralised systems of certificate safe keeping, authentication and an electronic signature for healthcare professionals has helped to deliver the project's digital security requirements. ■

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## FIND OUT MORE

<http://www.red.es>

## PROJECTS

# ARTIFICIAL NOSE SNIFFS OUT FRESHNESS OF PACKAGED FOOD

**TOTAL INVESTMENT  
EUR 2013 200**

**EU CONTRIBUTION  
EUR 1 006 600**

**A cross-border project that brings together researchers and food companies from Belgium and France is devising a new, low-cost way to check the freshness of packaged food. The aim is to reduce food waste by giving manufacturers and consumers a more precise assessment of a product's shelf life.**

The TERAFOOD project, which is funded by the European Regional Development Fund, aims to develop a commercial sensor that harnesses what is known as THz technology. The concept uses non-ionising electromagnetic radiation which interacts with trace gases that are generated when food degrades. The project team aims to integrate the new sensor into the food packaging itself so that the accurate measurements it provides will stop consumers throwing away food which is still fit to eat.

From processing through to the end consumer, waste is generated across the food production chain. However, it is estimated that the processing phase alone generates around 50 % of that waste, mainly in the manufacturing of packaged food.

Currently, methods to check the freshness of packaged food involve companies taking random samples on a regular basis from their own production lines. To ensure acceptable safety margins, this method tends to lower the use-by date deadlines which generates unnecessary waste during processing and storage in shops and at home. Manufacturers can also incur significant financial losses due to the cost of sampling and analysis.

TERAFOOD promises a more accurate, non-invasive assessment based on real-time data. The project's sensor, which monitors biomarkers generated as a product naturally degrades, can be used through the entire production and

distribution process. Each package fitted with the sensor is fully traceable and defects can be detected at any point in a product's life.

Detection is based on measurements of volatile organic compounds found inside the packaging. With an accuracy greater than one part per million, the sensor also has the potential to build consumer confidence in the food production chain.

## Sensor on trial

To date, the project team has developed and manufactured a first-generation sensor which is being trialled and tested. Furthermore, the detection principle on which the sensor is based has been protected by a patent. A secure online platform has also been set up where project partners can upload data collected during their research.

TERAFOOD was showcased during the 9<sup>th</sup> THz Days held at the University of Dunkerque, France in June 2017. In January 2019, a thematic introduction workshop took place at the premises of the Photonics Research Group partner at the Faculty of Science at Belgium's University of Ghent.

The next workshop, in February 2020, will be hosted by the project coordinator, the Institute of Electronics, Micro-electronics and Nanotechnology in Villeneuve d'Ascq, France. Two demonstration workshops will showcase the new sensor at the end of 2020 and the final project event will take place in spring 2021. ■

## FIND OUT MORE

<https://terafood.iemn.fr/>



## PROJECTS

# CANAL RENOVATIONS REDUCE FLOOD RISKS IN HUNGARY AND SERBIA

**TOTAL INVESTMENT  
EUR 8 699 537**

**EU CONTRIBUTION  
EUR 7 394 607**

**The EU-funded BABECA project is restoring a canal network running through Hungary and Serbia to reduce flood risks and improve the water quality on both sides of the border.**

**T**otalling 44.8 km in length – 32.2 km in Hungary, 10.6 km in Serbia and 2 km along the border – the Baja-Bezdan Canal was historically an important route for the transportation of goods using water from the River Danube. Today, it is used mainly for agricultural irrigation, sports and recreation but has deteriorated in recent years due to a lack of maintenance.

Funding from the Interreg Instrument for Pre-Accession Assistance will be used to rehabilitate the canal and maintain it in the future, bringing benefits to around 110 000 people. The new flood-protection measures will also bolster the flood-defence role of the River Danube, which lies downstream from the canal and collects rainwater running off from hills inland.

The repairs carried out during the project will reduce bottlenecks along the canal network, making travel along the waterways easier through Hungary and Serbia. This cross-border cooperation will also support local tourism along the canal.

### Channelling clean-up efforts

In Hungary, 5 600 metres of the canal will be dredged to clear weeds and other material which is blocking the flow of water. The status of the water was previously assessed as 'poor' on account of the build-up of mud. BABECA will help to clear debris in the water by constructing boat ramps and driftwood removal platforms at three different locations.

In Serbia, the project will renovate two locks – devices used to raise and lower craft between canal sections that are uphill or downhill from each other – so that they can function safely. The Bezdan lock has not been used since 1995 due to its condition and poor machinery, while the Šebešfok lock and sluice gates were never completed.

Looking ahead, the project aims to ensure the long-term sustainability of the canal, which will continue to be jointly managed by both Serbia and Hungary. The improved quality of water will revitalise the canal's aquatic life, which includes fish and insects, while cross-border cooperation will also support the building of vessels in the Bezdan shipyard and tourism across the regions. ■

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**FIND OUT MORE**

<http://www.babeca.eu/app/>

# AGENDA

## 6 FEBRUARY

Brussels (BE)

### High-level conference 'Engaging citizens for good governance in Cohesion Policy'

## 24-25 MARCH

Brussels (BE)

### Outermost Regions Forum 2020 'Together for a sustainable future'

## 12-15 OCTOBER

Brussels (BE)

### European Week of Regions and Cities

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