



# DEFR 2020

## Regional Economic and Financial Document



## **Foreword**

*For the sixth and final time since it took office, this Council of the Emilia-Romagna Region has approved the Regional Economic and Financial Document - the DEFR 2020.*

*The decision to publish the first document (issued in March 2015) ahead of the legally required deadline enabled the Council to set out its policy commitments for its five-year mandate in terms of strategic objectives right from the start of its term.*

*The sequence of documents has provided a record over time of all the factors that have contributed to the achievement of the expected results for the strategic objectives concerned, such as implementation tools and procedures, the players involved, impacts on the local authorities and impacts in terms of equal opportunities and the fight against discrimination. Moreover, a comparison of the strategic objectives included in the various editions of the DEFR immediately highlights any changes in approach, made necessary by new contexts as they have evolved, or in response to the level of achievement of the expected results. Good planning implies also being able to make corrections while projects are ongoing.*

*These corrections were also enabled by the establishment, also from the very first year of the term of office, of the strategic control system, which has allowed planning to be adjusted in response to the findings of feedback mechanisms monitoring the differences between the expected results and those achieved. The Regional Government's aim in formally adopting the planning process ahead of the legal deadline was not only to meet needs for transparency and honesty in relation to the local community but also to enable formal reporting of the outcomes of its main planning document, via the DEFR Report, normally approved in October at the same time as the Update. So far, three DEFR Reports have been approved; the fourth, and the last of the term of office, relating to 2018, is now nearing completion, also ahead of the deadline, since it provides input necessary for the Strategic Control Report for the legislature, currently being drawn up and to be published soon.*

*With the approval of the Council members, for this edition of the DEFR only Part I has been issued, postponing the preparation of Parts II and III - which will define the strategic planning objectives and the guidelines for the functional departments and region-owned companies respectively - until the new Council takes office.*

*The picture presented is that of a region able to compete with the world's most highly developed areas, by reason not only of the results achieved in terms of growth, export and employment, in all of which we are leaders within Italy, but also of the successful work to reinforce the competitiveness, research, development and innovation of the Regional System, which has made our area a real international Data Valley.*

*The recently signed Alliance for sustainable growth, in which we play a leading role, is another step in this direction, involving partner Regions from the four continents which lead the world in innovation: Gauteng Province in South Africa, Guangdong Province in China, the States of Pennsylvania and California, the French Region of Nouvelle-Aquitaine, and the German Land of Hessen. The Alliance, formally established by the "Regions for Global Sustainable Development" Declaration included below, officially commits us to active cooperation on the topics of big data and digitalisation, smart cities, welfare, climate change and the environment.*

*It assists in the development of the intangible and tangible infrastructures necessary to prepare the Regional System to face the challenges set by globalisation, which imply not only greater complexities to be managed but also greater opportunities to be taken, in terms of international relations and cooperation between areas. In an open economy, interdependencies are more and more important and the ability to network becomes increasingly vital.*

*And it is through its networking ability that in 2018 our Region recorded a growth in GDP of 1.4%, an impressive half a percentage point higher than that of Italy overall.*


*Exports, traditionally a strong feature of the Emilia-Romagna economy, were just under 63.5 billion Euros, or 13.7% of the Italian total: in per capita terms, the Region exported almost twice the national average.*

*The Pact for Employment, firmly at the centre of regional government policy, involved all the main players in the Region's society: not just the Provinces and Provincial Capitals, but also industry and employers' associations, the Third Sector, Unioncamere (Chambers of Commerce), the ABI (Banks), the Regional Education Department and the Universities, continued to generate results on the labour market which put us ahead of the other regions, with regard both to employment rate (almost 75%) and jobless rate (5.9%). Considering that per capita GDP in Emilia-Romagna is 25% above the national average, the data available indicate that about two thirds of this difference is due to the higher employment rate and the other third to a productivity gap.*

*It will be the duty of the next Council to set the planning objectives for the next five-year period, and we sincerely hope that the results achieved from 2015 to 2019 can be maintained or even improved.*

*Councillor for budget, institutional reorganisation,  
human resources and equal opportunities*

*Emma Petitti*

A handwritten signature in black ink, appearing to read 'Emma Petitti', written in a cursive style.



## **PART I**

### **The Context**





## 1.1 BRIEF DESCRIPTION OF THE ECONOMIC AND FINANCIAL CONTEXT

### 1.1.3 Regional scenario

In 2018 the economy of the Emilia-Romagna Region continued to grow at a higher rate than the Italian economy overall. Definitive data are not yet available, but the latest estimates for 2018 indicate a growth in regional **GDP** of 1.4%. This would put our region at the top of the Italian growth table, alongside Lombardy.

As we have already seen, in 2018 the Italian economy grew by 0.9%. Therefore, the region achieved a positive growth differential of no fewer than 50 base points. The regional GDP growth rate has exceeded the national figure ever since 2011, but the difference has rarely been so high.

In 2019, Prometeia forecasts that the economy in the Emilia-Romagna Region will expand at a rate of 0.3%, much less than in 2018 but still growth and still higher than the perhaps optimistic national forecast contained in last April's Economic and Financial Document (+0.2%). The growth rate forecast for 2020 is 1%. Therefore, according to Prometeia Emilia-Romagna should continue to head the Italian regional GDP growth table<sup>1</sup>.

Emilia-Romagna Region Economic Scenario and Forecasts				
	2018	2019	2020	2021
<b>Profit and loss account*</b>				
GDP	1.4	0.3	1.0	1.1
Household consumption	1.0	0.8	1.1	1.1
Export	4.0	2.9	2.5	3.0
<b>Labour market**</b>				
Unemployment rate	5.9	5.9	6.0	5.6

Source: Prometeia (April 2019)

\* Concatenated values % variation

\*\* % Values

In 2018, household **disposable income** is estimated to have grown by 2% in real terms compared to 2017. This continues to be reflected in a positive trend in consumption (+1%), although the increase was smaller than in the previous year. In particular, household expenditure on durable goods rose. The growth in spending on furniture (with demand favoured by the extension of the tax credit and the expansion of the residential property market) and household appliances was especially dynamic. Spending on new cars fell, reflecting the drop in new registrations.

In 2018 the **construction** industry had still not returned to pre-crisis levels, although the Prometeia estimates indicate growth of +2.4%, while the Unioncamere Emilia-Romagna figures point to +1.7%. There was a recovery in the housing market, in particular. Home sales rose by 11.3%, and after 6 years of a downward trend a slight increase in prices was recorded.

**Export** is traditionally a strength of the Emilia-Romagna economy. In 2018 the trend in exports, although hit by the slowdown in global demand, still increased impressively, with growth of 5.7% compared to the national figure of 3.1%. This means that our region's exports grew at almost twice

<sup>1</sup> For 2019 and 2020, Lombardy tops the table with forecast growth rates of 0.4% and 1% respectively.

the national average rate. This brought the value of export sales to almost 63.5 billion Euros, or 13.7% of Italy's total exports. Since in terms of population Emilia-Romagna accounts for just 7.3% of the national total, the region's per capita exports are almost twice the national figure.

Looking at the breakdown of exports by product category, the macro-sector of machinery, equipment and means of transport was once again the biggest exporter, accounting on its own for about 40% of the region's exports. This was followed by the textile and fashion industry, with about 13% of the total, and food, which maintained its share of almost 9%. On the other hand, there was a fall-off in non-metallic mineral products (the category which includes the ceramics industry): however, this downturn (-3.1%) was the first after nine years of uninterrupted growth. The woodworking industry and the other manufactured goods category recorded the highest growth levels.

<b>Emilia-Romagna exports: main industries. Year 2018</b>			
	<b>Value (1)</b>	<b>% Variation (2)</b>	<b>Share of total (3)</b>
Agriculture, forestry, fishing	979	0.5	1.5
Food and beverages	5,518	4.2	8.7
Textiles, clothing, leather, footwear	7,037	6.4	11.1
Woodworking and furniture industry	841	8.5	1.3
Chemicals, oil, pharmaceuticals, rubber and plastics	6,279	5.6	9.9
Non-metallic mineral products	4,378	-3.1	6.9
Metallurgy and metal products not including machinery and equipment	4,916	7.5	7.8
Electrical, electronic, optical, medical and measuring equipment	5,086	7.0	8.0
Other machinery and equipment	18,562	4.7	29.3
Means of transport	7,248	7.0	11.4
Other manufactured goods	1,791	8.6	2.8
<b>Total export</b>	<b>63,427</b>	<b>5.7</b>	<b>100.0</b>

Source: Istat data on Exports of the Italian Regions, processed by Unioncamere Emilia-Romagna

(1) Current value in million Euros.

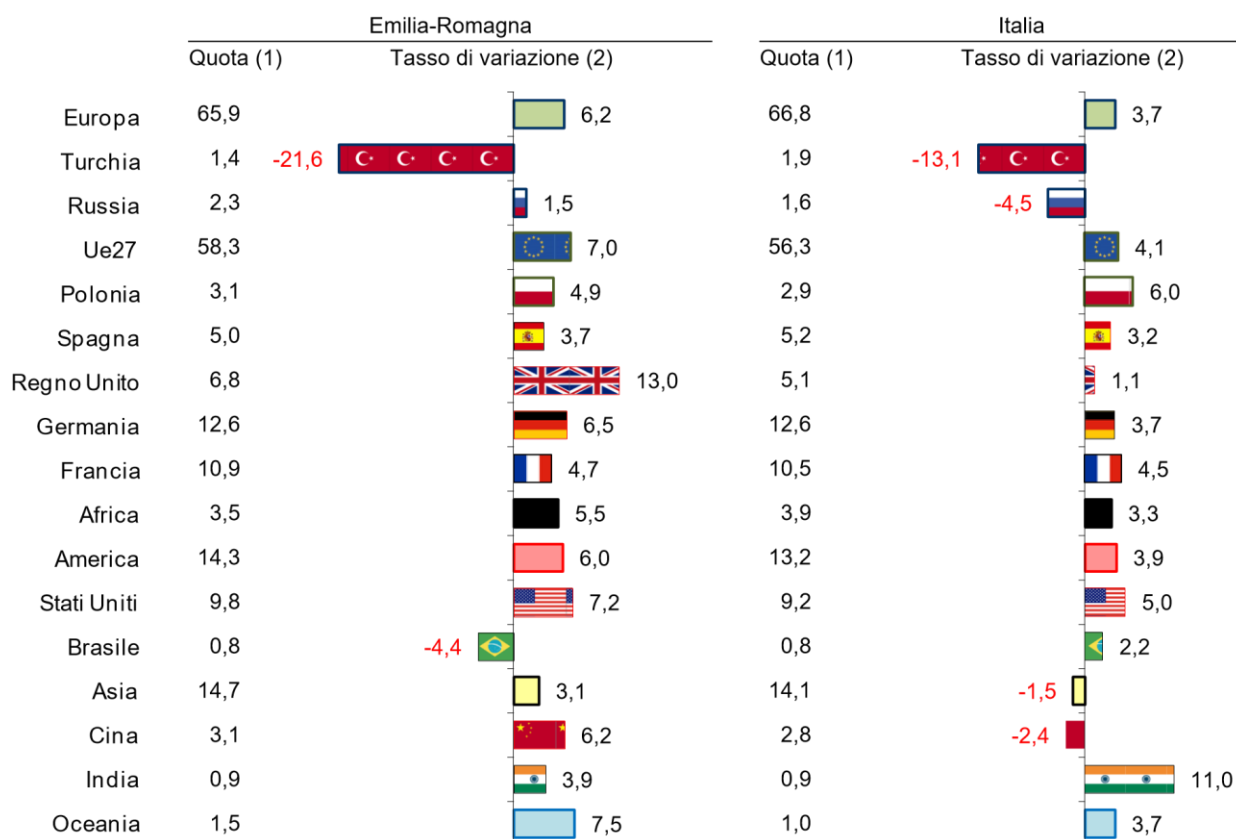
(2) Variation from previous year.

(3) Percentage of total export. (4) Annual index (base: 2008 = 100) at current values.

With regard to destination markets, exports to most of the main markets rose, with a particularly large increase for the United Kingdom. On the other hand, there was a sharp drop in exports to Turkey (-21.6%), due to the currency crisis which hit the country, and to Brazil (-4.4%).

The chart below illustrates the main export markets, with a comparison between Emilia-Romagna and Italy.

**Emilia-Romagna and Italian exports: selection of main destination countries and areas.  
Year 2018**



Source: Istat data on Exports of the Italian Regions, processed by Unioncamere Emilia-Romagna

As far as the **labour market** is concerned, employment increased in 2018 (+1%), and, unlike the previous year, at twice the national average rate. This growth was due mainly to a rise in employed workers (against a drop in the number of self-employed), with a stronger employment market for more highly educated workers.

Overall, the employment rate (for the population of 20-64 years of age) was nearly 75% (74.4% to be precise), almost 11 percentage points above the national average.

The jobless rate fell compared to 2017, reaching a level of 5.9%, a value at which some industries usually start to experience a labour shortage. Here again, the value is significantly better than the Italian average (by no less than 5 percentage points). During the current year, the unemployment rate is expected to remain stable.

**Emilia-Romagna Region – Structural indicators for the year 2018**

	<b>% Values</b>	<b>Italy index number=100</b>
Employment rate*	74.4	
Unemployment rate	5.9	55.1
Economic activity rate	48.2	111.4
	<b>Absolute values (million Euros at current value)</b>	<b>% shares (Italy)</b>
GDP	160,804	9.2
Household consumption	95,566	8.9
Gross fixed capital	29,499	9.3
Import	36,375	9.0
Export	63,427	13.8
Disposable income	105,164	9.0
	<b>Absolute values (thousand Euros at current value per capita)</b>	<b>Italy index number=100</b>
GDP per capita	36.1	124.3
Disposable income per capita	23.6	121.8

*Source: Prometeia (April 2019)*

*\* Data provided by Eurostat and processed by the Emilia-Romagna Region*

The macroeconomic trends of recent years, the current year and the following years confirm and strengthen the dominant role of the Emilia-Romagna economy within the national context. Table 13 contains a number of structural economic indicators enabling a comparison of the regional and national economies. GDP per capita in Emilia-Romagna is 25% higher than the national average. About two thirds of this difference is due to the higher employment rate, and the other third to a productivity gap. The difference in disposable income is lower than that in output, because of the redistributive effect of the tax wedge.

The Emilia-Romagna Region ranks first also with respect to the **Europe 2020 Strategy**. Table 14 gives the targets set for Europe as a whole and Italy, and the current standing of Emilia-Romagna with respect to Italy and the EU Member States, for each of the eight indicators. Compared to the national targets, the Region shows better indicators for employment rate (referred to population aged 20-64),<sup>2</sup> the school drop-out rate, expenditure on R&D and higher education. The situation is also very good with regard to the population at risk of poverty and social exclusion. No data are available at regional level on the energy saving, energy efficiency and greenhouse gas emission reduction targets.

<sup>2</sup> This indicator is also better than the Europe 28 target.

Europe 2020 indicators for the Emilia-Romagna Region				
Indicators	EU target	Italy target	Current level	
Employment rate 20-64	75%	67-69%	Emilia-Romagna (2018)	74.4%
			Italy (2018)	63.0%
			Europe 28 (2018)	73.2%
GERD in % of GDP	3%	1.53%	Emilia-Romagna (2016)	1.96%
			Italy (2017 <sup>^</sup> )	1.35%
			Europe 28 (2017 <sup>^</sup> )	2.06%
GHG emissions (% variation of emissions vs 1990)	-20% vs 1990	-13% vs 1990	Emilia-Romagna	n.a.
			Italy (2016)	-16.2%
			Europe 28 (2016)	-22.4%
Renewable energy (% of final energy consumption)	20%	17%	Emilia-Romagna	n.a.
			Italy (2017)	18.3%
			Europe 28 (2017)	17.5%
Energy efficiency (% variation of energy consumption vs 2005)	-13% vs 2005		Emilia-Romagna	n.a.
			Italy (2017)	-17.6%
			Europe 28 (2017)	-9.2%
School drop-out rate (% of population aged 18- 24 with lower secondary school diploma or lower)	10%	15-16%	Emilia-Romagna (2018)	11.0%
			Italy (2018)	14.5%
			Europe 28 (2018)	10.6%
Tertiary education (% of population aged 30- 34 completing tertiary education)	40%	26-27%	Emilia-Romagna (2018)	34.4%
			Italy (2018)	27.8%
			Europe 28 (2018)	40.7%
Population at risk of poverty or social exclusion (% of people in families at risk of poverty or social exclusion*)	-20 million people	-2.2 million people	Emilia-Romagna (2017)	17.2%
			Italy (2017)	28.9%
			Europe 28 (2017)	22.4%

<sup>^</sup> *provisional or estimated figure*

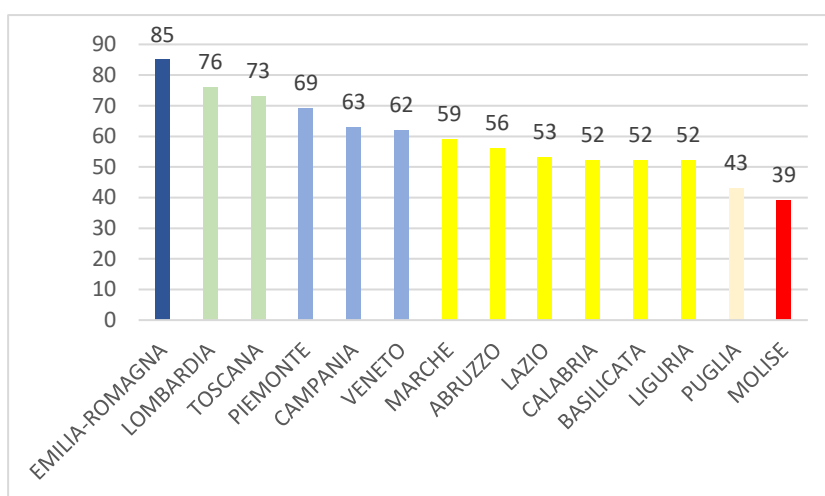
\* *For a comparison of countries or regions, the indicator being used is the percentage of population at risk of poverty or social exclusion out of total population.*

*Source: data provided by Eurostat and processed by the Emilia-Romagna Region*

## FOCUS ON PUBLIC RATING OF THE EMILIA-ROMAGNA REGION BUDGET

The Public Rating is a method of assessing the overall quality and sustainability of Public Administrations,<sup>3</sup> which allows their efficiency and transparency to be measured in accordance with Italian Legislative Decrees 33/2013 and 190/2012. The model is based on the methodology of the ESG sustainability indices used on the financial markets, and considers a number of macro-areas. Each macro-area is assessed on the basis of a number of indicators, and by assigning each of them a score out of 100 and applying a mathematical algorithm, the individual Public Administration can be assigned a Public Rating.

Our region is at the top of the table of the **Public Ratings** of the Regions with Ordinary Statute (ROS), produced on the basis of the Budget macro-areas.<sup>4</sup>The rating classifies it as the best Italian region, the only one rated as *Excellent*, with a score of 85 out of 100 for its governance, followed by Lombardy with 76 and Tuscany with 73. The average value for Italy is 59.1.



The Rating classes are as follows.

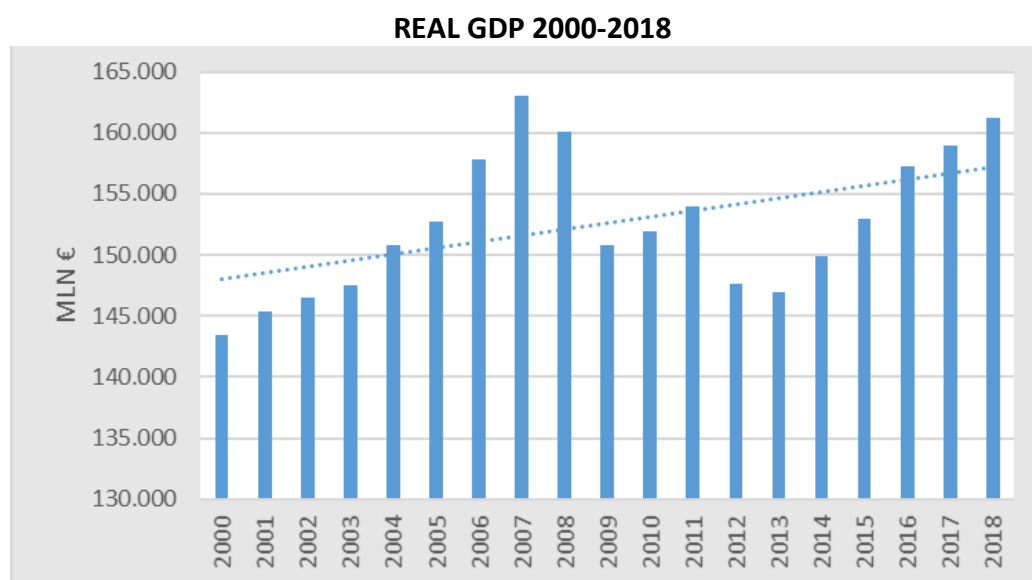
Rating Classes				
correspondence with traditional Rating classes	Public Rating	score	Rating class	Rating class score
A	PPP	90-100	<i>Excellent</i>	from 80 to 100
	PPP-	80-89		
B	PP	70-79	<i>Good</i>	from 60 to 79
	PP-	60-69		
C	P+	50-59	<i>Satisfactory</i>	from 50 to 59
D	P	40-49	<i>Weak</i>	from 40 to 49
E	P-	20-39	<i>Poor</i>	from 20 to 39
F	F	0-19	<i>Fallible</i>	from 0 to 19

<sup>3</sup> Created by Fondazione Etica and produced by Agenzia del Rating Pubblico - Public Rating Agency (both independent, not-for-profit organisations).

<sup>4</sup> The data analysed refer to 2016. They were published by Istat in reclassified form after 18 months. The indicators used for the Budget macro-area include: financial self-sufficiency, fiscal self-sufficiency, incidence of current account funding from Central and Regional Government and Public Bodies on revenue, per capita tax burden, tax collection rate, spending power, spending rigidity, incidence of labour costs on non-health current expenditure, incidence of loan repayments on current expenditure, degree of coverage of current expenditure, and loan repayments using current revenues.

## FOCUS ON REGIONAL GDP FROM 2000 TO 2018

The graph below illustrates the performance of Emilia-Romagna Region real GDP since the start of the century. It clearly shows the dramatic effect of the Great Recession, which caused a drop of about 10% in GDP, and the second recession due to the 2011 debt crisis, with a further cumulative reduction of about 5% during the next two years. The slow but constant recovery which began in 2014 has not yet fully recouped the ground lost due to the collapse in 2008 and the years which followed, but it has reduced the gap compared to pre-crisis levels to the point where it is now minimal, and considerably less than the shortfall for Italy as a whole.

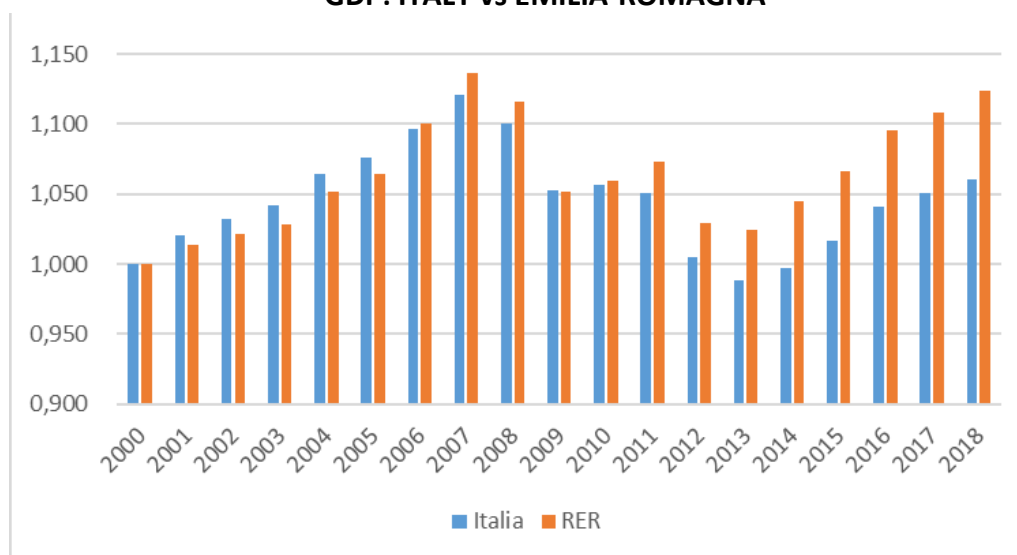


Source: Istat, Data Processed by Financial Planning and Control Service- Emilia-Romagna Region

Although the effects of the double-dip recession are obvious, over a longer period of time the trend in GDP has still been upward, as the dotted line drawn on the graph shows. Leaving aside the exceptional events of 2008-2013, the Emilia-Romagna economy tends to grow, in “normal” times, at a rate of about 1.5% a year in real terms - a more than acceptable value for a mature economy like ours, with a flat or even negative population trend.

It is important to underline that, although not sufficient to return us to 2007 levels, the recovery of the Emilia-Romagna economy in recent years has been significantly more rapid than that of the country overall. This is very clearly highlighted by the graph below, which compares the Italian and Emilia-Romagna GDP figures, taking the respective starting values as 100. With ups and downs, it can be seen that the trend in Emilia-Romagna GDP was more or less in line with that of the country as a whole until 2010. However, from 2011 the Emilia-Romagna economy accelerates significantly compared to the rest of the country. Given that since then the positive growth differential has been maintained, over the years the gap between regional and national GDP has increased, and it has now reached 5% compared to the baseline year. (Naturally, this is the additional gap generated between 2000 and the present, to be added to the differential already present at the start of the century. As we have already seen, the difference between the Emilia-Romagna and national per capita GDP is about 25%, due to both a higher degree of labour market participation by the population of our region and higher productivity per worker).

### GDP: ITALY vs EMILIA-ROMAGNA



Source: Istat, Data Processed by Financial Planning and Control Service - Emilia-Romagna Region



#### 1.1.4 The 2030 Agenda for Sustainable Development



By its decision no. 814 of 1 June 2018 the Regional Council decided:

- to launch a regional process of internal governance by mandating a specific interdepartmental regional technical Working Group for the 2030 Agenda for Sustainable Development, tasked with coordinating the various sector policies implementing the SDGs ([UN Sustainable Development Goals](#)) included in the 2030 Agenda in a multidisciplinary, cross-departmental way, and to instruct the 2030 Agenda Working Group to draw up a plan of action for 2018/2019 including:
  - a) the construction of a baseline review, to assess the positioning of the Emilia-Romagna Region in relation to the SDGs and the targets set by the 2030 Agenda for Sustainable Development;
  - b) an analysis of the indicators chosen by Istat for monitoring the 2030 Agenda, reclassified for regional competences and the actual ability of policies to directly or indirectly affect the achievement of the targets set for the various goals;
  - c) suggestion of possible agreements to expand collaborations and partnerships with the players most heavily involved in the 2030 Agenda (Associations, education and research system, local authorities, etc.);
  - d) identification of the key areas of activity for pursuance of the 2030 Agenda goals;
  - e) selection and proposal of the most suitable external communications options for ensuring constant information on the contribution of regional policies to the implementation of the 2030 Agenda, including the organisation of congresses, regular reporting, web portal, newsletters, etc.;
- to require the aforesaid Working Group to be established (by formal order) and led by the Chief of Staff of the President of the Council, and to:
  - a) be supported in its activities by an executive committee comprising managers and executives from the Staff of the President of the Council and the Directorate General for Resources, Europe, Institutions and Innovation, also tasked with providing organisational and methodological support for the necessary alignment with the Regional Economic and Financial Document (DEFER) and for statistical issues;
  - b) include representatives of the Directorates General, nominated by them, to provide the relative specific competences and supply specialist leadership on the 2030 Agenda topics and on the key aspects of sustainability. On the specific, motivated request of the Directors General, the Working Group may also include representatives of the regional Agencies and regional in-house providing companies; - receive support as and when necessary from specific technical groups of experts, appointed to provide additional knowledge considered necessary for the programme of work.

Therefore, resolution no. 10246 of 29 June 2018 established a specific interdepartmental regional technical Working Group for the 2030 Agenda for Sustainable Development, led by the Chief of Staff of the President of the Council.

At the end of 2018, under a call for projects issued by the Italian Ministry of the Environment, the Emilia-Romagna Region was awarded funding for the launch of integrated processes to support the drawing-up of a regional strategy for the 2030 Agenda. The funding was earmarked to support:

- A. Construction of the regional strategy's governance:
  - A1. Creation of an institutional executive committee (internal integration/cooperation)
  - A2. Involvement of the local stakeholder institutions
- B. Involvement of the general public:

- B1. Establishment of a Regional Forum for Sustainable Development
- B2. Any additional actions to engage with/inform local institutions and the general public
- C. Preparation of the document detailing the Regional Strategy for Sustainable Development
  - C1. Positioning of the Region/Autonomous Province with regard to the goals of the [National Sustainable Development Strategy](#) and the 17 goals of the 2030 Agenda
  - C2. Definition of the system of regional goals and priority actions
  - C3. Definition of the system of indicators and the monitoring and review plan
  - C4. Linking of the regional strategic objectives with the implementation tools and the regional Economic and Financial Document

After various meetings, the work which began in June 2018 has resulted in the selection of indicators useful for measuring the initial baseline for the Emilia-Romagna Region with regard to the 17 goals of the 2030 Agenda. This preliminary work was conducted with the support of the Regional Statistics sector and external support from ASviS – [Italian Alliance for Sustainable Development](#).

A large set of indicators has now been drawn up for validation and if necessary supplementation by the Directorates General in agreement with the competent Councillorships. A specific Council Meeting on the 2030 Agenda is currently being scheduled. The indicators in this set to be used at the national level by ASviS for its comparative reporting have been specified. It has also been agreed that the Emilia-Romagna Region prefers indicators which offer more accurate measurement of the contribution of regional policies to the 2030 Agenda goals. Preference will also be given to indicators used by other Italian Regions, to provide comparability.

At present, more than ten indicators per Goal have been identified (giving a total of almost 200). To improve the clarity of the undertaking, the intention is to make an initial selection to reduce the total number of indicators to a reasonable number (ideally 100), and then to involve the Regional President and Council in choosing a subset (ideally 10) for use as “banners” for primary communication and as the basis for publishing a target to be achieved by 2030.

A sustainable development Forum is to be established and the planning of a consultation and participation process is already underway. The Forum will start work in the second half of 2019. At the same time, events will be organised to provide information and allow discussion at the community level and with the various sectors of society, in the context of the Pact for Employment (which could potentially be transformed into a Pact for Sustainable Development and Growth).

This is a global challenge affecting all players within society, requiring a general mobilisation aimed to increase the Region's competitiveness and attractiveness by enhancing its sustainability. Therefore, leading-edge technologies, data management and skills must provide the foundations for the Emilia-Romagna Region 2030 Strategy, intended to ensure our Region is productive, sustainable and open to incomers.

### 1.1.5 EU multi-annual financial framework and development policy resources<sup>5</sup>

In communication COM(2018) 321 final, the European Commission published its draft budget for the Union for 2021-2027, amounting to 1,279 billion Euros of investments at current prices, equivalent to 1.114% of the national income of the 27-member Union. This formally opened the negotiations on the post-2020 Multiannual Financial Framework, and at the same time the negotiations on the Cohesion Policy and Common Agricultural Policy, in which the Region is committed to strongly supporting not only continuity in terms of resources in the investments in the Structural Funds (European Rural Development Fund, European Social Fund and European Agricultural Fund for Rural Development), but above all the confirmation of the planning role performed by the Regional Authorities within these two policies.

The 2021-27 budget and the relative regulations will be approved by the Union's new institutions as created by the 2019 elections, and outcomes are not expected before spring 2020.

In March 2019 the Ministry for Southern Italy and the Cohesion Policy Department also launched the discussions for the Partnership Agreement, which will decide the financial allocation of the EU funding awarded for the Cohesion Policy in Italy, by categories of Regions and by Structural Fund, as well as the list of the operational programmes and the respective investment priorities. The conclusion of the Partnership Agreement negotiations will also have to await the final decisions on European budget funding and Structural Fund rules.

The discussion groups working to define the main contents of the Partnership Agreements are as follows:

PARTNERSHIP DISCUSSION GROUPS
Group 1 - Businesses, digital agenda and research
Group 2 - A greener Europe
Group 3 - A more connected Europe
Group 4 - A more social Europe
Group 5 - A Europe closer to its people

All groups will also consider the following general topics:

- **Employment and job quality**, especially in Southern Italy.
- **Policies to support natural resources and the environment**, in order to conserve a stock of environmental assets for future generations (including risk management measures, reinforcement of the civil protection service, plan to combat hydrogeological instability, water management plans, programmes for polluting sites, etc.).
- **Quality of services**, which is also a litmus test for assessing the quality of Public Administration. Actions to reinforce the administrative capabilities of the Public Administration will also be promoted.
- **Promotion of culture as a vehicle for social cohesion**, especially in the South, where the cultural and creative sectors are most in need of support.

The latest EUSAIR Forum (BUDVA – Montenegro) reasserted the essential role of **ADRION**, of which the Region is the Managing Authority, for achieving the goals of the regional macro-strategy.

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<sup>5</sup> See previous editions of the DEFR and its update, the NADEFR, for a more detailed picture.

Like the ESIF Funds, European Territorial Cooperation will also be affected by the European Commission's new proposals with regard both to the funds it receives in the future and the redefinition of the geography of the cooperation networks.

The trilogue meetings to come up with outline proposals for discussion with the Member States will not open until October 2019. The Commission's position papers regarding the cross-border and transnational components of European Territorial Cooperation, which will decide the programmes' geographies, are also expected for the end of October.

The Italian position as of today is that the current situation should be conserved in terms of both the funds allocated and the programmes themselves and the relative territorial coverage. The importance has also been underlined of greater coordination between the transnational and cross-border programmes involving the Adriatic-Ionian area, to enable them to contribute more effectively to achieving the goals of the EUSAIR strategy.

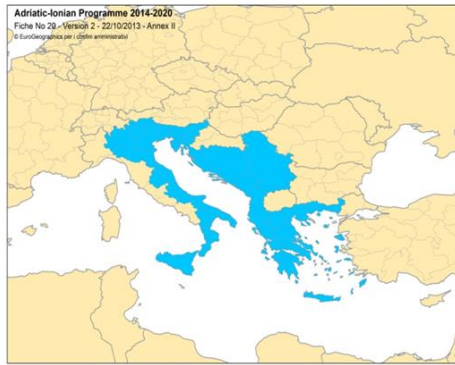
The Emilia-Romagna Region intends to reinforce its commitment to the various programmes, both by acting as representative and coordinator for other Italian regions (Joint Chair of the national MED Committee, Managing Authority of the ADRION Interreg Programme, Deputy Chair of the Italy-Croatia programme) and by encouraging the active participation of the regional community and its system in the opportunities which become available under the future 2021-2027 plan.

This is seen as an opportunity to increase interinstitutional cooperation among Member States, pre-accession countries and third countries and strengthen the administrative and governance capacity of the development and territorial cohesion policies. The challenge is that of facilitating the synergy between the programmes and strategies activated in the area so as to maximize their effects and avoid any redundancies and repetitions.

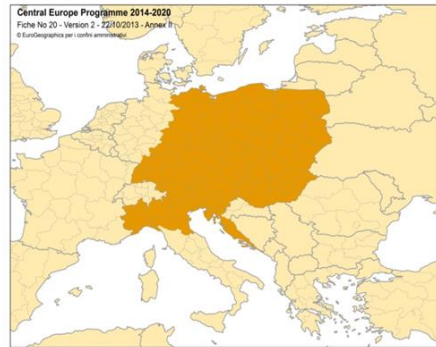
When developing future operational programmes, efforts will be made to include the topics of greatest interest to the region. Topics such as *Blue Growth*, in the marine basin plans (ADRION, MED and Italy-Croatia), the topic of sustainable tourism, defences against extreme phenomena deriving from climate change, the protection of the cultural and natural heritage, and the promotion of sustainable and low environmental impact mobility, will be brought forward both in the national ETC coordination committee and in the task forces assigned to draw up the operational programmes.

Another topic to be pursued, mainly in the Western Balkans area (ADRION programme), is that of capacity building within the public administrations of pre-accession countries, which we consider one of the main drivers for improving Territorial Cooperation within the area.

Map 1: European Territorial Cooperation Programmes involving the Emilia-Romagna Region



ADRION



Central Europe 2020



Italia-Croazia



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Map 2: The geography of the ADRION programme was chosen to coincide with the area of the Strategy for the Adriatic-Ionian macro-region (EUSAIR)



### 1.2.2 Pact for Employment

With a view to relaunching the aim of full, high quality employment, by signing the Pact the Emilia-Romagna Region has acquired a strategy for dealing with the new challenges arising from the structural changes in economies and societies, and aims to become one of the crucial nodes of what has been defined as the new industrial revolution.<sup>6</sup>

At the basic level, economic policy is organised in four main areas:

1. Measures to raise people's skill levels and accelerate the innovative capacity of the firms and organisations at the heart of development
2. Measures to promote the social inclusion of fragile and vulnerable people and to respond to the new forms of poverty generated by the economic crisis
3. Measures to reinforce, modernise and upgrade the infrastructure, essential to innovate the environment within which players in the economic and production system operate.
4. Collective action, by the region's society as a whole, to reinforce its institutional leadership at the European level and reposition the entire regional community within the new, complex global context.

The Pact for Employment expresses the determination of the whole regional society to share a common development pathway, capable of generating new social cohesion. Development and cohesion are paramount to the stability of our economy and the promotion of high quality job opportunities, supporting the vision of a **high added value region** that is competitive in Europe and in the world through investments in people, their skills and their sense of entrepreneurship.

With the aid of the groups already established at the regional Councilorships, the Pact for Employment calls on signatories to start by discussing the contents of the main actions and measures to be taken, on the basis of a shared vision. The commitments undertaken are monitored annually by the signatories.

Starting from an initial estimate of 15 billion Euros - made when Pact was signed, in July 2015 - which had already risen to 17.2 billion in 2017, the funding available for the achievement of the shared development and cohesion goals as at October 2018 (latest annual audit) was **19.6 billion Euros**. This includes regional, central government and European funds, and the funds of publicly owned or private companies, for infrastructure. **More than 307 projects have already been planned across the region**, with a **47%** increase compared to the 208 counted in July 2017. Almost all of these (292) are ongoing or have been completed, representing a total of 17.48 billion Euros of investments underway (+16%).

The economic indicators reveal that the region is heading for very impressive growth and employment rates, making it one of Italy's most dynamic areas and one of Europe's top 10 geographical areas in terms of exports: companies' export sales of goods and services rose to record levels in 2018, at over 63 billion Euros (+5.7% compared to the previous year). These figures should be considered together with the data on unemployment, which has fallen from almost 9% at the start of the regional legislature to 5.9% today, with an employment rate of almost 70%, the highest in Italy, including the country's highest female employment levels. Regional GDP also grew by 1.4% last year.

However, this recovery is not taking place at the same rate right across the region, and it is also having difficulty in achieving the hoped-for impact on youth employment. The same approach of shared objectives and responsibilities needs to be applied to overcome territorial and social inequality, reduce gaps and nurture the processes that enable the most vulnerable areas to benefit from the upward trends, and young people to return to their rightful role as driver of regional growth.

Two *Focuses* of the Pact for Employment were implemented. The first, **Focus Ferrara**, was signed on 28 February 2018 by the Emilia-Romagna Region, the Province of Ferrara, the Ferrara Municipalities, the University of Ferrara and representatives of the local socio-economic world, and agrees targets and areas of responsibility for revitalising growth and employment in the Ferrara area, which was particularly hard hit by

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<sup>6</sup> See previous editions of the DEFR for further information on this topic.

the effects of the crisis and where special measures are required to remove the obstacles still obstructing economic and social growth. Consistent with the principles, strategic lines and objectives established at the regional levels, but founded on the territory's specific characteristics, potentials and specialisations, the Focus Ferrara aims to be the tool for the joint mobilisation of commitments and resources, adopting a new organisational model for development based on a network approach.

The same approach was implemented for young people. **Giovani Più** is the new pact entirely dedicated to young people, signed by the Region, Provinces, Provincial Capitals, trade unions, entrepreneurial and professional associations, third sector, universities, regional education department, ABI (banks) and Unioncamere (Chambers of Commerce) on 12 November 2018, agreeing goals and responsibilities for guaranteeing younger generations more opportunities and better quality of employment. More spaces, more skills, more services, more enterprise, more safeguards and more autonomy are the assets of the new strategy to be implemented together to increase Emilia-Romagna's ability to retain and attract talented young people and increase the opportunities open to them in institutions, businesses and universities, to create a more dynamic regional social, cultural and production system. Funding of almost 260 million Euros is available. Because it is only by investing in young people and their expectations and skills, and by acknowledging their importance as the key factor for an area's growth, that development can be generated for the present and future of our region.







