

EUROPEAN UNION



**Committee of the Regions**

Brussels, 19 November 2010

**126TH MEETING OF THE COMMITTEE OF THE REGIONS BUREAU**

**– 30 NOVEMBER 2010 –**

**ITEM 5a)**

**FIRST COR MONITORING REPORT ON EUROPE 2020**

**- PREFACE AND EXECUTIVE SUMMARY -**

*Submitted by the secretary-general*

**FOR DEBATE**

**MEMO FOR CoR BUREAU MEMBERS**

**126<sup>th</sup> MEETING OF THE COMMITTEE OF THE REGIONS BUREAU**

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**First CoR monitoring report on Europe 2020**

**- Preface and Executive Summary -**

**1. PREFACE**

This is the first annual report in which the CoR presents the outcome of its monitoring activity on Europe 2020 and highlights the issues at stake from the viewpoint of the local and regional authorities on the basis of its consultative activity in the policy fields relevant to achieve a smart, sustainable and inclusive growth. The CoR Monitoring Report will be published every year in December, in view of the Spring European Council meeting that will provide guidance on Europe 2020 implementation on the basis of the European Commission's Annual Growth Survey, to be published in January every year. The next Spring European Council will give fresh orientations in view of the deadline set in April 2011 for the final versions of the Europe 2020 National Reform Programmes.

The Committee of the Regions shares the commitment taken by the European Commission<sup>1</sup>, the European Parliament<sup>2</sup> and the Council of the European Union<sup>3</sup> that, for Europe 2020 to help overcome the current economic crisis and take a path of smart, sustainable and inclusive growth, there is a need for an increased ownership of the strategy through enhanced partnership in the implementation of the strategy between all levels of government.

To this aim, the CoR has proposed that, on a voluntary basis, Territorial Pacts<sup>4</sup> are adopted in each EU member country, as a tool to properly identify partners' commitments at national, regional and local level to implement Europe 2020, pouring them into the National Reform Programme.

Territorial Pacts should give Europe 2020 a full territorial dimension<sup>5</sup>, through adaptation of objectives and targets to specific starting conditions, better targeting, coordination and administrative

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<sup>1</sup> *Governance, tools and policy cycle of Europe 2020*, Note by Secretariat General of the European Commission, 19 July 2010.

<sup>2</sup> *Contribution of the cohesion policy to the achievement of Lisbon and EU 2020 objectives*, EP Resolution adopted on 20 May 2010 (rapporteur Ricardo Cortés Lastra).

<sup>3</sup> *Ecofin Conclusions on Recommendation for a Council Recommendation on broad guidelines for economic policies of the Member States and of the Union*, 7 July 2010.

<sup>4</sup> *Territorial Pacts to achieve the objectives of the Europe 2020 Strategy*, adopted by the CoR Bureau on 4 October 2010.

simplification in the management of EU, national, regional and local policy instruments and funding channels. They would also facilitate the implementation of the seven Europe 2020 Flagship Initiatives at the national and regional levels. Moreover, as stressed in a CoR Opinion on *The contribution of cohesion policy to the implementation of the Europe 2020 Strategy*<sup>6</sup>, adopted on 5 October 2010, Territorial Pacts would set the contribution of cohesion policy to fulfil the Europe 2020 goals while improving territorial cohesion. Last, but not least, they would allow regular monitoring of how the NRPs are implemented.

In this light, the Commission's Communication on the EU Budget Review contains two proposals which tie in with the approach underlying the CoR proposal for Territorial Pacts: 1) a Development and Investment Partnership Contract between the Commission and each Member State - reflecting the commitment of partners at national and regional level as a support for the implementation of the Europe 2020 National Reform Programmes; 2) a common Strategic Framework to increase the consistency of EU policies for the delivery of Europe 2020 goals, replacing the current approach of separate sets of strategic guidelines for the Structural Funds, while at the same time identifying linkages and coordination mechanisms with other EU financial instruments.

This 1st CoR Monitoring Report on Europe 2020 addresses the main issues at stake in the 2nd half of 2010. It includes: (a) an executive summary; (b) a picture of the ongoing process, based on preliminary information provided by the vast majority of the CoR National Delegations (section 1); (c) a closer look at the main ongoing thematic issues, based on some of the most recent CoR Opinions as well as on four surveys carried out in 2010 by the CoR Europe 2020 Monitoring Platform. Since June 2010, CoR members Christine Chapman (Member of the National Assembly for Wales) and Nichi Vendola (President of Regione Puglia) are in charge as political coordinators of the Platform.

## 2. EXECUTIVE SUMMARY

### *Preparing National Reform Programmes in partnership: encouraging signs, still a lot to do*

With a look at the new strategy's high stakes, a first assessment shows that, in several countries, the LRAs have been involved in the work ongoing on Europe 2020. In fact, according to information provided by eighteen National Delegations in the Committee of the Regions:

- in 10 Member States, the local and regional authorities have been already involved, in a number of ways, in the preparation of the draft National Reform Programme due on 12 November 2010, be it as "active observers" (AT), through a general/public consultation (RO, SK, LT) and/or participation at specific events (RO, SE), by participating in working groups or specific meetings (IT, FR), by giving specific comments on elements of NRPs (SK) or by providing documents (IT);

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<sup>5</sup> CoR Resolution *For a better tool-box to implement the EU 2020 Strategy: the integrated guidelines for the economic and employment policies of the Member States and the Union*, adopted on 10 June 2010.

<sup>6</sup> CdR 223/2010.

- Even more important, many countries look at the deadline for the submission of the final NRP, set for April 2011, as an opportunity to involve their local and regional authorities in a more structured manner. This is not only true in federal countries (AT, BE, DE), as one would expect, but in also in others (such as IT, ES, EL, FR).

Overall, signs that a discussion involving the local and regional authorities has started come from many countries, sometimes interlaced with a debate on regional policy (as in CZ, PL) that highlights the need for coherence between cohesion policy goals and Europe 2020 ones. Information available suggest that, until now, this involvement went beyond mere consultation only in some cases (AT, BE, DE, IT, ES), where it is based on constitutional and/or political procedures already existing or being set up.

Inputs from several countries (AT, BE, CZ, EL, ES, DE, IT, PT) suggest that local and regional authorities expect to be increasingly involved in the preparation of the final National Reform Programmes.

***Working in partnership for smart, sustainable and inclusive growth: CoR Opinions and key findings from Europe 2020 Monitoring Platform Surveys***

At the present stage, not all Europe 2020 Flagship Initiatives have been published yet and some key aspects of the new strategy have still to be designed. The Europe 2020 Monitoring Platform team will be carrying out an analysis of the "translation" of the flagship initiatives into legislation. This analysis will be the basis for the detailed planning of the 2011 Monitoring Platform activities.

Drawing on recent CoR Opinions, as well as on four surveys carried out in 2010 by the CoR Europe 2020 Monitoring Platform<sup>7</sup>, the following issues at stake in pursuing a smart, sustainable and inclusive growth in a territory-sensitive manner have been identified.

**Smart Growth**

- 1) All three Flagship Initiatives supporting the Smart Growth priority have been published as of beginning of November 2010:
  - Concerning ***A Digital Agenda for Europe***, the CoR has welcomed this flagship initiative<sup>8</sup>, stressing its overall aim to deliver sustainable economic and social benefits from a digital single market based on fast and ultra-fast internet and interoperable applications. Local and Regional Authorities (LRAs) are amongst the main beneficiaries of the agenda's recommendations and can be key drivers for its implementation. The priorities of the Digital Agenda for Europe at local and regional level are prerequisites for the quality of life and

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<sup>7</sup> Activities and outcomes of the Europe 2020 Monitoring Platform can be accessed at <http://portal.cor.europa.eu/europe2020/Pages/welcome.aspx>.

<sup>8</sup> CdR 104/2010 fin adopted by the plenary session on 6 October 2010.

social and economic activity of citizens and will stimulate more efficient and personalised public services as well as local businesses. Local and regional authorities have a key role to play, among others, in ensuring equal and affordable broadband access in all areas, in leading pilot projects aimed at closing the accessibility gap, in developing new approaches towards people-centred public eServices and in improving the interoperability of public administrations and the effectiveness of public service delivery.

- Concerning *Youth on the Move*<sup>9</sup> respondents to a **Quick Survey**<sup>10</sup> launched by the Europe 2020 Monitoring Platform in September 2010<sup>11</sup> acknowledged the relevance of the envisaged actions in the context of the necessary match between labour market needs and education systems, recognition of non-formal learning system as well as tools enabling mobility. The creation of a website with information on scholarship, funding, job opportunities is the most frequent action that local and regional authorities plan to implement (although many of them already provide such online platforms). There are already regional and local existing modalities of initiatives envisaged in Youth on the Move flagship initiative (e.g. local, regional youth cards, regional support programmes for young entrepreneurs) with some of them contributing to reaching EU headline targets (i.e. a strong focus on initiatives aiming to bring early school leavers back to education and/or to help them to get a job). It is important in this context that local and regional authorities find synergies between their ongoing practices and possibilities offered by this flagship initiative. Cities and regions are involved in various forms of territorial cooperation to implement their youth projects: cross-border networks, twinning cities agreements, cooperation with partners from the third countries. Many initiatives represent good practices of public/private partnerships or projects realised in a spirit of partnership between all levels of government. Public spending constraints and insufficient financial resources for the implementation of actions may hinder the continuation of ongoing projects or the launch of new ideas. Regions and cities often turn to the EU for the financial support for their innovative initiatives.
- Concerning the *Innovation Union*, a **Quick Survey**, launched in October 2010<sup>12</sup> among members of the Europe 2020 Monitoring Platform, confirmed that, by using smart specialisation and finding synergies between financial instruments, LRAs can encourage a large number of stakeholders to share knowledge and experience, thus improving R&D activities. European regions will face in the near future major challenges related to climate change like water access and quality, energy sustainability, desertification, food security and healthcare: promoting innovation in these sectors is crucial and LRAs ask for a major

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<sup>9</sup> A CoR Opinion is to be adopted in 2011.

<sup>10</sup> Quick Surveys are used when an input from ground is needed for early identification of relevant policy issues. They are usually done under very tight time constraints (e.g., to feed into the work of a CoR rapporteur) and consist of few questions (sometimes drafted by the rapporteur). They are also useful to set an agenda for future, more structured surveys. To read more on the examples mentioned in this report, see the website of the Europe 2020 Monitoring Platform (above).

<sup>11</sup> As this flagship initiative was published shortly before finalising this report, the Europe 2020 Monitoring Platform opted for a Quick Survey to collect some first reactions from local and regional authorities. Under very tight time constraints, 17 of them returned comments.

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involvement in the European Innovation partnerships to be launched by the EU Commission. LRAs also reported their interest in the European Social Innovation Pilot as an opportunity to provide social innovation and expertise for social entrepreneurs and the public through the European Social Fund. Respondents perceive that the biggest challenge is the alignment of policies, actors and instruments, both horizontally and vertically, in a true multi-level governance spirit. Cooperation between science and business, as well as public-private partnerships, pose significant challenges to the LRAs. Regions' and cities' ongoing projects are coherent with the Innovation Union goals of promoting innovative culture, fostering research-industry collaboration, technology transfer and application of best practises. Educational policies are often put in place to exploit regional capacities to support R&D and to start up collaborations between higher education institutes and business. Promoting the entrepreneurial culture is another main goal to be achieved.

### **Sustainable Growth**

2) The two Flagship Initiatives supporting the Sustainable Growth priority, *Resource Efficient Europe* and *An Integrated Industrial Policy for the Globalisation Era* had not been published while this report was being drafted. In 2010, the CoR has made the following contributions in this policy field:

- In a Resolution<sup>13</sup> on the Cancún climate summit, the CoR has considered that climate adaptation and mitigation must be mainstreamed into all existing EU policy frameworks. It has also emphasised that "Territorial Pacts", as proposed by the CoR, could be a very important tool in the fight against climate change, as this can be achieved in an effective way only via a close partnership between the European, national, regional and local levels of government based on the principle of subsidiarity. To stimulate local and regional activities geared towards the ambitious objectives of the EU 2020 Strategy, the CoR has suggested the creation of new instruments as priority lines in the Structural Funds or as a separate Energy Investment Fund; it has also recommended strategic public private partnerships such as alliances between small and medium-sized enterprise and local and regional authorities with a view to further developing and applying low carbon technologies, also inviting regions and cities to conclude local climate actions pacts between public and private partners. A substantial proportion of the revenues from the European emissions trading scheme should be made available to local and regional authorities for putting climate change mitigation and adaptation measures into effect at local level.
- A **Survey** on Sustainable Energy Policies by EU Regions and Cities: Good Practices and Challenges, carried out in the first half of 2010 by the Europe 2020 Monitoring Platform with the support of the Covenant of Mayors<sup>14</sup>, found that ongoing initiatives usually follow an integrated approach and are *multi-sector*, *multi-action* and *multi-level*. Multi-level governance

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<sup>13</sup> CdR 284/2010 fin – *Resolution on the Cancún Climate Summit* adopted on 6 October 2010.

<sup>14</sup> 204 EU cities and regions took part in this survey. Some contributors are members of the Europe 2020 Monitoring Platform and most of them have signed the Covenant of Mayors. Their geographical distribution is adequately balanced.

is an essential element, as most of the initiatives are implemented in partnership with other levels of government (with the national level and the EU providing funding and adopting legislation). While the success of the initiatives is directly linked to political leadership and public participation, the main obstacle underlined by the great majority of the respondents is related to the financial resources needed: the economic crisis is having a substantial negative impact in half of the cases. Most of the initiatives reported are essential for achieving the 20-20-20 headline target and show a potential for improving competitiveness and growth and generating new jobs.

- Preliminary results of a **Survey**<sup>15</sup> on the territorial impact of the planned revision of EU Biodiversity Strategy (due by end 2010), show that respondent local and regional authorities (a) are usually at the forefront when setting the protection of biodiversity as a priority, (b) experience knowledge gaps which hinder the creation of a baseline for proper quantitative measuring, (c) there is a clear need for more straightforward and substantial financing of the biodiversity programs, (d) cross-border cooperation is a crucial element to be taken into account for any initiative and (e) the LRAs would welcome the exchange of best practices and checking mechanisms.

### **Inclusive Growth**

- 3) Both Flagship Initiatives supporting the Inclusive Growth priority – *An Agenda for New Skills and Jobs* and *European Platform against Poverty* are scheduled to be published after this Report has been finalised. The Committee of the Regions already provided some guidance in the Resolution on *A Stronger involvement of Local and Regional Authorities in the Europe 2020 Strategy*<sup>16</sup> and the Opinion on *Contribution of Cohesion Policy to the Europe 2020 Strategy* on how to build these initiatives in partnership with regions and cities and how to enforce a link between inclusive growth and cohesion policy. In its Opinion on *Combating Homelessness*<sup>17</sup>, the Committee pointed to the key role of local and regional authorities when it comes to taking practical and vigorous action to combat homelessness. Throughout 2010 and in the context of the "European Year for Combating Poverty and Social Exclusion", the Committee of Regions hosted a plethora of events that allowed local and regional stakeholders share good practices and discuss with EU policy-makers best solutions to address inclusive growth.

### **Horizontal actions: missing links and bottlenecks**

- 4) Europe 2020 also includes horizontal actions aimed at boosting growth by identifying "missing links" and fixing "bottlenecks":

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<sup>15</sup> In Autumn 2010, the CoR carried out a consultation on the territorial impacts of the EU post 2010 Biodiversity Strategy, through the Subsidiarity Monitoring Network, the Europe 2020 Monitoring Platform and the EGTC Platform. In accordance with the cooperation agreement linking the European Commission and the Committee of the Regions since 2005, the outcome of this survey is the CoR contribution to the Impact Assessment of the revised Biodiversity Strategy, in preparation by the European Commission services in charge.

<sup>16</sup> CdR 199/2010, adopted 10 June 2010.

<sup>17</sup> CdR 18/2010, adopted 6 October 2010.

- On 27 October 2010, the European Commission has published two sets of proposals to boost the *Single Market*, removing still existing hurdles for companies and consumers (*Towards a Single Market Act*) and for citizens (*The EU Citizenship Report*). With specific monitoring activities in this field forthcoming in 2011, it is already worth mentioning the following aspects potentially very relevant to territories: better access to finance and improving access to public procurement contracts for SMEs, support to social entrepreneurship (also cross-border), full implementation of the Services directive, implementation of a "professional ID card" to reduce red tape thus facilitating circulation of professionals between Member States, improving territorial impact assessment of EU legislation.
- In an Opinion on *Measuring Progress. GDP and beyond*<sup>18</sup>, the CoR has stressed that GDP is not an accurate measure of the ability of a society to tackle issues such as climate change, resource efficiency, quality of life or social inclusion. Therefore, it has proposed that the indicators selected to orient both drafting and evaluations of policies and public strategies comply with the priorities of the EU 2020 Strategy and has supported the initiatives being taken by the European Commission to develop such indicators. Moreover, the CoR has suggested that after 2013 the application of the Structural Funds, including the Cohesion Fund, is not based solely on per capita GDP. This Opinion could also benefit from a **Quick Survey** carried out by the Europe 2020 Monitoring Platform. Contributors to this survey, stressed, among others, (a) that an increase in regional and social disparities had a negative impact on the environment as less advantaged communities were forced to make short-term compromises between growth and environmental protection, and that (b) the importance of using indicators on a regional basis despite the need to develop statistical resources that this implied. Additional indicators should take better account of the specific characteristics of a given region and must meet the criteria of robustness, simplicity and comparability. Contributors also stressed the need for consensus on the new indicators as this would facilitate their adoption.

### *Summary assessment and key points for the months to come*

At the moment in which this Report is finalised, available information show that work on the National Reform Programmes has started, but that a lot remains to do to ensure increased ownership of Europe 2020 through enhanced partnership in its implementation between all government levels.

The CoR proposal of Territorial Pacts addresses the challenges ahead - to design and implement the National Reform Programmes in a partnership between all government levels and other relevant stakeholders, so that existing EU, national, regional and local policy instruments and funding channels are focused on Europe 2020 goals and targets in an integrated and coordinated way.

A complementary approach to the Territorial Pacts has been put on the table by the European Commission with its proposal of Development and Investment Partnership Contract between the

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<sup>18</sup> CdR 163/2010, adopted on 5 October 2010.

Commission and each Member State, reflecting the commitment of partners at national and regional level as a support for the implementation of the Europe 2020 National Reform Programmes.

Opinions adopted by the Committee of the Regions and surveys conducted through the Europe 2020 Monitoring Platform have highlighted a series of issues at stake:

- Concerning the "smart growth" pillar of the strategy, cities and regions are already playing a fundamental role in actions aimed to ensuring equal and affordable access to digital services and to improve effectiveness of public services delivery, also through adequate investments in ICTs. Their competences in training and lifelong learning and in education policies aimed at supporting R&D, as well as their key role as supporters of innovation in SMEs and in public services, are prerequisites for an improvement of territorial competitiveness and citizens' quality of life. "Innovation Union" goals, of promoting innovative culture, fostering research-industry collaboration and technology transfer are the objectives of many ongoing actions by regions and cities and in line with many strategies set at regional and local level to promote entrepreneurial culture.
- Concerning "sustainable growth", an effective EU action against climate change requires coordination of efforts between all level of government and in this perspective LRAs can play an important role by raising public awareness, mobilise public political support and business investment, and motivate producers and consumers to change their behaviours to achieve better resource efficiency and a more climate friendly economy. Many cities and regions across Europe have adopted local or regional climate and energy strategies witnessing a strong commitment in the fight against climate change.
- Concerning the "inclusive growth", the Committee of the Regions is looking forward to the adoption of the two remaining flagship initiatives covering this pillar and envisaged to ensure much anticipated social dimension of Europe 2020 Strategy. As for the "European Platform against Poverty", a key aspect will be the efficient exercise of shared competences by the European and national/regional/local levels in light of the subsidiarity principle, and thus focusing on constructive synergies and solutions<sup>19</sup>. Strengthening the current well-known open method of coordination, bringing on board regions and cities and their social integration policies and ensuring conditions for social innovation are important elements for the successes of reaching the anti-poverty targets. As for the employment aspect of Europe 2020, regions and municipalities should be involved at the design of policy formation of employment policies in order to contribute to dynamic labour markets offering quality jobs and help citizens, in particular from younger and older generation, get and remain into work.

The process of setting the National Reform Programmes has now started. First drafts of these documents are to be submitted by 12 November 2010; on this basis, the European Commission will

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<sup>19</sup> The CoR focuses on the subsidiarity aspect of this policy area also through the Subsidiarity Monitoring Network's Working Group on Social Policies.

draft its first Annual Growth Survey and the Spring European Council will issue economic policy orientations.

All EU countries will have to submit the final version of their NRPs in April 2011, within the context of the first European Semester exercise of joint coordination of the Member States' structural and fiscal policies.

The Committee of the Regions will carry on with its political commitment to advocate for the NRPs to be drafted and implemented through Territorial Pacts between national, regional and local authorities, whose content would be put on the table where Partnership Contracts to support the Europe 2020 goals are negotiated between the EU and its Member States, as envisaged by the European Commission.

In early 2011, the Territorial Dialogue will provide an opportunity for a timely discussion on these issues between the European institutions, the Committee of the Regions and political representatives of local and regional authorities.

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