



Brussels, 24 September 2010

125th MEETING OF THE COMMITTEE OF THE REGIONS BUREAU

– 4 OCTOBER 2010 –

ITEM 7B

TERRITORIAL PACTS

TO ACHIEVE THE OBJECTIVES OF THE EUROPE2020 STRATEGY¹

Submitted by the secretary-general

FOR DECISION

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Follow-up of the June 2010 resolution of the CoR "Stronger involvement of Local and Regional Authorities in the Europe2020 strategy"

MEMO FOR CoR BUREAU MEMBERS

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Territorial pacts to achieve the objectives of the Europe2020 strategy

**TERRITORIAL PACTS BETWEEN ALL GOVERNMENT LEVELS TO IMPLEMENT
EUROPE 2020 IN PARTNERSHIP IN THE EU MEMBER STATES**

Local and regional authorities play a relevant role in policy domains that are crucial to achieve the Europe 2020 goals. To unleash the synergies and systemic effects needed to fulfil a smart, sustainable and inclusive growth, their policies in these fields should then be coordinated with those implemented by their national governments.

To this end and in the light of its White paper on Multi-Level Governance, the Committee of the Regions proposes that Europe 2020 be implemented in partnership by all relevant government levels through the establishment of TERRITORIAL PACTS on the Europe 2020 Strategy between national, regional and local authorities of the EU Member States.

The Territorial Pacts will translate this need for partnership into agreements between all relevant government levels, aimed at: setting national and possibly regional targets; having recourse when necessary to indicators and targets other than GDP; implementing the Europe 2020 flagship initiatives and identifying obstacles to the achievement of the targets at the country level; drafting in partnership and implementing on the ground the National Reform Programmes and monitoring their progress.

Having regard to the principles of subsidiarity and proportionality, the EU institutions will support the Territorial Pacts by prioritising their policy actions in the light of the Europe 2020 goals. Possible actions include, among others, increased focalisation, coordination and administrative simplification in the management of EU policy instruments and funding channels; structured and regular monitoring on how the NRPs are implemented and broader use of territorial impact assessment. Cohesion policy contribution to the Europe 2020 goals, without prejudice to its solidarity mission, will be decisive in making the most of the strategy.

**THE COMMITTEE OF THE REGIONS CALLS FOR A CONVERGING EFFORT
OF THE EUROPEAN INSTITUTIONS TO SUPPORT THE PACTS**

The Committee of the Regions proposes that, in the weeks to come, the European Commission, the Council of Ministers, the European Council, the European Parliament and the CoR itself make

converging efforts to encourage the timely establishment of the Territorial Pacts. The Territorial Pacts would then be operational when it comes to setting country targets and finalising the National Reform Programmes, laying the basis for all government levels and European society to identify with the Europe 2020 goals.

<p style="text-align: center;">Territorial Pacts with Regional and Local Authorities to make the most of Europe 2020 in partnership</p>
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EU countries, cities and regions as partners to make a success of Europe 2020

The Europe 2020 strategy for smart, sustainable and inclusive growth needs a strong and constructive partnership between all government levels involved, from the EU to the national governments to the local and regional authorities. In fact:

- this is the role assigned to the local and regional authorities by the Lisbon Treaty, in the light of the principles of subsidiarity and proportionality,
- in many countries, each government level has competencies and policy tools in at least some key policy areas, and these need to be coordinated and integrated to unleash the synergies and systemic effects needed to fulfil the Europe 2020 goals.

Preparing country targets and the National Reform Programmes

By 12 November 2010, EU Member States will have to submit a first draft of their National Reform Programmes, taking into account their actual starting points and showing the policy measures needed to achieve Europe 2020 at the country level. In particular, they will list the country targets contributing to Europe 2020's five headline targets with the related policy measures. The latter include the country contribution to the EU flagship initiatives as well as the measures needed to remove existing bottlenecks (in the internal market and in terms of infrastructures). The final NRPs will be adopted in April 2011.

Territorial Pacts to align the public administration's agendas at the country level

The time span that separates us from April 2011 provides then an opportunity to work in partnership at country level to:

- give Europe 2020 a full territorial dimension, building on national and regional specific conditions and starting points,
- allow for the synergies and systemic effects needed to achieve Europe 2020 goals.

To this purpose, **the Committee of the Regions proposes that the European Commission, the Council, the European Parliament and the CoR itself encourage and support the establishment of Territorial Pacts on the Europe 2020 Strategy between national, regional and local authorities at the country level. The Pacts will line up the EU, national, local and regional agendas, and related policy instruments and financial resources, on Europe 2020's goals and headline targets.** All relevant tiers of government would increase their ownership of the strategy.

The contribution of cohesion policy

To ensure that cohesion policy makes its indispensable contribution to Europe 2020 objectives, without prejudice to its solidarity mission, the discussion on the cohesion policy guidelines for the next programming period should be launched in 2011. This approach meets the proposal of drawing up a common EU-level strategic framework for all Structural Funds (ERDF, ESF, Cohesion Fund, EAFRD and EFF) after 2013, being discussed at present within the European Commission to ensure, among other things, better prioritisation also in line with the Europe 2020 goals.

Key contents and conditions for Territorial Pacts
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Territorial Pacts cannot have a one-size-fits-all format, as each country has its own starting points, in socio-economic and territorial terms as well as in terms of constitutional structure and distribution of competencies between levels of government. Moreover, the economic and financial crisis has hit EU territories in an uneven manner, pushing the need for territorial cohesion, enshrined in the Lisbon Treaty, to the forefront of EU priorities. Territorial Pacts should then be seen as a way to give the new strategy a *territorial dimension and a territorial ownership*, that is, to translate this diversity into place-based policies encompassing the three pillars of the strategy (smart, sustainable and inclusive growth), underpinned by territorial indicators and targets (also of the "Beyond GDP" type). Experiences on how local and regional authorities are already involved in the running and management of structural funds should be taken on board to give content to the Territorial Pacts and the way local and regional authorities can implement the Europe 2020 strategy together with the national authorities.

Although the content of a Territorial Pact will be decided by each Member State involving its national, regional and local administrations, in the light of the subsidiarity principle, the Committee of the Regions recommends that the Territorial Pacts fulfil the following requirements.

First, Territorial Pacts should be set up as equal partnership between local, regional and national governments with a sense of urgency, so that they can help all stakeholders to share the ongoing process of setting the country's headline targets, designing the flagship initiatives and drafting the National Reform Programme.

Second, the Pact should set up a monitoring and evaluation mechanism and reach the necessary agreements to accompany the whole Europe 2020 policy cycle and adjust it when appropriate.

Third, agreements taken within the framework of a Territorial Pact could be of a *contractual* nature, when appropriate and only on a voluntary basis, with full respect of the national legislative framework..

Fourth, each Pact should be taken as an opportunity to contribute to the EU Better Regulation agenda, in particular, in terms of administrative simplification, reduction of administrative burdens, stressing complementarities and limiting fragmentation of the different policy instruments and funding channels available.

Fifth, to the extent to which the structural reforms needed at the country level to make Europe 2020 a success are challenging, as might be the case when it comes to removing bottlenecks in the functioning of the internal market or in terms of infrastructures, the partnership approach of the Territorial Pact will ensure that appropriate solutions are worked out to preserve and improve territorial cohesion.

Sixth, the Territorial Pacts should contribute or lead to greater synergy between territorial economic, social and environmental sustainability.

How the European Institutions can support Territorial Pacts

The Committee of the Regions calls on the European Institutions to encourage the signing of Territorial Pacts at country levels and to support them, while fully respecting each country's constitutional settings and distribution of competencies between government levels in the light of the principles of subsidiarity and proportionality. To this end, the European Institutions could take, among other things, the following actions:

Better policymaking

1. Pushing forward initiatives in the field of administrative simplification and reduction of administrative burden;
2. Rationalising and simplifying EU policy instruments and funding channels, in order to limit present fragmentation and improve prioritisation with respect to Europe 2020 goals;
3. Carrying out *territorial impact assessments* on all policy proposals implementing Europe 2020, and especially those flagship initiatives, or parts thereof, whose impact on territories and on local and regional authorities is potentially relevant². On the basis of the Cooperation Agreement between the European Commission and the CoR, the Commission should ask the Committee to contribute to the impact assessment on the basis of a consultation of local and regional authorities;

Information and monitoring

4. Publishing, in the Commission's Annual Growth Survey, a chapter on the involvement of LRAs in the Europe 2020 Strategy. This action mirrors and follows-up the Commission's request to Member States to include a section on LRAs in their NRPs;
5. Structuring an exchange of information between the European institutions involved (Commission, Council, Parliament, and Committee of the Regions) on the implementation of the flagship initiatives and of the measures concerning missing links and bottlenecks, as well as on other Europe 2020-related policy actions at the EU level (e.g., cohesion policy, new EU financial perspective, etc.). This exchange could take place *at departmental level* on a regular basis;
6. Systematically reviewing simplification and rationalization efforts based on inputs provided by the Commission services, and reporting on that in the Annual Growth Survey;

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The Cooperation Agreement between the European Commission and the CoR stipulates that the Commission can ask the Committee to take part in studies looking at the impact of certain proposals on local and regional authorities. (Point 8).

7. Consulting National Parliaments, especially at Committee level, through the usual procedures set by the European Parliament, in order to contribute to a regular monitoring of how Europe 2020 is being implemented at the country level;

Funding

8. Europe 2020 goals need adequate investments. In the recent CoR consultation "Your voice on Europe 2020", several regions and cities stressed that the *quality* of expenditure is no less important than its *quantity*. Within the framework of the Territorial Pacts, the funds actually spent on Europe 2020-related actions by the EU, national, regional and local governments should focus on selected Europe 2020 priorities *and* be spent in a coordinated manner that integrates different sectoral policies into a single framework. This would greatly contribute to the strategy's goals *even if the total amount of resources spent were unchanged*. At the EU level, the actual functioning of the existing policy instruments could be reviewed in order to make it more flexible and suitable to be used within the context of a multilevel Pact at country level. To this end, the example of the Structural Funds could be very useful.

The Committee of the Regions' monitoring activity

As recently requested by both President Barroso and the European Parliament, the Committee of the Regions will continue to monitor how the new strategy is implemented on the ground through its Europe 2020 Monitoring Platform, feeding its outcomes into the European policy cycle on a regular basis.

To this aim, the outcome of the Committee's monitoring activity will be summarized in the Annual CoR Monitoring Report on Europe 2020, which will be published in early December every year, and will be discussed in a meeting between the CoR and the European Commission Presidents.

Shortly before the Spring European Council, with the Territorial Dialogue, the Committee will provide the European institutions and the local and regional authorities with an opportunity to assess the progress of Europe 2020 and of the Territorial Pact itself. In addition, an *assessment* of the state of play will be annually done during a Plenary Session of the CoR.

PROPOSAL

Members of the Bureau are invited to adopt the present document.