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Committee of the Regions

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125th MEETING OF THE COMMITTEE OF THE REGIONS BUREAU

– 4 OCTOBER 2010 –

ITEM 7A

TERRITORIAL PACTS AND MONITORING EUROPE 2020 ON THE GROUND

- Background and explanatory note -

Submitted by the secretary-general

FOR INFORMATION

MEMO FOR CoR BUREAU MEMBERS

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**Territorial pacts and monitoring Europe 2020 on the ground
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SUMMARY

The CoR is launching a twofold Political Initiative aimed at mobilising the potential of local and regional authorities for a successful implementation of the Europe 2020 strategy at the EU level but also at the Member States level.

On the one hand, the CoR invites the European Commission, the Council and the European Parliament to encourage and support the establishment of Territorial Pacts with Local and Regional Authorities at the country level, aimed at implementing it in partnership between different government levels, also by means of agreements of a contractual nature.

Territorial Pacts will help give the new strategy a territorial dimension, taking into account different regional and local starting points. Territorial Pacts will also help to focus all policy instruments and funding channels, available to the different levels of government involved, on the Europe 2020 goals. At the EU level, the Pact should also be supported by favouring administrative simplification and better policymaking, including a wider use of territorial impact assessment. Cohesion policy will contribute to these goals, while remaining available to all EU territories and fulfilling the solidarity task it has been given by the Treaty.

A timely kick-off of Territorial Pacts could be of great help, in the coming months, in the design and implementation of the Member States National Reform Programmes for Europe 2020, with particular respect to national targets and how each country contributes to flagship initiatives.

On the other hand, the CoR will continue to monitor the implementation of the strategy on the ground, both in its entirety (through a "tableau de bord") and targeting specific thematic sections/flagship initiatives. The outcome of this activity will be published in a yearly CoR monitoring report, contributing to a successful implementation of the new strategy.

Making the most of Europe 2020

1. The Committee of the Regions **recalls** that the Europe 2020 strategy is entering the crucial kick-off phase, in which the political decisions taken by the European Council will be translated into action. In fact, in the next months:
 - a) By 12 November, 2010, Member States are expected to submit a first draft National Reform Programme, putting forward first ideas, among others, on the national targets contributing to the strategy's five Headline Targets;
 - b) By end 2010 the Commission will have published all the seven Flagship Initiatives;
 - c) In January 2011, the first European Semester¹ will begin with the publication of the first EC Annual Growth Survey. On this basis, the Spring Council will give political guidance on how Member States should finalise their National Reform Programmes (structural reforms and macro-economic surveillance) and their Stability and Convergence Programmes (fiscal surveillance), both due by April 2011.

2. As these decisions will set the preconditions for Europe 2020 to deliver on its promises, the Committee of the Regions **stresses** that the following six elements are crucial in order to make the most of this opportunity:
 - a) *First* of all, the new strategy has to be given a *territorial dimension*, that is, it has to take into account existing differences in territorial specificities and starting points and to translate them 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);
 - b) *Second*, the EU, national, regional and local government levels should work in *partnership* with a view to implementing sectoral policies in a coordinated and integrated way, also by means of multilevel governance agreements of a contractual nature, when needed, in order to make the most of the Europe 2020 opportunity;
 - c) *Third*, *bottlenecks* (remaining barriers on the single market, lack of certain EU-wide infrastructures, inadequate regulations of the financial markets) have to be removed both at the EU and at the national level;
 - d) *Fourth*, Europe 2020 should be developed in a context in which the *EU Cohesion policy* remains available to all EU territories. While contributing to the Europe 2020 goals, cohesion policy should be endowed with enough financial resources to concentrate in an effective way on the less developed areas of the Union, thus fulfilling its Treaty-based solidarity obligation;

¹ The European Semester is the main Europe 2020 governance tool. It aims at ensuring that the Member States implement the strategy within a framework of macro-economic surveillance, thematic coordination and fiscal surveillance.

- e) *Fifth*, the Commission should assess the *territorial impact* of policy measures related to Europe 2020 in a much more systematic way². To be more credible than the Lisbon strategy, Europe 2020 should also be more evidence-based;
 - f) *Sixth*, the new Strategy should be taken as an opportunity for drastic administrative simplification of all the policy instruments and funding channels and procedures involved. This overhaul should not be aimed only at reducing administrative burden, in line with the EU Better Regulation objectives. Instead, it should also be seen as an opportunity to align the actions taken under the Europe 2020 flagship initiatives with existing policy actions and procedures, to ensure transparency and avoid duplications.
3. Against this background, the CoR **welcomes** the Commission's statement³ that the LRAs should not only be involved "in defining and implementing the National Reform Programmes", but also that the NRPs should "indicate how ... the national authorities plan to involve / have involved local/regional authorities" in defining and implementing the NRPs. The CoR **asks** that this become a permanent section in the NRP and their progress reports in the years to come.
4. In the same spirit, the CoR also **welcomes** the Council of Finance Ministers of the European Union's statement that "the Europe 2020 strategy should be implemented in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society, who shall contribute to the elaboration of national reform programmes, to their implementation and to the overall communication on the strategy."⁴
5. Therefore, as announced by President Bresso to European Commission President Barroso on 29 June 2010, the CoR today **launches** a Political Initiative on the Europe 2020 strategy, aimed at:
- a) promoting the subscription of **Territorial Pacts with Regional and Local Authorities** to implement the new strategy in partnership with their national governments. The European Institutions should encourage and support the Pacts by mobilizing their policy instruments, including cohesion policies;
 - b) **monitoring the implementation of Europe 2020 on the ground**, both in its entirety (through a "tableau de bord") and targeting specific thematic sections/flagship initiatives.

² A study promoted by the CoR shows that several legislative and non-legislative EU drafts, on which the CoR had to issue an Opinion between July 2007 and December 2009, either lacked a territorial impact assessment - even if they did not require one - or showed unsatisfactory ones. ("Impact Assessment at the CoR - Methodology and its implementation", to be published in autumn 2010).

³ European Commission document "Governance, Tools and Policy Cycle of Europe 2020", sent to Member States in July 2010.

⁴ Recommendation for a Council Recommendation on broad guidelines for the economic policies of the Member States and of the Union, 11646/10, 7 July 2010, p. 7.

6. On the eve of the Spring European Council, the *Territorial Dialogue for Smart, Sustainable and Inclusive Growth* will provide the opportunity for a political discussion on how Europe 2020 and the Territorial Pact are implemented, based on the Commission's Annual Growth Survey and the CoR monitoring activity. The Territorial Dialogue will involve top political representatives of EU institutions and will address a political message to the Spring European Council.

Territorial Pacts with Regional and Local Authorities on the Europe 2020 Strategy
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7. As a follow-up of the decisions taken at its June 2010 Plenary Session, the CoR **invites** the Commission, the Council and the European Parliament to encourage and support the establishment of *Territorial Pacts with regional and local authorities* at the country level to implement Europe 2020 in partnership between all government levels.
8. Territorial Pacts are a tool for all government levels involved to work in partnership on the implementation of Europe 2020 – and first of all its flagship initiatives - in a coordinated and integrated way. Without jeopardising each country's constitutional settings and distribution of competencies between government levels, and fully respecting the subsidiarity and proportionality principle, Territorial Pacts would help align the EU, national, local and regional agendas on Europe 2020's goals and headline targets, focusing on the latter existing policy instruments and financial resources. The early adoption of this approach is a condition for success of the new strategy, in that it helps all relevant tiers of government to identify with Europe 2020 goals, policies and targets.
9. This approach should apply first of all to cohesion policy instruments. To ensure that cohesion policy gives its indispensable contribution to Europe 2020 objectives, without prejudice of its solidarity mission, the discussion on the cohesion policy guidelines for the next programming period should be launched in 2011, as a part of the Territorial Pact.
10. Within the framework of a Territorial Pact, multilevel governance agreements should be set, when necessary and possible of a *contractual* nature. By integrating different sectoral policies in a coordinated framework, these agreements would allow for synergies that make policymaking more effective and could possibly ease sensitive decisions related to structural reforms.
11. In terms of *funding*, Europe 2020 goals need adequate investments. As far as the EU is concerned, the CoR will give its contribution to the political debate on the perspectives of the EU budget. 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. A great leap forward towards the strategy's goals would then be achieved, *even if the total amount of resources spent were unchanged.*

12. At the EU level, support to Territorial Pacts should include:

- a) A call to the relevant stakeholders to subscribe the Pacts at the country level, in order to set up in partnership "national objectives and commitments towards the Europe 2020 objectives", including the design and implementation of the national targets and flagship initiatives, as well as the National Reform Programmes. It is obviously up to each country's stakeholders to determine how the National Pact will look like: the EU institutions and bodies are respectful of each country's constitutional settings and distribution of competencies between government levels;
- b) A *permanent exchange of information* between the European institutions involved (Commission, Council, Parliament, 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 the services level* on a regular basis;
- c) On the basis of inputs provided by the Commission services, the CoR and the European Commission will systematically review the efforts done to simplify and rationalise policy tools and funding channels, in order to concentrate available resources on Europe 2020 goals. While this review will be carried out at the services level, an *assessment* of the state of play could be done in a meeting between the CoR and the EC's Presidents;
- d) A commitment by the European Commission to carry 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 relevant⁵. 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;
- e) Following its request to Member States to include a section on LRAs in their NRPs, the European Commission should now similarly provide in the Annual Growth Survey a chapter on the involvement of LRAs in the Europe 2020 Strategy.

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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).

The Committee of the Regions monitoring Europe 2020 on the ground

13. The Committee of the Regions will continue to fulfil its traditional task of **monitoring** the design and implementation of Europe 2020 and the Territorial Pacts. With the support of the growing membership of its Europe 2020 Monitoring Platform, the CoR will look at developments on the ground, identify opportunities and challenges and showcase good practices.
14. The Monitoring Report will also benefit from inputs coming from the European Commission departments mainly involved in the Europe 2020 implementation and from the European Parliament Committees.
15. The main European Associations of local and regional authorities will be also invited to contribute to the monitoring activity, with the aim to generating synergies between actions by the CoR and those put in place by the Associations.
16. National Delegations of the Committee of the Regions will be invited to share their expertise and knowledge on the strategy implementation.
17. Monitoring will include:
 - a) A "*tableau de bord*" summarising progress in the implementation of the different parts of the strategy (flagship initiatives, reductions of bottlenecks) and assessing the functioning of the Europe 2020 governance;
 - b) A *thematic section*, covering specific flagship initiatives or other sectoral policies;
 - c) An *analytical overview* on the advancement of the activities foreseen in the Territorial Pact at European level and an assessment of strengths and weakness of the National Pacts in different countries.
18. To feed its monitoring results into the political debate in a timely manner, the CoR undertakes to submit in December every year a Monitoring Report on how Europe 2020 is implemented – as seen from the standpoint of the local and regional authorities, in view of both the Commission's Annual Growth Survey and the Spring European Council. The Report will draw on the activity of the Europe 2020 Monitoring Platform and also provide an overview on the progress of the Territorial Pacts. It will also summarise the contribution given to Europe 2020 by the CoR consultative activity, focusing, among others, on the flagship initiatives.

19. The thematic sections of the first and second Monitoring Reports will deal with several key topics related to the flagship initiatives (FIs), such as:

- ◆ Innovation and Research (FI Innovation Union)
 - ◆ Poverty reduction, in particular child poverty (FI European Platform on Poverty)
 - ◆ Youth unemployment (FIs Youth on Move and New Skills and Jobs, as well as the Communication on Youth Employment)
 - ◆ Selected elements from the Communication on the Relaunch of the Single Market
 - ◆ Energy efficiency (FI Resource Efficiency)
 - ◆ Regional adaptation to climate change, focusing on water management and desertification
 - ◆ Biodiversity protection
 - ◆ The impact of the climate change on agriculture and fisheries
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