

rev

**TERRITORIAL PACTS
TO MAKE THE “EUROPE 2020” STRATEGY A SUCCESS**

VIENNA, RENNER INSTITUTE, 18 MAY 2011

**KEY NOTE SPEECH BY MERCEDES BRESSO,
PRESIDENT OF THE COMMITTEE OF THE REGIONS**

Check against delivery

Ladies and gentlemen,

It is an honour and a pleasure for me to address this distinguished audience on a theme that not only stands high in the agenda of the Committee of the Regions, but on which action should also be seen as urgent.

In fact, the economic and social scenario of the European Union is still uncertain both in the short and in the medium term. Recovery is underway, but it spreads too unevenly across the EU territory.

Inequalities are still on an increasing trend. For too many European citizens, employment is still scarce or absent and life gets harder. Quite often, especially for young people, women, old people and other vulnerable groups, present difficulties combine with weakened hope in the future.

This is very bad news not only for them, but for the European democratic societies as a whole, also, because it lets an increasing

number of European citizens be deceived by those proposing shortcuts and over-simplified remedies to the present difficulties.

Last year, the European Union and its member states agreed upon a common strategy – called **Europe 2020** – with the view to help Europe to recover more quickly and to put our continent on good tracks in the long run.

But, in the meantime, EU member states are confronted with very difficult choices concerning their budgets. Thus, they have to strike *a balance between the need to reduce deficits and debt and the need to promote growth and to safeguard the European social market economy model.*

These choices will have an impact on social, economic and territorial cohesion across the Union. Hence, they should not be done without broad support from stakeholders and local and regional authorities at national level.

This is my strong feeling as the President of the Committee of the Regions, and this is how the Committee, which is the EU assembly of regional and local representatives, also sees it.

In fact, we welcomed the Europe 2020 strategy, as a lever to putting Europe on a path of *smart, sustainable and inclusive growth*. We considered that it is more balanced and has a broader goal than the Lisbon Strategy, which aimed at promoting "the most competitive knowledge-based economy".

We supported also the 5 concrete targets related to the employment rate, the youth attendance at school, the research and innovation efforts, the reduction of greenhouse gas emissions, and the fight against poverty.

As far as the Euro zone is concerned, making Europe 2020 a success is tantamount to strengthening the economic leg of the Economic and Monetary Union.

Therefore, Europe 2020 needs not to repeat the mistakes that caused the failure of its predecessor.

First and foremost, it must be able *to speak to the whole European society*, and not only to its most advanced parts.

As an example, we cannot give the word "innovation" the same meaning in poor rural areas as in established high-tech clusters.

This is why Europe 2020 should be flexible enough to adapt to different socio-economic circumstances and starting points.

In addition, as regional differences within the same country are often bigger than those between countries, specific objectives should be also set at the regional level, thus giving the strategy a truly territorial dimension.

To be credible, Europe 2020 should also fulfil two further important requirements:

- it should be provided with *the financial resources* it needs,
- and it should be seen as *an opportunity for administrative simplification*.

It is my firm belief that there is no way for Europe 2020 to succeed if it is not implemented by *all tiers of government in a country in partnership*, despite the existing differences in our countries' institutional models – which can be federal states or centralised or decentralised.

Why should all different government levels work in partnership?

Firstly, we should remember that, in Europe, the local and regional authorities are responsible for 30 per cent of total public expenditure, for 25 per cent of tax revenues, for about 16 per cent of public debt and two thirds of capital investments. Moreover, about 70 of EU legislation are implemented on the ground by them.

Secondly, local and regional authorities are closer to the citizens and know better than anybody else the problems of their territories.

Even if we live and work in a more and more globalised economy, we should not forget that the social and business environment of a place, its cohesion and therefore its expectation of sustainable growth are strictly *interdependent* - and all of that is very local.

The performance of EU or national policies is closely linked to the policies implemented at other levels, and the reverse is true as well. On the one hand, regions and cities' ability to deliver in fields such as innovation, energy, climate change, employment, social inclusion is dependent on the national and EU policy environment.

On the other hand, as I said, regional and local governments are already involved in most policy areas covered by Europe 2020.

Last, but not least, if all relevant government levels coordinate their agendas - including their policies' timeframes - and integrate them (focusing different sectoral interventions in view of a common goal), then they can benefit from *synergies* and *systemic* effects that make their policies much more effective.

So, how can national governments succeed if such key actors do not become their partners?

For the Committee of the regions, there is a single and simple solution to make the best of Europe 2020; we called it **Territorial Pacts**.

Last autumn, we proposed that *Territorial Pacts for Europe 2020* be concluded at national level between every tier of government (local, regional, national) in order to coordinate and synchronise their policy agendas, focusing their actions and financial resources on the Europe 2020 Strategy goals and targets.

How can a Territorial Pact work in practice?

For example, it could help:

- setting national and possibly regional targets, with recourse, when necessary, to indicators and targets other than GDP;
- implementing one or several of the seven Europe 2020 flagship initiatives;

- identifying obstacles to the achievement of the Europe 2020 targets at national level.

It goes without saying that CoR members are strong partisans of subsidiarity and proportionality. Thus, for us, a Territorial Pact should take the form that is the most suitable for each country, respectful of its institutional arrangements.

It has to adapt to the specific social, economic and institutional environment in which it is subscribed, so that it can give Europe 2020 *a true territorial dimension and territorial ownership*.

A Territorial Pact may include:

- legal provisions, identifying which policies are needed and setting out how those policies can be adapted in order to secure more efficient delivery of the structural reforms required under the Europe 2020 strategy;
- financial provisions, detailing which resources (EU, national or local, public or private funding) will be used to reach the targets;
- governance provisions, giving information on possible new arrangements to deliver policies more effectively.

In our view, Territorial Pacts should mix up these and other elements in a contractual content. In other terms, we conceive Territorial Pacts as a mutual engagement that:

- is taken on a *voluntary* basis, fully respecting the subsidiarity principle;
- and then becomes *binding*.

Actually, this is not a new idea.

Although the scope of Territorial Pacts for Europe 2020 might seem ambitious, **multilevel agreements** aimed at achieving socio-economic goals *have been established during the past decade* in a number of different countries.

In the website of our Europe 2020 Monitoring Platform, we are collecting a series of experiences involving different countries and policy domains.

To give some examples, I could mention the *Territorial Employment Pacts 2007-2013 in Austria*, the Flanders in Action Pact 2020 in Belgium, the Greater Nottingham Partnership in the UK, the Territorial Pacts for Inclusion in France, the BMBF Innovation Initiative Entrepreneurial Regions in Germany and Catalonia's territorial pacts for the countryside.

These examples vary widely in terms of:

- (a) the tiers of administration involved (local, regional, national, European),
- (b) the nature of the partnership (vertical or horizontal),
- (c) the type of remit (setting guidelines or delivering),
- (d) the area of action (very broad or specific).

Being today in Vienna, I am eager to discuss with you what you consider as the best way to achieve Europe 2020 Strategy, what is your appreciation of the involvement of local and regional authorities in drafting of the National Reform Programme, and how the local and regional authorities will contribute in its implementation.

Having in mind the long and fruitful experience of partnership in Austria, I would be very much interested in listening to your reactions and the possible development of the Territorial Employment Pacts in the future.

It is high time that the Member States take the initiative. Member states should consider that Territorial pacts could be of great help to face the most difficult structural reforms – as they would increase ownership of their goals.

To launch the debate, I would like to give you some insights in **the current situation in the other Member States.**

It is still too early to draw a summary picture of how the 27 National Reform Programmes have been drafted, although our feeling is that there has not been yet an extensive recourse to the approach we suggest.

On the other hand, we are detecting not only a genuine interest across the EU, but also some new experiences - sometimes at their starting point, as the Polish law on territorial contracts.

The Committee of the Regions will keep campaigning for territorial pacts and is fully supported by the European Commission – as I had the pleasure to read in a letter by President Barroso recently -, and by the President of the European Council – as President Van Rompuy explained last week during our Plenary Session.

What could be the role of the European Union, besides mere encouragement?

The answer is manifold. The EU can:

- *increase focus, coordination* and administrative *simplification* in the management of EU policy instruments and funding channels –and also creatively find *new ways of financing public investments*;
- *monitor* how the National Reform Programmes are designed and implemented – and the CoR is giving a strong contribution in this field;
- make a broader use of *territorial impact assessments* in its legislative process.

In fact, the European Commission has clearly got the message. In its Communication on the EU Budget Review (19 October 2010), it has put forward two proposals for the next Multi-annual Financial Framework:

- 1) a *common Strategic Framework* to increase the consistency of EU funds for the delivery of Europe 2020 on the ground (it will

cover the Structural Funds, the rural development Fund and the fishery Fund);

2) *Development and Investment Partnership Contracts* should be agreed between the Commission, each Member State, and regions to implement it.

I have just mentioned cohesion policy.

I should add that, while I am convinced that Europe 2020 cannot deliver without the contribution of cohesion policy, cohesion policy itself should not forget the mission it has been given by the Treaty - to promote economic, social and territorial cohesion, keeping convergence of lagging territories as its first priority.

Ladies and gentlemen,

In the audacious hope that you may share what I have been arguing, let me conclude with a question:

Why couldn't Austria be the first EU member state to explicitly adopt this approach in the implementation of its National Reform Programme?

I thank you for your attention.