Opinion of the Committee of the Regions on ‘The contribution of cohesion policy to the Europe 2020 strategy’
(2011/C 15/03)

CONCLUSIONS OF THE COMMITTEE OF THE REGIONS

— The Committee of the Regions must have structured involvement in the further implementation of the Europe 2020 strategy, drawing, among other things, on the findings of the Europe 2020 Monitoring Platform. The European Commission’s annual report for the spring summit should therefore include a specific chapter on the involvement of local and regional authorities in implementing the strategy;

— Cohesion policy must, in future, continue to focus on objectives of economic, social and territorial cohesion as laid down in the EU Treaty, in particular by reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. If that happens, cohesion policy will make an active contribution to achieving the Europe 2020 targets;

— The horizontal approach to cohesion policy is the only way of ensuring that all regions of the European Union have the opportunity to play an active part in implementing the Europe 2020 strategy;

— This could be achieved by means of a territorial pact with local and regional authorities setting out at the level of the European institutions the involvement of local and regional authorities in implementing the Europe 2020 strategy and a recommendation for territorial pacts which could allow for a structured involvement of local and regional authorities at national level in line with their respective powers.
I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Opening remarks

1. notes that the European Commission communication and the European Council conclusions on the Europe 2020 strategy contain key decisions for the future direction of EU policies, which are to focus on sustainable growth, innovation and jobs;

2. underlines that, in subsequent discussions, the European institutions agreed on core targets and priority action areas, which are to be underpinned over the coming months by flagship initiatives and legislative proposals;

3. points to the particular importance of local and regional authority involvement and active participation in the ongoing development of the strategy, and of strengthening their role in implementing it;

4. notes in that regard that one key to the success of the Europe 2020 strategy is the targeted use of local and regional authorities' capacities and resources;

5. would highlight the key contribution that EU cohesion policy can make to implementing the Europe 2020 strategy;

6. is thus pleased that the Belgian EU Council presidency has asked the Committee of the Regions for an opinion on the future role of cohesion policy in implementing the Europe 2020 strategy;

7. recalls that, over the past few years, the Committee of the Regions has concerned itself very much with the direction of the Lisbon strategy and the involvement of local and regional authorities in its implementation, and has also expressed its views on the future shape of the Europe 2020 strategy;

8. in that regard would draw particular attention to the following documents:

—— the Committee of the Regions' White Paper on Multi-Level-Governance (1), which, with respect to territorial cohesion, calls for the consistent involvement of local and regional authorities in EU sectoral policies,

—— the opinion on the Future of the Lisbon strategy post-2010 (2), which states that the new strategy should build on existing partnership structures,

—— the opinion on the Future of cohesion policy (3), which states that structural policy must continue to be a key pillar of European integration;

Objectives: Europe 2020 and cohesion are interdependent

9. underlines that the starting point for any assessment of the future role of cohesion policy in implementing the Europe 2020 strategy must be the Treaty bases and the objectives of the various EU policies;

10. notes in this respect that the contribution of cohesion policy to implementing the Europe 2020 strategy must reflect the objectives set out in Article 174 of the Treaty on the Functioning of the European Union and the cross-cutting objective of economic, social and territorial cohesion laid down in Article 3 of the Treaty on European Union by the Treaty of Lisbon;

11. points out that the purpose of cohesion policy is to strengthen economic, social and territorial cohesion in order to promote the Union’s overall harmonious development and reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Particular attention is thereby to be paid to rural areas, areas suffering from an economic handicap or affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions; the Committee of the Regions would also highlight the challenges listed in the Europe 2020 study for the EU's regions, including the outermost regions, as well as urban areas whose outskirts are often increasingly run down and affected by growing social and economic impoverishment; considers, furthermore, that the scope of the Europe 2020 strategy should also cover the outermost regions, in accordance with Article 349 TFEU;

12. notes that the EU Structural Funds have been very useful to date in helping implement the Lisbon strategy but regrets that regional and local authorities have not been sufficiently involved in its application;

13. hence endorses the European Council conclusions of 17 June 2010 which stress the importance of promoting economic, social and territorial cohesion and of developing infrastructure in order to contribute to the success of the Europe 2020 strategy but regrets that these conclusions are not sufficiently sensitive to the regional dimension;

14. would draw attention to the findings of the Kok report on the failure to take due account of local and regional authorities in the practical application of the Lisbon strategy, and concludes from that that these authorities must play an active role ‘on the ground’ if the Europe 2020 strategy is to be implemented successfully;

15. would therefore make the following points, which it considers to be particularly important for the successful implementation of the Europe 2020 strategy:

— Local and regional authorities must secure broad involvement at an early stage in order to give stakeholders the opportunity to identify with the Europe 2020 strategy’s goals, content and measures.

— The Europe 2020 strategy must be able to harness the development potential of every regional and local authority area.

— The Europe 2020 strategy, which is more thematic in nature, must be linked to the cross-cutting approach of cohesion policy in order to secure broad-based participation and make it effective in every regional and local authority area;

16. nonetheless cautions against adding to the administrative burden of cohesion policy by introducing further reporting obligations that go beyond the current procedures;

17. would stress that cohesion policy must, in future, continue to focus on flexible programmes – adapted to local and regional requirements – that help attain the Europe 2020 goals by providing on-the-ground solutions to the very broad range of development needs at the level of local and regional authorities;

18. reiterates its opposition to the proposal made by the European Commission in its 12 May 2010 Communication on reinforced economic governance to suspend the Structural Fund payments as part of an Excessive Deficit Procedure, and refers to its resolution of 10 June 2010 (†);

19. points out that cohesion policy is also closely linked to services of general interest in so far as the two policies make a cross-cutting contribution to strengthening the internal market and cohesion in Europe. Therefore believes that services of general interest, which are a decisive factor for smart, sustainable and inclusive growth, should be highlighted in the Europe 2020 strategy. As advocated by the Monti Report on a new strategy for the internal market (May 2010), financing general interest service infrastructures and services for enhancing social inclusion in particular should be identified as political objectives of the European Union’s future growth strategy;

20. feels that a key task of the Europe 2020 strategy, and one which also adds significant value to the venture, will be to tackle the structural reforms that Europe including the EU institutions needs in order to boost sustainable growth, innovation and jobs. These structural reforms are also very important for the successful deployment of cohesion policy;

21. rejects any measures that restrict the main focus of Structural Fund support to the structural bottlenecks identified under the Europe 2020 strategy unless such measures are also consistent with the objectives of cohesion policy (substantive conditionality);

22. nonetheless feels it should be possible, through partnership-based dialogue with local and regional authorities launched well in advance of the next Structural Fund programming round and, where necessary, on a contractual basis, as is the case for the territorial pacts proposed by the Committee of the Regions, to lay down joint targets and parameters for future Structural Fund support, which would, to a large extent, be binding on all those involved and could thus also contribute to macroeconomic conditionality;

The contribution of cohesion policy to the three priorities: smart, sustainable and inclusive growth

23. is pleased that the basic focus of the Europe 2020 strategy is on sustainable growth, innovation and jobs and that greater account is taken of the social and environmental dimension;

24. feels that this reflects a broad understanding that competitiveness has to be built on sustainability and stronger social and territorial cohesion;

25. notes that cohesion policy has played an important role in the past in strengthening smart, sustainable and inclusive growth in the European Union – elements that are now central to the Europe 2020 strategy;

(†) The position expressed by the CoR in its resolution of 10 June 2010 (CdR 175/2010, point 12).
Contribution of cohesion policy to achieving the objectives

26. would stress that the cohesion policy instruments – in the context of the cohesion objectives set out under the Treaty – can make a significant contribution to achieving the Europe 2020 objectives. It is essential to maintain a balance between the traditional (and still current) mission of this policy and the new strategic challenges that are shared by the whole of the EU. Such a balance may be achieved, inter alia, by maintaining the special status of the convergence regions;

27. notes that, particularly with finances becoming ever tighter, the future EU 2020 objectives are not geared primarily towards the quantitative use of budget resources; and feels that the successful implementation of the Europe 2020 strategy will be largely predicated on the nature and quality of the tools to be put in place and on their user-friendliness; accordingly notes that it is legitimate to aim for the maximum integration of all existing EU financial instruments. This applies particularly to those instruments that in fact serve to provide funding for undertakings of a similar nature (e.g. ERDF and EAFRD in connection with rural development);

28. feels there is a need to press ahead with the development of innovative cohesion policy financing instruments, including, for instance, revolving funds, in order to further improve the leverage effect of cohesion policy in attaining the Europe 2020 objectives;

29. with respect to the employment target (raising the employment rate for 20-to-64-year olds in the European Union to 75 %), points to the fact that, under the current Structural Fund programmes, some EUR 14 billion has been set aside to help strengthen the ability of companies and workers to anticipate and manage change. Out of this sum, around, EUR 9.4 billion is assigned to help companies introduce effective human development policies;

30. thereby stresses the need for closer interplay between the funds with a territorial dimension and more specifically between the European Social Fund (ESF) and the European Regional Development Fund (ERDF) in order to create new job opportunities and/or improve employability through education and training;

31. therefore supports the proposal to create a common European strategic framework that embraces the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the Financial Instrument for Fisheries Guidance (FIFG); would therefore ask the European Commission to secure ERDF-ESF interplay of this kind in the next funding period through a joint framework regulation on cohesion policy;

32. with respect to the research target (raising EU R&D investment to 3 % of GDP), notes that, according to Commission figures, EUR 86 billion, or 25 % of cohesion funding, is being used for R&D and innovation during the current funding period, thus helping establish and consolidate the research landscape in Europe’s regions;

33. notes that a support policy predicated on regional and local authorities – as is the case under cohesion policy – complements the promotion of excellence in Europe and can help ensure that European research and innovation policy develops the necessary range to make the Europe 2020 strategy a success;

34. takes the view that, with respect to the climate and energy target (reducing greenhouse gas emissions by 20 %, increasing the share of renewable energy sources to 20 % and improving energy efficiency by 20 %), enhanced environmental quality must remain a priority in the Structural Fund programmes in all the Member States and points out that around third of the total cohesion resources (EUR 105 billion) is being deployed to this end in the current funding period; also points out that the creation of new funding instruments in the area of climate policy at international level must not lead to cuts in resources for cohesion policy; and renews its request that the overall balance of investments should not result in additional greenhouse gas emissions;

35. notes that, of this figure, some EUR 48 billion is being used for action in various fields to tackle climate change challenges, not least mitigation and adaptation measures. This includes investment in, for instance, the promotion of efficient and renewable energies (EUR 9 billion) and indirect measures, such as sustainable urban transport projects (EUR 6.2 billion);

36. with respect to the education target (reducing the drop-out rate and increasing to 40 % the share of the population aged 30 to 34 having completed tertiary education or its equivalent), notes that cohesion policy is already making a substantial contribution in the current funding period to reducing school drop-out rates on this front, the particular challenges of maintaining schools and access to them in sparsely populated areas must not be ignored;

37. would also stress, however, that the EU has limited competences in this area and that it is up to the Member States to guarantee adequate funding and decision-making powers for local and regional authorities and to set their national targets in accordance with their relative starting positions and national circumstances, taking due account of these core targets;

38. in respect of the poverty target (reducing by 20 million the number of people in the European Union below the poverty line or at risk of poverty), believes that cohesion policy, given its focus on growth and jobs, has a contribution to make to fighting poverty in the European Union, in particular by supporting local and regional inclusion and employment projects the new programmes allocate some EUR 19 billion to assist in removing barriers to employment, in particular for women, young people and older and low-skilled workers;
39. notes that, according to the European Commission, the ongoing ESF programmes for 2007 and 2008 have already reached almost 6 million people, 52% of them women. Around a third of the measures focused on support for workers, with additional measures targeting the unemployed (33% of recipients, 7% of them long-term unemployed) and particularly vulnerable groups such as migrants and minorities (13%);

40. in this context, points out that, under Article 153 of the Treaty on the Functioning of the European Union, the EU simply supports and complements the activities of the Member States in this field;

41. stresses the need to allow the Structural Funds to be used to help counter health inequalities;

**Contribution of cohesion policy to implementing the flagship initiatives**

42. notes that the flagship initiatives set out in the Europe 2020 strategy essentially relate to thematic or sectoral targets, but also cover significant elements of cohesion policy;

43. acknowledges that the Commission has already emphasised the contribution of the Structural Funds to implementing most of the flagship initiatives and that it sees cohesion policy and the Structural Funds as key catalysts for smart, sustainable and inclusive growth in the EU’s Member States and regions;

44. points out the need to align the actions taken under the Europe 2020 flagship initiatives with existing procedures and actions, in order to ensure transparency and avoid duplicating processes and reporting obligations;

45. feels that, in the ongoing development of the flagship initiatives, the European Commission would do well to pursue an integrated approach vis-à-vis the various European support instruments and ensure that the devolved approach to cohesion policy is given due regard and – where possible and necessary – further expanded;

46. reiterates its insistence, already made in its opinion on the future of the cohesion policy, that the proposed flagship initiatives should not lead to any restriction of European cohesion policy. The Structural Funds must remain capable of integrated problem-solving at regional level and should not be reduced to meeting sectoral conditions;

47. notes, with regard to the flagship initiative on the ‘digital agenda’, that there are close links between the digital agenda and the implementation of cohesion policy, particularly in terms of universal broadband access in rural areas and the development of new services to cope with demographic change;

48. feels that the ‘Innovation Union’ flagship initiative gives scope to improve how tasks and responsibilities are shared between support for excellence in basic and applied research at European level on the one hand, and support for innovation at a decentralised level on the other, in a bid to develop the necessary range;

49. points, in this connection, to the cohesion policy measures designed to build regional innovation systems and territorial cooperation instruments, to the provision of risk capital and to measures to accelerate the introduction of innovative products and encourage networking among stakeholders in business, academia and administration;

50. calls for the complementary division of roles between EU instruments to be strengthened with regard to decentralised support measures, not least given that the promotion of innovation is already a cornerstone of the EU’s Structural Fund programmes;

51. in respect of the ‘resource-efficient Europe’ flagship initiative, welcomes the objective of decoupling economic growth from the use of resources in future, and feels that a decentralised approach should be adopted regarding those policies for action with the greatest Structural Funds involvement, which would make the initiative more effective, not least in relation to energy efficiency measures, alternative energy sources, the promotion of a recycling-based economy and the development of sustainable transport plans;

52. emphasises that, in the various individual actions taken in this field, a careful distinction must be made between the competences of the European Union and those of the Member States, with due respect for the subsidiarity principle. Greater attention must also be paid to the efficiency of the various actions taken;

53. stresses, with regard to the flagship initiative on ‘an industrial policy for the globalisation era’, that cohesion policy has a valuable contribution to make in improving competitiveness by boosting the potential for industrial development of weaker regions in particular, supporting cluster initiatives, supporting SMEs, developing business-related infrastructure and fostering industrial diversification;

54. with regard to the ‘agenda for new skills and new jobs’ flagship initiative, welcomes the Commission’s efforts to support the younger generation in the world of training and work, and recommends promoting mobility for students and trainees and providing support to integrate young people in the labour market;

55. draws attention to the considerable overlaps with the fields covered by the European Social Fund, and supports efforts to link these objectives more closely with the corresponding European funding instruments;
The cohesion policy governance system can make an important contribution to successfully implementing the Europe 2020 strategy

56. notes that the multi-level system for structural policy that has been developed successfully over recent years, with significant involvement on the part of local and regional stakeholders and taking due account of local circumstances, can make a valuable contribution to the successful implementation of the Europe 2020 strategy;

57. stresses that the following elements of cohesion policy must therefore be retained or expanded:

— multiannual programming,

— shared management and cofinancing,

— across-the-board implementation of structural policy in all regions of the European Union,

— programming and programme evaluation based on indicators not confined to GDP, with involvement from local and regional authorities,

— decentralised implementation,

— involvement of local stakeholders, in line with the partnership principle of the Structural Funds,

— flexible application of European priorities in the regions;

— territorial cooperation;

58. is confirmed in its opinion that cohesion policy's current focus on growth and jobs is the right approach, and thus sees no need to tighten the existing earmarking for the Structural Funds locally and regionally adapted strategies that take different development needs into account must also continue to form the basis of cohesion policy;

61. feels, however, that the administrative capacities of local and regional authorities need to be strengthened, where required, so that they too can fulfil their vital role as part of the Europe 2020 strategy;

62. therefore calls on the European institutions and the Member States to lay down their participation in the implementation of the Europe2020 strategy as part of a territorial pact with local and regional authorities and to set out therein the on-the-ground role of the flagship initiatives; a recommendation for territorial pacts should make possible, at Member State level, the structured participation of local and regional authorities in line with their competences and in accord with the subsidiarity principle;

63. suggests that European cohesion policy could be used as a key tool for involving local and regional authorities in implementing the Europe 2020 strategy as part of this territorial pact. Steps should be taken, in all areas supported by European cohesion policy, to enable ‘territorial pacts’ to be used to mobilise key local stakeholders to achieve the priorities and headline targets of the Europe 2020 strategy;

64. to this end, advocates developing additional rules, within the framework of the cohesion policy objectives, that will allow local and regional authorities to play an active role in achieving the Europe 2020 strategy's growth priorities and headline targets as part of their operational programmes;

65. proposes organising networking and exchanges of information between local and regional authorities in the context of the ‘European territorial cooperation’ objective, with a view to achieving the Europe 2020 strategy's priorities and headline targets, making use of the European Grouping of Territorial Cooperation scheme if appropriate. The scope of cross-border cooperation could include additional focal points for local and regional authorities' actions to implement the European Commission’s flagship initiatives;

66. suggests that the system for reporting to the European Commission on the implementation of European funds be used to record the outcome of local and regional authorities’ endeavours to implement the Europe 2020 strategy. This would obviate the need for new bureaucratic structures and reporting obligations, and would require neither new institutions nor additional resources;

67. calls on the European Commission to provide the European Parliament and the Committee of the Regions with regular information, based on the aforementioned reports, on the implementation of the territorial pacts on the Europe 2020 strategy as part of EU cohesion policy and to discuss strategic adjustments;

Role of local and regional authorities in implementing the Europe 2020 strategy

60. considers that territorial cohesion as set out in the treaty must be a guiding principle for implementation of the EU-2020 strategy and for other EU policies. The principle of multilevel governance must be applied at all stages of implementing the strategy;

61. feels, however, that the administrative capacities of local and regional authorities need to be strengthened, where required, so that they too can fulfil their vital role as part of the Europe 2020 strategy;

62. therefore calls on the European institutions and the Member States to lay down their participation in the implementation of the Europe2020 strategy as part of a territorial pact with local and regional authorities and to set out therein the on-the-ground role of the flagship initiatives; a recommendation for territorial pacts should make possible, at Member State level, the structured participation of local and regional authorities in line with their competences and in accord with the subsidiarity principle;

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67. calls on the European Commission to provide the European Parliament and the Committee of the Regions with regular information, based on the aforementioned reports, on the implementation of the territorial pacts on the Europe 2020 strategy as part of EU cohesion policy and to discuss strategic adjustments;
calls on the European Commission to set out its vision for the future links between cohesion policy and implementation of the Europe 2020 strategy as part of the 5th Report on Economic and Social Cohesion;

believes that the 5th report on cohesion to be published at the beginning of November 2010 should be used as a launchpad for an EU-wide discussion on the future cohesion policy guidelines in the light of the Europe 2020 strategy, with local and regional involvement, so that, following a consultation and cooperation phase, these guidelines can be adopted in good time before the new funding period starts;

also feels that the Committee of the Regions needs to have more structured involvement in the further implementation of the Europe 2020 strategy, and suggests, in this connection, that the European Commission’s annual report for the spring summit should include a specific chapter on the involvement of local and regional authorities in the strategy;

highlights the local and regional expertise provided by the Europe 2020 Monitoring Platform for monitoring implementation of the Europe 2020 strategy and for the work of the Committee of the Regions;

would therefore draw the following conclusions:

cohesion policy must, in future, continue to focus on objectives of economic, social and territorial cohesion as laid down in the EU Treaty, in particular by reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions;

if that happens, cohesion policy will make an active contribution to achieving the Europe 2020 targets;

this can only be done, however, if cohesion policy continues in future to target all regions of the European Union;

the horizontal approach to cohesion policy is the only way of ensuring that all regions of the European Union have the opportunity to play an active part in implementing the Europe 2020 strategy;

this could be achieved by means of a territorial pact with local and regional authorities setting out at the level of the European institutions the involvement of local and regional authorities in implementing the Europe 2020 strategy and a recommendation for territorial pacts which could allow for a structured involvement of local and regional authorities at national level in line with their respective powers;

cohesion policy support must continue to focus on the weakest and most ailing regions, and appropriate, fair transitional arrangements must be put in place for the regions that, although no longer be eligible for maximum support after 2013, still have ongoing problems (including regions affected by the ‘statistical effect’), so as to maintain what has been achieved in those regions with an eye to ensuring sustainability;

at the same time, support must continue to be given to those regions that are already contributing significantly to the EU’s competitiveness. Moreover, even economically stronger regions have structurally less developed areas that also need support;

territorial cooperation can make a valuable contribution to cross-border, transnational and interregional cooperation for the implementation of the Europe 2020 strategy;

the European Social Fund must remain part of cohesion policy in future, and this must be guaranteed through a joint framework regulation;

the Committee of the Regions must have structured involvement in the further implementation of the Europe 2020 strategy, drawing, among other things, on the findings of the Europe 2020 Monitoring Platform. The European Commission’s annual report for the spring summit should therefore include a specific chapter on the involvement of local and regional authorities in implementing the strategy;

the local and regional authorities in the European Union are keen to make their contribution to the success of the Europe 2020 strategy as part of the implementation of future cohesion policy in Europe.

Brussels, 5 October 2010.

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