

EUROPEAN UNION



**Committee of the Regions**

# **On the role of the local and regional authorities in the Europe 2020 National Reform Programmes: Analysis of the 2013 National Reform Programmes**

**Executive Summary**

**This executive summary was written by Ecologic Institute (Tanja Srebotnjak, Max Grünig, Sydney Baloue, Beata Vargova).**

*The report does not seek to reproduce in detail the content of the 2013 National Reform Programmes submitted by the Member States and Croatia to the EU Commission but rather to identify and synthesise the main points in relation to the role of local and regional authorities in their drafting, implementation and evaluation. The information it contains is purely for illustrative purposes. The report is not binding on the Committee of the Regions' administration and does not prejudice the final content of the relevant Committee's opinion. It does not represent the official views of the Committee of the Regions.*

The full report is available via the EU bookshop (Catalogue number: QG-01-14-283-EN-N, ISBN: 978-92-895-0776-9, DOI: 10.2863/98567)

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# Executive Summary

## Background

The Committee of the Regions (CoR) strongly supports the Europe 2020 strategy,<sup>1</sup> while emphasizing the need to coordinate and implement actions at all levels of government, including local and regional authorities (LRA), in order for the strategy to succeed. The CoR promotes this goal through a variety of mechanisms and initiatives, including surveys on Europe 2020 issues, the Europe 2020 Monitoring Platform (EUROPE2020MP)<sup>2</sup> and Territorial Pacts.<sup>3</sup>

As part of the European Semester and the monitoring of the Europe 2020 strategy, the Member States (MS) submit their annual National Reform Programmes (NRP) to the European Commission. The NRPs specify the progress made in the preceding year as well as the actions that will be undertaken in areas such as employment, research, innovation, energy or social inclusion. They also respond to the country-specific recommendations (CSR) made by the EU Commission to facilitate meeting the goals and targets set out in the Europe 2020 strategy.

The CoR has carried out analyses of the first two rounds of NRPs in 2011 and 2012 with particular focus on the role and visibility given to LRAs in designing, implementing and monitoring the NRP actions. At the core of the analyses was a systematic point-based evaluation of the NRPs using a pre-specified set of qualitative and quantitative questions. Following the 2011 and 2012 analyses, this report presents the findings of the 2013 NRPs. The 2013 evaluation used, to the maximum extent possible, the same core set of questions as in 2011 and 2012 in order to permit comparisons over time, while also allowing new questions to be added that reflect new developments such as the development of

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<sup>1</sup> The Europe 2020 Strategy Europe 2020 is the EU's growth strategy for the coming decade and aims transform the EU to a smart, sustainable and inclusive community by 2020. More information about the Strategy's objectives, instruments and processes can be found at [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm) (last accessed 30 July 2012).

<sup>2</sup> The Europe 2020 Monitoring Platform is a network of local and regional authorities and an electronic platform at the same time. It aims to assess the EUROPE 2020 Strategy from the point of view of EU Regions and Cities. More information is available at <http://portal.cor.europa.eu/europe2020/Pages/welcome.aspx> (last accessed 30 July 2012).

<sup>3</sup> CoR Resolution (CdR 199/2010) proposes to strongly support the proposal launched in the European Parliament to establish a "Territorial Pact of Regional and Local Authorities on Europe 2020 Strategy" having as objective to ensure a multi-level ownership of the future strategy through an effective partnership between the European, national, regional and local public authorities. The Territorial Pacts are facilitated by the Committee of the Regions. For more information: <http://portal.cor.europa.eu/europe2020/news/Pages/TerritorialPacts.aspx> (last accessed 30 July 2012).

Partnership Agreements as part of the new Common Strategic Framework for Cohesion Policy for the period 2014-2020.

The 2013 evaluation focuses on:

- Identifying if and to what extent LRAs were involved in the design of the NRP, how the NRPs reflect their involvement in the implementation and monitoring of Europe 2020 related actions, how funding and governance agreement reach and adequately meet the needs of LRAs, and to compare these findings with the results of the 2011 and 2012 NRPs analyses,
- Specifying if and to what extent the NRP fulfil the request made by the Secretariat General of the European Commission in January 2013 that, in their NRPs, the “Member States should notably report on ... how regional and local authorities ... were involved in the preparation of the NRP and in the implementation of the past guidance and commitments. Good practice examples on the implementation process of the Europe 2020 strategy and the European Semester at regional and local level may also be included.”<sup>4</sup>

Croatia has recently joined the EU27 and prior to its formal accession had entered the European Semester process on a voluntary basis. Its 2013 Economic Programme is thus included in the analysis and the programme’s statements are evaluated on the basis of the same template of questions used to examine the NRP’s of the other 27 EU Member States but without the temporal comparisons. Unless it is specified otherwise, Croatia is therefore counted included in the result tabulations.

## Results

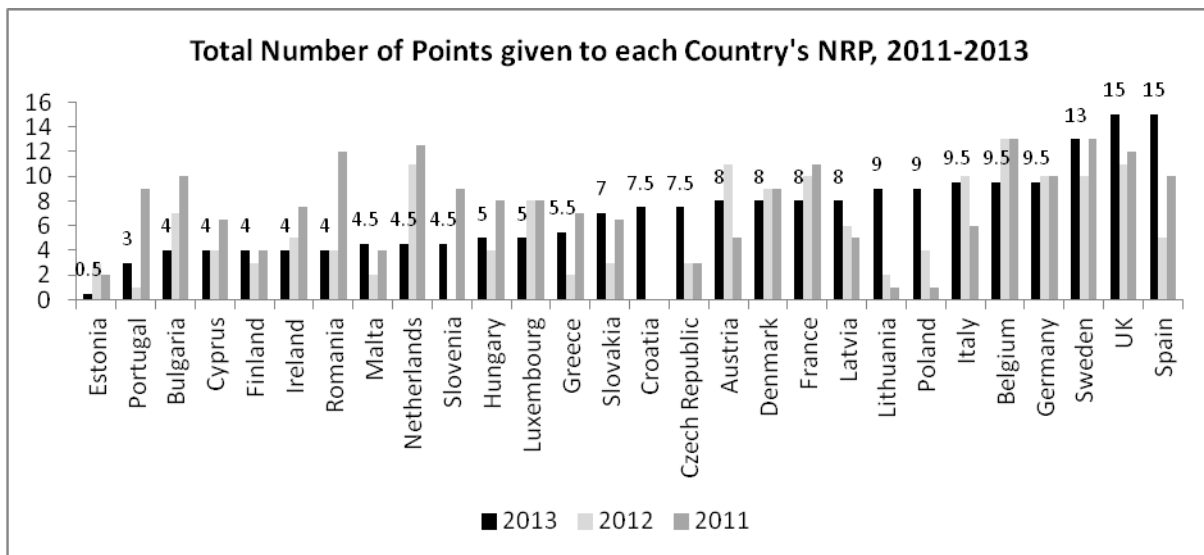
### *General findings*

Figure 1 shows the total number of points that each of the 28 NRPs achieved on the 10 questions sorted from lowest to highest in 2013.<sup>5</sup> The maximum possible number of points is 16 and the scores for 2012 and 2011 are included for comparison. The data labels show the 2013 scores.

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<sup>4</sup> See EC Secretariat General “Guidance on the content and format of the National Reform Programmes”, 14 January 2013.

<sup>5</sup> Overall, the 2011, 2012 and 2013 assessment include a core set of 10 questions but also additional ones that differ between the analyses because of evolving changes in policies, protocols and interests in specific topics. The additional questions are not counted towards the total point score for each NRP but are discussed separately in the report. This allows for a better comparison over time of the progress made in the involvement of LRAs. The template is shown in section 1.3.



**Figure 1: Total scores for core questions for each NRP for 2011-2013, sorted by 2013 scores.**

Note: Croatia submitted an Economic Programme for 2013, which is included in the analysis, although it is not technically a NRP. It does not have a score for 2011 and 2012.

As Figure 1 shows, Spain and the UK were found to most extensively reflect on LRAs in their NRPs with a total of 15 points out of a possible maximum of 16 points. They are followed by Sweden with 13 points. All three countries have governance structures that promote or require the involvement of sub-national levels of government (UK and Spain) and/or have an established history of active multi-level participatory governance (Sweden). Characteristic of these countries' NRPs is also that they make systematic and transparent references as to who represented the LRAs and how this representation took place throughout all stages of the drafting of the NRP, its (ongoing) implementation and monitoring. For example, they devote specific sections to multi-level governance, inter-governmental collaboration, financial information regarding the LRAs as they carry out actions under the Europe 2020 strategy and the distribution of responsibilities in implementing and monitoring the measures included in their respective NRPs. In comparison, the highest ranking countries for the same set of questions in 2011 were Belgium, Netherlands and Sweden and Belgium, Netherlands and UK in 2012.

In contrast, Estonia (0.5 points), Portugal (3 points) and Bulgaria, Cyprus, Finland, Ireland and Romania (4 points each) hardly mention any but the central governmental authorities in their NRPs, nor do they lay out in their individual reform plans if and how planned and on-going activities under the NRP will be carried out in partnership or collaboration with local and/or regional authorities. In 2011 the respective NRPs with the least mentioning of LRAs were Lithuania,

Poland and Estonia and in 2012 they were Slovenia, Portugal and Greece, Lithuania and Malta.<sup>6</sup>

The questions that were addressed most often and most explicitly by the Member States are Q6 on whether LRAs are featured in specific paragraphs or sections of the NRP (95%), Q10 on the financial aspects and how they related to LRAs (75%), Q11 on the administrative capacities of LRAs (63%) and Q7 on the role of LRAs in implementing the NRP (61%).

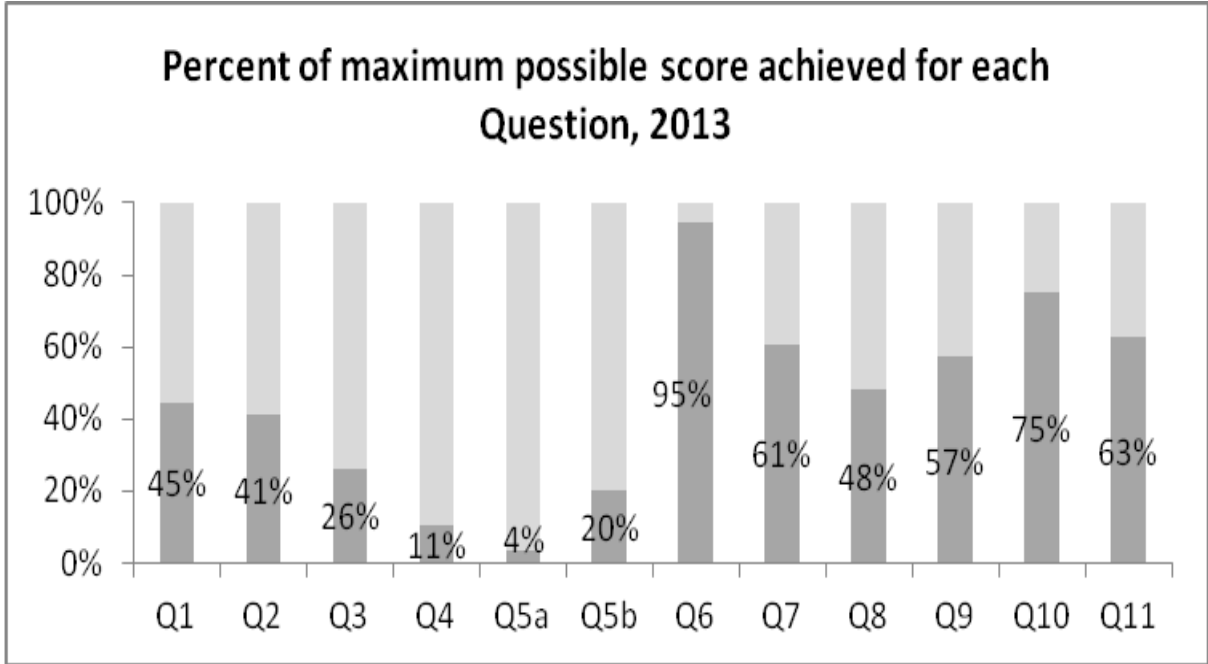


Figure 2: Distribution of answers across the 10 questions for all 27 NRPs and Croatia’s Economic Programme.

*Question-specific findings*

Considering the contexts in which the NRPs make reference to LRAs, it can be said that the majority of NRPs comment on the role of the LRAs with respect to the implementation of actions, programmes and policies. In contrast, many NRPs reserve little room to elaborate on how LRAs contributed to the development of the NRP (Question 1, 2) or the monitoring of the specified actions (Q8). Of all 28 programmes, 27 (96%) mention LRAs in the context of their work and responsibilities in achieving the Europe 2020 goals and 26 NRPs (93%) make reference to their role in implementing the actions described in the NRP. Both figures are higher compared with 2012 but indicate a shift compared

<sup>6</sup> Portugal and Greece were not required to submit an NRP as they were receiving lending assistance from the EU and IMF.

with 2011, when more LRAs were cited to have contributed to the drafting of the NRP (Q1) towards their mentioning as implementers on the ground (Q7).

Among the LRAs that participated in the development of the NRP, some did not necessarily see their contributions taken into account by the central government according to the review of the NRP texts (Q3). In 2013 a total of 11 NRPs (39%) specified to what extent their input was integrated into the document, which marks a continued decline since in 2012 (12 NRPs, 44%) and 2011 (15 NRPs, 55%).

Monitoring (Q8) is a key component of successful program implementation and although NRPs mention LRAs in the context of monitoring, they often do so implicitly (i.e., without using the term ‘monitoring’) and by focusing on monitoring activities carried out by the national government, designated agencies and organisations (e.g., in the financial services sector). Despite the limited information provided in most NRPs, the drop observed in 2012 (22%) compared with 2011 (52%) has been reversed again in 2013 with 64% of NRPs reporting on LRAs’ role in monitoring in 2013.

The 2013 analysis also contains a new question on the *role of LRAs in implementing past guidance and commitments, including examples of good practices, of the Europe 2020 Strategy?* The question gauges the extent to which the NRPs mention the role of LRAs in the Member States’ responses to the EU’s country-specific recommendations (CSRs). While the majority of NRPs has a dedicated chapter on the CSRs, only 17 (61%) make references to the role of LRAs in implementing the guidance and recommendations received (cf. Table 1).

NRPs making no reference to the role of LRAs in implementing past guidance and recommendations	NRPs making reference to LRAs in implementing past guidance and recommendations, including examples of good practice
Belgium, Croatia, Cyprus, Estonia, Finland, Greece, Hungary, Ireland, Luxembourg, Romania, Sweden	Austria, Bulgaria, Czech Republic, Denmark, France, Germany, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, UK

**Table 1: Role of LRAs in implementing past guidance and recommendations (Q9) as stated in the Member States’ NRP (incl. Croatia).**

As in 2012 no country mentions the existence or new establishment of a **Territorial Pact** (Q5a) as proposed by the CoR in 2010. In 2011 Romania’s NRP included several references to this governance model, in which national,

regional and local authorities coordinate and synchronise their policy agendas to better focus their actions and financial resources on the Europe 2020 Strategy goals and targets.<sup>7</sup>

Yet, governance aspects do play a role in the policies outlined in the NRP, but in different formats than the Territorial Pacts proposed by the CoR. Question 5b on other forms of multi-level governance agreements (MLGs) yielded eight responses (29%) in 2013 compared with 11 in 2011 (41%) and ten in 2012 (37%). A prominent sector for MLGs and informal forms of cooperation and coordination across different levels of government (Q13) is in the area of employment where strategic partnerships between the central and local/regional authorities in many Member States. They are aimed at fighting unemployment, promoting job creation, continued education and re-training as well as entrepreneurship. Seventy-five percent of 2013 NRPs (21) contain references to partnerships that fall just short of formal MLG agreements and 82% cite activities of LRAs in job creation and fighting unemployment. Both reflect an increase over 2012. Since this question was introduced in the 2012 analysis no corresponding information is available for 2011.

Another important way that demonstrates how LRAs can be better involved in and integrated into the actions outlined in the Member States' NRPs relates to the attention given to their administrative capacities. A total of 18 NRPs (64%) inform about measures to strengthen administrative capacities (Q11) and/or to make them more effective. This compares with 12 NRPs (44%) in 2012 and 9 (33%) in 2011. It can therefore be concluded that increasing the efficacy of governmental functions and services at all levels is a growing area of effort and prompted in part by the continued fiscal pressures experienced by virtually all EU countries. The predominant actions described in this context relate to increasing local and regional government efficacy through, for example, investments in eGovernance tools, new procurement strategies, the introduction and implementation of open government protocols and in some instances the reform of the administrative sector boundaries and hierarchy (e.g., fewer municipalities).

The use of the EU Structural Funds (Q14) is newly evaluated in the 2013 analysis and overall 16 NRPs (54%) provide details on what type of funding and how much they allocate to LRAs for local and regional actions.

Two other new questions addressing the involvement of LRAs in the preparation of Partnership Agreements for the new Common Strategic Framework for

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<sup>7</sup> <http://portal.cor.europa.eu/europe2020/news/Pages/TerritorialPacts.aspx> (last accessed 30 July 2012).



Cohesion Policy 2014-2020 (Q15) and the application of the proposed Code of Conduct under the new Common Strategic Framework for the Structural Funds (Q16) received comparatively little attention in the NRPs. A quarter of them responded to the first and only Germany alluded to the second. Financial instruments (FI) are named in several NRPs (Belgium, Bulgaria, Croatia, Greece, Latvia, Lithuania, Malta, Romania, Slovakia, Slovenia, Spain) and play a role in project implementation in areas such as R&D, innovation, energy and resource efficiency, supporting SMEs and entrepreneurship as well as financing of large public infrastructure projects.

### *Other findings*

In addition to the information compiled for the assessment questions, there is a qualitative impression that the NRPs since 2011 have become more concrete and detailed in their description of macro-economic and social developments. As a result, many NRPs include tabulations of specific programs and actions they are taking, including in some cases their budgetary expenditures on them, and the NRP drafting process may generate impetus for continuous review of actions at different levels of government and promote the better linkage of actions across sectors, governance levels, and regions. It could be useful to survey Member States on how the NRP may have helped to critically review their Europe 2020 related actions, find linkages, and potentially harness opportunities for increasing their effectiveness.

It is noted that in the 2013 assessment a number of countries submitted separate documents/appendices in addition to the NRP that detail exchanges with social or regional partners, provide detailed tabulations of programmes and actions or inform about the response to the country-specific recommendations. For example, several countries provided the standardised “Reporting table for the assessment of CSRs and key macro-structural reforms” separately. These documents were reviewed and it can be concluded that the overall effort that countries are putting into the NRP development appears to be increasing. It could be useful to evaluate to what extent this is perceived as a burden or as a useful exercise by these countries.

### *The Europe 2020 Flagship Initiatives*

The Europe 2020 Strategy encompasses seven Flagship Initiatives to boost growth, create jobs and ensure greater societal cohesion and sustainability. These initiatives are also reflected in the NRPs, albeit to varying degrees and not in all cases with an explicit reference to the flagship initiatives themselves. Overall, all NRPs contain measures that fall within the scope of at least some of

the seven flagship initiatives. A tabulation for each flagship initiative is given in Table 2.

Flagship Initiative	NRPs that contain actions referring to the FI or can be counted as relevant
Smart Growth: Digital agenda for Europe	AT, BE, BG, HR*, CY, CZ, EE*, FR, DE, EL, HU, IT, LV, LT, LU, MT, PL, PT, RO*, SK, ES, UK
Smart Growth: Innovation Union	AT, BE, BG, HR, CY, CZ, DK, FI, FR, DE, EL, HU, IE, IT, LV, LT, LU, MT, NL, PT, RO, SK, SV, ES, SE, UK
Smart Growth: Youth on the move	AT, BE, BG, HR, CY, CZ, DK, DK*, EE, FI, FR, DE, EL, HU, IE, IT, LV, LT, LU, MT, NL, PT, RO, SK, SV, ES, SE, UK
Sustainable Growth: Resource efficient Europe	AT, BE, BG, HR, CY, CZ, DK, EE, FI, FR, DE, EL, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SV, ES, SE, UK
Sustainable Growth: An industrial policy for the globalisation era	AT, BE, HR, CY, CZ, DK, EE, FR, DE, EL, HU, IT, LV, LT, MT, PL, PT, SK, SV, ES, SE, UK
Inclusive Growth: A agenda for new skills and jobs	AT, BE, BG, HR, CY, CZ, DK, EE, FI, FR, DE, EL, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SV, ES, SE, UK
Inclusive Growth: European Platform against poverty	AT, BE, BG, HR, CY, CZ, DK, EE, FI, FR, DE, EL, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SV, ES, SE, UK

**Table 2: Enumeration of NRPs' references to actions falling under the seven flagship initiatives**

## Conclusions

The analysis of the 2013 NRPs used the same set of core questions as the 2011 and 2012 analyses as well as some new questions addressing the country-specific recommendations given by the EU Commission (Q9), the use of Structural Funds by LRAs (Q14), the participation of LRAs in the development of the new Partnership Agreements for Cohesion Policy (Q15) and the application of the proposed Code of Conduct (Q16). The new results and their comparison with the 2011 and 2012 studies (for the core set of questions) permit a number of conclusions.

Broadly speaking, LRA visibility in the NRPs is still lagging behind what the Secretariat General of the European Commission called for in January of 2013, i.e., that “Member States should notably report on ... how regional and local authorities ... were involved in the preparation of the NRP and in the implementation of the past guidance and commitments.” While some countries have made progress since 2011, notably in Central and Eastern Europe (Czech Republic, Latvia, Lithuania, Poland) others have fallen behind (Bulgaria, Estonia, France, Ireland, Netherlands, Romania) or been more volatile (Austria, Greece, Hungary, Malta, Portugal, Slovakia, Spain). This volatility may not necessarily reflect a significant change in the way these countries engage with LRAs during the NRP preparation process, but may reflect changes in both the structure of the NRP (e.g., the newly included section on CSRs and related tables) and how the drafting process was organised from year to year. There is a general trend towards submitting more materials in the form of annexes to the NRP. Evaluation of these documents signals an increase in the complexity of reporting undertaking by Member States, but it does not correspond to a proportional increase in visibility of the roles of LRAs.

*Conclusion 1: Progress in demonstrating the role, participation and contributions of LRAs in the development and implementation of the NRP and its activities is not uniform and or satisfactory in most countries.*

Countries that consistently score high on the assessment questions are Sweden, the UK, Germany and France. However, Finland appears to buck the trend of northern European countries being generally in the upper quintile of the rank distribution. At the low end of the spectrum there is more movement among the countries, although Estonia has been consistently in the bottom quintile since 2011. Reasons for low scores could be associated with small geographic and population size and a lack of a historically and/or politically enshrined culture of multi-level governance.

*Conclusion 2: Sweden, the UK, Germany and France are found to be the most consistent countries in demonstrating the role and contributions of LRAs to their NRPs.*

Large population and geographic size (UK, France, Germany) require a multi-level administrative system. Additionally, the systems of devolved or federal authority (UK, Germany) also support the involvement of local and regional authorities in policy processes at the national level. Sweden is known for its open and participatory democracy, including the cooperation with and participation of its municipalities and counties.

*Conclusion 3: A sizeable number of countries have shown progress since 2011, many of whom are new EU members that have experienced democratization processes since the 1990s.*

Overall, 14 NRPs improved their score since 2012 and 10 since 2011. Especially the newest Member States show better how LRAs play a role in implementing the Europe 2020 Strategy. Lithuania, Poland and Slovakia led this process. This trend could be related to several causes, among them growing democratisation of governance and civic participation in these countries as well as a growth in the adoption of technology in governance (eGovernance).

*Conclusion 4: The extent to which NRPs reflect on LRAs varies across the issues that were assessed. Most NRPs mention LRAs in the contexts of implementation and to a lesser extent in drafting process of the NRP. Monitoring, financial aspects relating to LRA actions and strengthening administrative capacity are starting to show greater visibility of LRAs. However, in light of the EC drafting Guidelines for the NRPs and the January 2013 request by the EC Secretariat General that the Member States shall report explicitly on how LRAs were involved in the preparation of the NRP and the implementation of past guidance and commitments, including the showcasing of good practice examples, greater progress still needs to be made.*

Looking across the spectrum of questions assessed as done in Figure 3 it is found that not all questions are reflected equally in the 28 NRPs. Representation of LRAs is concentrated around specific issues such as mentioning the role of LRAs in implementing the NRPs (Q6, Q7) and to a lesser extent their involvement in and contributions to the drafting of the NRPs (Q1, Q2, Q3). The former is a logical result of the way government operates, i.e., national and sub-national policies ultimately need to be implemented at the local level and the finding reflects the important contribution that LRAs make towards achieving the objectives of the Europe 2020 strategy.

Participation of LRAs in monitoring the implementation of NRP actions, the description of financial aspects relating to LRAs and strengthening the administrative capacity and efficacy of LRAs have gained more prominence in the 2013 review (Q8, Q10, Q11). These developments can be linked to the continued pressure on public finances, which requires virtually all levels of government to operate under tighter fiscal constraints while maintaining or even increasing services (e.g., with respect to social, educational and employment activities). Together with advances in technology government are considering and already implementing more efficient ways to provide these services, a trend that is helped further by calls for greater transparency, accountability and accessibility. In conjunction with the European Semester and the Europe 2020 strategy the EU Commission, the EU Parliament and Member States are also reviewing how the Structural Funds have been used in the context of reforming EU Cohesion Policy. It can be expected that the role of LRAs will become more visible in the next round of NRPs as a result of the new Partnership Agreements.

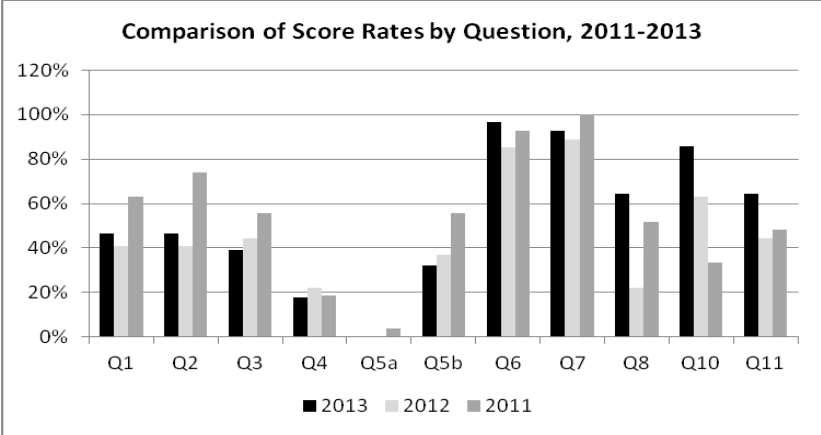


Figure 3: Percentage of NRPs that received at least a score of 1 for each of the 10 core questions in the 2011, 2012 and 2013 NRP analyses. Croatia is included in the 2013 rate.

*Conclusion 5: The Europe 2020 flagship initiatives are explicitly and implicitly reflected in the majority of NRPs in the form of domestic policies and actions at different levels of government.*

With respect to the Europe 2020 flagship initiatives it was observed that all NRPs list actions that fall within the scope of one or more flagship initiative, although the link is not always made explicit. The objectives of the flagship initiatives appear to align well with the priority areas identified by the Member States, in particular the areas of smart growth (job creation, skill and educational development) and inclusive growth (poverty alleviation, integration of marginalised population groups). The NRPs demonstrate this through the use of more homogeneous language and the use of available EU funding streams that are channelled along the actions under the individual flagship initiatives.

Flagship-related measures and actions are present in all NRPs, and LRAs use conventional approaches such as training of the unemployed and subsidies to the poor but also look at new and more effective ways to reach their goals and audiences such as public-private partnerships, use of information and communication technology and cultural activities.

Although there is general agreement that the EU flagship initiatives reflect issues of high concern in the LRAs, their prioritisation may vary and in some cases does not include all seven FIs. For example, the flagship initiatives for a digital agenda for Europe addressed more implicitly, and the breadth of the Industrial policy for the globalisation area initiative means that it can be found in the majority of NRPs but is also often not labelled as such. In contrast, Poland and Latvia have designated chapters on the flagship initiatives.

*Conclusion 6: The NRPs are only an imperfect indication of the actual involvement of LRAs in the Europe 2020 strategy. Although the Commission's guidelines request that space be given to LRAs in the NRP, the drafting process applied in some countries may have neglected to adequately reflect how LRAs contributed.*

The analysis of the role of LRAs stated in the NRPs and the derivation of trends thereof between 2011 and 2013 may not fully reflect the actual role and visibility given to LRAs in the Member States. Although the Secretariat General of the EU Commission explicitly calls on Member States to explain the involvement of LRAs in the development and implementation of their NRPs, failure to do so does not necessarily mean that LRAs have no role. For example, although the Estonian NRP does not mention LRAs at all, it cannot be concluded with certainty that regional or local authorities did not play any role in the design, implementation and monitoring of actions under the Europe 2020 Strategy.

*Conclusion 7: Some of the variation in the scores may be attributed to systemic reviewer bias. Therefore, small differences in scores between countries or over time should not be interpreted as significant.*

The analysis of the 2011, 2012 and 2013 NRPs involves judgment by the analysts. Although the majority of NRPs since 2011 has been evaluated by the same small number of reviewers, changes in reviewer attitude and cross-reviewer validity may have occurred with the associated effects on the results.