

EUROPEAN UNION



Committee of the Regions

**AFTER LISBON,  
THE ROLE OF REGIONAL AND LOCAL  
AUTHORITIES IN A NEW STRATEGY  
FOR SUSTAINABLE GROWTH AND  
BETTER JOBS:**

***COMPARATIVE ANALYSIS OF  
27 NATIONAL PROGRESS REPORTS***

The EU's Assembly of Regional and Local Representatives

**The study was written by the Public Policy and Management Institute<sup>1</sup>,  
It does not represent the official views of the Committee of the Regions.**

More information on the European Union and the Committee of the Regions is available online at <http://www.europa.eu> and <http://www.cor.europa.eu> respectively.

Catalogue number : QG-31-10-440-EN-C

ISBN : 978-92-895-0507-9

DOI : 10.2863/23881

© European Union, May 2010

Partial reproduction is allowed, provided that the source is explicitly mentioned.

---

<sup>1</sup>VIEŠOSIOS POLITICOS IR VADYBOS INSTITUTAS: [www.vpvi.lt](http://www.vpvi.lt)

# Table of Contents

<b>List of tables and figures</b> .....	<b>iv</b>
<b>Abbreviations</b> .....	<b>v</b>
<b>Preface</b> .....	<b>vii</b>
<b>Executive summary</b> .....	<b>ix</b>
<b>Introduction</b> .....	<b>1</b>
<b>Chapter I: The involvement of LRAs as presented in the National Progress Reports</b> .....	<b>3</b>
1.1. The involvement of LRAs during the process of drafting of the National Progress Reports .....	4
1.2. The involvement of LRAs in Lisbon-related activities as presented in the National Progress Reports .....	8
1.2.1. Priority 1 - Investing in knowledge and innovation .....	8
1.2.2. Priority 2 - Unlocking the business potential, especially of SMEs .....	14
1.2.3. Priority 3 - Investing in people and modernising labour markets .....	21
1.2.4. Priority 4 - Energy and climate change .....	31
1.2.5. Selected horizontal illustrative LRAs-related activities aimed at mitigating the negative effects of economic and financial crisis .....	36
1.3. The acknowledgement of the role of LRAs .....	39
1.3.1. The extent of LRA involvement in Lisbon priorities .....	39
1.3.2. Summary of Lisbon-related activities of LRAs.....	42
1.3.3. The extent of LRA involvement in the reforms addressing key challenges .....	47
<b>Chapter II: Assessment of quality and content of the national progress reports</b> .....	<b>55</b>
2.1. Overall assessment of the extent to which LRA-related information is provided in the National Progress Reports .....	56
2.2. The institutional framework of multilevel cooperation.....	70
2.3. Existence of multilevel governance arrangements .....	74
<b>Conclusions</b> .....	<b>79</b>
<b>Bibliography</b> .....	<b>85</b>

# List of tables and figures

Table 1: LRA involvement in the key challenges identified by MSs including the measures aimed to mitigate the negative effects of the financial and economic crisis* .....	48
Table 2: Assessment of the quality of the National Progress Reports with regard to the role of LRAs* .....	59
Table 3: Change of the quality of the National Progress Reports with regard to the role of LRAs in 2008-2009* .....	60
Table 4: The involvement of LRAs in key phases of the governance cycle of the renewed Lisbon agenda by MS .....	71
Table 5: Examples of measures MSs apply to strengthen the administrative capacity of LRAs.....	72
Figure 1: Share of LRA-related activities in Lisbon priorities .....	39
Figure 2: Number of LRA-related activities across thematic areas of specific interest to LRAs (sorted by total number of activities) .....	40
Figure 3: Average use of vertical and horizontal MLG arrangements in key phases of the governance cycle of the renewed Lisbon agenda.....	74
Figure 4: Use of actual or planned vertical and horizontal MLG arrangements .....	75

# Abbreviations

CoR	Committee of the Regions
EC	European Commission
EU	European Union
LAs	Local authorities
LRA	Local or regional authority
LRAs	Local and regional authorities
MLG	Multilevel governance
MS(s)	Member State(s)
NPR(s)	National Progress Report(s)
NRP	National Reform Programme
PPMI	Public Policy and Management Institute
RAs	Regional authorities
R&D	Research and development
SMEs	Small and medium-sized enterprises



# Preface

This report was produced for the study ‘After Lisbon, the role of regional and local authorities in a new Strategy for Sustainable Growth and Better Jobs’. The contract No CDR/ETU/44B/2009 to carry out this study was signed with the Committee of the Regions on 17 November 2009.

The overall objective of this project is to provide the Committee of the Regions with a document, which in a comparative manner analyses how the role of local and regional authorities is mentioned in the 27 National Progress Reports that the Member States submitted to the European Commission in the context of the renewed governance cycle of the Lisbon Strategy.

In particular, the study provides comparative analysis of National Progress Reports with regard to the following four aspects:

- a. The kind of acknowledgement of the role of local and regional authorities shown in the Progress Reports;
- b. The kind of information given on Lisbon activities related to local and regional authorities;
- c. The institutional framework of multilevel cooperation;
- d. The possible existence of multilevel governance arrangements.

The results of the study are obtained on the basis of documentary analysis of the National Progress Reports. A total of 2495 pages of National Progress Reports (including annexes) have been analysed in this study. The reference period is 2009, however National Progress Reports sometimes include activities which date back to the earliest stages of the Lisbon process or extend well into the future. Analysis has been carried out also referring to the additional sources (e.g. previous similar comparative exercises, studies commissioned by Committee of the Regions and other documents).



# Executive summary

In general the National Progress Reports do consider the role of local and regional authorities in the implementation of the Lisbon Strategy. An assessment of the 27 National Progress Reports that Member States submitted in 2009 has identified the following five highly developed documents which comprehensively report on local and regional authorities and their involvement in Lisbon-related activities – the **Finnish, Danish, Italian, Dutch and Spanish** National Progress Reports. If compared to the situation in 2008, **Denmark, Finland, Hungary, Lithuania and Spain** have made the greatest progress with regard to the development of their respective documents.

Analysis of the National Progress Reports suggests that most of the activities in which local and regional authorities took part were related to business development, education and the labour market. Among the thematic areas of particular interest to local and regional authorities the most popular area in 2008-2009 was better regulation. In 2009 local and regional authorities were also considerably more often involved in combating climate change and clean and efficient energy areas. It is expected that their involvement in these areas will further increase in the framework of the Europe 2020 Strategy.

Aspects related to the institutional framework of multilevel cooperation should be further strengthened in the reports. Currently most documents report on the involvement of local and regional authorities in consultation and implementation phases of the revised governance cycle of the Lisbon agenda. There are few cases of involvement of local and regional authorities in the evaluation/monitoring phase. Furthermore, only a few Member States have reported some measures aimed at strengthening the administrative capacity of local and regional authorities.

Most of the reported multilevel governance arrangements were vertical arrangements involving cooperation activities between higher and lower levels of government. Horizontal arrangements, i.e. cooperation arrangements between regions or municipalities, and especially those horizontal arrangements involving cross-border cooperation were rarely present in the documents. The largest part of multilevel governance arrangements concerned activities carried out in the implementation phase of the governance cycle of the renewed Lisbon strategy. Considerably less arrangements were identified in the consultation phase and very few in the evaluation and monitoring phase.

## Final ranking of the National Progress Reports in terms of the extent to which they provide information related to local and regional authorities

The following list is the final ranking of countries according to the overall assessment of the extent to which information related to local and regional authorities is provided in their National Progress Reports. Ranking is the summary of all quantitative and qualitative assessment criteria used in this report. It also considers changes with regard to many of those assessment criteria between the National Progress Reports submitted in 2008 and those submitted in 2009. According to this summary the countries rank as follows:

Country	Overall assessment	Final ranking*
Finland	<b>Highly</b> developed National Progress Reports	1
Denmark		2
Italy		3
Netherlands		4
Spain		5
Latvia	<b>Fairly</b> developed National Progress Reports	6
Lithuania		7
Germany		8
Belgium		9
Hungary		10
Portugal		11
United Kingdom		12
Greece		13
Cyprus		14
Romania		15
Sweden		16
Slovakia		17
Ireland		18
France		19
Austria		20
Poland	21	
Malta	<b>Poorly</b> developed National Progress Reports	22
Bulgaria		23
Luxembourg		24
Slovenia		25
Estonia		26
Czech Republic		27

Source: prepared by the authors

Most countries have submitted highly or fairly developed National Progress Reports which comprehensively or at least adequately report on local and regional authorities and their involvement in Lisbon-related activities. Only six countries – **Malta, Bulgaria, Luxembourg, Slovenia, Estonia** and the **Czech Republic** – represent the group of countries which submitted the least developed National Progress Reports. If compared to the situation in 2008, **Denmark, Finland, Hungary, Lithuania** and **Spain** have made the greatest progress with regard to the development of the National Progress Report. **Austria, Bulgaria, the Czech Republic, France, Slovenia** and **Sweden** were the countries which have made the smallest positive change in this respect.

Findings suggest that the final ranking of countries does not indicate any clear relationship between forms of state and acknowledgment of the role of local and regional authorities. Theoretically forms of state (i.e. unitary, decentralised unitary, regionalised unitary or federal states) should help to explain why the role of the local and regional authorities is more acknowledged in some countries and less so in others. The average rankings of countries according to the forms of state would suggest that role of the local and regional authorities is the most acknowledged in regionalised unitary (average ranking 12) and federal (13.5) and the least – in decentralised unitary (15) and unitary (16) countries. However these are mathematical averages of rankings that should not be interpreted in a straightforward manner. Each group of countries contains top performing countries and countries that are lagging behind. For example, **Germany** is ranked seventh, while **Austria** stands in 20<sup>th</sup> place. Furthermore, among the top five countries in the final ranking two of them are unitary, one is decentralised unitary and the remaining ones are regionalised unitary countries. Therefore no clear relationship between form of state and the acknowledgment of the role of local and regional authorities can be confirmed in this study.

Paragraphs below provide details on the following groups of quantitative and qualitative assessment criteria used to provide the final ranking of National Progress Reports: a) the kind of acknowledgement of the role of local and regional authorities shown in the National Progress Reports; b) the kind of information given on the Lisbon-related activities of local and regional authorities, c) the institutional framework of multilevel cooperation; and d) existence of multilevel governance arrangements.

### **The kind of acknowledgement of the role of local and regional authorities shown in the National Progress Reports**

Although most if not all reports are written from a central government perspective, it could be argued that in general National Progress Reports do consider the role of local and regional authorities in the implementation of the

Lisbon Strategy. However, Member States differ a lot according to several quantitative and qualitative criteria concerning the kind of acknowledgement of the role of local and regional authorities: number of relevant paragraphs, regional and local mention, presence of own section and/or additional information on local and regional authorities and mention of local and regional authorities in reforms addressing key challenges identified by Member States.

In terms of the number of paragraphs indicating a noticeable consideration of local and regional authorities or contribution from local and regional authorities the best developed reports belonged to **Belgium, Denmark, Italy, Latvia, Spain** and the **United Kingdom** – the relevant paragraphs/total number of pages of the report ratio in these documents was the largest (reaching 40 and more per cent). Least developed in this respect were the National Progress Reports of **Cyprus, the Czech Republic, Estonia, Ireland, Luxembourg, Malta** and **Slovenia** with a ratio below 15 per cent. Other countries fall somewhere in between in this respect.

Considerable differences between Member States are noticed with regard to regional and local mention. In quantitative terms (i.e. local / regional mention regardless of involvement of local and regional authorities) best developed were the National Progress Reports of **Belgium, Cyprus, Denmark, Finland, Hungary, Italy, Latvia, Lithuania, Portugal, Spain, Sweden** and the **Netherlands**. Other countries mentioned local / regional keywords considerably less often. However in qualitative terms (i.e. frequency of keywords in the text with regard to involvement of local and regional authorities) best reports were the ones submitted by **Belgium, Denmark, Finland, Italy, Latvia, Lithuania, Portugal, Spain** and the **Netherlands**. Interestingly, only the **Spanish** National Progress Report was the most balanced in terms of qualitative mention – it reported a high number of both regional and local keywords related to local and regional authorities.

The National Progress Reports of **Belgium, Denmark, Finland, Germany, Greece, Hungary, Italy, Spain** and the **United Kingdom** have specific sections addressing issues related to local and regional authorities. The reports of other countries consider local and regional authorities in a less structured manner with no separate sections on local and regional authorities. In this respect the **United Kingdom** could be singled out as a best practice example. Furthermore, there were also countries (i.e. **Belgium, Denmark, Finland, Germany, Italy, Slovakia, the Netherlands** and the **United Kingdom**) which have provided at least some additional information (e.g. case studies, links to further information or documents) on the role of local and regional authorities in the Lisbon process. The best developed in this respect is the National Progress Report of the **Netherlands**.

Finally, the study has also analysed what role local and regional authorities play in reforms addressing key challenges identified by Member States. Results show that most countries do foresee an important role for local and regional authorities in their key reforms. Only the National Progress Reports of **Austria, Bulgaria, Cyprus, the Czech Republic, Estonia, Luxembourg, Malta, Poland, Portugal, Romania** and **Slovenia** report a moderate or even less important role for local and regional authorities in the key reforms. However, a couple of limitations should be considered when interpreting this finding. Firstly, Member States have identified very different number of key challenges. The number of key challenges ranges from two in the **Swedish** National Progress Report to as many as 18 challenges in the **Portuguese** report. Secondly, the content of the identified challenges was very different across countries – some countries have identified very specific challenges (e.g. “Strategic Infrastructures, the Transportation Plan and the Water Programme”) while others singled out very general ones (e.g. “Education“).

### **The kind of information given on the local and regional authorities’ Lisbon-related activities**

Most National Progress Reports were evaluated as moderately developed in terms of a clear description of local and regional authorities’ Lisbon-related activities and their financial aspects. Reports which described the local and regional authorities’ role and contribution in the clearest manner belonged to **Belgium, Denmark, Germany, Hungary, Italy, Lithuania, the Netherlands** and the **United Kingdom**. Least developed in this respect were reports of **Bulgaria, Czech Republic, Estonia, Luxembourg** and **Poland**. Other countries fall somewhere in between. Meanwhile only the **Spanish** National Progress Report was considered as ‘highly developed’ in terms of a clear explanation of the financial aspects of local and regional authorities’ related activities. The reports of **Bulgaria, the Czech Republic, Estonia, Luxembourg, Malta, Romania** and **Slovakia** did not provide any information on the financing of local and regional authorities’ related activities. The remaining reports had some information on the financial aspects of local and regional authorities’ related activities. However, it was often not possible to determine which administrative level finances what activity and what amount has been allocated for it.

Analysis of the National Progress Reports suggests that most of the activities in which local and regional authorities have taken part were related to business development and the labour market – 40 and 26 per cent of all reported local and regional authorities’ related activities belonged to the second (i.e. “Unlocking the business potential, especially of Small and Medium-Sized Enterprises”) and third (i.e. “Investing in people and modernising labour markets”) priority of the

Lisbon Strategy respectively. Meanwhile, an equal share of remaining local and regional authorities' related activities was identified in first (i.e. "Investing in knowledge and innovation") and fourth (i.e. "Energy and climate change") priorities.

In respect of thematic areas of particular interest to local and regional authorities the lion's share of all local and regional authorities' related activities were carried out in the area of better regulation. In the 2008-2009 period better regulation remained the most 'popular' area of local and regional authorities' related activities. While no significant shifts could be noticed in thematic areas concerning knowledge and innovation as well as people and the labour market (local and regional authorities have been continuously highly involved in these thematic areas), local and regional authorities have been considerably more often involved in developing energy policy for Europe and implementing the Services Directive. The main reason for the latter increase was the requirement by the European Commission for Member States to fully transpose the Services Directive into their national systems by 28 December 2009.

The current extent of the involvement of local and regional authorities in the thematic areas of the Lisbon Strategy largely corresponds to the three priorities proposed for the Europe 2020 Strategy – smart, sustainable and inclusive growth. Involvement of local and regional authorities in priority for inclusive growth (covering such areas as employment, skills and fighting poverty) is already high and well distributed across the existing thematic areas. However, more local and regional authorities' related activities could be expected in priorities for smart growth (incl. innovation, education, training and lifelong learning and digital society areas) and sustainable growth (incl. competitiveness, combating climate change and clean and efficient energy areas) and especially in the areas of the digital society, climate change and clean and efficient energy.

Finally, most National Progress Reports report on the involvement of local and regional authorities in crisis-containment measures. Only seven documents have no indication regarding the involvement of local and regional authorities in such measures. It is expected that all forthcoming National Progress Reports will involve local and regional authorities in crisis-containment measures.

### **The institutional framework of multilevel cooperation**

The number and quality of multilevel governance arrangements depend heavily on the institutional environment for multilevel cooperation. If the institutional environment is favourable, the number of multilevel governance arrangements is likely to be larger and their quality correspondingly higher.

This study has analysed the involvement of the local and regional authorities in three elementary phases of the revised governance cycle of the Lisbon agenda: the consultation process, the implementation process and the monitoring and evaluation processes of the Lisbon activities. The higher the involvement of local and regional authorities signals a better developed institutional framework for multilevel cooperation in a particular country. Results show that the National Progress Reports of **Finland, Germany, Italy, Latvia, Lithuania, Portugal, Spain** and **Slovakia** report on the involvement of local and regional authorities in all three elementary phases of the revised governance cycle of the Lisbon agenda. In other countries the involvement of local and regional authorities is limited to consultation and planning and/or to implementation phases.

Lack of administrative capacity of local and regional authorities is one of the major issues of concern in the implementation of the National Reform Programmes. Frequent and more systematic and innovative strengthening of the administrative capacity of local and regional authorities signals a more developed institutional framework of multilevel cooperation. Analysis suggests that only documents submitted by **Bulgaria, Cyprus, Denmark, Finland, Greece, Latvia, Romania** and the **Netherlands** have reported on some measures aimed at strengthening the administrative capacity of local and regional authorities.

Finally, a total of 197 multilevel governance arrangements (i.e. cooperative actions in the form of written agreements, regular consultation/coordination of policy agendas which include different levels of government) were identified in all the National Progress Reports. The best developed National Progress Reports in this respect belonged to **Denmark, Finland, Germany, Italy, Spain** and the **Netherlands**. The least developed were the reports submitted by **Austria, Bulgaria, the Czech Republic, Estonia, Luxembourg, Sweden** and **Slovenia**.

### **The possible existence of multilevel governance arrangements**

Most of the reported multilevel governance arrangements (86%) were vertical (i.e. cooperation activities between higher and lower levels of government (EU, national/federal, regional, local)). The remaining ones were horizontal arrangements, i.e. cooperation arrangements between regions or between municipalities, including cases of cross-border governance. The lion's share of multilevel governance arrangements (84%) concerned activities on which implementation has already started. Remaining arrangements concerned activities which will be started to implement in the future.

The largest part of multilevel governance arrangements (72%) concerned activities carried out in the implementation phase of the governance cycle of the

renewed Lisbon Strategy. 22% of all multilevel governance arrangements were identified in the consultation phase and the remaining ones in the evaluation and monitoring phases.

Most examples of vertical multilevel governance arrangements were found in documents submitted by **Denmark, Italy** and **Spain**. Meanwhile, the highest number of horizontal multilevel governance arrangements was identified in **Italy, Finland** and the **Netherlands**.

Analysis of the National Progress Reports has provided very few examples of local and regional authorities' related activities which contain cross-border cooperation element – the latter were present only in six National Progress Reports submitted by **Belgium, Denmark, Finland, Italy**, the **Netherlands** and the **United Kingdom**.

### **Checklist of most important aspects with regard to the role and consideration of local and regional authorities**

The table below provides a checklist of most important aspects with regard to the role and consideration of local and regional authorities which should not be missing in the National Progress Reports that Member States will submit to report on the further implementation of their National Reform Programmes.

<b>Aspect</b>	<b>Description</b>
<b>Number of relevant paragraphs</b>	Does the report contain many relevant paragraphs in which the role of local and regional authorities and/or their contribution are noticeably considered?
<b>Regional and local mention</b>	Does the report not only mention regional keywords (e.g. region, regional, provincial, community, county, federal, etc.) and local keywords (e.g. local, municipal, district, city, urban, etc.), but also use them with regard to the involvement of local and regional authorities? For example, the phrase "single points of contact have been established in many regions" indicates no involvement of local and regional authorities if compared to the following phrase: "government closely cooperating with 12 municipalities authorities have established single points of contact in seven regions".
<b>Separate sections or chapters on local and regional authorities</b>	Does the report contain separate section(s), chapter(s) or sub-chapter(s) which is specifically devoted to local and regional authorities? Can the document be restructured so that the role and contribution of local and regional authorities is better considered?

<b>Aspect</b>	<b>Description</b>
<b>Additional information on local and regional authorities</b>	Are examples, case studies or links to further information/documents on activities of local and regional authorities provided in the report?
<b>Mention of local and regional authorities in key reforms</b>	Does the report mention the involvement of local and regional authorities in all the reforms addressing key challenges which were identified by Member States in the National Reform Programme? Report should describe the role of local and regional authorities in all reforms where they have been involved. Forthcoming reports should also duly consider the role of local and regional authorities in policy measures aimed at mitigating the negative effects of the current financial crisis and economic downturn.
<b>Clearness of role of local and regional authorities, their contribution</b>	Are the activities of local and regional authorities accurately described in the report – is it possible to determine whether local and regional authorities are initiating, planning, implementing and/or evaluating/monitoring an action and what action exactly?
<b>Clear financial description of activities related to local and regional authorities</b>	Is the financing of LRA activities adequately described in the document – is it clear which administrative level of government finances which activity and what are the financial amounts allocated to it?
<b>Involvement of local and regional authorities in key phases of Lisbon governance cycle</b>	Are local and regional authorities involved in all three key phases (i.e. consultation, implementation and monitoring / evaluation) of the governance cycle of the renewed Lisbon agenda (forthcoming 2020 agenda)? This kind of involvement by the local and regional authorities is one of the most important aspects in creating a favourable institutional environment for multilevel cooperation. If possible, the consultation process should be clearly distinguished from the strategic planning process which is considerably more structured than the former. Furthermore, particular attention should be paid to the involvement of local and regional authorities in the monitoring / evaluation process which is usually rarely reported in the documents.
<b>Administrative capacity of local and regional authorities</b>	Are there any examples of measures aimed at strengthening administrative capacity of local and regional authorities in the report? Lack of administrative capacity of local and regional authorities is one of the major issues

<b>Aspect</b>	<b>Description</b>
	of concern in the implementation of the National Reform Programmes. Frequent, more systematic and innovative strengthening of administrative capacity signals a more developed institutional framework for multilevel cooperation in a country. Consequently, if the institutional environment is favourable, the number of multilevel governance arrangements is likely to be larger and their quality higher.
<b>Multilevel cooperation mention</b>	Has multilevel cooperation often been mentioned with regard to the activities of local and regional authorities? Multilevel cooperation arrangements usually take the form of written agreements or regular consultation/coordination of policy agendas. The report should include not only vertical multilevel governance arrangements (i.e. linkages between higher and lower levels of government – EU, national/federal, regional, local), but also those at the horizontal level (i.e. cooperation arrangements between regions or between municipalities including cases of cross-border governance).

# Introduction

In the context of the renewed governance cycle of the Lisbon Strategy, EU Member States submitted by 15 October 2009 National Progress Reports (NPRs) to the European Commission on the implementation of the Lisbon Strategy's National Reform Programmes (NRPs). The Committee of the Regions (CoR) decided to carry out also in 2009 (a similar analysis was also made in 2008<sup>2</sup>) an analysis of NPRs to assess the extent to which they actually report on the involvement of the local and regional authorities on the implementation of the NRPs, the quality of this reporting as well as its content. This is the main objective of this study - 'After Lisbon, the role of regional and local authorities in a new Strategy for Sustainable Growth and Better Jobs', commissioned by the CoR in November 2009. In particular, the study provides a comparative analysis of NPRs with regard to the following four aspects:

- a. The kind of acknowledgement of the role of local and regional authorities (LRAs) shown in the Progress Reports;
- b. The kind of information given on the LRAs' Lisbon-related activities;
- c. The institutional framework of multilevel cooperation;
- d. The possible existence of multilevel governance arrangements.

The results of the study are obtained on the basis of documentary analysis of the NPRs. A total of 2495 pages of NPRs (including annexes) have been analysed in this study. The reference period is 2009, however NPRs sometimes include activities which date back to the earliest stages of the Lisbon process or extend well into the future. Analysis has been carried out also referring to the additional sources (e.g. the previous comparative exercise, CoR and other official documents).

The report consists of two chapters. Chapter I discuss the involvement of LRAs as presented in the National Progress Reports. It gives an overview of both LRA involvement in the report drafting process and LRAs involvement in Lisbon-related activities. The final section of this chapter summarises the kind of acknowledgement of the role of LRAs. It presents the results regarding the extent of LRAs involvement in Lisbon priorities and reforms addressing key challenges identified by the state and provides a summary of Lisbon-related activities of LRAs. Chapter II is devoted to an assessment of the quality and

---

<sup>2</sup> Metis GmbH, *The role of regions and cities as mentioned in the Lisbon Strategy's National Progress Reports 2008, 2009*. Study can be found at: [http://www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=a6eb6ceb-ced0-4549-8328-e1da61ad0dd9](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=a6eb6ceb-ced0-4549-8328-e1da61ad0dd9).

content of the NPRs. Firstly it provides an overall assessment of the extent to which LRA-related information is provided in the NPRs. Secondly it gives an overview of two main aspects of institutional framework of multilevel cooperation: the involvement of LRAs in key phases of the governance cycle of the renewed Lisbon agenda and measures aimed at strengthening the administrative capacity of LRAs. Finally it presents the results of the analysis of existing multilevel governance arrangements including a description of cases of cross-border cooperation.

# **Chapter I: The involvement of LRAs as presented in the National Progress Reports**

This chapter analyses the following two types of involvement of LRAs documented in the NPRs: involvement of LRAs during the process of drafting of NPRs and the involvement of LRAs in Lisbon-related activities. While the former is discussed in a more general manner, the latter is presented by Lisbon priorities and provides a list of illustrative examples of many Lisbon-related activities in which LRAs have been involved in. The final section of this chapter presents a summary of results regarding the extent of LRA involvement in Lisbon priorities and reforms addressing key challenges identified by the state.

## 1.1. The involvement of LRAs during the process of drafting of the National Progress Reports

Analysis suggests that more than a half of all EU MS did not explicitly mention involvement of LRAs in the NPR preparation process. Below we provide a summary regarding how LRAs have been involved during the process of drafting of the NPRs in each EU MS.

The **Austrian** NPR is vague with regard to the involvement of LRAs in the process of drafting the report. It mentions that the country has a well-developed tradition of dialogue between the social partners and that the social partners and stakeholders are firmly embedded in the (national) reform process. It is said that the NPR was compiled by various ministries. Nothing is said particularly about the contribution of LRAs to this process.

The **Belgian** NPR clearly states that the document was compiled in close collaboration with the regions and communities. The report provides further evidence that LRAs are actively involved in Lisbon Strategy implementation process in **Belgium**. For example, LRAs participate in the debate on the Lisbon Strategy after 2010. Regional authorities in **Belgium** even developed a joint contribution to the **Belgian** NPR which was included as an annex to this document.

The NPR of **Bulgaria** does not directly mention LRAs' involvement in the document preparation process. It states that the document was prepared in close cooperation with line ministries and other institutions within the public administration.

The **Cyprus** report documents the involvement of LRAs in the discussions regarding the implementation of the National Reform Programme (NRP) – it states that the National Advisory Committee which was set up for the NRP held meetings with the participation of various stakeholders (incl. local authorities) in order to inform them of the latest developments and to have a constructive dialogue on the challenges faced with respect to the implementation of the reforms. However there is no clear information provided that LRAs have been involved in the drafting of the NPR.

The **Czech Republic** does not document LRA involvement in the drafting of the NPR. The report only notes that the NPR was repeatedly consulted with representatives of the economic and social partners (which are not disclosed) and their valuable comments and suggestions were being continuously reflected upon during the NPR's elaboration.

The NPR of **Denmark** does not provide any information whether LRAs have been involved in the document preparation process.

The **Estonian** NPR does not mention the involvement either of LRAs or of social partners or stakeholders in the preparation of the document.

The **Finnish** NPR was prepared following the same procedures as the 2008–2010 National Reform Programme itself. A wide range of stakeholder delegates as well as Government representatives and public officials participated in the preparation of the report. At various stages of its preparation, the NPR was discussed in the Economic Council, where all main interest groups and key economic agents, including the Association of **Finnish** Local and Regional Authorities (the central organ for local government), were represented.

LRAs have been invited to contribute in the development of the **French** NPR. The consultation process has led to the development of a comprehensive document which highlights the role played by LRAs in **France**. LRA policies have been considered in national strategy and reforms including those in the field of competitiveness, sustainable development, vocational training and the planning or implementation of regional policy through the earmarking of structural funds. Furthermore, representatives of LRAs had an opportunity to explain their vision of the Lisbon Strategy and government action in implementing the NRP during the annual visit of the European Commission to Paris.

The Federal Government of **Germany**, while preparing the NPR, discussed this document with many interested parties including the *Länder*, industrial associations, trade unions and local government associations.

The **Greek** NPR mentions that representatives of regions are involved as participants in the Standing Lisbon Committee which was established primarily to strengthen preparation of the National Reform Programme and efficiently monitor its implementation. The document does not specifically mention how LRAs have been involved in the preparation of the NPR.

The **Hungarian** report does not specifically mention the involvement of LRAs in the document preparation process. It states that the document was widely discussed (both before preparation via online consultation and after the first draft via macro forums and opinion-shaping professional communities). However it fails to list all main participating groups. It only mentions that the National Regional Development Council was consulted in writing about the report. In the frame of the National Regional Development Council, the importance of the regional dimension was underlined.

The National Progress Report of **Ireland** also does not mention the involvement of LRAs in the preparation process of the document. In fact, the report does not

provide any information on whether this document was discussed with the social partners and/or other stakeholders.

The **Italian** NPR has been prepared with the participation and input of the local authorities. The governance procedures contemplated within the Lisbon process have assigned much importance to partnership with local authorities. The contribution of thoughts, ideas and suggestions considered useful by the parties involved has likewise represented an important impulse to the government ministries which, through the coordination of the Department for the Coordination of EU Policies, have taken an active part in the drafting and preparation of the report.

It is stated in the **Latvian** NPR that the document preparation process was coordinated by the Supervisory Board of the Lisbon Strategy. The Board consists of ministers and representatives of the *Saeima* (Parliament), local governments and social partners, who are involved in the Lisbon process. The tasks of the Board are to coordinate the development of the National Lisbon Programme of **Latvia** and to involve public institutions, the *Saeima*, local governments and social partners in the development of the Programme, as well as to supervise the implementation process of the Programme and inform the society about fulfilment of the tasks.

The **Lithuanian** NPR does not specify whether LRAs were involved in the document preparation process. It is stated that implementation and supervision of NRP is carried out both at the state and public levels. However, LRA involvement is not explicitly mentioned at either of these two levels.

The NPR of **Luxembourg** does not explicitly mention LRA involvement in the document preparation process. It is, however, said that the common definition of broad guidelines and concrete measures are preceded by extensive consultation between the executive and legislative government, public entities at the national and local levels and social partners.

The NPR of **Malta** does not mention whether LRAs were involved in the document preparation process. It is mentioned that in the preparation phase of this report, the Policy Development Directorate (responsible for coordination and implementation of NRP) held one-to-one meetings with each respective Ministry and entity to discuss in detail the reporting structure of the annual report. It is not clear whether LRAs were amongst those entities.

In the **Netherlands** LRAs were consulted during the compilation of the NPR. In addition, LRAs had drawn up their own documents for the strategy that have been sent to the European Commission along the NPR. Specifically, the umbrella organisations Association of Provincial Authorities and Association of **Netherlands** Municipalities commissioned a study on 'The Lisbon Strategy in

**Dutch** regions and municipalities' which exemplified the contribution that local and regional initiatives make to realising the Lisbon objectives. This additional effort to show LRAs involvement and contribution to the implementation of Lisbon strategy should be considered as a good practice example.

Although the **Polish** NPR emphasises cooperation between the central administration and the social partners (e.g. launch of a social dialogue to agree on public policies within the framework of the Human Capital Operational Programme, streamlining of the public consultation process for adopting new regulations), it does not explicitly document any involvement of LRAs in the report preparation process.

The **Portuguese** NPR does not mention LRAs' involvement in the document preparation process.

The National Progress Report of the **Romanian** NRP was elaborated in cooperation with all ministries and institutions participating in the Lisbon Strategy Working Group. It is said that the draft report was debated and approved during the meetings of the above-mentioned working group. However, it is not explicitly stated whether LRAs have been in some way included in this working group.

The NPR of **Slovakia** stipulates that coordination of structural policies among all relevant ministries and other relevant partners (incl. LRAs) is ensured primarily by the working group for the Lisbon Strategy. Thus the working group acts as an efficient instrument for accelerating, coordinating and monitoring the application of policies, objectives and initiatives of the Lisbon Strategy. It is stated that the NPR was discussed not only in the government, but also in the relevant government advisory bodies and parliamentary committee. However, it is not explicitly mentioned whether LRAs have been directly or indirectly (e.g. via the working group for the Lisbon Strategy) been included in these discussions.

The **Slovenian** NPR does not mention LRA involvement in the document preparation process. Furthermore, the NPR does not specify whether the document was prepared in consultation with LRAs, social partners and other stakeholders and how the latter were involved in this process.

The **Spanish** NPR indicates that the Autonomous Communities, the **Spanish** Federation of Municipalities and Provinces and the autonomous cities of Ceuta and Melilla participated in drafting this document. Thus, according to the report, the document reflects the efforts LRAs are undertaking, in the current economic crisis and in their respective spheres of competence, through policies to stimulate employment and provide access to funding.

The NPR of **Sweden** does not explicitly mention LRA involvement in the document preparation process.

The NPR submitted by the **United Kingdom** does not explicitly indicate the involvement of LRAs in the document preparation process.

## **1.2. The involvement of LRAs in Lisbon-related activities as presented in National Progress Reports**

This section provides illustrative examples of the contribution of LRAs to the Lisbon-related activities which were presented in the NPRs. The selected illustrative activities are divided into four Lisbon priorities and presented by the following three categories:

- LRAs-related activities,
- LRAs-related activities with a multilevel governance aspect,
- LRAs-related activities aimed at mitigating the negative effects of economic and financial crisis.

A limited number of examples were selected to provide illustration of the specific contributions of LRAs.

### **1.2.1. Priority 1 - Investing in knowledge and innovation**

#### *Selected illustrative LRA-related activities*

**Austria** has revised its Programme for the Development of Rural Areas 2007-2013 in order to support infrastructural broadband projects. The revision of the programme includes a promotion of investments in infrastructural broadband projects of 30 million EUR half of which is financed by federal states. (Page 12 of **Austrian** NPR)

**Cyprus** plans to promote technology transfer and improve cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (scientific and technological parks, techno poles, etc.). (Page 146 of **Cypriot** NPR)

In **Finland** it is expected that commercial operators will extend their fast communications networks so that they cover 95 per cent of **Finland**'s population by 2015. Local government is expected to be actively involved to ensure services to the remaining part of the population – although central government funds will support the building of networks with up to one third of the building costs, at least as large a proportion of the costs is expected to be met by local government or EU funding. (Page 77 of **Finnish** NPR)

In the context of the EU Structural Funds, **French** regions started to prepare their Regional Innovation Strategies (RIS). The RIS, which will be finalised by most of the regions by 2010, are aimed at improving the efficiency of innovation policies. RIS is an opportunity for the regions to clarify their strategic priorities and lay down the foundation for effective governance of innovation policy which is based on broad dialogue as well as close coordination of all actors in the region and the involvement of more companies in the definition and implementation of innovation policy. (Page 39 of **French** NPR)

The **Hungarian** government with the help of the EU Structural Funds supports the development of electronic local public development infrastructure. Support is given for the creation of infrastructure and ICT conditions for modernisation of e-administration and local government administration procedures (i.e. procurement of assets: hardware and software facilities). The budget available for this scheme in the period 2007-2010 amounts to HUF 1542 billion (disbursed via the Central **Hungary** Operational Programme). This action contributes to facilitating the spread and effective use of ICT, and building a fully inclusive information society. (Page 85 of **Hungarian** NPR)

The **German** Federal Government and *Länder* envisage a 5% increase in their annual subsidies to academic and scientific organisations. This is done to reach the following objectives: to increase financial planning security for academic and scientific organisations, to develop an energised science system, to create a dynamic and performance-enhancing science system network, to develop and implement new strategies for international collaboration, to establish sustainable partnerships between science and business, and to attract top-notch talent to the field of science in **Germany** on the long term. (Page 30 of **German** NPR)

The regional actions in **Italy** for developing research and reinforcing innovation potential can be divided into two groups: first, efforts to create and strengthen the ties between the productive system and the research world (university institutions and excellence centres); and second, initiatives to promote innovation and industrial research, technology transfer, and pre-competitive development, that are able to have a positive impact on regional economic systems. Regional initiatives worth mentioning include: the Marche Region's creation of an innovation portal ([www.marcheinnovazione.it](http://www.marcheinnovazione.it)) with the main objective of serving as a clearing house for the collection and dissemination of information about key aspects of research and innovation activity; the Emilia Romagna Region's recruitment of 700 temporary managers for innovation, who will work with local businesses in following projects entailing innovation, reorganisation and international expansion; Emilia Romagna has also activated regional programmes to support investments in technological innovation (SMEs), energy innovation (SMEs) and research, with €200 million of financing, and an extraordinary investment programme for research and experimentation in the farming sector; the Lombardy Region has activated numerous projects to support excellence, promoting advanced research

centres with regard to key areas of the region's economy (such facilities include the Centre for Biomedical Research, the Centre for Nanomedicine). (Pages 45-46 of **Italian** NPR)

**Latvia**, reacting to the ambitious goals set by the Spring European Council of 2008 regarding the household connection to the internet and internet connections for all schools, plans to implement the following measures. Firstly, it will try to ensure access of public institutions to information and communication technologies (100% of the general education schools and 80% of local governments). Secondly, **Latvia** intends to establish 601 internet connections in public institutions. These actions have to be implemented within the 2008-2010 period. (Page 27 of **Latvian** NPR)

In **Lithuania**, Vilnius Municipality in cooperation with the public institution “Kurybiniu Industriju Centras” has organised a debate-discussion on “Synergies between Art, Business and Science: Development of Creative Industries in **Lithuania**”. During this event a number of art, business and science representatives and municipality specialists discussed the development potential of creative industries and possibilities of initiating the establishment of the respective cluster. (Page 86 of **Lithuanian** NPR)

**Malta** is actively extending the public use of broadband / wi-fi services. The Government is developing the Public Internet Access Point scheme which aims to offer a wireless internet service (through portable devices) to the general public in public places. Wireless internet has already been installed in six public places (e.g. a hospital, libraries, higher secondary schools). This service will also be installed in a number of public schools, local councils and other public gardens. (Page 60 of **Maltese** NPR)

In the **Netherlands** the new innovation credit scheme was launched in mid-2008, meeting companies' need for a credit facility for high-risk innovation projects. The structural budget is € 50 million starting in 2009. The expectation is that this will make it possible to support up to 20 development projects per year. The budget for 2008 has been utilised to capacity; proposals had to be turned down in December because the budget had been used up. The business community is still as enthusiastic as ever, even in the current economic climate. In several regions, instruments are being launched (often funded by local and regional authorities) that provide incentives for projects on the basis of subordinated loans, participations and lines of credit. (Pages 36-37 of **Dutch** NPR)

**Portugal** is implementing the Living Science Programme which has triggered an unprecedented movement in the country attracting families, municipalities, corporations and scientific institutions. According to the report, this programme is an international reference within the sphere of promotion of science and its social support base. The national network of Living Science Centres already includes 18

centres (from 10 in 2005), conceived as interactive locations for scientific dissemination for the general population, but also as regional development platforms – scientific, cultural and economic – through the new dynamics given to the most active regional actors in these areas. By the end of 2009, another Living Science Centre will be opened in Lousal, in Grândola municipality, in Setúbal. Furthermore, the Living Science in Summer campaign was organised in August and September. It deals with Astronomy, Biology, Geology, visits to lighthouses and Engineering, and is aimed at the general public. About 17 000 **Portuguese** registered online for this type of activity in 2008, and over 140 institutions participated (scientific and higher education institutions, associations, museums, municipalities and companies) thus assuring about 2500 dissemination activities all over the country. At the time of drafting the report the activities for the 2009 edition were being prepared. (Pages 61-62 of **Portuguese** NPR)

**Spanish** autonomous communities actively participate in the Euroingenio programme. Through annual funding rounds, it encourages the active involvement of universities, public research centres, technology centres and the national health system in dissemination and reporting of research and assistance to researchers who present proposals in the EU Framework Programme. The Euroingenio fund rewards Autonomous Communities that improve their results in FP7. The programme budget for 2009 is 21.6 million euro. The eight Autonomous Communities that increased their participation in the Framework Programme received incentives amounting to 11.6 million euro from the Euroingenio fund. Agreements will be signed with the nine remaining Autonomous Communities in 2009. (Pages 21 and 114 of **Spanish** NPR)

The Welsh Assembly Government in the **United Kingdom** is implementing a number of initiatives aimed at more effective use of R&D resources. Government has progressed plans for National Research Institutes, which include the Institute of Biological, Environmental and Rural Sciences (IBERS) at Aberystwyth University, which since it was set up in April 2008 has embarked on major research projects including bio-fuels and low-input farming; and plans for a National Science Academy are currently under consideration. Furthermore the unified, simple Government's Flexible Support for Business service incorporates programmes to facilitate innovation in Wales' businesses, including the part-ERDF funded Academic Expertise for Business (A4B) programme for technology transfer from Higher and Further Education institutions and advice on R&D. Alongside these programmes there is finance from a Single Investment Fund (also containing elements part-financed through the Structural Funds) and a network of Technium Innovation Centres. Other regional authorities in the UK (Scotland and Northern Ireland) are also implementing a number of measures in this area. (Page 27 of **British** NPR)

## *Selected illustrative LRAs-related activities with a multilevel governance aspect*

In **Finland** activities of innovation organisations are planned to be enhanced through closer cooperation and by increasing interaction between the relevant parties. Achieving this goal will require good coordination between the various administrative branches. The aim is to expand joint activities, for example, by developing the strategy processes by which national, regional and local innovation policies can support each other better. (Page 26 of **Finnish** NPR)

The **Greek** government in cooperation with LRAs is implementing the integrated plan for Local Administrations to allow them to obtain development capabilities linked to the use of information technology and electronic communications. Actions include the implementation of related digital programmes, the creation of local portals to service citizen needs, the creation of information centres in 29 public libraries, the creation of a specialised portal and the financing of a series of interventions to support the municipalities of the whole country. (Page 10 of **Greek** NPR)

**Italy** is developing the "Programme for broadband infrastructure coverage" which is coordinated by the Communications Department of the Ministry of Economic Development, and implemented by the company Infratel Italia, through Regional Programme Accords. In this programme the **Italian** government and the regions are cooperating in order to obtain economies of scale and more streamlined operation of the service. Furthermore, they are striving to make better final decisions about objectives across the territory, thereby making it possible to get beyond many of the problems that have hindered the development of the nation's network to date. (Page 60 of **Italian** NPR)

**Malta** has implemented a number of activities aimed at science popularisation. LRAs are also involved in these activities. For example, the **Malta** Council for Science and Technology in collaboration with local councils is organising six mini-festivals over a larger geographical spread. Mini-festivals aim to increase community awareness and involvement. These festivals are primarily targeted towards primary and secondary school students with a strong emphasis on active engagement through hands-on activities. They form a part of the 'Science Popularisation Strategy' which is prepared by the afore-mentioned Council. (Page 54 of **Maltese** NPR)

In the Eindhoven region of the **Netherlands**, cooperation is taking place between 21 local government bodies, various businesses and a number of knowledge institutions, including Eindhoven University of Technology, which are working together to enhance their own innovative capacity. The various parties involved have pooled their initiatives in the Brainport Foundation, which represents the

knowledge industry in the Eindhoven/Southeast Brabant region. In a strategic programme of action, Navigator 2013: Beyond Lisbon!, innovative market initiatives receive support by bringing stakeholders together in projects and in networks. This approach achieves the European objective of 3% investment in R&D for the region. Brainport also includes alliances that join forces across national borders. One important strategic factor in the network of international contacts is the ELAt alliance between three European cities (the Eindhoven, Leuven and Aachen triangle). In the ELAt knowledge triangle, Brainport maintains close contacts with innovation centres and occupies a strong position as a top technology region. In this international setting, Brainport is also an appealing region for **Dutch** and international businesses and knowledge workers. (Page 40 of **Dutch** NPR)

LRAs in **Portugal** are active in creating urban networks for competitiveness and innovation. The measure "Urban Networks for Competitiveness and Innovation" aims to foster inter-urban cooperation and develop a process of structural cooperation between municipalities, public and private entities that propose to jointly draw up and implement a Strategic Programme for the development of a network of cities focusing on factors of territorial knowledge, competitiveness and innovation. The Strategic Programmes of 13 Urban Networks for Competitiveness and Innovation (RUCI) were approved in the ambit of the NSRF Regional Operational Programmes. These RUCI involve 52 cities and include some of the most relevant systems for the structuring of the territory. The respective Strategic Programmes represent an eligible investment of 126 million euros corresponding to joint participation from ERDF of 71 million euros. (Pages 108-109 of **Portuguese** NPR)

In **Spain** the autonomous communities together with the government co-manage the InnoEmpresa programme which is being implemented in the period 2007-post 2012 with the aim of encouraging the adoption of innovative business techniques. Since it was launched in 2007, it has supported 6664 projects and benefited close to 13 000 SMEs. In 2008, it mobilised 265 million euro in investment. Additionally, the programme to support Innovative Clusters was maintained. The aim of this programme is to promote consolidation and growth by the clusters with the greatest scope for internationalisation: 95 clusters benefited from aid in 2008 (Pages 41 and 188 of **Spanish** NPR)

### ***Selected illustrative LRAs-related activities aimed at mitigating the negative effects of economic and financial crisis***

Under this priority there were only a few LRAs-related activities in the NPRs aimed at mitigating the negative effects of the economic and financial downturn.

In **Belgium** there are concerns that the current crisis will have a negative effect on investments in R&D. Companies are struggling to get credit and regional

governments have less room for manoeuvre in their budgets. Nonetheless, the new regional Governments committed themselves to take further steps to aspire to the 3% rule. The Flemish multi-annual budget 2006-2009 saw a total net increase of 525 million euro in public money for science policy during this period. In 2008, the Flemish Government realised an additional increase of 25.5 million euro in addition to the reported structural and one-time increases from the previous NRP of 120 million euro. Apart from the funding for research in the “Priority Action Plan” – namely 270 million euro for 2006-2009 – the regular budgets for research in the Walloon Region in 2009 were raised to 177 million euro (an increase of 18 million euro if compared to 2008). The **French** Community made an additional 11.2 million euro available for basic research in 2009, the largest part of which will go to the National Fund for Scientific Research. (Pages 59-60 of **Belgian** NPR)

The **Portuguese** government is implementing a number of measures to support municipal investment at a time of financial and economic recession. For example, government supports the municipal investments in urban upgrading, urban water cycle or integrated in Collective Efficiency Strategies. The advance payments are aimed at encouraging early execution of the investments that simultaneously structure territorial competitiveness and have a short-term impact on employment and on the product. The early payment is 30% of the ERDF funds subjacent to each request for reimbursement proposed by the beneficiary. The support, among others, is given to projects for urban networks for competitiveness and innovation, competitiveness and technology nuclei and other “clusters”. This is an exceptional and temporary measure suited to the current economic situation. It is aimed at encouraging municipalities to anticipate investments that contribute towards relaunching the economic activity in such a manner that it is territorially well distributed. (Pages 30-31 of **Portuguese** NPR)

The **Spanish** autonomous communities play an active role in vitalising lending for business during the financial and economic crisis. Autonomous communities have strengthened their support for reciprocal guarantee companies in order to facilitate access to short-term loans. They also promote venture capital funds, via contributions or improvements, with a view to encouraging entrepreneurship, projects with high added value and industries with a future. (Pages 10 and 202 of **Spanish** NPR)

### **1.2.2. Priority 2 - Unlocking the business potential, especially of SMEs**

#### *Selected illustrative LRAs-related activities*

In February 2009 the **Finnish** Government outlined in its mid-term review of the Government Programme measures to accelerate the reform of public service structures. The reform is being carried out under the local government and service

reform (PARAS) project. The PARAS project prioritises development of municipal services in new and renewable structures and continuation of the reform of administrative structures (i.e. adopting best practices, improving the service processes, modifying the division of duties, utilising information technology, introducing purchaser-provider models, and by making use of the services offered by the private and third sectors). The project will set national targets for the improvement of productivity for municipalities, joint municipal authorities and other providers of services, utilising productivity and cost-calculation indicators. Municipalities and joint municipal authorities will have to prepare a plan for measures to improve productivity. The 20 largest municipalities will be obliged to prepare for their services productivity development programmes whose implementation will be monitored jointly by local and central government. Productivity programme activity will be assessed and good practices arising from the programmes will also be applied in other municipalities. The Government will also initiate, in collaboration with the Association of **Finnish** Local and Regional Authorities, a project to identify and eliminate existing norms and standards that prevent improvements in productivity and maintain inflexibilities. Tools to support the introduction of best service practices in local authorities will be strongly promoted and prepared. The comparability of service costs will be improved in collaboration with the Association of **Finnish** Local and Regional Authorities. (Pages 117-118 of the **Finnish** NPR)

Some *Länder* in **Germany** are very active in improving overall framework conditions for business. For example, Baden-Württemberg is implementing the following measures aimed at the reduction of bureaucracy for SMEs from the outset: SME alarm (integrating specific interests of SMEs into the law-making process of the Land, Federal Government and EU at an earliest possible stage with the participation of chambers of commerce); and SME check (examining new legislation to ensure its application is practical for SMEs). Meanwhile Thuringia is implementing various projects for gauging the cost of bureaucracy with the standard cost model. It is also trying to simplify the procedures for awarding public contracts at a municipal level by raising the threshold for selective tendering and single tendering. (Pages 46-47 of **German** NPR)

From 2010 **Hungary** plans to apply the new rules to increase efficiency of operations and management at the same time maintaining flexibility of services. The annual budget will contain two documents in which the supervising agency (typically a ministry or local government) shall agree with the supervised agency including an approved amount, quality and the expected result of public services to be granted in return for government funds. This makes for a fundamental shift, embodied in specific regulations towards the general implementation of public services and performance principle of guaranteed substance and cost. (Page 20 of **Hungarian** NPR)

**Ireland** is demonstrating progress in facilitating access to finance for SMEs and other enterprises. To assist and complement the work of the Credit Supply Clearing Group, the Minister for Trade and Commerce held eight regional meetings during June and July 2009 to discuss with representatives of business, banks and the State sector, their experience of gaining access to bank credit at local and regional level. These meetings have facilitated a greater understanding of the issue at both regional and national levels. (Page 33 of **Irish** NPR)

In 2008, **Latvia** adopted the Public Administration Policy Development Guidelines for 2008–2013. A number of measures are planned in the framework of this document with the aim to decrease the administrative burden by 25%. One of measures is to strengthen the ex-ante assessment process of the regulation at the level of local governments. It prescribes that, when developing binding regulations, the local governments must reflect the expected impact of these regulations on the business environment, administrative procedures, etc. (Page 30 of **Latvian** NPR)

In **Lithuania** the draft amendment was prepared to Resolution of the Government of the Republic of **Lithuania** on the Approval and Implementation of the Methodology for Draft Decision Impact Assessment. This amendment introduced the new criterion of draft decision impact on administrative burden assessment – draft decision impact assessment is proposed to be carried out not only for citizens and other persons but also for business and state and municipal institutions and bodies. (Pages 108-109 of **Lithuanian** NPR)

The Government of the **Netherlands** is committed to making information about the government more accessible to entrepreneurs. The Answers for Businesses website ([www.antwoordvoorbedrijven.nl](http://www.antwoordvoorbedrijven.nl)) was launched in 2008 as a key portal for questions that businesses want to ask the government about legislation, subsidies, and permits. The government now aims to develop the antwoordvoorbedrijven.nl site into a point of contact where entrepreneurs can manage their business with the government electronically, 24 hours a day, 7 days a week. Moreover, in 2010, it will be possible to apply for subsidies and permits directly via this website. At the end of 2009, antwoordvoorbedrijven.nl was also expected to become the point of contact for service providers, in accordance with the requirements of the European Services Directive. To that end, approximately 600 government authorities (municipalities, provinces and water boards) were expected to be linked to [www.antwoordvoorbedrijven.nl](http://www.antwoordvoorbedrijven.nl) in 2009. (Page 55 of **Dutch** NPR)

### ***Selected illustrative LRAs-related activities with a multilevel governance aspect***

In June 2008, the **Danish** Government launched an action plan to liberate resources for service provision to citizens. The plan for liberation of resources to services towards citizens suggests four ways to liberate resources: (1) lower administrative

costs; (2) lower procurement and energy costs; (3) less absence due to sickness; and (4) new technology and improved work planning. Against the backdrop of the action plan, the Government and the municipalities in 2008 entered into a multi-annual agreement to liberate municipal resources totalling DKK 1 billion in 2009, increasing to DKK 5 billion in 2013. The Government supports this effort through initiatives to benefit the municipalities (simplification of rules, digitalisation, etc.), contributing 50 per cent of the liberation of resources agreed upon. The municipalities themselves are to contribute the other 50 per cent. The liberated resources are to remain in the municipalities to be used for provision of services to citizens. (Pages 25-26 **Danish** NPR)

In **Finland** service structures will be strengthened by consolidating individual services that require a broader population base of more than one municipality and by increasing cooperation between municipalities. The aim is to safeguard high quality services accessible to everyone throughout the country. In this respect municipalities are forming cooperation areas for basic health care and closely related social welfare tasks. A total of 52 cooperation areas have been formed. Moreover, cooperation areas are still being planned in a number of municipalities. (Page 55 of **Finnish** NPR)

The main source of internal contradictions of the **Hungarian** local government system is the exaggerated subdivision (there are more than 3000 local government units in a country) coupled with wide responsibilities and duties of local governments. To facilitate coordinated development of small regions and to ensure implement the local public services at the local level, government has adopted the Act on Micro-Regional Associations (which took effect from 1 December 2004). Under this Act the government provides fixed standard subsidies as incentives to micro- regional associations. As a result of subsidy incentives, the micro-regional organisation of services in the two major human branches (education and social policy) showed strong progress in the years 2006 to 2009. For example, the number of children educated in educational institutions operated or maintained directly by the multifunctional micro-regional associations increased from 3000 in 2006 to almost 40 000 in 2009. However, rules of subsidies encouraging local governments' multifunctional micro-regional associations have been tightened as from 1 September 2009, in order to reinforce real cooperation. (Pages 21, 25-26 of **Hungarian** NPR)

**Lithuanian** municipal institutions together with other state (central government) institutions prepared the draft amendments to the national legal acts contradicting the provisions of the Services Directive. These amendments, in coordination with the Ministry of Economy, were submitted to the Government of the Republic of **Lithuania** and were also included in the programme of the autumn session works of the Parliament. (Page 33 of **Lithuanian** NPR)

The Customer Care System (CCS) has been designed in **Malta** to facilitate communication between citizens and central and local government by offering a single point of access. The CCS operates through the Government networking infrastructure with a twofold aim: (1) to optimise the current technological setup; and (2) to ensure a consistent quality customer service delivery mechanism. The CCS electronically links Ministries, Departments, Authorities, Entities, Corporations and Local Councils and puts them on a single, web-based platform, thus enabling live communication and transferring of data between all the connected entities. The web-based platform also eliminates any license costs, adds flexibility to the system, and facilitates enhancements. For users, the CCS not only allows them to handle requests efficiently and effectively but also enables them to identify particular issues that citizens are commonly raising as complaints or queries. Given this comprehensive reporting system, central and local government can therefore fine-tune work processes according to citizens' needs as well as manage their resources more effectively by directing their efforts towards matters which require major attention. (Pages 36-37 of **Maltese NPR**)

In order to improve the services provided to businesses and institutions, the government of the **Netherlands** and the municipalities have developed the "Mark of Good Service" in partnership with the **Dutch** Federation of Small and Medium-Sized Enterprises (MKB-Nederland) and the Confederation of **Netherlands** Industry and Employers (VNO-NCW). This consists of minimum standards for service provision, such as issuing a permit promptly and working together with businesses in a solution-oriented manner. This tool enables municipalities to make their services for businesses more efficient and customer-friendly. Checks are conducted annually to show whether a municipality is complying with this standard of service. The government's aim is for at least 200 municipalities to be working according to the "Mark of Good Service" by the end of the current government's term in office. The 33 largest municipalities have signed the 'Improving Services and Reducing Regulatory Pressure on Businesses' agreement together with the Ministry of Economic Affairs and the **Dutch** Federation of Small and Medium-Sized Enterprises. It has been agreed that the national standards framework for services will be introduced and that administrative burdens will be further reduced by 25%. At the beginning of April, seven regional ambassadors for "fewer regulations, more service" started work. (Pages 59-60 of **Dutch NPR**)

In 2008 **Portugal** started to implement the Municipal Simplex Programme for nine municipalities to modernise and simplify their administrative procedures. Various initiatives under this programme targeted business, for example: application for municipal licences when forming a company at the "on the spot company" shops, identification and facilitation of the process for obtaining licenses, permits and similar administrative burdens at the start of activities through the license catalogue available on the business portal. The Programme brings together simplification initiatives of various local authorities, in some cases - municipal measures - they have exclusive responsibility for their development; some -

intersectoral measures – require collaboration with the central administration; others – intermunicipal measures - required collaboration between the municipalities themselves. The multi-annual target set by the government for this Programme was to have 25% of the municipalities included by 2012. The Programme in 2009 included 60 Municipalities (21.2%) and 289 simplification measures. In its first year the Municipal Simplex attained 84.9% of its target. In 2009 the Programme was evaluated and in 2010 it should be broadened to incorporate additional 50 municipalities, including new simplification measures for better collaboration between municipalities or between municipalities and central administration. (Pages 41-42 and 130 of **Portuguese** NPR)

The **Romanian** government with the help of LRAs aims to decentralise the health and education systems. The health system's decentralisation strategy for 2009 – 2011 was adopted by the Government in May 2009. In order to implement the strategy, the Government will elaborate a set of legislative acts including the law on decentralisation of the healthcare system regulating the transfer of the hospitals (together with their financial resources) to the local administration authority. The decentralising process will be further implemented by restructuring and reorganising the national public healthcare network at central, regional and local levels. All the decision-making personnel within the new structures, from both hospitals and local county councils, will be involved in a national training programme to strengthen their administrative capacity. Meanwhile, one of the major changes for education system set in the new Law on National Education is decentralisation of pre-university education. This process will be ensured through the exercise of shared competences between public local, county and central authorities, school inspectorates and schools. (Pages 29-30 and 55 of **Romanian** NPR)

A favourable business environment is the initial condition to long-term competitiveness and growth of any market economy. Over recent years the business environment in **Slovakia** has been improved in many fields. However, in certain fields such as law enforcement and the capital market results have been less successful. The **Slovakian** government in cooperation with local authorities will therefore continue in efforts to decrease burdens and barriers in doing business and therefore plans to support the creation of clear and stable rules. The period 2009-2013 furthermore provides **Slovakia** with an opportunity in the form of drawing finance from the Structural Funds, which will be used for improving the efficiency of infrastructure supporting business. (Page 31 **Slovakian** NPR)

LRAs in **Spain** actively participate in the transposition of the Services Directive. Actually the process of transposing the Services Directive will be completed with the adaptation of autonomous community and local regulations. To this end, a process of evaluation has been designed with the participation of representatives of the central government, the autonomous communities and local governments. As a

result of this evaluation, the autonomous communities are expected to eliminate close to 300 authorisation proceedings. (Page 25 of **Spanish** NPR)

The **United Kingdom's** Central Government, Regional Development Agencies (RDAs), and local authorities have worked together to streamline publicly funded business support to make it more targeted and focussed. Over 3000 products have been reduced to 30 in a portfolio entitled "Solutions for Business", announced in March 2009. These products offer real help to companies with three common issues such as accessing finance, innovation, research and development, skills and training, exporting and overseas trade, and resource efficiency, including low carbon. (Page 18 of **British** NPR)

### *Selected illustrative LRAs-related activities aimed at mitigating the negative effects of economic and financial crisis*

In **Italy** efforts have been focused on helping to ensure the financial stabilisation of the firms during the current, difficult economic cycle so as to promote the firms' development. Numerous regions and autonomous provinces provide support to the enterprise system, with the objective of improving conditions for accessing capital and credit through the support to investments made by the SMEs or groupings of the same. Illustrative examples of measures applied by **Italian** regions and autonomous provinces are the following: the Emilia-Romagna Region has made available €1 billion for the implementation of an agreement for credit to businesses, signing a special accord with the banks; the Marche Region has provided two tenders, one related to the creation and management of a financial engineering fund and another in relation to the fashion business, which provides support and incentives for innovative projects/programmes specifically directed toward the design, development, marketing and sale of new collections of products; the Lombardy Region has created two specific funds for the new innovative firms involved in the initial phase or experimentation of the project, the Seed Fund, with funding of €10 million to govern a segment not supported by the financial intermediaries who normally are active during the more advanced phases (venture capital firms, private equity firms, banks, etc.), and the guarantee fund, the Next Fund, inaugurated with the most recent legislature, with resources of €37 million for developing the venture capital market dedicated to innovative SMEs. (Pages 20-22 of **Italian** NPR)

**Romania** is developing the National State Aid Network (ReNAS) which partly deals with negative effects of financial and economic crisis. Development of the ReNAS aims on the one hand to strengthen the Competition Council's administrative capacity and on the other hand to increase the capacity of State aid providers from central and local administration to initiate state aids. Electronic communication within the network was operational as of June 2009, through the website [www.ajutordestat.ro](http://www.ajutordestat.ro). Local public authorities and 22 other central public administration institutions, including structures managing Community funds,

joined the network. During the reporting period, within the network the number of consultations with its members was increased to 115 consultations (out of which 34 consultations were for measures designed to counteract the effects of the economic crisis). (Page 37 of **Romanian** NPR)

A number of business support measures are implemented by regional authorities in the **United Kingdom**. For example in April 2009 in Wales the Joint European Resources for Micro and Medium Enterprises (JEREMIE) initiative was launched. It provides £150 million, including Structural Funds and European Investment Bank finance, to support SMEs by providing them with access to a range of finance, including credit lines, equity, and mezzanine investment. Scottish Enterprise have developed three equity support schemes: the Scottish Seed Fund (introduced in late 2006 providing loans/equity in the £20k-£100k range), the Scottish Co-investment Fund (introduced in 2003, providing equity investment in the £100k-£1m range), and the Scottish Venture Fund (established in 2006 delivering equity up to £2m, aimed at the second round funding market). Between November 2008 and August 2009 these three schemes have invested £24.5 million and leveraged £42.5 million from the private sector. Through these schemes, Scottish Enterprise is co-investing with the private sector to support risk capital investment in some of Scotland's new innovative technology-based companies. The Northern Ireland Executive also provides eligible businesses with financial assistance to enable the retention of key staff while businesses plan, and where necessary, restructure for the future. (Page 22 of **British** NPR)

### **1.2.3. Priority 3 - Investing in people and modernising labour markets**

#### *Selected illustrative LRAs-related activities*

In **Austria** as from the start of the school year 2008-9 the pilot project "Neue Mittelschule" (new middle school) was introduced. The project is designed to avoid too early specialisation of the children at the age of 10 years. The main characteristic of this project is the introduction of a new learning culture, the key points focusing on inner differentiation and individualisation. At the moment, 67 pilot schools with 167 classes in five federal states (Burgenland, Styria, Carinthia, Vorarlberg, and Upper Austria) took part in the model trial. In the present school year 2009-10 the project will be extended, by 177 schools, to a total of 244 schools. (Page 23 of **Austrian** NPR)

**Bulgaria** has decided to decentralise the system of professional education. Namely, changes to curricula will be made in respect to the local and the regional needs in order to achieve greater flexibility and better matching of the required on the labour market skills and qualifications with the offered education and training

at all stages and degrees. Most professional schools will be managed by the local authorities. (Page 23 of **Bulgarian** NPR)

LRAs in **Denmark** implement a number of initiatives aimed to counteract early retirement. The ageing labour force will both now and in the future be a challenge for municipalities and regions in regard to ensure the necessary labour force. In connection with tripartite agreements between the government and the social partners on the municipal and regional area, funds, among other things, were set aside for trials with the related policy initiatives. DKK 900 million has been set aside for the period 2008-2011 for initiatives to support senior employees. The funds that were implemented with the collective bargaining for 2008 are primarily used for a senior scheme where the senior employee can choose between the senior bonus, an extraordinary pension contribution, days off or special voluntary skills development courses. In addition, it was agreed that senior employees must be offered a interview, just as it was agreed to discuss the municipality's/ region's efforts of senior employees with employee representatives in the municipality's/ region's top co-management committee. The new initiatives must be seen as a supplement to the existing initiatives, which also take place in municipalities and regions, including the framework agreement regarding senior policy, various projects, etc. (Pages 88-90 of **Danish** NPR)

The unemployment rate of foreigners who are permanently resident in **Finland** is estimated to average 21.5% and they are often employed in atypical jobs in various entry-level occupations that require low expertise. Integration and employment of immigrants will be promoted through training, recognising foreign qualifications, expanding supplementary training and by developing educational opportunities for immigrants. A 12-municipality reform programme has been approved for the Helsinki Metropolitan Area, the Turku region and other significant areas of immigration. The goal of the programme is to promote the integration and employment of immigrants. Programmes have been designed to last for several years. (Pages 94-95 of **Finnish** NPR)

States in **Germany** implement a number of incentives which help individuals combine family and career. This is a key requirement for the successful integration of women, in particular, into the labour market. For example the state of Brandenburg develops needs-oriented, quality day care facilities for children under the age of three: it develops and expands parent/child groups as local, low threshold services that are available on a daily basis for children under three and their parents, where the childcare services are linked to discussion, participation, and support programs for parents; it also promotes local volunteer programs. Furthermore, this state seeks to improve the quality of childcare facilities and day care services by developing long-term and management skills for advisers. (Pages 35-37 of **German** NPR)

**Hungary** plans to restructure family allowances. Firstly, the amount of family allowance will not increase for two years. Secondly, the entitlement to family allowance will fall from 23 years of age to 20 as from 1 September 2010. Thirdly, since 2009 family allowance may be provided in kind in order to support the proper use of the family allowance with special regard to families where children must be administratively protected. The **Hungarian** State Treasury will transfer the family allowance in kind to the current account opened for the local government authority. The curator appointed by the Notary (administrative chief in local government) shall provide for spending of the amount on the account. (Page 23 of **Hungarian** NPR)

The **Irish** government (the Office of the Minister for Integration) is active in integrating migrants into the social and working life. The funding priorities of the Office are based around mobilising migrants to participate in cultural and sporting aspects of **Irish** society. Local Authorities were identified in the policy statement on integration strategy and diversity management 'Migration Nation' as playing key roles in the creation of integrated communities. Accordingly, local authorities in areas in which significant numbers of migrants are legally resident received funding amounting to over €800 000 from the Office in the last year to facilitate integration activities in their areas. (Pages 67-68 of **Irish** NPR)

**Latvia** pays particular attention to the development of social dialogue which is particularly important in the implementation of the flexicurity principles. Several measures have been implemented in the recent years for the improvement of the social dialogue both on the national and regional level. With the help of the ESF financing (i.e. the ESF co-financed national programme “Support to Capacity Building for Implementation of Labour Market and Gender Equality Policy in Responsible Institutions, Distribution of Information and Raising Awareness”), the institutions involved in the employment partnership, including **Latvian** local governments and **Latvian** Association of Local and Regional Governments, have been strengthened in order to ensure the development of employment partnership and social dialogue on the local and regional government level. (Pages 12 and 41-42 of **Latvian** NPR)

In **Lithuania** municipalities are encouraged by the government to develop non-formal entrepreneurship training for youth through implementing projects of the youth and youth organisations. The aim of government is to finance projects which would contribute to the analysis of the situation of youth entrepreneurship training and promotion in **Lithuania** and the creation, improvement and development of the existing and new methodologies and activities. One of specific objectives is to develop the youth entrepreneurship promotion methodologies based on the methods and principles of non-formal training that have been successful in **Lithuania**. Vilnius city municipality was in particular active in this respect. (Page 129 of **Lithuanian** NPR)

The Government of the **Netherlands** has introduced various measures to stimulate the labour supply from vulnerable groups. The Investment in the Young Act (WIJ) entered into force on 1 October 2009 with the aim of promoting sustainable participation by young people. The main aim of the WIJ Act is sustainable labour participation by young people as part of the normal workforce. The WIJ requires municipalities to provide a tailor-made offer for work or learning to jobless young people up to the age of 27 who request unemployment benefits; the offer must be made within two months after benefits are requested. Municipalities can offer young people training (courses, internships or work experience positions) to maintain their professional skills at the required standard or to acquire new skills. This offers young people better opportunities on the labour market. (Pages 14, 81 of **Dutch** NPR)

**Portugal** implements Work Placement Programme in the Local Public Administration (PEPAL). This Programme, set up in 2006, targets first time job seekers or unemployed aged between 18 and 30 and looking for a new job in local autarchies and intermunicipal entities, who have a degree or baccalaureate (qualification levels V and IV) or who have completed a professional qualification course (level III), and who recently left the education or university systems. The PEPAL placements last for one year and the graduate trainees (levels V and IV) are entitled to a monthly grant of 2 x RMMG (guaranteed minimum monthly income) and those with vocational-technical courses (level III) 1.5 x RMMG for + food subsidy + accident insurance. PEPAL placements are co-financed under the Human Potential Operational Programme and aim to reach about 1000 trainees per year during the NSRF programming period. In 2008 the Programme supported 676 trainees. In 2009 local authorities offered even 1 114 placements. (Pages 20 and 93 of **Portuguese** NPR)

County School Inspectorates in **Romania** have developed county strategies implementation for improving access to education. These strategies were based on upon the findings of the Report on the State of Education (2008) that summarizes, among others, the causes of early school leaving phenomenon, but also based upon other studies in the field. The action plans for implementing these strategies include targets for reducing early school abandonment in the priority areas of educational intervention. The Ministry of Education, Research and Innovation has conducted monitoring and assessment activities of these county strategies including the impact analysis on public policy in early school leaving. This impact analysis will lay the foundation for the four-year specific Action Plan. (Page 56 of **Romanian** NPR)

Regional authorities in the **United Kingdom** actively implement Innovation Voucher pilot schemes for SMEs in their respective regions over the 2008 to 2011 period. All 9 UK regions currently offer voucher schemes or an equivalent. At least 500 businesses per year will receive a voucher with a value of £3,000 to spend on an engagement with a knowledge institution such as a university or further

education college, with the aspiration of increasing to 1 000 per year by 2011 (Page 26 of **British** NPR)

***Selected illustrative LRAs-related activities with a multilevel governance aspect***

The **Austrian** federal government is planning a profound reform of the administration structures encompassing all government levels which will be decisive for a sustainable consolidation of the budget. Involving the federal states, the **Austrian** federal government has set up a special working group at the highest political level with the objective to specifically work out recommendations for the consolidation process. The current fiscal equalisation agreement between the federal, provincial, and municipal levels that came into force on 1 January 2008 will terminate as of 31 December 2013. At present, working groups are drawing up further reform measures, with the first results to be expected by 2011. (Page 8 of **Austrian** NPR)

The **Cyprus** government promotes a dialogue with local authorities in order to develop closer cooperation and strengthen structures of social care. A dialogue with local authorities has been promoted with a view to developing programmes aiming at supporting vulnerable groups of the population, especially elderly persons, young people, working mothers, persons with special needs and the unemployed. To this end, a provision of €650 000 was included in the 2009 budget for funding the cooperation of local authorities and not-for-profit voluntary organisations. (Page 107 of **Cypriot** NPR)

In 2008, the **Danish** confederations of employers and trade unions executed the project “Roads to jobs in the agriculture sector for refugees and immigrants” in the Employment Region of South Denmark. The purpose was to show job seekers with non-**Danish** backgrounds and the employment and vocational education actors that there are good employment opportunities within the area and actually show ways to jobs in close cooperation with the relevant collective agreement parties. 165 people, primarily composing potential job seekers and representatives from job centres and language schools from Aabenraa, Kolding, Fredericia and Vejle municipalities have participated in four bus trips with included enterprise visits. There has been an overwhelmingly positive response in relation to seeking jobs within dairies, nurseries and farming. In 2009, the project was carried on in Employment Region Central Jutland with support from that region and in cooperation with Aarhus, Herning, Horsens and Struer municipalities. (Page 96 of **Danish** NPR)

In **Finland** the regional administration reform (ALKU project) policy lines have been formulated by which the role of the regions will be strengthened in strategy work. Regional Councils would be responsible for the long- and medium-term forecasting of labour and education needs in the regions in cooperation with

(central government regional administration) Centres for Business and Industry, Transport and the Environment (ELY) and other regional actors. (Page 105 of **Finnish** NPR)

With the “Qualification Initiative for **Germany**”, the **German** Federal Chancellor and the Minister-Presidents of the *Länder* confirmed their common interests in improving the quality of the education system and secure a pool of skilled labour and qualified specialists. The most important undertaking of this initiative is the goal of raising spending levels for education and research to 10% of the gross domestic product by 2015. Furthermore, the Government intends to halve the number of young adults leaving school without qualifications and of those without vocational qualifications. Other objectives of this initiative are: more needs-oriented, intensive remedial language tuition for children prior to starting school; development of concepts to intensify cooperation between schools, homes and youth welfare services; improvement of the mobility of individuals vocational training and/or continuing education to higher education; improvement of academic qualification; and increase of number of those participating in some form of advanced training. A joint strategy group of the federal and *Länder* governments has been assigned the task of providing suggestions, by autumn 2009, on how to meet the 10% goal. (Pages 8, 25-27 of **German** NPR)

In **Ireland** local government structures are intensively cooperating to meet local childcare needs and to improve the quality of childcare services. Equal Opportunities Childcare Programme 2000-2006 has fostered the development of a childcare infrastructure to support the delivery of services at local level in response to unmet local childcare needs and to improve the quality of childcare services in line with the overall objectives. A network of 33 City and County Childcare Committees (CCCs) is active in raising awareness of quality issues and in delivering training. (Page 64 of **Irish** NPR)

In January 2009, the **Italian** government and the regions signed an agreement about the measures to be taken to prevent and to deal with possible situations of risk related to the vulnerability of elements of school buildings. The objective is to come up with a national reporting system aimed at identifying potential situations of risk related to the vulnerability of school buildings of any type. Once the project is completed, it will be possible to conduct special searches in the national records of school buildings. The agreement led to the creation (at each region and autonomous province that is responsible for coordination) of special work groups, with the task of establishing special technical teams charged with carrying out the inspections of the school buildings in the respective territories. (Page 90 of **Italian** NPR)

The Ministry of Welfare of the Republic of **Latvia** in 2008-2013 is implementing complex support measures for the inclusion of the economically inactive population in the labour market. The ministry is implementing these support

activities in the framework of the measure “Complex Support Measures” and in cooperation with local governments and other relevant institutions and organisations. Planned financing for these activities is LVL 9 million. In 2009, the financing is planned to the amount of LVL 1.9 million. It is expected to involve 2 000 persons, 7 555 persons by 2013. (Page 89 of **Latvian** NPR)

**Lithuanian** central and municipalities are cooperating in the evaluation of the quality of youth policies at local level. In the first quarter of 2009 the Minister of Social Security and Labour of the Republic of **Lithuania** approved the methodology for the assessment of the quality of youth policy in municipalities. It was then discussed how coordinators of youth affairs, members of youth affairs councils and other representatives of municipalities should carry out self-assessment. Finally, based on the improved methodology, the assessment of youth policy implemented by five municipalities has been launched. (Pages 55, 130 of **Lithuanian** NPR)

A number of lifelong learning initiatives are concurrently being pursued by the Directorate for Educational Services and Directorate for Lifelong Learning of **Malta**. For example, as of October 2009, initiatives were to be taken with local councils to decentralise a number of courses into the community and increase adult participation from such localities by 3-5% each year by 2015. Furthermore, the above-mentioned Directorates are entering into partnerships with local councils and voluntary organisations for the provision of courses to address adult learners with specific needs. (Pages 93 and 113 of **Maltese** NPR)

Young people who are less well educated have fewer chances in the labour market. To raise the average level of education attained by young people, the government of the **Netherlands** therefore wants to halve the number of early school leavers from 71 000 in 2002 to 35 000 in 2012. As in previous years, the Ministry of Education, Culture and Science has entered into covenants with municipalities and schools. These covenants are intended to contribute to a further decrease in the number of early school leavers. The accent is on preventing students from dropping out. Schools receive € 2 000 from the Ministry of Education, Culture and Science for each improvement in the dropout rate. (Page 86 of **Dutch** NPR)

The **Portuguese** government is implementing the National Re-qualification Programme for the School Network of the 1st Cycle of Basic Pre-School education. Programme is aimed at promoting the reorganisation of the school network through cooperation with local authorities. The refurbishment and modernisation of school park in the 1st cycle and pre-school education involves both the building of new school centres and extending and upgrading the existing buildings. In addition to this, improvements must be made to outside areas within the school perimeter as well as investment in school furniture, didactic material and computer equipment. 407 million Euros are allocated for this Programme with the support by NSRF (70% of the total investment) and the remainder financed by

municipalities. Modification or construction of 600 educational centres is planned in the Programme. During the school year 2008-2009, 50 new education centres began operating. (Pages 118 and 178 of **Portuguese** NPR)

The **Romanian** Ministry of Education, Research and Innovation together with the Ministry of Regional Development and Housing and local authorities carried on the implementation of programmes and projects for infrastructure rehabilitation and for equipping schools (including the vocational and technical education units) in rural and disadvantaged areas. However, there were some delays in carrying out the works on school infrastructure (especially for new constructions and rehabilitations) and in providing the required (i.e. basic or specialised) equipment. Delays occurred mainly due to the lack of funds, but also to the suppliers' failure to comply with the contractual terms and due to the special requirements for the installation of large equipment. (Page 56 of **Romanian** NPR)

**Slovakia** has created conditions for supporting top grammar schools focused on gaining general education and on education in natural and social sciences. Creation of these schools will allow for each county to provide secondary education at top international level. Central government bodies and local authorities will help these schools to link into international networks and to cooperate with universities and research and development institutions. The aim of this measure is to support pupils' involvement in nationwide and international competitions, as well as to enable a higher number of teachers at top grammar schools to train abroad. (Page 24 of **Slovakian** NPR)

With a view to enhancing their education and employability, the **Spanish** government has decided to waive the fees for official master's degree programmes for jobless university graduates between 25 and 40 years of age who are eligible for unemployment benefits. This initiative entered into force in the 2009-2010 academic year and has a budget of 70 million euro: 49 million euro from the Central Government and 21 million euro from the Autonomous Communities. To implement this initiative government has concluded agreements with the autonomous communities. (Pages 20 and 106 of **Spanish** NPR)

The **United Kingdom** has adopted the Education and Skills Act 2008. It means that from 2013 all young people will be required to continue in education or training post-16. This will be up to their 17 birthday by 2013 and their 18th from 2015. The Apprenticeships, Skills, Children and Learning Bill transfers responsibility for education and training for 16-18 year olds to LAs and establishes a new Young People's Learning Agency to support LAs in their strategic commissioning role. These changes are designed to put commissioning for 0-19 year olds in the hands of a single body, enabling LAs to take a more integrated approach to provision of all children's services and help with regional economic planning. The legislation was expected to come into force early in 2010 (Page 31 of **British** NPR)

## ***Selected illustrative LRAs-related activities aimed at mitigating the negative effects of the economic and financial crisis***

In **Denmark** it was decided that as of 1 August 2009 the employment system would be reformed. It would consist of a unified employment scheme based in the municipalities with a strong national supervision. The idea is that a unified system will work better as a framework to spur employment. The challenges for the labour market go across municipal boundaries and the solutions must therefore, to a far higher degree, be characterised by national or regional angles instead of local policy in the individual municipality. The national level consists of a central authority and four regional units, which will be responsible for supervision and control of the local level. The local level consists of municipal job centres, which citizens and companies in need of assistance will be able to consult. The municipalities will assume responsibility for paying the costs of unemployment benefits, benefits during activation, and activation offers to the insured unemployed. The unemployed will retain their existing rights and obligations. The financial model attaches great importance to compensating the municipalities for the extra expenditures, including when major companies close down. This will ensure that local finances are not excessively burdened by the rising unemployment. (Pages 32-33 and 95 of **Danish** NPR)

In the Structural Fund programmes, **Finland** has a separate national provision for situation involving sudden structural change. The administering authority of the programmes (the Ministry of Employment and the Economy) can decide on the size of the provision. The size of the provision in 2009 is 5% of the annual spending limit of the programme, namely an average of around EUR 26 million (EU + national funding). An appropriation can be granted if an individual municipality or subregion is threatened by a sudden, significantly large loss of jobs. The Regional Council and the Employment and Economic Development Centre jointly prepare an application for funds and the granting of the appropriation is decided by the Ministry of Employment and the Economy after the application has been considered in the Structural Fund Advisory Board. The procedure contributes to supporting the use of Structural Fund funding in mitigating the financial crisis. (Page 112 of **Finnish** NPR)

In times of economic turmoil, in particular, **Germany** is trying to improve incentives for investment in future growth and employment is critical. Federal Government has appropriated 6.5 billion euros to the *Länder* and local authorities for additional investment in training and education infrastructures (and 3.5 billion euros for other infrastructure) as part of the second stimulus package (the so-called “Pact for Employment and Stability in **Germany** to Safeguard Jobs, Strengthen the Forces for Growth and Modernise the Country”). Together with the co-financing contribution of the governments of the *Länder* and municipalities, 13.3 billion euros in total are mobilised for investment. (Pages 7 and 23 of **German** NPR)

In the context of persisting financial and economic downturn the **Hungarian** government is implementing measures to save public financial resources. The savings in local government expenditure are based on two measures: on the one hand the scope of tasks to be performed by local governments is narrowed; on the other hand legislative changes aim to improve the operation of the local governments. The cut in mandatory tasks of the local governments requires modifications of several laws which have been submitted by the government. In the budget proposal 2010 these legislative changes concern several fields: the “Pathways to work” programme; public social and education services sectors. To narrow the scope of tasks performed by local governments, for example, the government proposed the amendment of the relevant law to postpone (for one year) the requirement to fulfil the ‘kindergarten’ educational tasks to 1 September 2011. To improve operation of local governments, since 2010 the government plans to introduce the signal-based home care services. The measure, on the one hand, will alleviate the burden of the local governments, because it will be no longer under the responsibility of the local governments. On the other hand, it contributes to a more efficient planning of services which is more adjustable to the real demand. As a result of the measure the beneficiaries (mainly older generation) will be able to live longer in their own homes. (Pages 20-21 and 26 of **Hungarian** NPR)

In **Italy** in the light of the difficult economic situation and following the provisions introduced by law, a State-Regions Accord was signed on 12 February 2009 for the use of exceptional social safety nets, combined with active policies in favour of persons not covered by income-support measures provided by ordinary legislation, i.e. those who have already used all their periods of recourse to income supplements. The accord, which is worth €8 billion for the period 2009-2010, has laid the foundations for the more effective governance of the measures and for real integration between income-support measures and active policies. The exceptional long-term unemployment benefits programme (CIG) has played an important role in **Italy** in the past – e.g. the restructuring in industry in the 1980s and the economic crisis in 1993 – and it is now playing a key part in the management of the current crisis. The use of CIG in combination with “exceptional” intervention has prevented mass dismissals. A National Council for Economics and Labour (CNEL) report estimated that 800 000 jobs were saved in 2009. The accord, with the agreement of the EU authorities, identified procedures for the combined use of national resources and the European Social Fund in order to ensure the integration between forms of income protection and measures to increase the skills of the workers involved, and to employ flexible and personalised logic in doing so. In order to implement the accord, all regions and autonomous provinces signed agreements with the Government to quantify the resources allocated to exceptional social-safety nets for the year 2009. At the same time, all the administrations concluded local agreements with trade unions identifying sectors, beneficiaries and

procedures for the management of intervention, in coordination with active policies. (Page 77 of **Italian** NPR)

In the social pact, the government of the **Netherlands** and social partners agreed on a policy approach aimed at combating (long-term) unemployment and promoting responsible wage development. As a supplement to the social pact signed at the end of March 2009, the municipalities and the social partners arranged in a national agreement that they would act together from a common interest to deal with the economic crisis at the regional level. (Page 10 of **Dutch** NPR).

The **Portuguese** government is implementing measures to support municipal investment in the area of education. For example government provides anticipation of the municipal investment to modernise the pre-school and 1st cycle school park by: (1) early payment of 30% from the European Regional Development Fund (ERDF) approved on condition that works were finished by 31/12/2009; 2) exemption from indebtedness limits; there are already 440 School Centres being built or renovated throughout the country; territorially diffuse effect and concentrated in SMEs. (Pages 29-30 of **Portuguese** NPR)

Regional authorities in the **United Kingdom** are very active in providing educational measures to mitigate the negative effects of the economic and financial crisis. The **Northern Ireland** Executive, for example, is implementing the 'Skillsafe' scheme, which commenced on 8 June 2009. This scheme assists apprentices who have been placed on short-time working as a result of the current economic downturn. The purpose of the scheme is to fill the apprentice's downtime with accredited training that will contribute towards their apprenticeship. In addition to this, they will receive a training allowance to help offset the reduction in their pay, brought about as a result of them being placed on short-time working. The Welsh Assembly Government is also implementing a number of related programmes and schemes. A Young Recruits programme and Pathways to Apprenticeship programme was introduced during 2009 to provide 3000 additional places for apprentices during the current downturn. The new ProAct scheme, which has been allocated £48 million for 2009-10 and which is part-financed by the European Social Fund (ESF), provides training for employees who are on short-time working, and helps businesses to keep skilled staff who may otherwise be made redundant. By June 2009, 43 companies and over 2 500 individuals had been offered support. The ReAct scheme, also part-financed by the ESF, helps to re-train individuals who have been made redundant, and also provides wage and training subsidies for employers who employ such individuals. By June 2009, over 4400 redundant individuals and over 460 employers had accessed ReAct support. (Pages 33-34 of **British** NPR)

#### **1.2.4. Priority 4 - Energy and climate change**

### *Selected illustrative LRAs-related activities*

The **Cyprus** government and LRAs were committed to raising environmental awareness and promoting sustainability. In September 2008 the European Mobility Week was organised by the Local Authorities with the coordination and active support of the Cypriot Environment Service. Events took place in the urban centres of Nicosia, Limassol, Larnaka and Paphos. A total amount of €9 363 was paid to the Municipalities that participated in the Mobility Week, covering approximately 75% of their total expenses. Additionally, local authorities and schools have organised various environmental awareness campaigns which were supported by the Environment Service. (Page 98 of **Cypriot** NPR)

Many **Italian** regions and autonomous provinces have made changes to their regulations in the light of the objectives and challenges contained in the Kyoto Protocol, with the approval of sector laws and the implementation of energy and environmental plans. These consist mainly of initiatives designed to: reduce atmospheric greenhouse gas (GHG) emissions; increase energy savings; produce clean energy; improve energy efficiency; reduce the overall environmental impact of the energy sector; and encourage the diversification of energy sources by increasing the proportion of energy produced from renewable sources. (Page 70 of **Italian** NPR)

Working with semi-governmental sectors, the government of the **Netherlands** promotes the procurement of sustainable products in order to inspire businesses to pursue sustainable innovation. The national government will achieve 100% sustainable procurement in 2010; municipalities are aiming for 75% and provinces and water boards have set a target of 50% sustainable procurement in 2010. The government agency SenterNovem has drawn up sustainability criteria for the most important product groups procured by the government. The criteria set minimum environmental standards for products, such as energy and material consumption. They also set social criteria, e.g. for child labour and human rights. Procurers are increasingly applying the sustainability criteria and there is evidence of clear movements in the market. (Page 45 of **Dutch** NPR)

**Spanish** LRAs contribute to the implementation of the Energy Saving and Efficiency Strategy 2008-2011. Municipal governments are improving the energy efficiency of municipal buildings such as offices, sports centres, water purification and sewage treatment plants, etc.. Municipalities are also in charge of replacement of public lighting with more energy efficient alternatives (Page 147 of **Spanish** NPR)

Regional authorities in the **United Kingdom** are very committed to reducing greenhouse gas emissions. For example, the **Northern Ireland** Programme for Government (2008-2011) plans to reduce greenhouse gas emissions by 25 per cent on 1990 levels by 2025. A new research facility, the Environment and Renewable

Energy Centre, opened in January 2009, demonstrates a range of renewable energy technologies while researching their effectiveness. The Planning Policy Statement ‘Renewable Energy’, published in August 2009, sets out the policy framework and guidance for the installation of renewable energy sources. This will help **Northern Ireland** to meet renewable energy and greenhouse gas emission targets while ensuring appropriate protection of the environment. Another example is Scotland - the Climate Change (Scotland) Bill, passed by the Scottish Parliament on 24 June 2009, introduced a target of at least 42 per cent cuts in Scotland’s emissions by 2020 and by 80 per cent by 2050. The Bill will drive new thinking, new solutions and new technologies, putting Scotland at the forefront of building a sustainable low carbon economy. A Climate Change Delivery Plan for achieving future emissions cuts in Scotland was published on 17 June 2009, and identifies the key sectors for abatement and the high level measures required in each sector to deliver the interim 2020 target. (Page 43 of **British** NPR)

### *Selected illustrative LRAs-related activities with a multilevel governance aspect*

The **Austrian** federal government programme provides for the compilation of a comprehensive energy policy strategy. Within the framework of this new strategy, a suitable implementation strategy for an enhanced development of renewable energy entities, a stabilisation of the energy consumption and a consistent increase of the energy efficiency aimed at the entire objectives spectrum of the energy policy and national economy in a cooperative process with industry, the federal states and municipalities, the social partners, and the civil society is being developed. Based on proposals for measures worked out within the framework of several working groups, this energy strategy had to be finalised by the end of 2009. (Page 15 of **Austrian** NPR)

The **Cyprus** government promotes so-called “Natura 2000” sites. So far 38 sites (Special Protection Areas and Sites of Community Importance) have been included in the "NATURA 2000" network. Management plans for 12 “Natura 2000” sites have already been completed. Consultations with the various local authorities and other stakeholders are conducted, in order to finalise the management plans and proceed with their approval. At the same time, the implementation of various actions in these sites has commenced, while the implementation of the management plans is the next anticipated step forward. (Page 97 of **Cypriot** NPR)

The climate challenge is part of long-term planning by **Danish** municipalities. Municipalities are primarily focusing on wastewater and sewers, nature and coastal protection as well as ports and harbours. In spring 2009, the government and Local Government **Denmark** presented a new tool – a municipal CO<sub>2</sub> calculator, which enables municipalities to calculate local emissions of greenhouse gases. In this respect, a working group has been set up between Local Government **Denmark** and the Ministry of Climate and Energy, which is to identify and describe

possibilities for enhancing strategic energy planning. With the municipal agreement for 2010, the government and Local Government **Denmark** have also agreed to prepare a basis for municipal efforts on climate adaptation, energy savings and on drawing up municipal energy plans. (Page 41 of **Danish** NPR)

**Germany** has adopted the Integrated Energy and Climate Programme – a package of laws and ordinances to achieve the objectives of the Federal Government’s energy and climate policy following the decisions of the European Council and the Meseberg decisions of the Federal Government. One of the measures of this programme is the Investment Pact of the Federal Government, *Länder* and local authorities to promote the energy efficient modernisation of the social infrastructure in financially weak communities. (Page 56 of **German** NPR)

The **Greek** government in cooperation with LRAs has made progress in the recycling of household waste. Central government has provided extra financial incentives to municipalities for the collection of recyclable household waste (i.e. paper, glass, plastic and metal) carried out under the “blue tanks” programme. (Page 29 of **Greek** NPR)

The **Irish** government (Department of Transport) is cooperating with LRAs in the area of sustainable development. The Department is currently working with local authorities to deliver high quality demonstrations of sustainable transport policies. Following the publication of the National Cycle Policy Framework, **Ireland**’s first Bike Week was held in June 2009, and the Department is funding several cycling demonstration projects around the country. (Page 51 of **Irish** NPR)

The **Italian** government is cooperating with regional governments in the implementation of the Habitat Directives. Cooperation will result in designation of special conservation zones which, together with the special protection zones created in compliance with the Birds Directive, constitute the **Italian** section of the European Nature 2000 network. In 2009, the Government developed technical and scientific tools with the assistance of scientific societies and experts in the field to support that process. They included a manual for habitat interpretation, a methodology for defining the state of conservation of **Italian** avifauna and a preliminary survey to identify marine sites and “important plant areas”. (Page 69 of **Italian** NPR)

On 27 August 2009, the Sejm of the Republic of **Poland** passed into law a new Public Finances Act setting out a series of remedial measures plus innovative instruments for the active management of public finances. These, among others, should ensure: the improved transparency of public finances through the adoption of stable solutions favouring rational financial management in the central budget and the budgets of the local and regional authorities; and the introduction of the multi-annual financial plan for the central budget in respect of its main tasks,

together with long-term financial forecasting by local and regional authorities. (Page 9 of **Polish** NPR)

The **Portuguese** government is implementing a measure which is aimed at developing a Network of Electric Mobility - a charging network for an estimated 180 000 electric vehicles in 2020, with an initial network of over 1300 charge points by 2011 (and over 25 000 by 2020). In June 2009 the government signed a Protocol with 21 Municipalities on the Launch of a National Supply Network for Electric Vehicles. This marks the start of the pilot phase of the Network for Electric Mobility – Mobi-E which is expected to run until 2011. In September 2009 government approved the new targets and objectives of the Programme for Electric Mobility, the annexed Electric Mobility Model and the list of the 25 municipalities that signed the cooperation agreement with the government for the preparation of a municipal plan for electric mobility by the end of 2010. (Page 16 of **Portuguese** NPR)

**Romania** has allocated the funds for the National Programme for enhancing the energy performance of the multi-storey family buildings, being 17 times higher than the budget allocated in 2008. In order to inform the owners' associations, the Ministry of Regional Development and Housing printed a brochure and produced a TV spot. The materials were distributed around the country with the help of the local councils. (Page 60 of **Romanian** NPR)

The **Spanish** central government and LRAs are cooperating to reduce greenhouse gas emissions. A noteworthy example is the **Spanish** Sustainable Mobility Strategy: the competent ministries have been entrusted with implementing, in a framework of agreement with the regional and local administrations, instruments that foster the development of specific strategies and action plans for sustainable mobility in metropolitan areas and urban environments. In this respect, work has commenced on the Sustainable Mobility Act. (Page 32 of **Spanish** NPR)

The **Northern Ireland** Executive in the **United Kingdom** is working with the Scottish Government and the Republic of **Ireland** on the "ISLES" project on the feasibility of an off-shore electricity grid to exploit wind, wave and tidal resources in the **Irish** Sea and Atlantic coasts. Consultants are being appointed and work was expected to commence in November 2009, and which is set to end in 2011. The three administrations are also supporting the 'Biomara' project, a major research study which commenced in spring 2009, into the local production of bio-fuels from marine seaweeds and algae. Both projects reflect EU energy priorities and are supported by EU funding. (Page 42 of **British** NPR)

*Selected illustrative LRAs-related activities aimed at mitigating the negative effects of the economic and financial crisis*

Under this priority there were no LRAs-related activities in the NPRs aimed at mitigating the negative effects of the economic and financial downturn.

### **1.2.5. Selected *horizontal* illustrative LRAs-related activities aimed at mitigating the negative effects of the economic and financial crisis**

The regions in **Belgium** were very active in supporting the financial sector. For example, on September 2008, in coordination with the **French** and **Luxembourg** Governments, the **Belgian** regional authorities invested 1 billion euro into Dexia. Furthermore, in January 2009 the Flemish government decided to inject 2 billion euro into KBC's primary capital and provided for a supplementary capitalisation facility of 1.5 billion euro. Finally, on October 2008 the federal Government, the Flemish Region and the Walloon Region each recapitalised the company, Ethias, for up to 500 million euro, for a total amount of 1.5 billion euro. Financial support by the regional authorities should help financial sector avoid liquidity problems caused by the economic and financial crisis. (Page 38 of **Belgian** NPR)

To alleviate the negative impact of the economic downturn and bolster employment the **Danish** government has implemented a number of policy measures. Agreements in spring 2009 on a green transport policy and increased investments in construction in local authorities lay the basis for significant growth in public investments in 2009 and 2010. A 2 billion DKK increase in local government investments in 2009 on top of local government budgets was foreseen. In addition, the tax reductions from the tax reform and the disbursement of funds from the Special Pension scheme were implemented. Based on the budget proposal, fiscal policy is estimated to increase economic activity by 0.7 per cent of GDP in 2010. (Page 30 of **Danish** NPR)

The focus of the **Estonian** government in macroeconomic policy has been on measures that lead to increasing macroeconomic stability. In this context central government has introduced new measures limiting expenditure by local governments, in particular through stricter limits on new loans. In addition a new law of the Parliament established clearer rules for the financial management of municipalities. This is in line with the national strategy for growth and jobs where these measures were foreseen. (Page 7 of **Estonian** NPR)

To safeguard basic public services, which came under threat due to increasing unemployment-linked spending, the **Finnish** government decided to strengthen the financial base of local government finances. The local government share of corporate tax will be temporarily raised. The limits of taxes charged by local government on real estate will be raised. Moreover, the central government will provide for a temporary increase of central government transfers and grants to municipalities. (Page 52 of **Finnish** NPR)

At a time of economic downturn **Germany** has introduced new constitutional rules on government borrowing with the ultimate goal of achieving balanced budgets by forcing the Federal Government and *Länder* to follow a strict path towards consolidation, and thereby boost confidence in the long-term sustainability of the fiscal policy. The reform also includes the establishment of a Stability Council to monitor and oversee the budgets of the Federal Government and the individual *Länder* with the aim of avoiding budgetary difficulties. New constitutional framework for collaboration between the Federal Government and *Länder* has been introduced for the greater use of benchmarking in Federal Government and *Länder* administration. These measures should help to increase financial sustainability which guarantees adequate social protection and equity between the generations and ensures sustained growth in other priority areas. (Pages 13-14, 19 and 51-52 of **German** NPR)

To create a basis for sustainable economic development and to implement constantly the fiscal responsibility, **Latvia** aims to develop a Draft Law on Fiscal Discipline. This law would set the budget deficit level corresponding to the forecast changes of GDP and macroeconomic indicators, state budget expenditure fluctuation range and the ceiling of maximum growth of these changes, thus ensuring contra-cyclical fiscal policy, and will also define the areas of responsibility of the Saeima (Parliament), Cabinet of Ministers, other institutions and local governments, to ensure compliance with fiscal discipline on all levels of public administration. (Page 17 of **Latvian** NPR)

Taking into account the financial problems of **Lithuanian** large companies and complexity of crediting, a new instrument was created – provision of guarantees for loans granted to large companies and companies suffering temporary financial difficulties. A total of 150 million Litas is allocated from the current guarantee limit. In June 2009, confirmation was received from the European Commission that the notification procedures of the measure were completed. In 2009, the agreements were concluded with five banks regarding the issuance of guarantees for loans granted to these companies. (Pages 103-104 of **Lithuanian** NPR)

Municipalities and provinces in the **Netherlands** have developed their own plans to stimulate the economy - in 2009 and 2010 they will be accelerating the timeline on billions of euros in planned investments, as well as making new investments. At the local and regional level, as at the national level, the measures being introduced do not focus solely on mitigating the negative consequences of the crisis in the short term, but also look at how the economic structure can be strengthened in the long term. Municipalities and provinces target problem areas in the infrastructure, invest in sustainability and innovation, restructure public spaces and accelerate the process of dealing with maintenance backlogs. (Page 13 of **Dutch** NPR)

In the context of the current economic and financial downturn the **Polish** government is taking actions to speed up co-financing of programmes with EU

funding. One of the actions includes wider application of pre-financing – the government is helping local or regional authorities by extending the pre-financing for projects. This will limit the need for the external funding of investments in the first period of project implementation. Another action taken by the government is speeding up, and better supervision, of spending and accounting where means from the central budget assigned to implementation of the National Strategic Reference Framework (NSRF) for the years 2007-2013 are concerned. This should facilitate reimbursement from the EU budget of expenditure incurred by central, local and regional authorities. (Page 6 of **Polish** NPR)

To mitigate the negative consequences of the economic and financial downturn the **Romanian** government foresees cuts in local budgets. For the local budgets, the medium-term budgetary framework will include general limits on borrowings during the 2010-2012 period. (Page 71 of **Romanian** NPR)

In the light of the current economic and financial downturn **Spain** has created two funds to stimulate the economy and labour market: the National Fund for Local Investment (FEIL) and the Fund for Employment and Local Sustainability. FEIL has an 8 billion euro budget in 2009 and will be functioning until 2010. This fund seeks to stimulate economic activity and job creation through short-term municipal investments with an immediate impact. Through September 2009, the National Fund for Local Investment had made it possible to create or maintain 410 000 jobs and contributed to maintaining the activity of over 14 000 companies. The National Fund for Employment and Local Sustainability will be endowed with 5 billion euro in 2010 and will pursue two objectives: (1) increase public investment at local government level by financing newly-planned projects for environmental sustainability, technology and social welfare, within the powers of local government, that are ready for immediate execution from the beginning of 2010 onwards; and (2) contribute to social sustainability by financing the current expenditure arising from the provision of education services and other social services under the powers of municipal governments, particularly expenses derived from managing long-term care services. (Pages 7, 10-11 and 35 of **Spanish** NPR)

The government of **Sweden** from January 2008 to February 2009 obliged the municipal coordination bodies in 21 County on behalf of governments to coordinate their efforts aimed mitigating the negative effects of the financial and economic crisis both at local and regional levels. The government has repeatedly conducted a comprehensive dialogue with municipal coordination bodies. Over 200 proposals have been received in government in areas such as the labour market, education, infrastructure, business development, municipal finances and financial markets. The Government responded to and implemented approximately one third of the proposals, one third were considered for further scrutiny and the remaining ones beyond the government's responsibility or were not considered relevant in this situation. The work with municipal coordination bodies was considered successful. The measures implemented were based largely on the

regional strategies and programs which previously have been developed in broad partnerships with all key stakeholders and are, thus, rooted in counties. Dialogue with municipal coordination bodies has demonstrated the value and importance of the long-term regional strategies as a basis for the rapid adoption of measures in a crisis. It has contributed to the mobilisation and confidence among local and regional actors in times of crisis. (Page 4 of **Swedish NPR**)

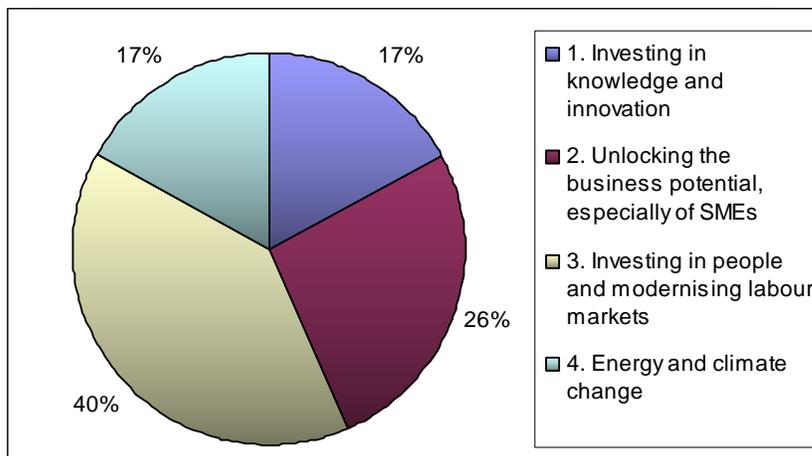
### **1.3. The acknowledgement of the role of LRAs**

#### **1.3.1. The extent of LRA involvement in Lisbon priorities**

This section is based on classification of LRA-related activities reported in the NPRs according to the main four Lisbon priorities and 15 thematic areas of specific interest to LRAs.

Analysis of all NPRs suggests that most of LRAs-related activities were related to the 2<sup>nd</sup> and 3<sup>rd</sup> priority of the Lisbon strategy (Figure 1).

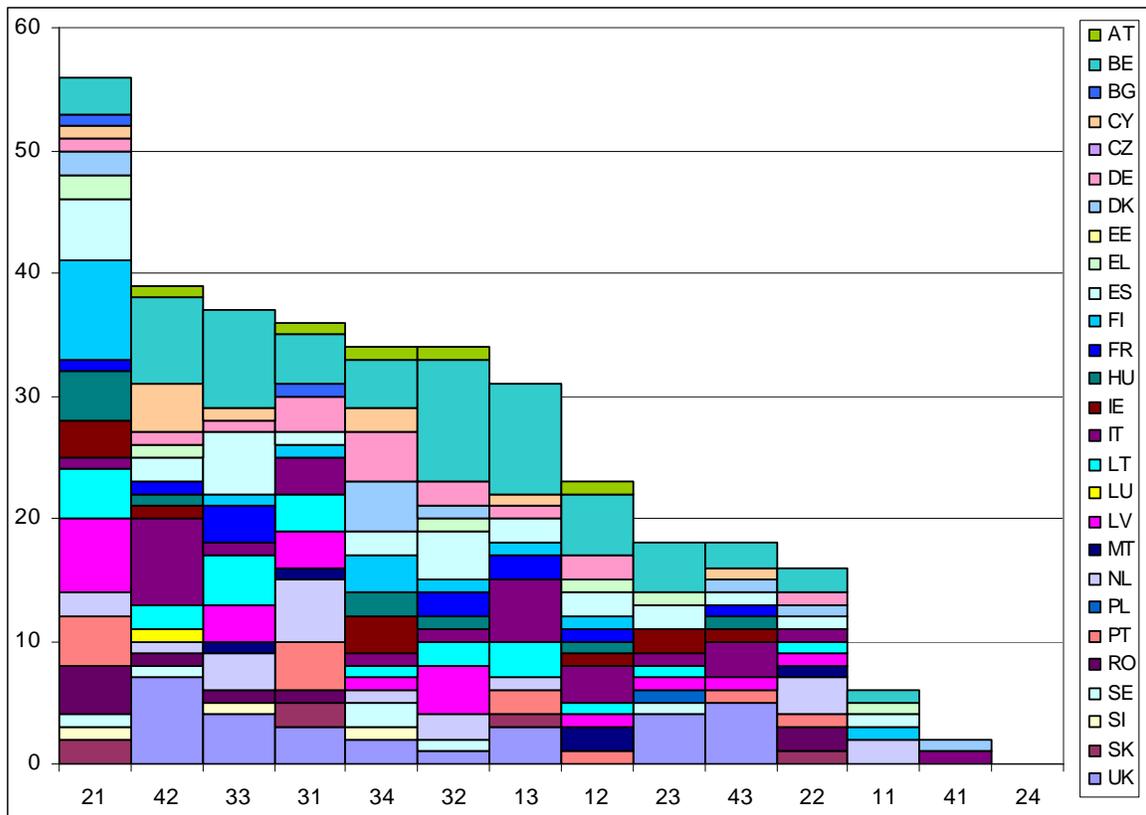
**Figure 1: share of LRA-related activities in Lisbon priorities**



Source: prepared by the authors

Figure 2 summarises the extent of LRAs involvement in 15 thematic areas of specific interest to local and regional policy makers.

**Figure 2: number of LRA-related activities across thematic areas of specific interest to LRAs (sorted by total number of activities)<sup>3</sup>**



Source: prepared by authors

The multi-coloured columns provide a general indication regarding the total number of LRAs-related activities which were selected for each specific thematic area. The higher the column, the more LRAs-related activities are identified in the NPRs. Specifically:

- Lisbon priority 1 "Investing in knowledge and innovation": LRAs were mostly involved in activities which aim for more effective use of R&D resources (code 13) and free movement of knowledge (code 12). Considerably less LRAs-related activities were contributing to the creation of better framework conditions for innovation (code 11);

<sup>3</sup> The following thematic areas of specific interest to LRAs were identified in each Lisbon priority through the work of the CoR's Lisbon Monitoring Platform (currently EU 2020 Monitoring Platform accessible at <http://cor.europa.eu/europe2020>): **1. Investing in knowledge and innovation:** (11) Framework condition for innovation; (12) Free movement of knowledge: creation of a fifth freedom; (13) More effective use of R&D resources. **2. Unlocking the business potential, especially of SMEs:** (21) Better regulation; (22) Single Market; (23) EU integrated policy approach for SMEs and (24) External dimension of the Lisbon Strategy. **3. Investing in people and modernising labour markets:** (31) High quality of education; (32) Labour market; (33) Social dimension and (34) Demographic change. **4. Energy and climate change:** (41) Global warming: limiting the global average temperature increase to no more than 2°C above pre-industrial levels; (42) The Energy Policy for Europe; and (43) Transition to low-carbon economy consistent with EU: 30% reduction in greenhouse gas emissions (MS action).

- Lisbon priority 2 “Unlocking the business potential, especially of SMEs”: the lion's share of all LRAs-related activities under this priority and under Lisbon priorities as a whole (if compared to the thematic areas of other priorities) were carried out in the area of better regulation (code 21). Single market (code 22) and EU integrated policy approach for SMEs (code 23) were areas with a considerably smaller LRA involvement. Meanwhile no LRAs-related activities concerning external dimension of the Lisbon Strategy were reported in the NPRs;
- Lisbon priority 3 “Investing in people and modernising labour markets”: if compared to other priorities, this priority involves by far largest number of LRAs-related activities (about 40% of all activities). The share of LRAs-related activities in the thematic areas of this priority was very similar – LRAs-related activities concerning the social dimension (code 33) and high quality of education (code 31) were reported a bit more often than those in the areas of demographic change (code 34) and labour market (code 32).
- Lisbon priority 4 “Energy and climate change”: most of LRAs-related activities under this priority were aimed at developing an energy policy for Europe (code 42) – it was second most popular thematic area among all four priorities. Considerably smaller part of LRAs-related activities contributed to the transition to a low carbon economy (code 43). The area of global warming (code 41) had the lowest number of LRAs-related activities under this priority.

It is possible to compare the current distribution of LRAs-related activities across thematic areas with the one which was reported after the analysis of NPRs which MS submitted in 2008. This comparative exercise provides us with the following key differences:

- Better regulation (code 21) remains the most ‘popular’ area of LRAs-related activities;
- Thematic areas of the third priority have sustained their importance in 2009. However, the number of LRAs-related activities in these areas has become more evenly distributed if compared to the situation in 2008;
- Significant shifts could be seen in the fourth priority of the Lisbon strategy: LRAs have been considerably more often involved in developing energy policy for Europe (code 42) and lost momentum in the area of global warming. However this result may be also caused by a different interpretation of LRAs-related activities in the 2008 and 2009 NPRs;
- Finally, more activities have been reported in the area of the Single Market (code 22). This was a consequence of an increase of LRAs-related activities aimed at implementing the Services Directive (MSs had a clear deadline for its transposition into their national systems – end of 2009).

The current extent of involvement of LRAs in thematic areas of the Lisbon Strategy largely corresponds to the key priorities and areas proposed for the Europe 2020 Strategy: (1) smart growth – developing an economy based on knowledge and innovation (incl. such thematic areas as innovation, education, training and lifelong learning and digital society); (2) sustainable growth – promoting a more resource efficient, greener and more competitive economy (incl. such thematic areas as competitiveness, combating climate change and clean and efficient energy); and (3) inclusive growth – fostering a high-employment economy delivering economic, social and territorial cohesion (incl. such thematic areas as employment, skills and fighting poverty).<sup>4</sup> However LRAs involvement is expected to be even higher in priorities for smart and sustainable growth. It is likely that in 2010 and forthcoming years there will be more LRAs related activities in areas of these two priorities and especially the following ones – in digital society, combating climate change and clean and efficient energy.

### **1.3.2. Summary of Lisbon-related activities of LRAs**

This section summarises the information reported by MS in NPRs on Lisbon-related activities of LRAs. A summary is presented according to the four priorities of the Lisbon Strategy and thematic areas of specific interest to LRAs.

#### ***Priority 1 – Investing in knowledge and innovation***

##### ***Framework conditions for innovation (code 11)***

Very few countries report on LRAs-related activities in this thematic area (approx. 2% of all activities). Most activities were related to the current financial crisis and economic downturn – some countries increased their public budgets for R&D or vitalised lending by facilitate access to short-term loans and venture capital funds. Other countries tried to improve existing environment of innovation, develop capabilities linked to the use of information technology and electronic communications and develop strategy processes by which national, regional and local innovation policies can support each other better.

##### ***Free movement of knowledge: creation of a fifth freedom (code 12)***

Approximately 7% of all LRAs-related activities reported by MS belong to this thematic area. LRAs were involved in attracting international talent and top researchers, stimulating the employment of young researchers and implementation of initiatives for scientists to remain at universities. Furthermore LRAs were actively promoting researcher and teacher exchanges and implementing various projects of European or national programmes for innovation and research (eg. the

---

<sup>4</sup> Commission of the European Communities, “EUROPE 2020: A strategy for smart, sustainable and inclusive growth”, Communication from the Commission, COM(2010) 2020, Brussels, 3 March 2010.

EU Framework Programme, UNESCO Fund for the Sciences, UNIDO, The Living Science Programme in **Portugal**, etc.). Some LRAs were subsidising academic and scientific organisations and organising science popularisation campaigns. Others promoted studies in mathematics, informatics, natural sciences and technology, endorsed the experimental teaching of sciences and promoted scientific and technological culture. Last but not least, quite a few LRAs were involved in the building of communications infrastructure networks (e.g. installing fibre optic, broadband/wi-fi technologies, digitalisation of classrooms and libraries, creation of infrastructure and ICT conditions for the public sector).

### ***More effective use of R&D resources (code 13)***

This thematic area includes approximately 9% of all LRAs-related activities reported in NPRs. Many LRAs were involved in the creation of a favourable environment for innovation and research (e.g. development of competitive poles, excellence centres, incubators, (inter-cluster) platforms, regional innovation centres, cluster formation, hubs for innovation, science parks). Quite a few LRAs have provided grants under various programmes aimed at exploitation of research results (incl. support to universities, university spin-offs, research centres) or experimental research in new sectors (e.g. biotechnologies and biomedicine, aerospace, micro and nanotechnologies). Many of the LRA initiatives were aimed at fostering partnerships between science and business, development of (trans-)sectoral company networks, improvement of companies' competitiveness (e.g. encouragement of the adoption of innovative business techniques), promotion of creative industries (esp. of SMEs) and improving support mechanisms for R&D (esp. those for SMEs). Finally, some LRAs were also involved in supporting the long-term competitiveness and innovative capacity of regions (incl. the development of regional innovation strategies and urban networks).

### ***Priority 2 – Unlocking the business potential, especially of SMEs***

#### ***Better regulation (code 21)***

The largest part of all LRAs-related activities reported by MS was carried out in the area of better regulation (approx. 16% of all activities). LRAs were most often involved in the reduction of administrative burdens as well as simplification and reduction of bureaucracy (e.g. producing documents on better regulation, simplification or withdrawal of certain administrative procedures and improving performance assessment systems). Considerable involvement of LRAs has also been noticed in the area of modernisation of public administration (e.g. implementation of programmes aimed at improving administrative capacity, restructuring (merging) of municipalities, e-government/e-administration solutions such as the development of an e-signature system and improvement of cooperation between various public administration institutions). Few LRAs have additionally been involved in improvement of impact assessment activities (e.g. raising

awareness and quality of regulatory impact assessments and improving the methodologies for impact assessment).

### ***Single Market (code 22)***

Approximately 5% of all LRAs-related activities were carried out in this thematic area. All of them were aimed at implementing the Services Directive. In this respect, LRAs have taken part in the creation of single points of contact for citizens and business (e.g. development of websites into points of contact for individuals and companies and the creation of a central public services catalogue) and systematic screening and adaptation, where applicable, of services-specific legislation. In 2009 considerably more LRAs-related activities have been carried out in this area if compared to 2008. The main reason for this increase was the requirement by the European Commission for Member States to fully transpose the Services Directive into their national systems by 28 December 2009.

### ***EU integrated policy approach for SMEs (code 23)***

This thematic area, similar to the previous one on the Single Market, has also attracted a limited number of LRAs-related activities – approximately 5%. Most of them were aimed at the provision of information, mediation, promotion and advice services and organisation of various relevant events such as fairs, conferences and missions for business in general and SMEs in particular. Many of the latter activities were carried out to mitigate the effects of the current financial crisis and economic downturn. Quite a few LRAs were particularly involved in the development of various financial measures in order to facilitate access to finance during this financially difficult period (e.g. an increase of financial support to micro-enterprises and for SMEs operating in problematic areas of a country, raising the limit up to which guarantees can be authorised and providing better conditions to obtain guarantees).

### ***External dimension of the Lisbon Strategy (code 24)***

No LRAs-related activities were carried out in this thematic area.

### ***Priority 3 – Investing in people and modernising labour markets***

LRAs have been similarly involved in all thematic areas under this priority – the share of reported LRAs-related activities in education, the labour market, the social dimension and demographic change varies between 10 and 11%. All these thematic areas could be considered as the third most common domain of LRAs-related activities.

### ***High quality of education (code 31)***

In the area of education and training LRAs most often have taken part in measures aimed to build new or renovate existing education and training infrastructures, reduce a number of school leavers, to promote nursery schooling for children, introduce new learning culture and methods, adapt curricula to local or regional needs, facilitate transition from education to labour market (e.g. development of pupil guidance centres and promotion of internships), promote lifelong learning and implement youth policies. Many if not most of education and training activities were carried out to better match labour market and education needs.

### ***Labour market (code 32)***

The largest part of LRA-related activities in this area concerns promotion of employment and integration of disadvantaged groups of society (e.g. youth, older workers, low-skilled) into the labour market. LRAs also contribute to the development of labour market institutions which integrate the unemployed and help employees threatened with dismissal to retrain and/or change their current job. A large part of employment-related activities in which LRAs are involved concerns guidance and information services (e.g. follow-up actions and guidance for dismissed temporary workers and personalised guidance to the hard-to-place job-seekers). Other activities are related to the introduction of financial incentives such as more favourable use of unpaid leave for employees' further training or conversion of the unemployment allowance to an employment subsidy.

### ***Social dimension (code 33)***

LRAs-related activities under this thematic area concern several main aspects. The largest part of them, however, is aimed at the integration of people with disabilities and ethnic minorities into the labour market (incl. the promotion of work place training such as apprenticeships). Other activities are aimed at tackling the financial exclusion of people on low incomes (e.g. measures to support household purchasing power, implementation of social housing policies, various measures against poverty). LRAs are also involved in the promotion of adult learning and recognition of non-formal and informal education. The remaining LRAs-related activities aim to overcome discrimination (e.g. prevention of under-representation of women or men in specific sectors and active policies on diversity and promotion of female entrepreneurship).

### ***Demographic change (code 34)***

In many cases LRAs under this thematic area are involved in ensuring sustainable public finances to guarantee social protection (e.g. sustainable consolidation of the budget, various savings measures to arrive at a balanced budget and reduction of budgetary imbalances). Considerable attention is also paid to the promotion of childcare arrangements and policies for the reconciliation of work and family life. Some LRAs even participate in institutions specifically created to analyse

demographic issues and improve family policy. LRAs are also active in promoting longer working lives (e.g. measures encouraging the professionally active population to work and also for a longer period or various schemes counteracting early retirement). Some LRAs focus their attention on integration of migrants in educational, cultural and sporting aspects of society. Finally, LRAs are also involved in promoting better quality working lives (e.g. they try to ensure proper health insurance, prevent accidents at work and occupational diseases and reduce sickness absenteeism).

#### ***Priority 4 - Energy and climate change***

##### ***Global warming: limiting the global average temperature increase to no more than 2°C above pre-industrial levels (code 41)***

Very few LRAs-related activities (approx. 1% of all activities) directly concerned this thematic area. In the light of the objectives and challenges contained in the Kyoto Protocol few LRAs were involved in implementation of related policy documents (e.g. climate adaptation strategies, energy or environmental plans) or have made some changes to their sectoral regulations.

##### ***The Energy Policy for Europe (code 42)***

This thematic area was the second most ‘popular’ area of LRAs-related activities (approx. 11% of all activities) after the better regulation thematic area. Most of the activities under this thematic area were directed towards society in general (not particularly to the economy as in the third thematic area under this priority) and mainly concerned promotion of environmental sustainability and combating climate change. LRAs were most often involved in activities related to efficient and sustainable use of energy (eg. optimisation of energy networks, promotion of energy efficient construction techniques and energy improvement of existing buildings) and production of green/renewable energy (e.g. production of bioenergy such as biomethane gas and use of wind, marine energy).

The second major part of LRAs-related activities were devoted to environmental sustainability: promotion of environmental awareness (e.g. sustainable material policies, environmentally-wise spatial planning, rational use of energy by people, reduction of the number of single use carrier bags, organisation of environmental information events and development of environmental democracy); environmental protection measures (e.g. promotion of biological diversity, protection of avifauna and protection of the sea coast); more sustainable recycling techniques (e.g. creation of integrated waste disposal systems); and promotion of ecological innovation (e.g. development of environmental innovation platforms and ecological inter-clusters).

Other activities in which LRAs took some part were related to improvement of the management of sustainable development (e.g. preparation of the management plans for especially environmentally sensitive areas).

***Transition to a low carbon economy consistent with the EU's goal of a 30% reduction in greenhouse gas emissions (MS action) (code 43)***

This thematic area has attracted approximately 5% of all LRAs-related activities. All LRAs-related activities under this thematic area were devoted to sustainable growth of the economy. LRAs actively participated in greening of existing jobs, the stimulation of new green jobs, and the strengthening of the low carbon energy sector. They provided support for the industry to raise awareness of energy efficiency and sustainable consumption, promoted research on the reduction of greenhouse gas emissions in the economy and organised forums on green growth of the economy. Furthermore, they were very active in promoting sustainable mobility (transport) in society in general and the economy in particular. LRAs have also taken part in preparation of resolutions, strategies, plans and other documents concerning reduction of greenhouse gas emissions as well as in the implementation of these documents. Finally, they were involved in promotion of green public procurement of products and services.

### **1.3.3. The extent of LRA involvement in the reforms addressing key challenges**

Relevant paragraphs have been analysed in order to determine the extent to which LRAs are involved in addressing the key challenges identified by EU MSs.<sup>5</sup> This section summarises the results of this task.

Results of the analysis are presented in Table 1. It shows LRA involvement in policy measures geared towards country-specific key challenges and measures aimed at mitigating the negative effects of the financial and economic crisis.

Analysis of the NPRs suggests that more than half of the countries report on the involvement of LRAs in the reforms addressing most if not all the key challenges. Furthermore, most of the EU MSs involve LRAs in crisis containment measures. Only seven EU MSs report no involvement of LRAs in such measures. However, it should be noted that the number of key challenges is very different in MSs ranging from two key challenges identified by the **Netherlands** to as many as 18 indicated by **Portugal**. Furthermore, the kind of challenges identified was very different – from very specific to very general challenge. The comparison of countries according to this criteria should be used with due consideration to this aspect.

---

<sup>5</sup> Key challenges for each EU MS are singled out in the Report on the Lisbon National Reform Programmes 2005, ECFIN/EPC(2005)REP/55392 final, Brussels, 22 November 2005.

**Table 1: LRA involvement in the key challenges identified by MSs including the measures aimed to mitigate the negative effects of the financial and economic crisis\***

Country	Key challenges			
AT	1. Sustainability of public finances	2. Labour market and employment policy	3. R&D, innovation	4. Infrastructure (incl. broadband)
	5. Ensuring a good business environment and SME policy	6. Education and life-long learning	7. Stimulating environmental technology and efficient use of resources	Mitigating the negative effects of financial and economic crisis
BE	1. Budgetary equilibrium and reduction of the general government debt ratio	2. Stimulating creation of jobs	3. Reform of the labour market and investing in education and training	4. Investing to stimulate the economy
	5. Strengthening social security and the multi-dimensional battle against poverty	6. Strengthening synergies between environmental protection and growth	Mitigating the negative effects of financial and economic crisis	-
BG**	Mitigating the negative effects of financial and economic crisis	-	-	-
CY	1. Sustainability of public finances	2. Improving the quality of public finances	3. Increasing the diversification of the economy towards higher value added activities	4. Promotion of R&D and innovation and facilitation of ICT diffusion
	5. Enhancing competition and improving the overall business climate	6. Upgrading of basic infrastructures	7. Further human capital development	8. Further enhancement of the conditions for social cohesion
	9. Ensuring environmental sustainability	Mitigating the negative effects of financial and economic crisis	-	-
CZ	1. Public finances	2. Business environment	3. R&D, innovation	4. Sustainable utilisation of resources
	5. Modernisation and development of transport and ICT networks	6. Labour market flexibility	7. Inclusion on labour market	8. Education
	Mitigating the negative effects of financial and economic crisis	-	-	-
DE**	Mitigating the negative effects of	-	-	-

Country	Key challenges			
	financial and economic crisis			
DK	1. <b>Denmark</b> as a knowledge society	2. Efficient competition and the internal market	3. Sustainability, the environment and energy	4. The <b>Danish</b> employment policy
	5. Continuous improvements of the public sector	Mitigating the negative effects of financial and economic crisis	-	-
EE	1. Stable macroeconomic environment	2. Long-term sustainability of fiscal policy	3. Direction of the fiscal policy to improve economic growth and employment	4. Quality of R&D, as well as the capacity for innovation, growth, and long-term international competitiveness
	5. The development of a business environment promoting entrepreneurship and initiative	6. Strengthening the synergy between environmental protection and growth	7. Improving the quality of the labour force	8. Increasing labour supply
	9. Increase in the flexibility of the labour market and modernisation of labour relations	Mitigating the negative effects of financial and economic crisis	-	-
EL	1. To restore fiscal balance and ensure the long-term sustainability of public finances	2. To increase productivity by addressing the structural problems in the operation of markets, investing in human capital and promoting a knowledge-based society.	3. To improve the business environment, enhance competition, liberalise regulated markets, increase external openness and benefit from the country's geopolitical position	4. To increase employment rates, reduce unemployment and improve the effectiveness of education and training
	Mitigating the negative effects of financial and economic crisis	-	-	-
ES	1. Enhanced macro-economic and budgetary stability	2. Strategic Infrastructures and Transportation Plan (PEIT) and Water programme ("AGUA")	3. Increased and enhanced human capital	4. R&D and innovation Strategy
	5. Increased	6. Labour market and	7. Business	Mitigating the

Country	Key challenges			
	competition, better regulation, more efficient public sector and competitiveness	social dialogue	promotion plan	negative effects of financial and economic crisis
FI	1. Preparing for population ageing	2. Controlling public expenditure	3. Securing welfare services and the productivity of general government	4. Knowledge and innovation
	5. Promoting entrepreneurship	6. Creating better functioning and more competitive markets	7. Improving information, communication and transport networks	8. Energy and climate policy that supports structural change and sustainable development
	9. Extending labour market careers	10. Improving the incentives of tax and benefit systems and wage formation	11. Improving the balance between labour demand and supply	Mitigating the negative effects of financial and economic crisis
FR	1. Employment	2. Business competitiveness	3. Industrial policy and research	4. Sustainability of public finances
	Mitigating the negative effects of financial and economic crisis	-	-	-
HU	1. Simultaneous, gradual and continued decrease in the size and deficit of the governmental sector in the coming years	2. Knowledge and innovation, widening the basis of competitiveness	3. Improving the business environment, intensification of competition	4. Attracting and retaining core people in employment and modernising social protection systems
	5. Improving the adaptability of workers and enterprises and the flexibility of labour markets	6. Increasing investment in human capital through better education and training	Mitigating the negative effects of financial and economic crisis	-
IE	1. Maintaining a stable macroeconomic environment, sustainable public finances, and moderate inflation levels	2. Prioritising public investment in economic and social infrastructure and other growth-enhancing expenditures	3. Ensuring that the economy will be in a position to meet anticipated long-run fiscal pressures, including those arising from the ageing of the population	4. Promoting, protecting and enhancing competitiveness

Country	Key challenges			
	5. Increasing R&D investment, capacity and output	6. Encouraging greater innovation and entrepreneurship across the enterprise sector	7. To continue addressing the physical infrastructure deficit, particularly in the transport sector	8. Continuing to roll out regulatory reform
	9. Support for social inclusion and sustainable development	10. Continuing to achieve higher levels of employment, improved quality and productivity of work, and social cohesion	11. Focusing on education and training, including lifelong learning, to develop a high-skilled, innovative and adaptable workforce for the knowledge economy	12. Ensuring an adequate labour supply to meet the economy's needs
	Mitigating the negative effects of financial and economic crisis	-	-	-
IT	1. Extending the area of free choice for citizens and companies (i.e. liberalising the energy and services sector)	2. Granting incentives for scientific research and technological innovation	3. Strengthening education and training of human capital	4. Upgrading tangible and intangible infrastructure
	5. Protecting the environment	Mitigating the negative effects of financial and economic crisis	-	-
LT	1. To sustain fast economic growth and a stable macro-economic environment and to seek full-fledged membership in the EMU	2. To promote the competitiveness of companies	3. To promote employment and investment in human capital	Mitigating the negative effects of financial and economic crisis
LU	1. Innovation	2. Employment	3. Education	4. Attractive business climate
	5. Stable macro-economic framework	6. Sustainable development	Mitigating the negative effects of financial and economic crisis	-
LV	1. Ensuring macro-	2. Stimulating	3. Developing a	4. Fostering

Country	Key challenges			
		economic security	knowledge and information	favourable and attractive environment for investment and work
	5. Improving education and skills	Mitigating the negative effects of financial and economic crisis	-	-
MT	1. Sustainability of public finances	2. Competitiveness	3. Employment	4. Education and training
	5. Environment	Mitigating the negative effects of financial and economic crisis	-	-
NL	1. Increasing labour supply	2. Increasing the capacity to innovate through enhanced productivity	Mitigating the negative effects of financial and economic crisis	-
PL	1. Consolidating public finances and improving public finance management	2. Developing entrepreneurship	3. Increased innovation of companies	4. Infrastructure development and upgrading and ensuring competitive conditions in network sectors
	5. Job creation and retention and reducing unemployment	6. Improving adaptation skills of employees and companies through investment in human capital	Mitigating the negative effects of financial and economic crisis	-
PT	1. To promote growth, consolidate public accounts and control the external deficit	2. To redirect public resources allocation, with priority given to investment inducing growth and job creation	3. To safeguard the fairness and sustainability of the social protection system	4. To cut red tape and ensure better conditions for free competition
	5. To promote strategic agreements in the areas of labour relations and broad development options for the country	6. To return to a trend towards real convergence with average levels of income in the European Union	7. To create a more attractive business climate for private initiative	8. To increase investment in R&D, from both public and private sources
	9. To promote innovation, disseminate access to information technologies in an inclusive way	10. To improve market efficiency and, in particular, service regulation	11. To ensure a more sustainable use of natural resources	12. To preserve a dynamic and evolving social state, by promoting social, territorial and environmental

Country	Key challenges			
				cohesion
	13. To reinforce investment in qualifications and adapt education and training systems to the requirements of new skill creation	14. To create new job opportunities through economic growth, labour productivity increases and responding to the needs of the social economy	15. To manage in an early and anticipative way the restructuring and delocalisation processes	16. To promote flexibility with job security, within a framework of social dialogue and consensus
	17. To modernise the social protection system	18. To develop the inclusive character of labour markets by promoting equal opportunities for all	Mitigating the negative effects of financial and economic crisis	-
RO**	Mitigating the negative effects of financial and economic crisis	-	-	-
SE	1. Improving labour utilisation	2. Efficient competition and well-functioning product markets	Mitigating the negative effects of financial and economic crisis	-
SI	1. A competitive economy and faster economic growth	2. The effective generation, two-way flow and application of the knowledge needed for economic development and quality jobs	3. An efficient and less costly state	4. A modern social state and higher employment
	5. Measures for sustainable development	Mitigating the negative effects of financial and economic crisis	-	-
SK	1. Education and employment	2. R&D and innovation	3. Information society	4. Business environment
	Mitigating the negative effects of financial and economic crisis	-	-	-
UK	1. Entrenching macroeconomic stability and maintaining fiscal sustainability	2. Ensuring fairness through a modern and flexible welfare state that provides security for people and provides strong incentives to work and save	3. Building an enterprising and flexible business sector that is the best in the world	4. Promoting innovation to ensure the UK is a world leader in turning scientific research into business innovation
	5. Opening up the	6. Increasing	Mitigating the	-

Country	Key challenges			
	acquisition of skills for all	innovation and adaptability in the use of energy and resources and promoting low carbon sources of energy	negative effects of financial and economic crisis	

\* Explanation: LRA involvement has been reported in respect of key challenges shown in the blue background, whereas no kind of such involvement is reported with respect of the key challenges presented in the white background.

\*\* For **Bulgaria, Germany** and **Romania** only LRA involvement in measures mitigating negative effects of financial and economic crisis was considered as no information on the key challenges in these countries were provided in their respective reports.

Source: prepared by the authors

## **Chapter II: Assessment of quality and content of the national progress reports**

This chapter assesses the quality and content of the NPRs. The first section provides the overall assessment of the extent to which LRA-related information is provided in the reports. The subsequent sections deal with specific aspects of the role and involvement of LRAs. Section 2.2 presents the results of the analysis of the institutional framework for multilevel cooperation. The last 2.3 section reviews both the reported vertical and horizontal multilevel governance arrangements related to LRAs and describes cases of cross-border cooperation.

## 2.1. Overall assessment of the extent to which LRA-related information is provided in the National Progress Reports

This section provides general overview of LRA-related information shown in the NPRs. It aims to provide the idea what role LRAs have in the implementation of National Reform Programmes and how they are involved in this process.

Assessment is carried out according to the following four groups of quantitative and qualitative assessment criteria:

1. The kind of acknowledgement of the role of the LRAs shown in the NPRs:
  - a. **Number of relevant paragraphs:** number of relevant paragraphs indicating a noticeable consideration of LRAs or contribution from LRAs.
  - b. **Regional mention:**
    - i. **Qualitative:** frequency of keywords „(sub-)region(-al)“, „province(-ial)“, “community”, "county“, “federal (state) / *Länder*” and "territory(-ial)" in the text with regard to LRA involvement (plural is also considered)<sup>6</sup>;
    - ii. **Quantitative:** frequency of the same keywords in the text regardless of LRA involvement.
  - c. **Local mention:**
    - i. **Qualitative:** frequency of keywords "local(-ly)“, "municipal(-ity)", "district", “city” and “urban” in the text with regard to LRA involvement (plural is also considered);
    - ii. **Quantitative:** frequency of the same keywords in the text regardless of LRA involvement.
  - d. **Own LRA section:** does the report contain chapter(s) or sub-chapter(s) covering issues related to LRAs?
  - e. **Additional information on LRAs:** is the additional information (e.g. examples or case studies related to LRAs, links to further information/documents on activities of LRAs, etc.) provided in the report?
  - f. **Mention of LRAs in key reforms:** the extent to which the LRAs are mentioned in the reforms addressing key challenges identified by MS.<sup>7</sup> This also includes mention of LRAs in policy measures aimed at mitigating the negative effects of the financial and economic crisis.

---

<sup>6</sup> The following keywords which are specific to a country were also considered: “devolved administration” and “(Scottish/Welsh Assembly/Northern Ireland) government” (UK); “municipal coordination bodies” and “county councils” (SE); “commune” (FR and LU) and “(Flemish/Walloon) government” (BE).

<sup>7</sup> Key challenges for each EU MS are singled out in the Report on the Lisbon National Reform Programmes 2005, ECFIN/EPC(2005)REP/55392 final, Brussels, 22 November 2005. No data is available for MSs which entered the EU after this document was produced – Bulgaria and Romania and the one for which information is not provided – Germany.

2. The kind of information given on the LRA's Lisbon-related activities:
  - a. **Clearness of LRA role and contribution:** accuracy of the description of the activities of LRAs in relevant paragraphs (i.e. is it possible to determine whether LRAs are involved in initiation, planning, implementation and/or evaluation/monitoring of activities and what activities exactly);
  - b. **LRA financing of action:** is the financing of LRA activities adequately described (e.g. is it clear which administrative level of government finances certain activity in which LRAs is/are involved and what is financial distribution)?
  
3. The institutional framework of multilevel cooperation:
  - a. **Involvement of LRAs in key phases of Lisbon governance cycle:** how are LRAs involved in three elementary phases of the revised governance cycle of the Lisbon agenda: the strategic planning and consultation process<sup>8</sup>, the implementation process and the monitoring/evaluation process of the Lisbon related activities?
  - b. **Administrative capacity of LRAs:** does the report contain any examples of measures aimed at strengthening the administrative capacity of the LRAs?
  - c. **Multilevel cooperation mention:** how often has multi-level cooperation been mentioned with regard to the LRA-related activities described above?
  
4. The possible existence of multilevel governance (hereafter MLG) arrangements (i.e. written agreements, regular consultation/coordination of policy agendas between different levels of government):
  - a. **Use of vertical MLG arrangements:** how often have linkages between higher and lower levels of government (EU, national/federal, regional, local), including their institutional, financial, and informational aspects, been mentioned with regard to the LRA-related activities described above?
  - b. **Use of horizontal MLG arrangements:** how often have cooperation arrangements between regions or between municipalities (incl. cases of cross-border governance) been mentioned with regard to the LRA-related activities described above?

Assessment of LRA-related information shown in the NPRs is provided in Table 2 below.

---

<sup>8</sup> Strategic planning and consultation processes are different as the former is more structured and formalised than the latter. However, many NPRs while reporting on LRAs-related activities do not specify the details of the process (e.g. is it structured, semi-structured or unstructured?) on the basis of which they were carried out. Therefore it is not possible to distinguish whether LRAs have been involved in strategic planning or consultation process. For this reason these two processes are treated and analysed as one.

The subsequent Table 3 compares findings according to the above-mentioned criteria<sup>9</sup> with the results of the following two previous studies:

- Committee of the Regions, Policy Analysis Centre, *Regions and Cities in the National Reform Programmes - A test case for the partnership for Growth and Jobs: An analysis of the presentation of the local and regional perspective in the Lisbon National Reform Programmes*, 2005. This study is used to compare findings regarding involvement of LRAs in key phases of Lisbon governance cycle (criteria 3a);
- Metis GmbH, *The role of regions and cities as mentioned in the Lisbon Strategy's National Progress Reports 2008, 2009*. This study is used to compare all the remaining findings.

---

<sup>9</sup> Except mention of LRAs in key reforms (criteria 1f) and administrative capacity of LRAs (criteria 3b) which are newly included in this report.

**Table 2: Assessment of the quality of the National Progress Reports with regard to the role of LRAs\***

Criteria	No. of pages	The kind of acknowledgement of the role of LRAs							The kind of info given on LRA activities		Institutional framework of multi-level cooperation			MLG arrangements		
		No. of relevant paragraphs	Regional mention		Local mention		Own LRA section	Additional info on LRAs	Mention of LRAs in key reforms	Clearness of LRA role and contribution	LRA financing of action	Involvement of LRAs in key phases of Lisbon governance cycle	Administrative capacity of LRAs	Multi-level cooperation mention	Use of vertical arrangements	Use of horizontal arrangements
			Qualitative	Quantitative	Qualitative	Quantitative										
AT	27	++	+	++	+	+	N	N	++	++	++	N	+	++	+	
BE	151	+++	+++	+++	+	++	Y	Y	+++	+++	++	N	++	++	+	
BG	27	++	+	+	+	+	N	N	+++**	+	+	++	Y	+	+	
CY	149	+	+	++	++	+++	N	N	++	++	++	++	Y	++	+	
CZ	41	+	+	+	+	+	N	N	+	+	+	+	N	+	+	
DE	65	++	++	++	+	+	Y	Y	+++**	+++	++	+++	N	+++	+++	
DK	100	+++	++	+++	+++	+++	Y	Y	+++	+++	++	++	Y	+++	+++	
EE	23	+	+	+	+	+	N	N	+	+	+	+	N	+	+	
EL	34	++	+	++	+	++	Y	N	+++	++	++	++	Y	++	+	
ES	210	+++	+++	+++	+++	+++	Y	N	+++	++	+++	+++	N	+++	+++	
FI	119	++	++	+++	+++	+++	Y	Y	+++	++	++	+++	Y	+++	+++	
FR	82	++	++	++	+	+	N	N	+++	++	++	++	N	++	+	
HU	90	++	+	+++	++	++	Y	N	+++	+++	++	++	N	++	+	
IE	93	+	+	++	+	++	N	N	+++	++	++	++	N	++	++	
IT	91	+++	+++	+++	++	+++	Y	Y	+++	+++	++	+++	N	+++	+++	
LT	175	++	+	+++	+++	+++	N	N	+++	+++	++	+++	N	++	++	
LU	76	+	+	++	+	++	N	N	+	+	+	++	N	+	+	
LV	120	+++	+	+++	+++	+++	N	N	+++	++	++	+++	Y	++	+++	
MT	127	+	+	+	+	++	N	N	++	++	+	++	N	++	+	
NL	94	++	++	+++	+++	++	N	Y	+++	+++	++	++	Y	+++	+++	
PL	17	++	+	+	+	+	N	N	++	+	++	++	N	++	+	
PT	242	++	+	+++	+++	+++	N	N	++	++	++	+++	N	++	++	
RO	75	++	+	++	++	++	N	N	+++**	++	+	++	Y	++	+	
SE	119	++	++	+++	++	++	N	N	+++	++	++	++	N	+	+	
SI	58	+	+	+	+	+	N	N	++	++	++	+	N	+	+	
SK	42	++	+	++	+	+	N	Y	+++	++	+	+++	N	++	+	
UK	48	+++	++	++	+	++	Y	Y	+++	+++	++	+	N	++	++	

\* Explanation: +++=high, ++=medium or +=low; Y=yes or N=no; ▲ = good practice or ▼ = poorly developed.

\*\* For **Bulgaria, Germany and Romania** only LRA involvement in measures mitigating negative effects of financial and economic crisis was considered as no information on the key challenges in these countries were provided in the Report on the Lisbon National Reform Programmes 2005, ECFIN/EPC(2005)REP/55392 final, Brussels, 22 November 2005. Source: prepared by the authors

**Table 3: Change of the quality of the National Progress Reports with regard to the role of LRAs in 2008-2009\***

Criteria Country	No. of pages	The kind of acknowledgement of the role of LRAs				The kind of information given on LRA activities		Institutional framework of multi-level cooperation		MLG arrangements		
		No. of relevant paragraphs	Regional mention (quantitative)	Local mention (quantitative)	Own LRA section	Clearness of LRA role and contribution	LRA financing of action	Involvement of LRAs in key phases of Lisbon governance cycle**	Multi-level cooperation mention	Use of vertical arrangements	Use of horizontal arrangements	
AT	27	→	↓	↓	→	↑	→	→	↓	↓	↓	▼
BE	151	→	→	↑	→	→	↓	→	→	↑	↓	▼
BG	27	↑	↓	↓	→	→	→	-	→	↓	↓	▼
CY	149	↓	↑	↑	→	↑	→	↓	→	↓	↓	▼
CZ	41	→	↓	→	→	→	→	↓	↓	↓	↓	▼
DE	65	→	→	↓	→	→	↓	→	→	↑	→	
DK	100	↑	→	↑	↑	↑	→	↑	↑	↑	↓	▲
EE	23	→	→	↓	→	→	→	↓	→	→	→	
EL	34	→	↓	→	↑	→	↑	↓	→	↑	↓	
ES	210	↑	↑	↑	↑	↓	↑	→	→	↑	↓	▲
FI	119	↓	↑	→	→	→	↑	↑	→	↑	↑	▲
FR	82	→	→	↓	↓	→	→	↓	↓	↑	↓	▼
HU	90	↑	↑	↑	↑	↑	↑	→	→	↑	↑	▲
IE	93	↓	→	→	→	→	→	↑	↓	↓	↑	
IT	91	→	→	↑	→	↑	↓	→	→	↑	↑	
LT	175	↑	↑	↑	→	↑	↑	↑	↑	↑	↑	▲
LU	76	→	→	↑	→	→	→	→	→	↑	↓	
LV	120	↑	↑	→	→	→	↑	→	→	↑	↓	
MT	127	→	→	→	→	↑	→	↓	↑	↑	→	
NL	94	↓	↑	↓	→	→	→	↑	→	↑	↓	
PL	17	↑	↓	↓	→	→	→	→	→	↑	→	
PT	242	↓	↑	↑	→	→	↓	-	↑	↑	↑	
RO	75	↑	→	→	→	→	→	-	↑	↑	↑	
SE	119	→	↑	→	↓	↓	→	→	↓	↓	↓	▼
SI	58	→	↓	↓	→	→	→	↓	↓	↓	→	▼
SK	42	↑	→	↓	→	→	→	↑	→	↑	↓	
UK	48	↑	→	→	↑	↑	↓	↓	↓	↓	↓	

\* Explanation: the report has been improved (↑), remains unchanged (→) or is less well developed (↓) if compared to the 2008 NPR; ▲ = greatest progress, ▼ = greatest decline.

\* Compared with analytical exercise carried out by the CoR's Policy Analysis Centre "Regions and Cities in the National Reform Programmes - A test case for the partnership for Growth and Jobs: An analysis of the presentation of the local and regional perspective in the Lisbon National Reform Programmes" in December 2005. **Bulgaria** and **Romania** were not included in the CoR's study and no data is provided for **Portugal**, thus no comparison is made for these countries.

Source: prepared by the authors

The following list is the final ranking of countries according to the overall assessment of the extent to which LRA-related information is provided in their NPRs. Ranking is the summary of all quantitative and qualitative assessment criteria as well as changes in the 2008-2009 period which are presented in Tables 2 and 3 of this report.<sup>10</sup> According to this summary countries rank as follows:

- 1 Finland
- 2 Denmark
- 3 Italy
- 4 Netherlands
- 5 Spain
- 6 Latvia
- 7 Lithuania
- 8 Germany
- 9 Belgium
- 10 Hungary
- 11 Portugal
- 12 United Kingdom
- 13 Greece
- 14 Cyprus
- 15 Romania
- 16 Sweden
- 17 Slovakia
- 18 Ireland
- 19 France
- 20 Austria
- 21 Poland
- 22 Malta
- 23 Bulgaria
- 24 Luxembourg
- 25 Slovenia
- 26 Estonia
- 27 Czech Republic

First five countries – **Finland, Denmark, Italy, the Netherlands and Spain** – have submitted highly developed National Progress Reports which comprehensively report on LRAs and their involvement in Lisbon-related activities. **Malta, Bulgaria, Luxembourg, Slovenia, Estonia and Czech Republic** represent the group of countries which submitted the least developed National Progress Reports.

---

<sup>10</sup> Country ranking was produced in three stages. Countries were first separately ranked according to the quantitative criteria (i.e. number of relevant paragraphs, quantitative local and regional mention, own LRA section and additional information on LRAs), qualitative criteria (i.e. all other remaining assessment criteria applied in this report) and change in the 2008-2009 period (i.e. change in assessment of each quantitative and qualitative criteria applied when evaluating 2008 and 2009 National Progress Reports). Secondly, quantitative, qualitative and change rankings, considering their level of importance, were multiplied by a different coefficient (0.3, 0.6 and 0.1 respectively) and then summed up. Finally, countries have been ranked from 1 to 27 according to the final score.

Reports of the remaining countries could be considered as fairly developed. However there is still a big room for further improvement in this respect (specific suggestions for each NPR are provided in paragraphs below).

Final ranking of countries does not indicate any clear relationship between forms of state and acknowledgment of the role of LRAs. Countries are very different according to the forms of state. Typologies of countries usually single out unitary, decentralised unitary, regionalised unitary or federal forms of state.<sup>11</sup> Theoretically, forms of state should help to explain why the role of the LRAs is more acknowledged in some countries and less so in others. The average ranks of countries according to the forms of state would suggest that role of the LRAs is the most acknowledged in regionalised unitary (average rank 12) and federal (13.5) and the least – in decentralised unitary (15) and unitary (16) countries. However these are mathematical averages of ranks that should not be interpreted in a straightforward manner. Each group of countries contains top performing countries and countries that are lagging behind. For example, **Germany** is ranked seventh and **Belgium** shares ninth and tenth place with **Hungary**, but **Austria** stands in 20<sup>th</sup> place. Furthermore, among the top five countries in the final ranking two of them are unitary, one is decentralised unitary and the remaining ones are regionalised unitary countries. To conclude, findings of this study do not confirm any clear relationship between form of state and the acknowledgment of the role of LRAs.

Paragraphs below contain assessment of the extent to which LRA-related information is provided in each individual NPR.

The **Austrian** NPR demonstrates a rather desultory mention of LRAs. There are few cases where LRAs are significantly considered and even fewer cases demonstrating their significant contribution. The report provides neither a separate chapter on LRAs nor any additional information with regard to LRAs. *Changes in 2008-9*: increased clearness of contribution of LRAs; less mention of LRAs (quantitatively); fewer cases of both vertical and horizontal MLG arrangements. *Aspects to be improved*: more systematic mention of LRAs; more comprehensive and clear information about the role of LRAs and their contribution; improvement of institutional framework for multilevel cooperation (if underdeveloped) to increase number of MLG arrangements.

LRAs are systematically mentioned and considered in the **Belgian** NPR. LRAs, although quite often mentioned in the text, are rarely considered in Lisbon related activities. The report clearly describes LRAs-related activities which cover all key challenges identified by the state. *Changes in 2008-9*: improved local mention and

---

<sup>11</sup> Committee of the Regions, “Study on the division of powers between the European Union, the Member States, and Regional and Local authorities” Catalogue number: QG-80-08-388-EN-C ISBN: 978-92-895-0449-2 DOI: 10.2836/10899, European Union, 2009.

higher number of vertical MLG arrangements, but less clear description of financial aspects of LRAs related activities and fewer MLG arrangements. *Aspects to be improved*: better consideration of LAs; clear description of financing of LRAs related activities; at least some measures aimed to strengthen administrative capacity of LRAs can be included; better mention of multilevel cooperation (esp. horizontal); involvement of LRAs in evaluation/monitoring phase of the Lisbon process. *Best practice*: report is very comprehensive, with sections on LRAs activities (e.g. crisis-containment measures applied in each community) and additional information (links to web pages containing information on Lisbon-related activities carried out by the Flemish community); report contains cases of cross-border cooperation between **Belgian** communities and other countries.

The **Bulgarian** report is very poorly developed in terms of consideration and involvement of LRAs: LRAs are rarely mentioned and considered, their activities and financial contribution are not clearly described, and cases of multi-level cooperation are almost non-existent. The report even mentions LRAs in a negative sense – central government plans to exercise administrative pressure on municipalities which are late with implementation of certain measures. *Changes in 2008-9*: although the 2009 report is better developed in terms of number of paragraphs on LRAs than the previous report, it less often mentions LRAs and contains fewer MLG arrangements than 2008 report. *Aspects to be improved*: LRAs should be better acknowledged and their activities should be better described in the document; more cases (if there are any) of vertical and, especially, horizontal MLG arrangements should be reported.

The NPR of **Cyprus** is poorly developed with regard to the role and involvement of LRAs. The report, although being large in scope, does not comprehensively cover LRAs: it quite rarely mentions LRAs and their involvement, does not clearly describe the activities of LRAs and their financing, often repeatedly mentions the same activities without a more detailed description and does not provide examples of horizontal MLG arrangements. *Changes in 2008-9*: although the 2009 report is clearer in describing LRAs activities and mentions LRAs more often, it is similar to or even less developed than the 2008 report with regard to the remaining criteria. *Aspects to be improved*: almost all aspects related to the role and involvement of LRAs should be improved.

LRAs are neither mentioned nor considered in the **Czech** NPR. In this respect the 2009 report is even worse than the previous one. Therefore it is not even possible to assess the role and involvement of LRAs in the implementation of the **Czech** NRP. *Aspects to be improved*: the document should be considerably improved according to all criteria.

The **Danish** NPR is well developed in terms of consideration and involvement of LRAs: LRAs are often mentioned (however RAs are mentioned to a somewhat lesser degree), their activities, covering most of the key reforms identified by the

state, are clearly described, administrative capacity building measures are foreseen, the report contains many examples of vertical MLG arrangements, a section related to LRAs and provides additional information regarding their activities. *Changes in 2008-9*: the report was improved according to most criteria except for the use of horizontal MLG arrangements which shows a decreasing trend. *Aspects to be improved*: the report should improve mention of RAs, its description of financial aspects of LRAs' activities and use of horizontal MLG arrangements. *Best practice*: the report provides additional information on LRAs (i.e. links to the reports “Regional Business Development – regional growth forum investments, 2008”, “Regional growth forums – investment in the future”); the report contains section on regional growth which includes description of regional partnership agreements; transnational cooperation opportunities for **Danish** regions are foreseen.

The **Estonian** NPR is similar to the **Czech** report with regard to the role of LRAs: they are neither mentioned nor considered in the document. One exception is (negative): LAs are mentioned in activities related to the control of public sector expenditure. Therefore, as in the case with the **Czech** report, it is also not feasible to assess the role and involvement of LRAs in this document. *Aspects to be improved*: the forthcoming NPR should be considerably improved according to all criteria.

In the **Finnish** report LRAs are systematically covered throughout all chapters of the document. The report has a very clear structure including specific sections that address the key challenges identified by MS. The NPR has a specific chapter on regional development and support of structural policy for **Finland**'s national reform programme. *Changes in 2008-9*: ‘regional’ keywords are more often mentioned in quantitative terms; the description of the funding of LRAs activities has been improved; more cases of multilevel cooperation (both horizontal and vertical) are reported; only the number of paragraphs dealing with LRAs has decreased. *Aspects to be improved*: involvement of LRAs in addressing the key challenges identified by MS should be expanded; central government perspective dominates the report, role and contribution of LRAs could be more clearly described; description of financing of LRA activities, although improved, is not always clear. *Best practice*: involvement of LRAs in all stages of Lisbon governance cycle including monitoring/evaluation process; plenty of measures to strengthen administrative capacity of LRAs; own chapter on LRAs.

The **French** NPR is moderately developed in terms of consideration and involvement of LRAs. RAs are considered and involved more often than LAs. Although LRAs-related activities cover all key challenges identified by the state, description of these activities and their financial aspects is not very clear. *Changes in 2008-9*: the report less often mentions LAs; it does not have a separate section on LRAs anymore; there are no examples of LRAs' involvement in the evaluation/monitoring phase of the Lisbon process; the report provides more

examples of vertical and no examples of horizontal MLG arrangements compared to the previous report. *Aspects to be improved*: better Las' consideration and involvement; more information on LRAs; clearer description of LRAs-related activities and their financing; at least some examples of horizontal MLG arrangements and of measures to strengthen administrative capacity of LRAs; involvement of LRAs in the evaluation/monitoring process.

The **German** report has many positive features in terms of consideration and involvement of LRAs. It is very clearly structured, has separate section on LRAs, provides additional information (examples) on LRAs, involves LRAs in most of reforms addressing key challenges of the state, clearly describes the involvement of LRAs and contains many examples of MLG arrangements (however mainly vertical). However the report is focused mainly on regional authorities (federal states or *Länder*). Local authorities are considered in very few cases. Document does not contain any measures to strengthen administrative capacity of LRAs. *Changes in 2008-9*: the report is improved in terms of the use of vertical MLG arrangements; however, local authorities are considered less often and financing of their activities is vaguely described. *Aspects to be improved*: consideration and involvement of local authorities; description of financial sources of actions; measures for building administrative capacity of LRAs and use of horizontal MLG arrangements. *Best practice*: clear presentation of measures related to LRAs, many examples of the involvement of LRAs (*Länder*).

The **Greek** NPR quite rarely mentions or considers LRAs. LRAs activities are often vaguely described and their financial contribution is unclear. *Changes in 2008-9*: the 2009 report (unlike the previous document) has a chapter and subchapter which covers issues related to LRAs, better explains LRA financing of action and includes more cases of vertical MLG arrangements. However, RAs are less mentioned, there are no signs of LRAs' involvement in monitoring/evaluation processes and horizontal cooperation between LRAs is no more present in the document. *Aspects to be improved*: the role of LRAs should be more systematically shown in all processes of the governance cycle; the document should report on cases of horizontal MLG arrangements (if there are any). *Best practice*: separate (sub-)chapters covering issues related to LRAs; measures aimed at improving the administrative capacity of LRAs.

The NPR of **Hungary** mentions quite well and documents the involvement of LRAs in Lisbon-related activities. Although 'regional', 'region' and related words are often mentioned, the document very rarely considers RAs (in contrast, LAs are considered more often). It is probably due to the administrative structure of the state. LRAs are reported to be involved in almost all key reforms identified by the government. However, the report does not provide any additional information on LRAs; it does not contain measures to strengthen administrative capacity of LRAs and it very rarely mentions cases of horizontal MLG arrangements. However *changes in 2008-2009* were very significant: report could be considered as the one

which made the greatest progress in this respect. *Aspects to be improved*: provide more information on LRAs, better explain financing of their actions, pay more attention to administrative capacity building and document more cases of horizontal cooperation of LRAs. *Best practice*: separate section on LRAs; interesting LRAs-related measures to cope with current financial and economic downturn.

The **Irish** report is not well developed in terms of consideration and involvement of LRAs. Although the words ‘local’ or ‘regional’ are mentioned often, there are few cases where the document actually considers LRAs. In relevant paragraphs it is not always easy to determine activities of LRAs as well as their financial sources. Most of the cases of multilevel cooperation are vertical, very few horizontal. The document reports no measures aimed to increase administrative capacity of LRAs. *Changes in 2008-9*: smaller number of relevant paragraphs; less vertical MLG arrangements; higher involvement of LRAs in key phases of Lisbon governance cycle. *Aspects to be improved*: better (qualitative) acknowledgment of LRAs in the document; higher importance for horizontal MLG arrangements and building administrative capacity of LRAs. *Best practice*: good involvement of LRAs in almost all reforms addressing key challenges of the state; report contains interesting examples of LRAs’ involvement (e.g. ePayments facility for public sector, measures to integrate migrants, development of eServices, etc).

The NPR of **Italy** could be considered as a good practice example with respect to consideration and involvement of LRAs in the Lisbon process. LRAs are reported to be involved in activities which cover almost all thematic areas of specific interest to LRAs. Interestingly, the **Italian** NPR reports on many LRAs-related activities in the development of the transport sector – it is not a common feature of the NPRs. *Changes in 2008-9*: report is the same or even better according to all criteria except one – description of financial aspects of LRAs activities, which is assessed as worse if compared to 2008 report. *Aspects to be improved*: consideration of LRAs; explanation of financial aspects of LRAs activities; measures aimed to strengthen administrative capacity of LRAs and use of horizontal MLG arrangements. *Best practice*: good coverage of the thematic areas of specific interest to LRAs; several separate sections on activities of LRAs; examples of cross-border cooperation arrangements.

NPR of **Latvia** is well structured and relatively well developed in terms of consideration and involvement of the LRAs. The report contains many paragraphs considering LRAs, often mentions local authorities, includes them in all key **Latvian** reforms identified by the government and all elementary phases of the governance cycle, presents measures to strengthen administrative capacity of local authorities and documents a high number of vertical MLG arrangements. *Changes in 2008-9*: the report has been improved in terms of regional mention, number of paragraphs concerning LRAs, description of financial aspects of LRAs activities and use of vertical MLG arrangements. *Aspects to be improved*: regional

authorities are considerably less often considered than local authorities, no own section or additional information is provided, LRAs activities and their financial aspects could be described in a clearer manner and report should contain at least some examples of horizontal MLG arrangements.

The **Lithuanian** NPR systematically considers LRAs. LAs are a lot more highly considered than regional authorities (this is due to a higher political importance of LAs compared to RAs). The document provides neither a separate section nor additional information on LRAs. However, the LRAs-related activities are clearly described in the report and they cover all key challenges identified by the **Lithuanian** government. LRAs cooperate with central government and examples of this cooperation are present in all elementary phases of the Lisbon governance cycle (consultation, implementation and monitoring/evaluation). *Changes in 2008-9*: similarly to **Hungary, Lithuania** made significant progress in all key criteria concerning the role of LRAs. *Aspects to be improved*: additional information or even separate section could be provided on LRAs; better explanation of the financing of LRAs activities; more MLG arrangements (esp. horizontal) should be included. *Best practice*: good thematic coverage of LRAs' Lisbon-related activities.

LRAs are almost non-existent in the **Luxembourg** NPR – there are only a few cases where they are considered. *Changes in 2008-9*: if compared to the previous document, the 2009 report more often mentions keywords related to LAs and does not contain any example of horizontal MLG arrangement. *Aspects to be improved*: the document should be considerably improved according to all criteria.

The **Maltese** NPR is poorly developed in terms of consideration and involvement of LRAs in Lisbon-related activities. There are very few cases in the document where the LRAs' role is considered. However even in these cases the description of the LRAs' role and, especially, of financial issues is not clear. There are very few vertical MLG arrangements, no horizontal ones. *Changes in 2008-9*: although the document has been improved in terms of clearness of description and use of MLG arrangements (esp. vertical), the document's quality according to other criteria has not changed and should be considerably improved.

The report of the **Netherlands** systematically considers and involves LRAs. It contains a lot of structured measures addressing the negative effects of the economic and financial crisis which also include activities carried out by LRAs. The NPR provides many case studies illustrating the role and contribution of LRAs. Particular importance is given to vertical and horizontal MLG arrangements. *Changes in 2008-9*: less paragraphs dealing with LRAs; “local” is less mentioned in the report in quantitative terms; higher involvement of LRAs in the Lisbon governance cycle is observed; more vertical and less horizontal MLG arrangements are used. *Aspects to be improved*: description of financing of LRA activities is not always clear; involvement of LRAs in monitoring/evaluation process should be expanded. *Best practice*: use of case studies to illustrate the role

and contribution of LRAs; additional study “The Lisbon Strategy in **Dutch** regions and municipalities”; horizontal MLG arrangements with cases of cross-border cooperation; many good examples of measures to improve the services provided by LRAs.

The **Polish** NPR is poorly developed in terms of consideration and involvement of LRAs in Lisbon-related activities: LRAs are neither often mentioned/considered and, in these few cases where they are considered, their activities are described in an unclear manner. The document does not contain any measures aimed at strengthening the administrative capacity of LRAs, no cases of horizontal MLG arrangements. *Changes in 2008-9*: consideration and involvement of LRAs remained the same or was even worse according to all criteria except the increase in a number of paragraphs dealing with LRAs and of vertical MLG arrangements. *Aspects to be improved*: forthcoming NPR should be improved according to all criteria. *Best practice*: despite the fact that the report lacks overall focus on LRAs, it has several horizontal LRAs-related measures aimed at mitigating the effects of the economic and financial downturn.

Differently from RAs, LAs in the NPR of **Portugal** are often considered. However there are not so many paragraphs in the document which describe activities involving LRAs. Furthermore, those paragraphs which report on some LRAs-related activities do it in a less clear manner and with less information on financial aspects of these activities if compared to the well developed reports. The **Portuguese** government has identified many key challenges to be addressed – the limited number of LRAs-related activities cover only about half of them. *Changes in 2008-9*: more cases of LRAs mentioned and MLG arrangements, but fewer LRAs-related paragraphs in the text and a less clear financial description of LRAs-related activities. *Aspects to be improved*: better consideration and involvement of RAs; more information on LRAs (own section and/or additional information); a clear description of LRAs-related activities and their financing; at least some measures aimed to strengthen administrative capacity of LRAs; more cases of MLG arrangements.

The **Romanian** NPR rarely mentions or considers LRAs and especially RAs. It does not separately describe the role of LRAs or provide any additional information on their activities. Although the LRAs related activities are described with medium clarity, information on their financing is practically non-existent in the report. The report contains some examples of MLG arrangements, however only vertical arrangements are reported. *Changes in 2008-9*: the report was improved in terms of multilevel cooperation mention, but the quality of the report according to other criteria remained very similar. *Aspects to be improved*: special focus should be given to better consideration of LRAs (esp. of RAs), better explanation of their activities (esp. of their financing issues) and better reporting on horizontal MLG arrangements which include LRAs. *Best practice*: the strong side of the report is its focus on administrative capacity building of public institutions

and better regulation including some examples of measures specifically aimed at LRAs.

The NPR of **Slovakia** is moderately developed in terms of consideration and involvement of LRAs. Although it is reported that LRAs are involved in activities related to most of the key challenges identified by the state and all elementary phases of the governance cycle of the renewed Lisbon strategy, there are very few examples where they are mentioned. However, even in these examples the description of LRAs' involvement and its financial aspects is not sufficiently clear. *Changes in 2008-9*: more relevant paragraphs on LRAs; higher involvement of LRAs in all elementary phases of the governance cycle of the renewed Lisbon strategy; more vertical MLG arrangements. *Aspects to be improved*: all relevant activities of LRAs (esp. those which contain MLG aspects) should be reported in a comprehensive and clear manner. *Best practice*: the report provides illustrative example/case study on cooperation with partners (incl. LRAs) in the framework of the Lisbon Strategy.

The **Slovenian** NPR is very poorly developed with regard to the role and involvement of LRAs. LRAs are mentioned in a small number of cases, smaller than in the 2008 report. The LRAs' role is not clearly explained. In this respect the 2009 report does not show any progress. Furthermore, the report does not document any involvement of LRAs in the consultation, monitoring or evaluation phases of the Lisbon agenda and contains no examples of multilevel cooperation. *Aspects to be improved*: the document should be considerably improved according to all criteria (in particular with regard to the above-mentioned criteria).

LRAs in the **Spanish** NPR are systematically considered and mentioned. The report even contains a separate section on LRAs-related activities. LRAs carry out or are considered in activities covering all key challenges identified by the state and all elementary phases of the governance cycle of the Lisbon process. *Changes in 2008-9*: the report is considerably improved in comparison with 2008 report except in two aspects – activities are explained in a less clear manner and no horizontal MLG arrangements are reported in the document. *Aspects to be improved*: the report could provide some additional information regarding the activities of LRAs (links to internet sites, report, etc.); a better explanation of the role of LRAs in related activities; foresee measures to strengthen administrative capacity of LRAs; and include at least some cases of horizontal MLG arrangements (if there are any). *Best practice*: report provides a separate section describing some of the LRAs' related activities.

**The Swedish** NPR is also moderately developed in terms of consideration and involvement of LRAs. Although keywords related to LRAs are often mentioned in the report (esp. those related to RAs), there are not so many activities in which LRAs are duly considered. The report moderately describes actions taken by LRAs and their financial aspects. However LRAs are mentioned in both key challenges

identified by the state. *Changes in 2008-9*: although the report more often mentions keywords related to RAs, it less clearly describes the LRAs' role and contribution and has fewer cases of MLG arrangements than the previous report; differently from the 2008 report there is no separation section on LRAs. *Aspects to be improved*: better consideration and description of LRAs activities and their financial aspects; report on measures (if any) aimed to strengthen the administrative capacity of LRAs; more cases of vertical and, especially, horizontal MLG arrangements.

RAs and even more LAs are not often mentioned nor considered in the **United Kingdom's** NPR. However the report is exceptionally well structured and provides comprehensive information on RAs' activities. The latter are clearly described and relate to all key challenges identified by the UK government. *Changes in 2008-9*: present report is improved in terms of the number of LRAs-related paragraphs, clarity of description of their activities and new separate sections on LRAs; however a setback is observed with respect to the description of the financial issues of LRAs' activities, involvement of LRAs in elementary governance cycles of the Lisbon Strategy and use of MLG arrangements. *Aspects to be improved*: RAs and especially LAs should be more often considered, financing of their activities should be better described; LRAs should be involved in all elementary phases of the governance cycle (not only implementation of activities); MLG arrangements should be more often used; at least some measures to strengthen administrative capacity should be implemented. *Best practice*: a very clear structure; own sections on LRAs concerning regional dimension and actions of devolved administrations; lots of additional information (internet links) is provided; cases of cross-border cooperation of LRAs are reported; plenty of sector-specific measures aimed at mitigating the negative effects of the economic and financial crisis.

## **2.2. The institutional framework of multilevel cooperation**

The number and quality of MLG arrangements heavily depend on the institutional environment for multilevel cooperation. If the institutional environment is favourable, the number of MLG arrangements is likely to be larger and their quality higher. This section briefly discusses two aspects of the institutional environment – the level of involvement of LRAs in key processes of the governance cycle of the renewed Lisbon agenda and measures aimed to strengthen the administrative capacity of LRAs.

### **The involvement of LRAs in key phases of the governance cycle of the renewed Lisbon agenda**

This section summarises the involvement of the LRAs in three elementary phases of the revised governance cycle of the Lisbon agenda: the strategic planning and consultation process, the implementation process, and the monitoring and

evaluation processes of the Lisbon activities. The higher involvement of LRAs signals a better developed institutional framework for multi-level cooperation in a particular country.

Table 4 summarises the findings for this particular aspect. It shows that only in a few countries (8 out of 27) are LRAs involved in all three elementary phases of the revised governance cycle of the Lisbon agenda. In other countries LRAs' involvement is limited to consultation/planning and/or implementation phases.

**Table 4: The involvement of LRAs in key phases of the governance cycle of the renewed Lisbon agenda by MS**

<b>Phases</b> <b>Country</b>	<b>Consultation/planning</b>	<b>Implementation</b>	<b>Evaluation/monitoring</b>
AT	Yes	Yes	No
BE	Yes	Yes	No
BG	Yes	Yes	No
CY	Yes	Yes	No
CZ	No	No	No
DE	Yes	Yes	Yes
DK	Yes	Yes	No
EE	No	No	No
EL	Yes	Yes	No
ES	Yes	Yes	Yes
FI	Yes	Yes	Yes
FR	Yes	Yes	No
HU	Yes	Yes	No
IE	Yes	Yes	No
IT	Yes	Yes	Yes
LT	Yes	Yes	Yes
LU	Yes	Yes	No
LV	Yes	Yes	Yes
MT	Yes	Yes	No
NL	Yes	Yes	No
PL	Yes	Yes	No
PT	Yes	Yes	Yes
RO	Yes	Yes	No
SE	Yes	Yes	No
SI	No	No	No
SK	Yes	Yes	Yes
UK	No	Yes	No

Source: prepared by the authors

## Measures to strengthen the administrative capacity of LRAs

Lack of administrative capacity of the LRAs is one of the major issues of concern in the implementation of the National Reform Programmes. Frequent and more systematic and innovative strengthening of the administrative capacity of the LRAs signals a more developed institutional framework of multilevel cooperation in the country concerned.

Table 5 provides examples of measures which MSs apply to strengthen the administrative capacity of LRAs. Again, only eight countries have carried out at least some measures aimed at strengthening administrative capacity of LRAs. In other countries such measures were not foreseen.

**Table 5: Examples of measures MSs apply to strengthen the administrative capacity of LRAs**

Country	Measure(s)
AT	None
BE	None
BG	<ul style="list-style-type: none"> <li>Institute for Public Administration carried out the training of civil servants at three levels: senior, medium and local level. It is acknowledged that the training needs of the latter level are the most pressing.</li> </ul>
CY	<ul style="list-style-type: none"> <li>Introduction of a Performance Assessment System (CAF) in the Civil Service. An Action Plan has been developed to facilitate the further dissemination of CAF in the public sector. The Plan includes, amongst others, personal contacts, meetings and information dissemination to specific governmental departments/ services, semi-governmental organisations and local authorities. About 20 Departments/Services are either at the stage of completing their performance assessment or at the stage of preparing their Action Plan based on the results of the assessment. However only a few organisations are at the stage of implementing their Action Plan.</li> </ul>
CZ	None
DE	None
DK	<ul style="list-style-type: none"> <li>The fact that good management is a focus area is emphasised in the tripartite agreements of June 2007 between the Government and Local Government Denmark, Danish Regions, Organisation of Public Employees – Denmark, The Danish Confederation of Professional Associations and Confederation of Professionals in Denmark. DKK 200 million has been set aside for the period 2008-2011 for management training. The agreement states that all municipal and regional managers will have the right (not an obligation) to complete a management-training course at diploma level. At the same time, significant funds have been set aside to enhance supplementary training and further education and competence development.</li> </ul>
EE	None
EL	<ul style="list-style-type: none"> <li>Reinforcement of administrative capacity and the programming functionality of Municipalities (with the aim to upgrade capacities for an effective promotion of local development, with the support of the European Programme on Administrative Reform);</li> <li>A course on “Principles of best legislative practice” was included in the curriculum of the National School of Local Administration for both 2008 and 2009.</li> </ul>
ES	None
FI	<ul style="list-style-type: none"> <li>Strengthening of service structures by consolidating individual services that require a broader population base of more than one municipality and by increasing cooperation between municipalities;</li> <li>Plans to adopt electronic invoicing at the local government level;</li> <li>Preparation of criteria by which municipalities can develop the activity of the</li> </ul>

Country	Measure(s)
	<p>enterprises they own so that problems of competitive neutrality will not arise;</p> <ul style="list-style-type: none"> <li>• Reform of municipal administrative structures: adopting best practices, improving the service processes, modifying the division of duties, utilising information technology, introducing purchaser-provider models, and by making use of the services offered by the private and third sectors.</li> </ul>
FR	None
HU	None
IE	None
IT	None
LT	None
LU	None
LV	<ul style="list-style-type: none"> <li>• Several institutions involved in the employment partnership, including the Latvian local governments and Latvian Association of Local and Regional Governments, have been strengthened to ensure the development of employment partnership and social dialogue on the local and regional government level;</li> <li>• In the framework of the administrative reform a new Law on Administrative Territories and Populated Areas was adopted, according to which there are 109 regional local governments and 9 republican cities in Latvia that successfully started their work as from 1 July 2009. Under the limited finances local governments have to establish an efficient and modern administration system. Therefore local governments have carried out restructuring and training of the existing employees.</li> <li>• In the framework of the European Economic Area Financial instrument and bilateral financial instrument of the Norwegian government, in 2008 and 2009 training has been provided to public and local government employees.</li> </ul>
MT	None
NL	<ul style="list-style-type: none"> <li>• Development of the “Mark of Good Service” – setting up minimum standards for service provision, such as issuing a permit promptly and working together with businesses in a solution-oriented manner. This tool enables municipalities to make their services for businesses more efficient and customer-friendly;</li> <li>• Development of the European system to interconnect the competent authorities (incl. LRAs) in all the MSs, the Internal Market Information System (IMI). This system provides favourable conditions (e.g. increased international cooperation) to improve administrative capacity of LRAs.</li> </ul>
PL	None
PT	None
RO	<ul style="list-style-type: none"> <li>• In May 2009 Romanian government adopted a health system decentralisation strategy for 2009 – 2011. Under this strategy the hospitals (together with their financial resources) will be planned to be transferred to the competence of local administration authorities. The decentralising process will be further implemented by restructuring and reorganising the national public healthcare network at central, regional and local levels. All the decision-making personnel within the new structures, from both hospitals and local county councils, will be involved in a national training programme. It is developed under three projects through the Operational Programme for Administrative Capacity Development financed by the EU Structural Funds.</li> <li>• The Romanian government is also developing the National State Aid Network (ReNAS). One of the main aims of this development is to strengthen the administrative capacity of the Competition Council.</li> </ul>
SE	None
SI	None
SK	None
UK	None

Source: prepared by the authors

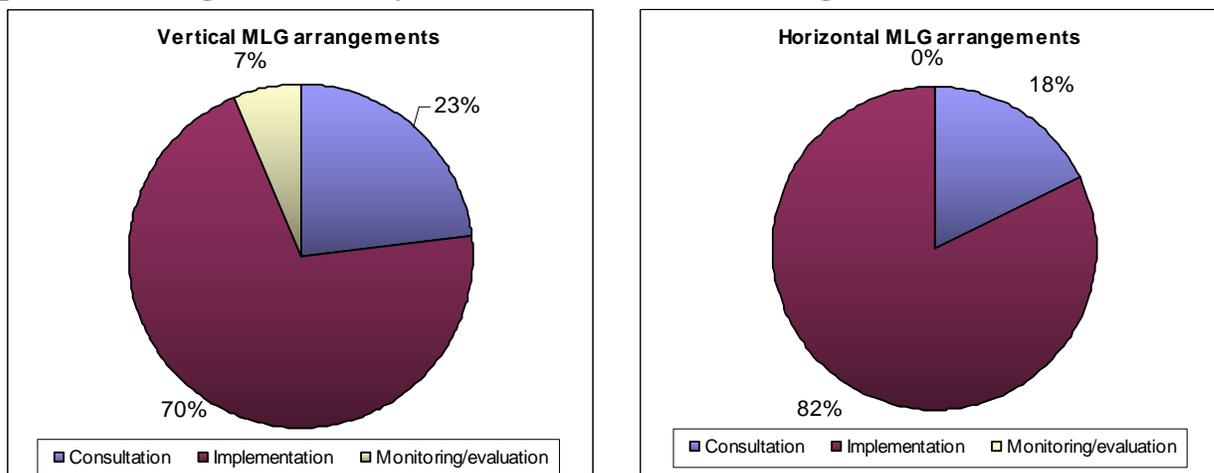
## 2.3. Existence of multilevel governance arrangements

This section analyses to what extent MLG arrangements are present in the NPRs. MLG arrangements in this study are considered cooperative actions in the form of written agreements, regular consultation/coordination of policy agendas which include different levels of government.<sup>12</sup> Use of MLG arrangements is determined on the basis of the analysis of relevant sections presented in the reports.

A total of 197 MLG arrangements were identified in the NPRs. Most of them (169 or 86%) were vertical MLG arrangements, i.e. cooperation activities between higher and lower levels of government (EU, national/federal, regional, local). The remaining ones were horizontal arrangements, cooperation arrangements between regions or between municipalities, including cases of cross-border governance. Most of the MLG arrangements (84%) were actual (i.e. activities which implementation has already started), the others were planned arrangements (i.e. activities, which will start to be implemented in the future).

Most of the MLG arrangements (72%) were used in the implementation phase of the governance cycle of the renewed Lisbon strategy. 22% of all MLG arrangements were identified in consultation phase and the remaining ones in the evaluation/monitoring phase. A detailed distribution of vertical and horizontal MLG arrangements in different phases of the governance cycle of the renewed Lisbon strategy is presented in Figure 3.

**Figure 3: Average use of vertical and horizontal MLG arrangements in key phases of the governance cycle of the renewed Lisbon agenda**

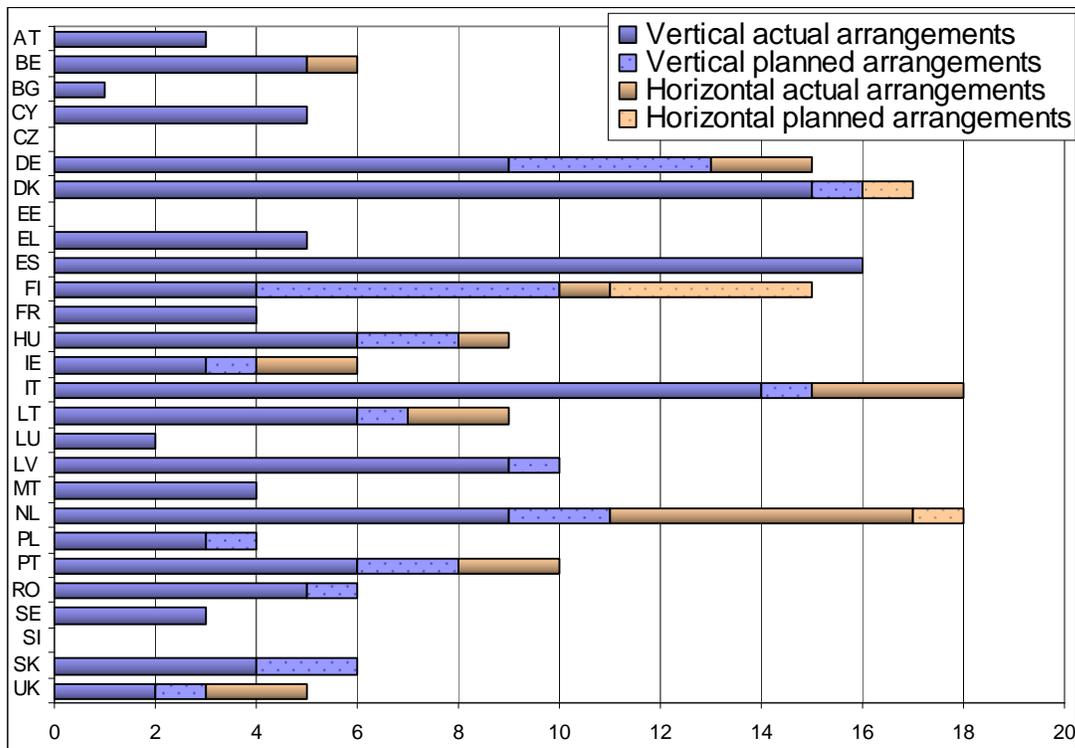


Source: prepared by the authors

<sup>12</sup> Committee of the Regions, “Outlook opinion of the Committee of the Regions on The Lisbon Growth and Job Strategy”, ECOS-IV-026 77th. Plenary Session, European Union, 26-27 November 2008, p. 2.

MLG arrangements were most often mentioned in **Italy**, the **Netherlands**, **Denmark**, **Spain**, **Finland** and **Germany**. Most examples of vertical MLG arrangements were found in **Denmark**, **Spain** and **Italy**. Meanwhile, the highest number of horizontal MLG arrangements was identified in the **Netherlands**, **Finland** and **Italy**. Figure 4 provides information how often vertical and horizontal MLG arrangements were used in the NPRs of respective MSs and also shows how many of them were actual and how many – planned.

**Figure 4: Use of actual or planned vertical and horizontal MLG arrangements**



Source: prepared by the authors

### ***LRAs' involvement in cross-border cooperation***

Analysis of NPRs has provided very few examples of LRAs related-activities which contain a cross-border cooperation element – the latter were present only in 6 NPRs. The following relevant cases of LRAs-related cross-border cooperation activities were identified:

- Under “European Territorial Cooperation” of the EU Structural Funds, the **Belgian** communities and regions are participating in three types of cooperation: cross-border cooperation, transnational cooperation, and inter-regional cooperation. Regarding cross-border cooperation, the Flemish community actively participates in the following programmes: border region Flanders–the **Netherlands** (Interreg IV A), Euregio Meuse-Rhine (Interreg IV A), Flanders-Wallonia-**France** (Interreg IV A) and Two Seas (Maritime

border Region: England-France-Flanders-the **Netherlands** (Interreg IV A). (page 144 of **Belgian** NPR);

- Within the transnational programmes, all **Danish** regions will be eligible for funding and the cooperation will be organised in two transnational programmes: one programme for the countries bordering the Baltic Sea and one programme for the countries bordering the North Sea. The transnational programmes have four key areas of focus: (1) innovation comprises the development of scientific and technological networks and strengthening of innovation, research and development capacities; (2) environment comprises water resource management, increased energy efficiency, environmental protection and risk prevention; (3) accessibility comprises improvements in transport and telecommunications services; and (4) sustainable urban development comprises the strengthening of polycentric development at the transnational, national and regional levels. (Page 62 of **Danish** NPR);
- **Finland** supports cross-border cooperation of innovation actors to create world-class innovation clusters in Europe. In this respect, the innovation cooperation within the EU Baltic Sea Strategy is a welcome new opening. (Page 27 of Finnish NPR);
- With regard to youth-oriented policies, the **Italian** Apulia region has promoted and adopted several innovative measures to get the most value out of the project capacities of the region's young people and, through these measures, to increase the young people's entrepreneurial skills and to improve their chances of employment. Apulia region is financing research grants and a cooperation programme between the region and the government of South Australia, focusing on the creation of initiatives involving incentives for student, researcher and teacher exchanges and for supporting joint research projects in strategic areas of common interest. (Page 36); Furthermore, **Italian** local governments are involved in huge transport infrastructure project which entails elements of cross-border cooperation with the **German** authorities. Corridor 1 (Berlin-Palermo) entails works for approximately €59 billion, including €27 billion for road works and €32 billion for railway works. Up until four years ago, a link had been planned between two logistics hubs: the intermodal hub of Verona and that of Munich. Currently, the economic infrastructure extends to Palermo with a high degree of rail/road integration. (Page 50 of **Italian** NPR);
- In the Brainport which located in the Eindhoven region of **the Netherlands**, cooperation is taking place between 21 local government bodies, various businesses and a number of knowledge institutions, which are working together to enhance their own innovative capacity. Brainport includes alliances that join forces across national borders including the ELAt alliance between three European cities (the Eindhoven, Leuven and Aachen triangle). (Page 40 of **Dutch** NPR);
- The **Northern Ireland** Executive in the **United Kingdom** is working with the **Scottish** Government and the Republic of **Ireland** on the “ISLES”

project on the feasibility of an off-shore electricity grid to exploit wind, wave and tidal resources in the Irish Sea and Atlantic coasts. Consultants are being appointed and work was due to commence in November 2009, and is set to end in 2011. The three administrations are also supporting the 'Biomara' project, a major research study which commenced in spring 2009, into the local production of bio-fuels from marine seaweeds and algae. Both projects reflect EU energy priorities and are supported by EU funding. (Page 46 of **British** NPR).



# Conclusions

After analysis of 2495 pages of National Progress Reports which include almost 900 hundred paragraphs relevant to local and regional authorities the following findings emerge with respect to four key criteria outlined by the Committee of the Regions: the kind of acknowledgement of the role of local and regional authorities shown in the National Progress Reports, the kind of information given on the Lisbon-related activities of local and regional authorities, the institutional framework of multilevel cooperation and multilevel governance arrangements.

## **The kind of acknowledgement of the role of local and regional authorities shown in the National Progress Reports**

Although most if not all reports are written from a central government perspective, it could be argued that in general National Progress Reports do consider the role of local and regional authorities in the implementation of the Lisbon Strategy. However, Member States differ a lot according to several quantitative and qualitative criteria concerning the kind of acknowledgement of the role of local and regional authorities: the number of relevant paragraphs, regional and local mention, the presence of own section and/or additional information on local and regional authorities and mention of local and regional authorities in reforms addressing key challenges identified by Member States.

In terms of the number of paragraphs indicating a noticeable consideration of local and regional authorities or contribution from local and regional authorities the best developed reports belonged to **Belgium, Denmark, Italy, Latvia, Spain** the **United Kingdom** – the relevant paragraphs/total number of pages of the report ratio in these documents was the largest (reaching 40 and more percent). Least developed in this respect were the National Progress Reports of **Cyprus, the Czech Republic, Estonia, Ireland, Luxembourg, Malta** and **Slovenia** with ratio below 15 per cent. Other countries fall somewhere in between in this respect.

Considerable differences between Member States are noticed with regard to mention of regional and local issues. In quantitative terms (i.e. local / regional mention regardless of the involvement of local and regional authorities) best developed were the National Progress Reports of **Belgium, Cyprus, Denmark, Finland, Hungary, Italy, Latvia, Lithuania, Portugal, Spain, Sweden** and the **Netherlands**. Other countries mentioned local / regional keywords considerably less often. However in qualitative terms (i.e. frequency of keywords in the text with regard to the involvement of local and regional authorities) the best reports

were the ones submitted by **Belgium, Denmark, Finland, Italy, Latvia, Lithuania, Portugal, Spain** and the **Netherlands**. Interestingly, only the **Spanish** National Progress Report was the most balanced in terms of qualitative mention – it reported a high number of both regional and local keywords related to local and regional authorities.

The National Progress Reports of **Belgium, Denmark, Finland, Germany, Greece, Hungary, Italy, Spain** and the **United Kingdom** have specific sections addressing issues related to local and regional authorities. The reports of the other countries consider local and regional authorities in less structured manner with no separate sections on local and regional authorities. In this respect the **United Kingdom** could be singled out as best practice example. Furthermore, there were also countries (i.e. **Belgium, Denmark, Finland, Germany, Italy, Slovakia, the Netherlands** and the **United Kingdom**) which have provided at least some additional information (e.g. case studies, links to further information or documents) on the role of local and regional authorities in the Lisbon process. The best developed in this respect is the National Progress Report of the **Netherlands**.

Finally, the study has also analysed what role local and regional authorities play in reforms addressing key challenges identified by Member States. Results show that most countries do foresee an important role for local and regional authorities in their key reforms. Only the National Progress Reports of **Austria, Bulgaria, Cyprus, the Czech Republic, Estonia, Luxembourg, Malta, Poland, Portugal, Romania** and **Slovenia** report a moderate or even less important role for local and regional authorities in the key reforms. However a couple of limitations should be considered when interpreting this finding. Firstly, Member States have identified a very different number of key challenges. The number of key challenges ranges from two in the **Swedish** National Progress Report to as many as 18 challenges in the **Portuguese** report. Secondly, the content of the identified challenges was very different across countries – some countries have identified very specific challenges (e.g. “Strategic Infrastructures and Transportation Plan and Water Programme”) while others singled out very general ones (e.g. “Education“).

### **The kind of information given on the local and regional authorities’ Lisbon-related activities**

Most National Progress Reports were evaluated as moderately developed in terms of a clear description of local and regional authorities’-related activities and their financial aspects. Reports which described the local and regional authorities’ role and contribution in the clearest manner belonged to **Belgium, Denmark, Germany, Hungary, Italy, Lithuania, the Netherlands** and the

**United Kingdom.** Least developed in this respect were the reports of **Bulgaria**, the **Czech Republic**, **Estonia**, **Luxembourg** and **Poland**. Other countries fall somewhere in between. Meanwhile only the **Spanish** National Progress Report was considered as ‘highly developed’ in terms of a clear explanation of the financial aspects of local and regional authorities’-related activities. The reports of **Bulgaria**, the **Czech Republic**, **Estonia**, **Luxembourg**, **Malta**, **Romania** and **Slovakia** did not provide any information on the financing of local and regional authorities’-related activities. The remaining reports had some information on the financial aspects of local and regional authorities’-related activities. However, it was often not possible to determine which administrative level finances what activity and what amount has been allocated for it.

Analysis of National Progress Reports suggests that most of the activities in which local and regional authorities have taken part were related to the business development and labour market – 40 and 26 per cent of all reported local and regional authorities’-related activities belonged to the second (i.e. “Unlocking the business potential, especially of Small and Medium-Sized Enterprises”) and third (i.e. “Investing in people and modernising labour markets”) priority of the Lisbon Strategy respectively. Meanwhile an equal share of remaining local and regional authorities’-related activities was identified in the first (i.e. “Investing in knowledge and innovation”) and fourth (i.e. “Energy and climate change”) priorities. In respect of the thematic areas of particular interest to local and regional authorities the lion's share of all local and regional authorities’-related activities were carried out in the area of better regulation. In the period 2008-2009 better regulation remained the most ‘popular’ area of local and regional authorities’-related activities. While no significant shifts could be noticed in thematic areas concerning knowledge and innovation as well as people and labour market, local and regional authorities have been considerably more often involved in developing energy policy for Europe and implementing the Services Directive.

Most National Progress Reports report on the involvement of local and regional authorities in crisis-containment measures. Only seven documents have no indication regarding the involvement of local and regional authorities in such measures.

The current extent of involvement of local and regional authorities in thematic areas of the Lisbon Strategy largely corresponds to the three priorities proposed for the Europe 2020 Strategy – smart, sustainable and inclusive growth. Involvement of local and regional authorities in the priority for inclusive growth is already high and well distributed across the key thematic areas. However, more local and regional authorities- related activities could be expected in

priorities for smart and sustainable growth and especially in the areas of the digital society, climate change and clean and efficient energy.

## **The institutional framework of multilevel cooperation**

The number and quality of multilevel governance arrangements heavily depend on the institutional environment for multilevel cooperation. If the institutional environment is favourable, the number of multilevel governance arrangements is likely to be larger and their quality correspondingly higher.

This study has analysed the involvement of the local and regional authorities in three elementary phases of the revised governance cycle of the Lisbon agenda: the strategic planning and consultation process, the implementation process and the monitoring and evaluation processes of the Lisbon activities. The higher involvement of local and regional authorities signals a better developed institutional framework for multilevel cooperation in a particular country. Results show that the National Progress Reports of **Finland, Germany, Italy, Latvia, Lithuania, Portugal, Spain** and **Slovakia** report on the involvement of local and regional authorities in all three elementary phases of the revised governance cycle of the Lisbon agenda. In other countries the involvement of local and regional authorities is limited to consultation and planning and/or to the implementation phases.

Lack of administrative capacity of the local and regional authorities is one of the major issues of concern in the implementation of the National Reform Programmes. Frequent and more systematic and innovative strengthening of the administrative capacity of local and regional authorities signals a more developed institutional framework of multilevel cooperation. Analysis suggests that only documents submitted by **Bulgaria, Cyprus, Denmark, Finland, Greece, Latvia, Romania** and the **Netherlands** have reported on some measures aimed at strengthening the administrative capacity of local and regional authorities.

Finally, a total of 197 multilevel governance arrangements (i.e. cooperative actions in the form of written agreements, regular consultation/coordination of policy agendas which include different levels of government) were identified in all the National Progress Reports. The best developed National Progress Reports in this respect belonged to **Denmark, Finland, Germany, Italy, Spain** and the **Netherlands**. Least developed were reports submitted by **Austria, Bulgaria, the Czech Republic, Estonia, Luxembourg, Sweden** and **Slovenia**.

## **The possible existence of multilevel governance arrangements**

Most of the reported multilevel governance arrangements (86%) were vertical (i.e. cooperation activities between higher and lower levels of government (EU, national/federal, regional, local)). The remaining ones were horizontal arrangements, i.e. cooperation arrangements between regions or between municipalities, including cases of cross-border governance. The lion's share of multilevel governance arrangements (84%) concerned activities on which implementation has already started. The remaining arrangements concerned activities which will be started to implement in the future.

The largest part of multilevel governance arrangements (72%) concerned activities carried out in the implementation phase of the governance cycle of the renewed Lisbon Strategy. 22% of all multilevel governance arrangements were identified in the consultation phase and the remaining ones in the evaluation and monitoring phase.

Most examples of vertical multilevel governance arrangements were found in documents submitted by **Denmark, Italy and Spain**. Meanwhile the highest number of horizontal multilevel governance arrangements was identified in **Italy, Finland** and the **Netherlands**.

Analysis of National Progress Reports has provided very few examples of local and regional authorities'-related activities which contain a cross-border cooperation element – the latter were present only in six National Progress Reports submitted by **Belgium, Denmark, Finland, Italy, the Netherlands** and the **United Kingdom**.

### **Overall quality of National Progress Reports in terms of the extent to which information related to local and regional authorities is provided in these documents**

This study has produced the ranking of countries according to the assessment of the extent to which local and regional authorities'-related information is provided in their National Progress Reports. Ranking is provided as a summary of all detailed quantitative and qualitative assessment criteria as well as changes in the period 2008-2009. According to this ranking the best developed National Progress Reports belonged to **Denmark, Finland, Italy, Spain** and the **Netherlands**. Least developed, however, are the reports of **Bulgaria, the Czech Republic, Estonia, Luxembourg, Malta, Poland** and **Slovenia**. National Progress Reports of the other countries can be considered as fairly developed.

If compared to the situation in 2008, **Denmark, Finland, Hungary, Lithuania** and **Spain** have made the greatest progress with regard to the development of National Progress Report. **Austria, Bulgaria, Czech Republic, France, Slovenia** and **Sweden** were the countries which have made the smallest positive change in this respect.

# Bibliography

## National Progress Reports

The table below presents the main source of this study – EU MS' autumn 2009 reports on the implementation of their National Reform Programmes (i.e. National Progress Reports). All documents listed in the table can be found at:

[http://ec.europa.eu/archives/growthandjobs\\_2009/documentation/index\\_en.htm#implementation](http://ec.europa.eu/archives/growthandjobs_2009/documentation/index_en.htm#implementation)

**Table: List of National Progress Reports used in the study**

Country	Title	Language	Total pages (with annexes)
Austria	Austrian Reform Programme for Growth and Jobs Implementation Report 2009	EN	27
Belgium	Lisbon Strategy National Reform Programme 2008-2010 Belgium Progress Report 2009	EN	151
Bulgaria	National Reform Programme (2008 – 2010) 2009 Update	EN	27
Cyprus	Lisbon Strategy Revised National Reform Programme of the Republic of Cyprus Progress Report 2009	EN	149
Czech Republic	Implementation Report on the National Reform Programme of the Czech Republic 2008 - 2010	EN	41
Denmark	Denmark's National Reform Programme First Progress Report Contribution to the EU's Growth and Employment Strategy (The Lisbon Strategy)	EN	100
Estonia	Estonian Strategy for Competitiveness 2009–2011 Overview and updates to the Estonian	EN	23

<b>Country</b>	<b>Title</b>	<b>Language</b>	<b>Total pages (with annexes)</b>
	Action Plan for Growth and Jobs 2008–2011		
Finland	The Lisbon Strategy for Growth and Jobs 2008-2010 Finland National Reform Programme – Implementation Report 2009	EN	119
France	Stratégie de Lisbonne pour la croissance et l’emploi Rapport de suivi pour 2009 Programme National de Réforme 2008-2010 France	FR	82
Germany	National Reform Programme Germany 2008 – 2010 Implementation and Progress Report 2009	EN	65
Greece	National Reform Programme for Growth 2008-2010 Implementation Report 2009	EN	34
Hungary	Report on the Implementation of the National Action Programme 2008-2010 Hungary	EN	90
Ireland	Lisbon Agenda Integrated Guidelines for Growth and Jobs Ireland National Reform Programme 2008-2010 Progress Report	EN	93
Italy	Lisbon Strategy for Growth and Jobs National Reform Programme 2008-2010 Implementation report and response to the economic crisis	EN	91
Latvia	Report on Progress in Implementation of the National Lisbon Programme of Latvia	EN	120
Lithuania	Annual Progress report on the Implementation of the National Reform Program of Lithuania	EN	175
Luxembourg	Plan National Pour l’Innovation et le	FR	76

<b>Country</b>	<b>Title</b>	<b>Language</b>	<b>Total pages (with annexes)</b>
	Plein Emploi Programme national de réforme du Grand-Duché de Luxembourg dans le cadre de la stratégie de Lisbonne 2009		
Malta	National Reform Programme 2008-2010 Annual Progress Report 2009	EN	127
Poland	2009 Report on progress with the National Reform Programme for 2008-2011 to implement the Lisbon Strategy	EN	17
Portugal	Lisbon Strategy National Reform Plan 2008-2010 Portugal Implementation Report	EN	242
Romania	National Reform Programme Annual Implementation Report 1 October 2008 – 1 October 2009	EN	75
Slovakia	National Reform Programme of the Slovak Republic for 2008 – 2010 Implementation Report 2009	EN	42
Slovenia	Report on the Implementation of the Reform Programme for achieving the Lisbon Strategy goals in Slovenia 2009	EN	58
Spain	Spain National Reform Programme 2009 Progress Report	EN	210
Sweden	Sveriges handlingsprogram för tillväxt och sysselsättning – uppföljningsrapport 2009	SE	119
The Netherlands	Annual Progress Report 2009 The Netherlands in the context of the Lisbon Strategy	EN	94
United Kingdom	Lisbon Strategy for jobs and growth: UK national reform programme 2009	EN	48

Source: prepared by the authors

## **Additional sources**

1. Commission of the European Communities, “Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010). Keeping up the pace of change”, Communication from the Commission to the spring European Council, COM(2007) 803 final PART I, Brussels, 11 December 2007;
2. Commission of the European Communities, “EUROPE 2020: A strategy for smart, sustainable and inclusive growth”, Communication from the Commission, COM(2010) 2020, Brussels, 3 March 2010;
3. Committee of the Regions, “Consultation of European Regions and Cities on a New Strategy for Sustainable Growth. A new Lisbon strategy after 2010”, European Union, Final report;
4. Committee of the Regions, “Implementation of the Lisbon Partnership for Growth and Jobs - The Contribution of Regions and Cities - A survey on the involvement of Regions and Cities in preparing the Lisbon National Reform Programmes”, European Union, September – October 2005;
5. Committee of the Regions, “Investing in people and modernising labour markets” Catalogue number: QG-80-09-700-EN-C ISBN-13: 978-92-895-0475-1 DOI : 10.2863/12504, European Union, 2009;
6. Committee of the Regions, “Knowledge and Innovation” Catalogue number: QG-80-09-698-EN-C ISBN-13: 978-92-895-0471-3 DOI: 10.2863/10991, European Union, 2009;
7. Committee of the Regions, “Outlook opinion of the Committee of the Regions on The Lisbon Growth and Jobs Strategy”, ECOS-IV-026, 77th Plenary Session, European Union, 26-27 November 2008;
8. Committee of the Regions, “Regions and Cities in the National Reform Programmes - A test case for the partnership for Growth and Jobs - An analysis of the presentation of the local and regional perspective in the Lisbon National Reform Programmes” R/CdR 385/2005 item 13 European Union, December 2005;
9. Committee of the Regions, “Study on the division of powers between the European Union, the Member States, and Regional and Local authorities” Catalogue number: QG-80-08-388-EN-C ISBN: 978-92-895-0449-2 DOI: 10.2836/10899, European Union, 2009;
10. Committee of the Regions, “The involvement of EU regions and cities in the implementation of the renewed Lisbon Strategy for Growth and Jobs in 2008: Climate Change and Energy” Catalogue number: QG-80-09-701-EN-C ISBN-13: 978-92-895-0477-5 DOI: 10.2863/13537, European Union, 2009;
11. Committee of the Regions, “The role of regions and cities as mentioned in the Lisbon Strategy's National Progress Reports 2008”, Catalogue number: QG-80-09-591-EN-C ISBN: 978-92-895-0467-6, European Union, 2009;

12. Committee of the Regions, “Unlocking Business Potential, especially of SMEs” Catalogue number: QG-80-09-699-EN-C ISBN-13: 978-92-895-0473-7 DOI: 10.2863/11862, European Union, 2009;
13. Economic Policy Committee, “Report on the Lisbon National Reform Programmes 2005” ECFIN/EPC(2005)REP/55392 final, Brussels, 22 November 2005.