



**The Committee of the Regions' mid-term review
of the Europe 2020 strategy**

**address by
Mercedes BRESSO, 1st Vice-president
Committee of the Regions**

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Dear colleagues,

Ladies and gentlemen,

It has been precisely four years ago, on 3 March 2010, that the European Commission adopted a new 10-years strategy to foster growth and jobs, known as "Europe 2020". At that moment, the worst economic and financial crisis since the existence of the EU hit our citizens and economies hard and has continued to do so in many parts of Europe.

In the four years since 2010, the EU has changed in many ways and so has its perception by its citizens and abroad.

The EU has been forced to adapt its economic and financial governance to an extent that no one could have imagined before. Some of the EU Member States were not only forced to seriously adapt their public policies but also in need of massive help from the Union.

The crisis has also had a significant and uneven impact on our regions and cities. **Disparities between regions have grown** again, after a long period of convergence, as confirmed by the European Commission's eighth progress report on economic, social and territorial cohesion.

Unemployment increased in four out of five EU regions between 2008 and 2012, and **young people** are the most hit by it in some Member States such as Greece with levels of unemployment above 50%. The number of **people at-risk-of-poverty-and-exclusion** has grown significantly since the start of the crisis. In particular, the number of people living in a household with a very low work intensity increased by more than 7 million between 2008 and 2012. Between 2008 and 2011, the people at-risk-of-poverty-and-exclusion increased twice as much in cities than in other areas. This was especially noticeable in the EU-15, where the poverty and exclusion rates were already higher in cities before the crisis.

And finally, public **investments at sub-national level have dropped** annually between 3 and 6% in recent years. It is clear that the mid-term review of the Europe 2020 strategy, to which the Committee of the Regions makes an early contribution at this Summit, must take this environment into account.

When Europe 2020 was launched, the Committee of the Regions welcomed its **balanced approach** to growth and the setting of specific country targets.

Yet progress has not been satisfactory so far, and this is due not only to the crisis but also due to the architecture and governance of the strategy.

In the past 15 months, the Committee of the Regions has carried out a complex analysis of the achievements of the Europe 2020 strategy so far. We have built this on evidence of a series of **seven conferences and related surveys** on the seven Flagship Initiatives, which involved 1,400 regional and local stakeholders. During the conferences, we discussed regional approaches, local projects and findings, both from research and the surveys, with mayors, ministers, European Commissioners and academics. We also collected over 100 good practice examples from cities, regions and cross-border programmes and a selection of these can be looked at the exhibition accompanying this Summit. Good examples can be found also in the second edition of the Europe 2020 Handbook for local and regional authorities, which has been prepared by the Committee of Regions in cooperation with the European Commission for this Summit.

A the end of 2013, an **online consultation on the mid-term assessment** of the Europe 2020 strategy resulted in over 1,000 responses from regional and local authorities in 28 Member States. The answers confirmed the need for a more inclusive governance of the strategy taking all levels of government on board, better target-setting, the importance of benchmarking and exchanging good practices and the long-term prospects for public finances, resources and capacity-building to safeguard a coordinated implementation of the strategy.

Our evidence has proven some **weaknesses of the strategy**, in particular from a local and regional perspective. Our proposals for the strategy's review are laid down in the declaration we have discussed today and mid-term report, which accompanies it.

Let me now present to you the outcome of this **report and the recommendations** of the Committee of the Regions for a renewed Europe 2020 strategy. And let me add that the Committee of the Regions is the first EU institution, who presents an in depth-analysis of the strategy, just a few days ahead of the Spring European Council.

First, the Europe 2020 strategy needs **a territorial dimension**. This means adopting a territorially-differentiated, place-based approach to target-setting, based on a mixed top-down and bottom-up planning process. This approach would make Europe 2020 more effective and create ownership and partnership, two key elements for a smart, sustainable and inclusive growth to happen. To renew Europe 2020 in this direction, we also need to enhance the availability of regional data to better monitor and evaluate progress. The works of Eurostat, the European Commission and the OECD point to the right direction but would need a more systematic approach in order to update regional data more frequently.

Second, the **design and implementation of the National Reform Programmes** (NRPs) need to be carried out in partnership by adopting multi-level governance arrangements. Let me be clear here: consulting regions and cities is not enough. They are the ones who actually implement policies, and their knowledge and proximity to the citizens should be better used than just presenting them with programmes, which national governments have agreed upon. Despite some progress in the past three years, there is still room for improvement. Negotiated arrangements, such as 'Territorial Pacts', should be set, committing each partner to contribute to the implementation and monitoring of jointly agreed objectives; and the National Reform Programmes should entail a specific 'governance' section to highlight the involvement of regions and cities and reflect the territorial dimension in the programmes' actions.

Third, **multi-level governance** should become the standard approach for the Europe 2020 strategy.

Fourth, the European Semester needs to be aligned with **a long-term investment focus for Europe 2020**. The achievement of the Europe 2020 objectives makes long-term investments necessary. These are to be carried out by public authorities at all government levels in a situation of fiscal consolidation, but the latter should not affect those sectors that are crucial to the long-term Europe 2020 goals. Co-financing should not be taken into account in the context of the targets of the Stability and

Growth Pact, as suggested by the European Parliament. This would give an incentive to national, regional and local authorities to prioritise their investment and stir absorption of the EU funds, which is at present quite critical in some Member States.

Fifth, the Flagship Initiatives need to be better used for **enhanced policy coordination**. Flagship Initiatives have indeed inspired a better "policy-packaging" at the EU, national and regional level. Throughout our investigation, we have found evidence that a number of regions and cities have used them to modernise their development strategies. Therefore, we think that the Flagship Initiatives should be given renewed action plans for the next five years. However, better coordination remains an issue. Too often it appears as if sectoral policies now follow two agendas – one path-dependent on the policy's history, and the second one related to the Europe 2020 strategy - the latter often just for the purpose of data mining and reporting. Clearly, we can do better.

Sixth, we need to **do "more with less"** and mobilise funds for long-term investment. The investments necessary to achieve the Europe 2020 targets are estimated at EUR two trillion. This requires a long-term funding perspective and a better quality of spending. The EU budget can only be seen as an incentive here. At national as well as at sub-national, we have experienced reduced revenues and increased expenses for social protection resulting in cuts in public investments, unevenly spread across the EU territory. Local and regional authorities will have to improve their capability of better spending, including the use of innovative funding techniques and financial instruments, EIB loans and private sources. In this respect, the Committee of the Regions has taken the initiative of an annual event to focus on the state of sub-national public finances in the EU.

Seventh and finally, **administrative capacity** has to be strengthened. Insufficient administrative capacity is a crucial obstacle to design, implement and fund local strategies. Benchmarking, exchange of experiences and peer learning between regions and cities is crucial in this respect. We understand that more will be done by the European Commission to modernise public administrations in the EU. We would insist on a coherent approach coordinated between the DGs responsible for the European Structural and Investment Funds and others.

What are the next steps?

After this Summit, the Committee of the Regions will send its assessment of the Europe 2020 strategy to the Heads of State and Government in order to give voice and visibility to our concerns and suggestions, ahead of the European Council on 20 and 21 March.

In view on the European Commission's public consultation on the Europe 2020 mid-term evaluation, we call upon all regions and cities to contribute to it. We will invite the members of the Committee of the Regions to look into possibilities to accompany the period of public consultation with debates at national level whenever feasible.

At the end of 2014, and in time with the European Commission's presentation of future options for revising "Europe 2020", the Committee of the Regions intends to present a "blueprint" with concrete proposals on how the strategy should be moved forward in the second half of the decade.

I would like to invite you to send us your ideas and suggestions during the months to come.

Thank you very much for your attention!