

Brussels, 25 February 2020

**Main findings of a survey on the involvement of EU cities and regions in the
2019 European Semester, with specific reference to the identification of investment needs
at regional level (Annex D of the Country Reports)**

Key findings

- Along the 2019 European Semester process, EU cities and regions had either no role at all (58% of replies) or a consultative (non-binding) role (31%) in the preparation and follow up of the Country Reports, National Reform Programmes and Country-specific Recommendations. It is only in federal Member States (11% of replies) that they could somewhat negotiate the content of these documents.
- In particular, when it came to discussing with political counterparts (ministers, top EC officials) on the Investment Guidance on Cohesion Policy Funding 2021-2027 (Annex D of the Country Reports), 77% of LRA associations and regions reported having had no involvement whatsoever.
- Slightly improved opportunities for cities and regions to be heard came only between the publication of the Country Reports and that of the National Reform Programmes, when 50% of respondents were consulted and another 14% (belonging to federal Member States) were able to negotiate with their national governments.
- Annex D provided a (fairly or fully) accurate assessment of regional investment needs for two thirds of respondents, while for one third of them it was not accurate enough.
- Overall, two thirds of respondents felt they did not contribute to shaping the Country Reports, while the remaining third had a more positive view.
- 72% of the reported barriers preventing regions, cities and their associations to successfully engage in the European Semester stemmed from the way in which the process was led by the national governments (scant requests of involvement, limited top-down flow of information, scant time allowed to give comments).
- However, problems of limited capacity of regions and cities, and their organizations, were also mentioned, as well as limited use of the resource represented by the European Commission's presence in the capitals.

1. Background and aim of the survey

In 2019, for the first time, the Country Reports featured an analysis of investment needs at regional level and a section (Annex D) giving guidance on public investments to be co-financed by the ESIF in 2021-2027. The Country Reports lay the ground for the National Reform Programmes and the Country-specific Recommendations.

For EU cities and regions, and their representative associations, getting involved in the discussion on the Country Reports is important to ensure that their specific needs are duly taken into account in the European Semester process, and in particular in the design of the National Reform Programmes.

To what extent were cities and regions actually involved in discussing the Country Reports with their national governments and the European Commission, before and after their publication in 2019? What was their role, if any - a merely consultative one, or did they have room for negotiation? Did Annex D provide an accurate picture of regional disparities and related policy needs? In the end, did cities and regions and their associations feel that they contributed to shape the 2019 Country Reports? And what were the main barriers to their successful involvement in the European Semester?

To answer these questions, the CoR's Commission for Economic Policy (ECON) conducted a survey of national organizations representing local and regional authorities (LRAs) before their national governments in the context of the European Semester¹. In federal EU Member States and in Spain, in which such associations do not exist, the survey targeted regional governments.

The survey ran in November and December 2019, and resulted in 26 replies covering 17 member states (MS)².

2. Involvement of regions/ national associations of LRAs in the European Semester

The survey started enquiring on (a) the extent to which cities and regions were actually involved in discussing the Country Reports before and after their publication in 2019, (b) whether their role, if any, was a merely consultative one, or they had room for negotiation, (c) whether cities and regions had discussions with the European Commission, and at what stages of the Semester.

Respondents indicated varying levels of involvement along the different stages of the Semester.

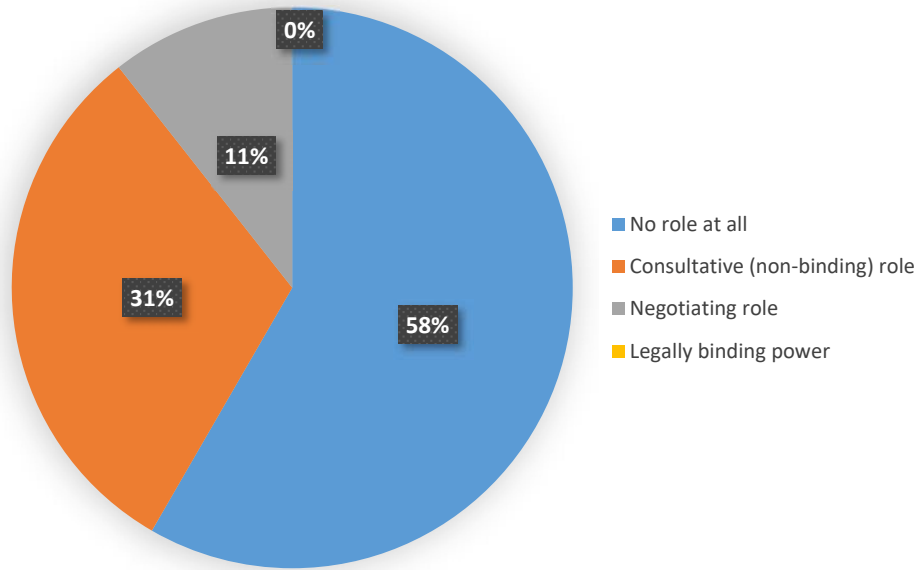
On average, i.e., summing up all replies concerning all stages of the Semester (**Chart 1**), the most frequent answer was 'no role at all' (58%), followed by consultative (non-binding) role (31%). Only respondents from federal countries indicated a negotiating role (11%).

Consultations were slightly more frequent than average between the publication of the Country Reports by the European Commission and that of the National Reform Programmes by the national governments (**Chart 2**).

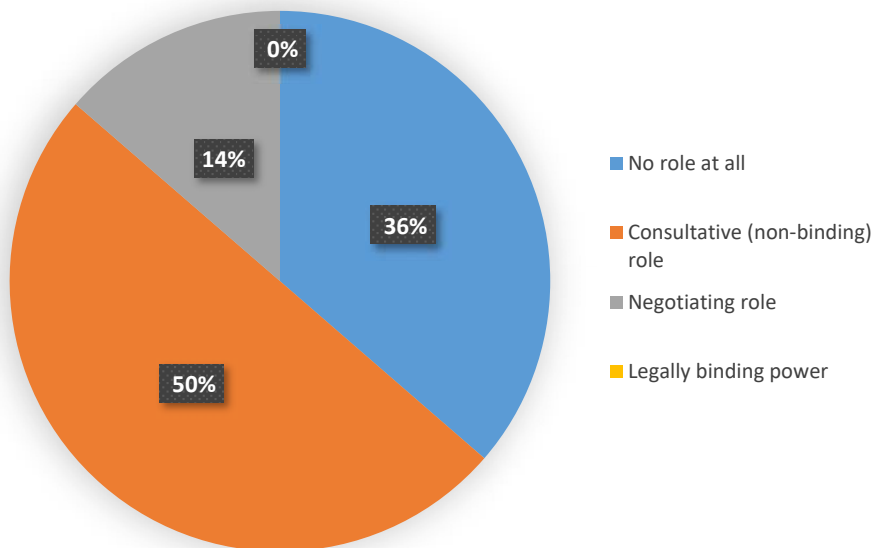
¹The questionnaire is annexed. The survey began with a filter question, to ensure that respondent organisations fulfil the condition of representing the LRAs in the context of the Semester.

² Contributions came from Austria, Belgium, Cyprus, Croatia, Estonia, France, Germany, Hungary, Ireland, Latvia, Lithuania, The Netherlands, Slovakia, Slovenia, Spain, Sweden and the UK.

1. Involvement of EU cities and regions in the whole European Semester process in 2019



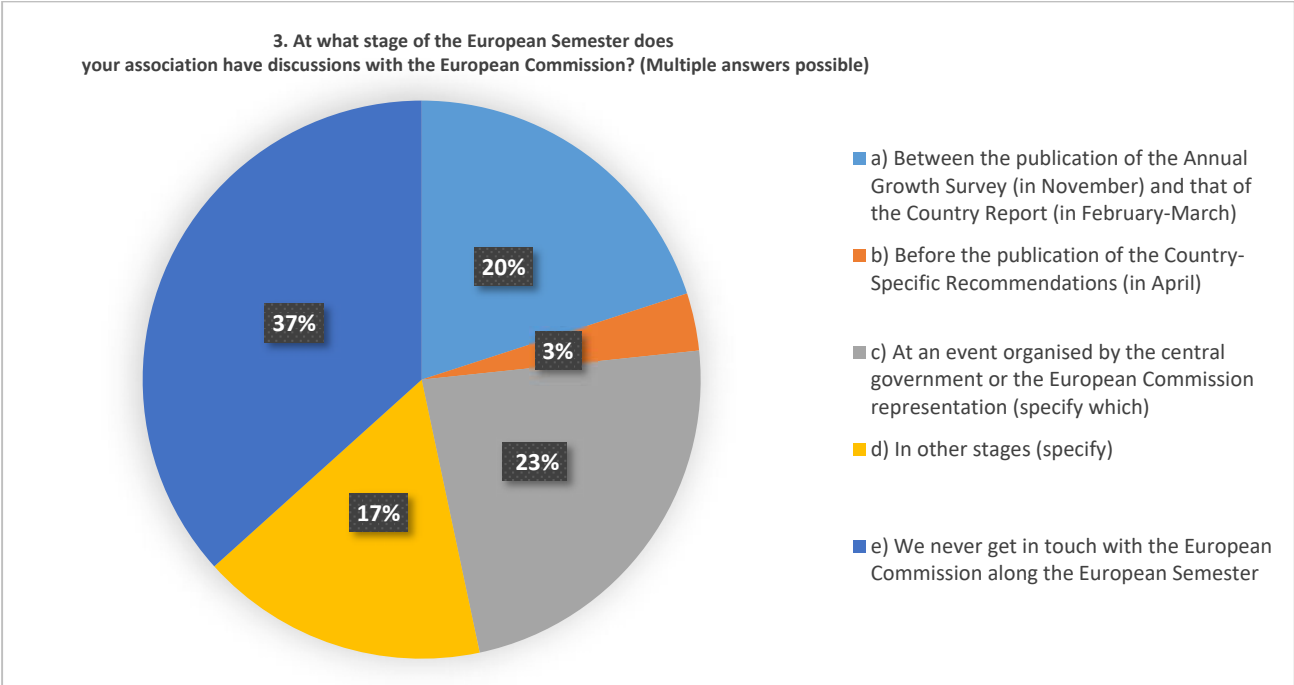
2. Involvement of EU cities and regions between the Country Report (February-March) and the National Reform Programme (mid-April) in 2019



When asked to identify at what stage of the European Semester they had had discussions with the European Commission, most respondents said that either (a) they never got in touch with the European Commission along the European Semester (37%) or (b) they had discussions with the European Commission between the publication of the Annual Growth Survey and that of the Country Reports (20%) **(Chart 3)**.

Moreover, 32% indicated having had discussions with the Commission at an event organised by the central government or the European Commission representation.

- An example of this being an annual direct meeting between the Commission representation and the national association representing LRAs during the Commission's annual visit to the MS concerning the European Semester.
- One respondent indicated being in close contact with the European Commission throughout the entire cycle of the European Semester, including during fact-finding missions, bilateral meetings and organised information sessions.

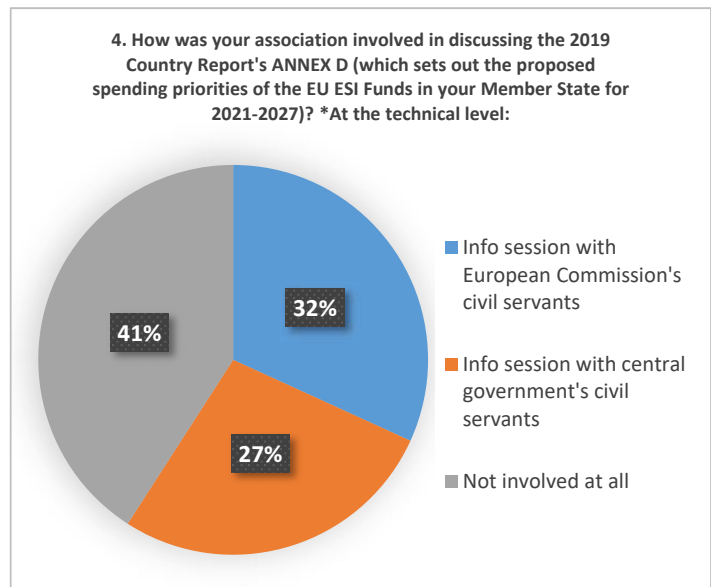


3. Involvement of regions/national associations of LRAs in discussions on Annex D

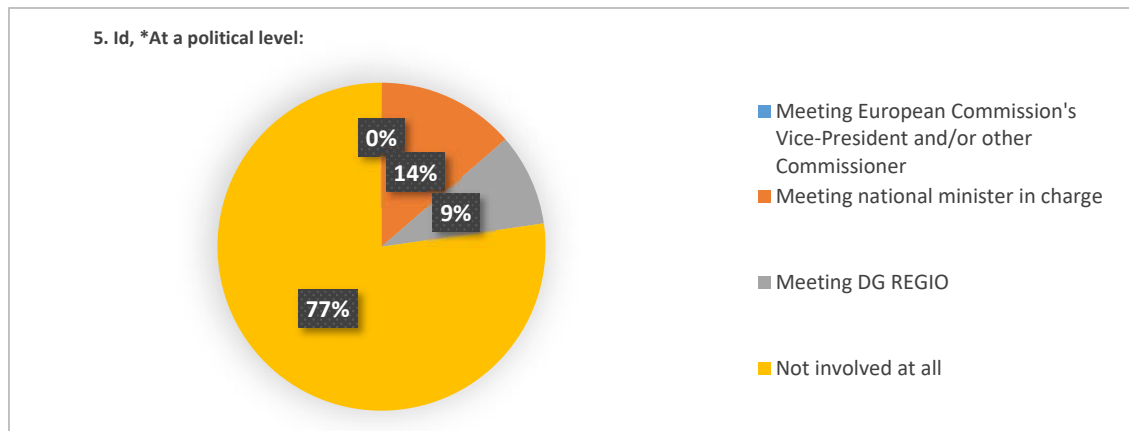
LRAs know better than other levels of government about the specific needs of their regions. Moreover, they are key actors in the programming and implementation of the ESI Funds. It was therefore important to assess their involvement in the discussions following the publication of the Country Reports, in particular on Annex D. These discussions took place at technical and/or political level. Examples of technical sessions were information sessions with officials from the national governments and/or the European Commission, while political discussions took place in meetings with national ministers or high-level Commission officials.

At the technical level (**Chart 4**):

- 32% indicated they were involved in an info session with the European Commission's civil servants.
- 27% indicated they were involved in an info session with their central government's civil servants.
- 41% indicated no involvement at all.



At the political level (**Chart 5**), only 14% met a national minister in charge and 9% met with DG REGIO, while the number of those that indicated no involvement significantly increased to 77%.

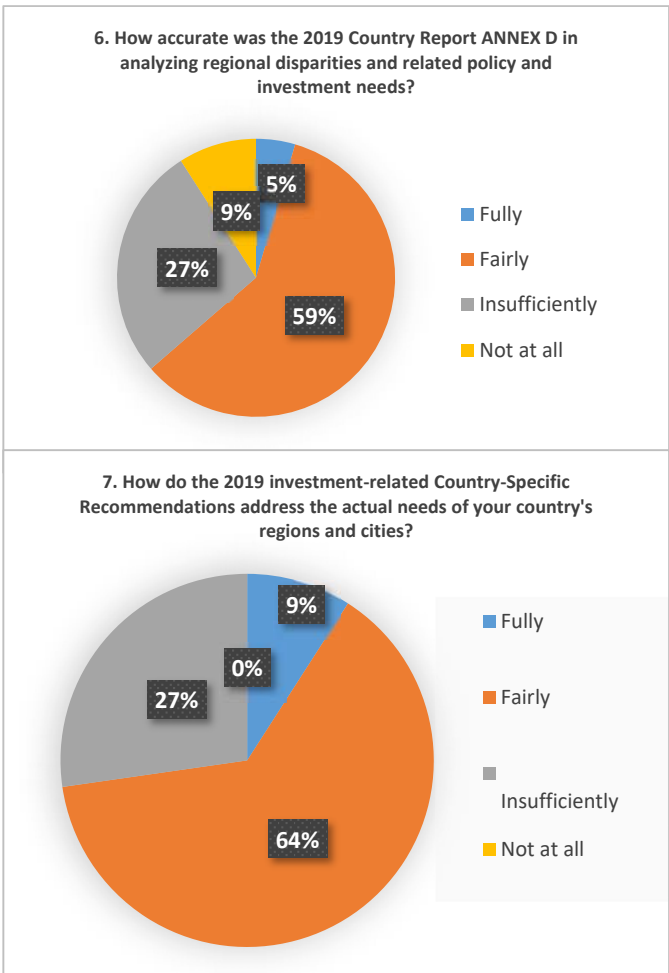


4. Quality of the assessment of regional disparities and investment needs (Annex D)

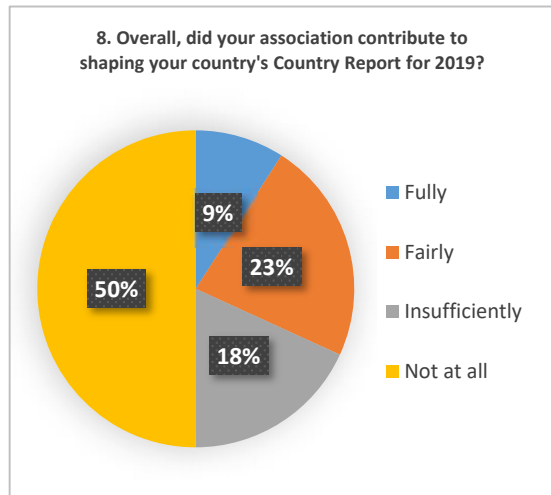
Respondents were asked how accurate their Country Report/Annex D was in analysing regional disparities and related policy and investment needs. The same question was asked for investment-related Country-specific Recommendations, to which the Country Report/Annex D provides analytical background.

Findings (Chart 6) show that the Annex D Country Reports were a good starting point but the analysis was insufficient in the eyes of around one third of respondents.

The 2019 investment-related Country-Specific Recommendations (CSRs) scored only slightly better: only 27% of respondents found them insufficiently accurate in addressing the actual needs of their regions and cities (Chart 7).



5. The contribution of cities and regions to the European Semester, with reference to Annex D



Regions and associations of regions and cities were asked to what extent they felt that they contributed to shape the Country Reports for 2019, and what challenges they had to face in this respect.

The overall perception is negative for two thirds of respondents (50% 'not at all', 18% 'insufficiently') (Chart 8).

A more positive view was reported by the remaining third, with 9% stating 'fully' and 23% 'fairly'.

Respondents indicated (**Chart 9**) that the main barriers to their successful involvement in the preparation of the National Reform Programmes each year, and of the Country Report Annex D in 2019, related to challenges in the interactions between different levels of government, which resulted in insufficient multi-level cooperation.

The European Semester process was led by the national governments in a way that did not favour LRAs involvement and their working in partnership with the higher levels of government. Respondents pointed at scant requests of involvement of LRAs and their associations, limited top-down flow of information, scant time allowed to give comments.

However, problems of limited capacity of regions and cities, and their organizations, were also mentioned, as well as limited use of the resource represented by the European Commission's presence in the capitals.

On top of the options provided in the questionnaire, respondents said that they

- would benefit from more frequent interactions between European Commission liaison officers and subnational representatives,
- were not fully aware of the availability of the Commission's European Semester Officers,
- would like to be informed of Annex D and National Reform Programme discussions with sufficient time in advance, and to develop better co-operation between the national/federal level and the regional level in the Semester process.

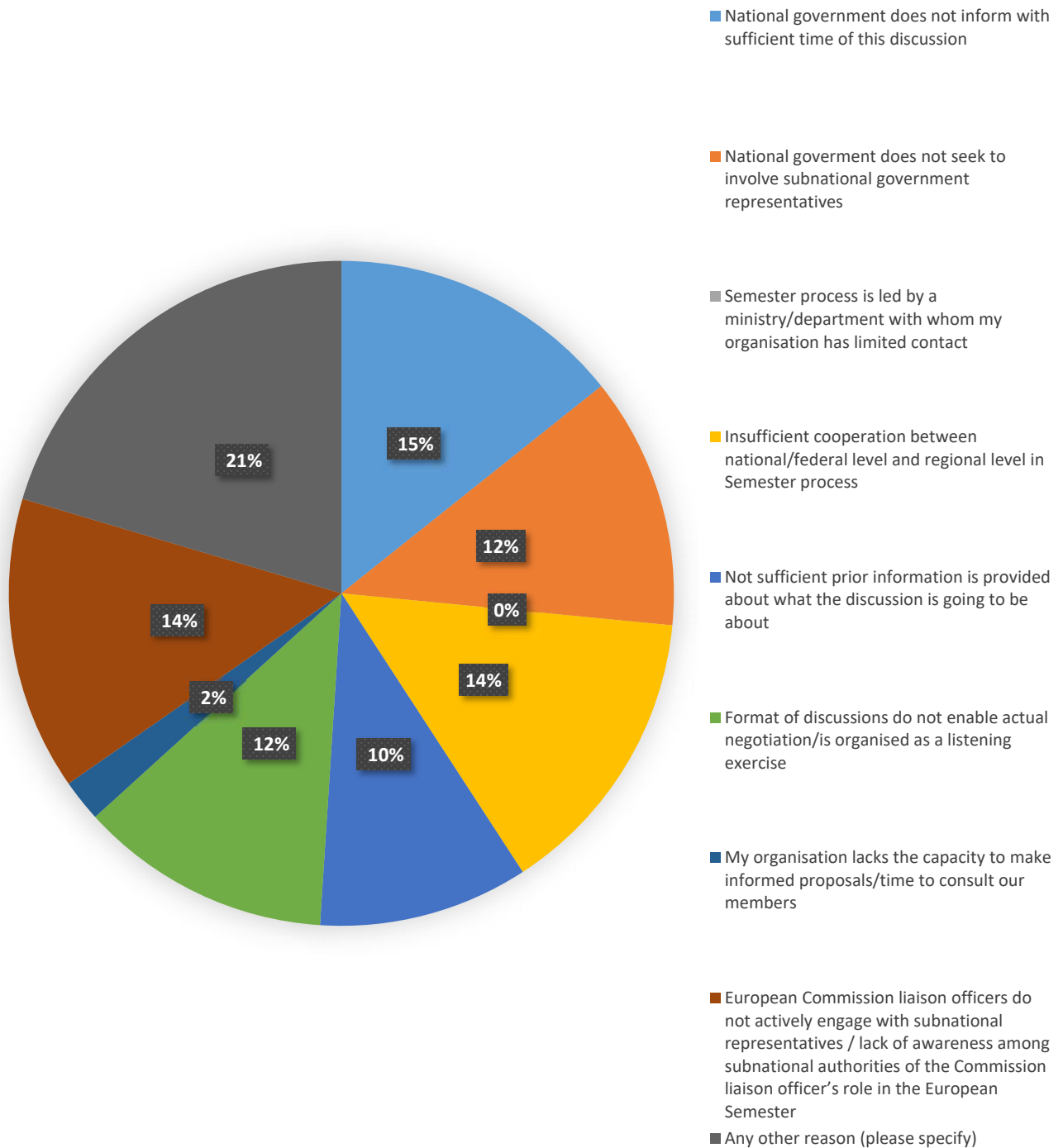
There were also answers indicating the preparation of the National Reform Programme (NRP) was not given the importance it deserves, with certain aspects being performative and not having the desired impact or meaning:

- *The elaboration of the National Reform Programme (NRP) is more or less a 'technical exercise', which has little political impact;*
- *The concerned [national] ministries do not take the NRP 'too seriously'. The NRP is made out of 'copy-and-paste' of the national policies. As the municipalities and provinces are involved in the national policies, the ministries do not want to spend much time on the NRP process.*

Examples were also given relating to the need for greater accuracy when assessing the regional disparities and needs:

- *Although Annex D was fairly accurate in terms of the policy issues it addressed, it was insufficiently broken down by region and was therefore only of limited use.*

9. What are the main barriers to a successful involvement of your organisation in the preparation of your country's National Reform Programme each year and the Country Report Annex D in 2019?



ANNEX – Questionnaire

(Initial filter question)

Does your association³ represent your country's municipalities and regions in the discussion with the central government to prepare each year's National Reform Programme, as part of the European Semester?

(yes / no)

If YES - responders go to Q2

If NO - the survey ends and the following sentence is displayed: 'Thank you very much for your availability. This survey is addressed to organisations representing cities and regions before their national governments in matters concerning the European Semester'.

1. **At which stage of the European Semester process is your association usually involved by your central government?** In what role at each of those stages? (***no role at all / consultative (non-binding) role / negotiating role / legally binding power (multiple answers possible)***)
 - a. Between the Annual Growth Survey (November) and the Country Report (in February-March)
 - b. Between the Country Report (February-March) and the National Reform Programme (mid-April)
 - c. Between the National Reform Programme (mid-April) and the Country-Specific Recommendations (end May)
 - d. Between the draft Country-Specific Recommendations (end May) and their legal adoption by the ECOFIN Council (July)
 - e. After the legal adoption of the Country-Specific Recommendations by the ECOFIN Council (in July)
 - f. In other stages (specify)

2. **At what stage of the European Semester does your association have discussions with the European Commission?** (***multiple answers possible***)
 - a. Between the publication of the Annual Growth Survey (in November) and that of the Country Report (in February-March)
 - b. Before the publication of the Country-Specific Recommendations (in April)
 - c. At an event organised by the central government or the European Commission representation (specify which)
 - d. In other stages (specify)
 - e. We never get in touch with the European Commission along the European Semester

3. **How was your association involved in discussing the 2019 Country Report's ANNEX D (which sets out the proposed spending priorities of the EU ESI Funds in your Member State for 2021-2027)?**
 - a. **At a technical level:** (***multiple answers possible***)
 - i. info session with European Commission's civil servants
 - ii. info session with central government's civil servants
 - iii. not involved at all

³ According to a recent study commissioned by the CoR (<http://portal.cor.europa.eu/divisionpowers/Pages/default.aspx>), your association is responsible to represent subnational authorities in the preparation of the National Reform Programme of your Member State.

- b. At a political level: **(multiple answers possible)**
- i. meeting European Commission's Vice-President and/or other Commissioner
 - ii. meeting national minister in charge
 - iii. meeting DG REGIO
 - iv. not involved at all
4. How accurate was the 2019 Country Report ANNEX D in analysing regional disparities and related policy and investment needs?
(fully / fairly / insufficiently / not at all)
5. How do the 2019 investment-related Country-Specific Recommendations address the actual needs of your country's regions and cities?
(fully / fairly / insufficiently / not at all)
6. Overall, did your association contribute to shaping your country's Country Report for 2019? **(fully / fairly / insufficiently / not at all)**
7. What are the main **barriers** to a successful involvement of your country's National Reform Programme each year and the Country Report Annex D in 2019? **(multiple answers possible)**
- i. National government does not inform with sufficient time of this discussion
 - ii. National government does not seek to involve subnational government representatives
 - iii. Semester process is led by a ministry/department with whom my organisation has limited contact
 - iv. Semester process is dealt with at national level but my organisation remit is at regional level / not sufficient cooperation between national/federal level and regional level in Semester process
 - v. Not sufficient prior information is provided about what the discussion is going to be about
 - vi. Format of discussions do not enable actual negotiation/is organised as a listening exercise
 - vii. My organisation lacks the capacity to make informed proposals/time to consult our members
 - viii. European Commission liaison officers do not actively engage with subnational representatives / lack of awareness among subnational authorities of the Commission liaison officer's role in the European Semester
 - ix. Any other reason (please specify)
8. **Optional:** Please add concisely any comment, and link to relevant documents, that you deem useful to put your answers in context.