

EUROPEAN UNION



Committee of the Regions

Consultation of European Regions and Cities on a New Strategy for Sustainable Growth



A new Lisbon Strategy after 2010

Final Report

The EU's Assembly of Regional and Local Representatives



FINAL REPORT
on the Committee of the Regions' Consultation of European Regions and Cities on a New Strategy for Sustainable Growth

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PREFACE

The 2010 Spring European Council is expected to take a decision on a possible new European strategy to follow the Lisbon Strategy for growth and jobs, launched in 2000 and coming to an end in 2010. To contribute to the preparatory debate, the Committee of the Regions has decided to adopt an Own Initiative Opinion at its Plenary Session of December 2009.

Given the key political importance of this topic, the Committee of the Regions felt it essential to consult all EU local and regional authorities, because of their past and present commitment in virtually all Lisbon-related policy domains.

The consultation was launched in March 2009 via a questionnaire posted on the CoR Website in all EU languages. This report summarises the 80 contributions received by 20 May 2009 from 23 out of 27 EU Member Countries (none were received from Lithuania, Luxembourg, Slovenia and Malta). Cities and regions contributed roughly in the same proportion. 25 contributions came from members of the CoR Lisbon Monitoring Platform, a network of cities and regions which has been monitoring the implementation of the Lisbon Strategy on the ground since 2006. 19 contributions came from members of the Covenant of Mayors, a coalition of around 500 EU cities promoted by the European Commission to support adoption of energy efficiency policies.

All the contributions, in their original version and in English, as well as the questionnaire, can be found on the CoR Website (www.cor.europa.eu). Their list can be found at the end of this document.

The following executive summary shows areas of broadest consensus among respondents. However, a consultation cannot represent only the viewpoint of the majority of respondents. Therefore, the whole range of contributors' views and suggestions is shown in the core report,

The content of the report does not necessarily represent the viewpoint of the Committee of the Regions.

The high-level meeting with a public presentation and discussion of this report, organised by the CoR through its Lisbon Monitoring Platform, will take place on 6 October 2009 during the Open Days week (to attend the debate, online registration is needed at http://ec.europa.eu/regional_policy/conferences/od2009/index.cfm).

EXECUTIVE SUMMARY

THE LISBON STRATEGY BROUGHT VALUE ADDED TO THE EU, BUT DID NOT KEEP ITS PROMISES. A RENEWED STRATEGY IS NEEDED AFTER 2010

1. The current Lisbon Strategy brought value added to the European Union and its Member States, as it
 - a. raised awareness on the need for structural socio-economic reforms, moving forward from the single market agenda towards a global competitive knowledge-based economy,
 - b. stimulated policymaking at different government levels,
 - c. brought together the economic, social and environmental pillar under a single policy umbrella.

2. However, it did not keep its promise to unlock the full potential of the EU economy, because of
 - a. ineffective governance, failing to integrate the local and regional authorities and all relevant stakeholders in a cooperation framework
 - b. failure to give the national government incentives to implement the necessary reforms,
 - c. not enough importance given to the social and environmental dimension with respect to the economic one;
 - d. lack of adaptation to different territorial socio-economic situations.

3. Contributors think that a new European strategy is needed after Lisbon. To be "more relevant to the lives of ordinary citizens", it should address in a sustainable way the social and environmental goals not less than the competitiveness ones, in light of the values of European citizenship, inclusion and equal opportunities.

THE NEW STRATEGY SHOULD BE MORE FOCUSED AND FLEXIBLY ADAPTED TO TERRITORIAL DIFFERENCES. IT SHOULD ALSO BE SIMPLER AND MORE EFFECTIVE. MORE RESOURCES SHOULD BE DEVOTED TO PUBLIC INVESTMENTS, ESPECIALLY "SMART" ONES, ALSO AT THE EU LEVEL.

4. A single strategy allows for a more coordinated and integrated action by different tiers of government, also helping to reduce and simplify the set of objectives to be shared at EU level and transposed into domestic policies.

5. Realistic and flexible objectives, consistent with European priorities, should be set taking into account territorial differences. This is to promote territorial cohesion and keep in tune growth and cohesion goals.

6. The new Strategy should be based on administrative simplification and supported by adequate indicators. In particular, it is time to make systematic use of a broader set of indicators pointing to environment and social dimensions. Contributors seem here to share the same goal that inspired the European Commission's "Beyond GDP" initiative.
7. More public investment at the EU as well as at national level should support the new Strategy, especially for education, R&D and innovation. To that end, the duration of the strategy should be brought within the timeline of general EU policymaking, maybe in line with the EU legislature.
8. Even if immediate actions are needed to face the current economic and financial crisis, the current and future Lisbon Strategy should remain focused on structural reforms.

THE ROLE OF THE DIFFERENT TIERS OF GOVERNMENT NEEDS TO BE REDESIGNED, IN LIGHT OF THE NEED FOR CO-ORDINATED ACTION. MULTI-LEVEL GOVERNANCE SHOULD BE TRULY IMPLEMENTED.

9. Local and regional authorities as key actors should be fully involved in the governance of the new strategy, at the design as well as the implementation stages, ensuring that the new strategy effectively take sufficient account of territorial specificities. The Committee of the Regions is expected to keep monitoring the involvement of local and regional authorities in the new strategy.
10. The Council of the European Union and the European Commission should set strategic goals and directions, ensuring that national policies are consistent with the interest of the EU as a whole. The Commission should show stronger leadership and ability to play a stimulating, monitoring, reviewing and reporting role.
11. The Member States should be more committed to fulfilling the goals of the new strategy and to fully involve the sub-national tiers of government and other relevant stakeholders in its implementation.
12. The European Parliament, the Committee of the Regions and the European Economic and Social Committee should also play a much more important role in the design and implementation of the new strategy.

OUTCOME OF THE COR CONSULTATION OF EUROPEAN REGIONS AND CITIES ON THE FUTURE OF THE LISBON STRATEGY AFTER 2010

1. AT THE CORE OF EUROPEAN POLICYMAKING, A STRATEGY FOR GROWTH AND JOBS AFTER 2010 WITH AN ADEQUATE FUNDING FRAMEWORK

1.1 Achievements and failures of the Lisbon Strategy

According to the great majority of respondents, the Lisbon Strategy brought added value to the European Union and its Member States. The Strategy had a significant awareness-raising role on the need for structural reforms in the EU Member States to face the challenges of globalisation. The goals envisaged by the Lisbon Strategy constituted a benchmark for all national governments. Several contributors acknowledged the contribution of the Strategy in moving forward from the single market agenda towards a global competitive knowledge-based economy. On the other hand, however, several contributors stressed that in practice the strategy had scant influence in guiding Member States' national goals and related actions. For example, it was noted that the Structural Fund provision requiring a majority of the co-financing to be earmarked for Lisbon-related objectives had a significant impact only in convergence-objective countries, where expenditure was highest.

However, several stakeholders noted the lack of measurement tools and methods to estimate progress on indicators and to what extent the Lisbon Strategy has contributed to positive socio-economic trends in a particular region or city.

A small minority of stakeholders take the view that it is too early to give a proper evaluation of the latest period of the Strategy, mainly because the current financial and economic crisis has altered the socio-economic circumstances under which it has been operating.

Some respondents felt that a wrong message was sent when launching the Lisbon Strategy in 2000, when the EU was given the over-ambitious goal of "being the first" (knowledge-based economy in the world) in ten years. This undermined the credibility of the Strategy. Some contributors stressed that "being the first" was not a sufficient goal for an overarching strategy for growth to be achieved in a sustainable manner.

Finally, for some respondents, the Strategy's timeframe was too short to pursue its ambitious goal. Instead, a more concrete and realistic aim in a shorter timeframe should have been proposed.

1.2 Headings for the future

Local and regional authorities nearly unanimously called for a New Strategy for Sustainable Growth.

Almost all respondents are in favour of a new umbrella strategy for the socio-economic development of the EU after the Lisbon Strategy ends in 2010 and gave several reasons supporting this option.

Firstly, with respect to the need for structural reforms (which most respondents call for, notwithstanding – or precisely because of – the current economic and financial crisis), a simple mix of sectoral policies is considered less effective. In fact, it would not bring the added value stemming from complementarities and interdependencies, while leaving the risk that "isolated" reforms could have negative spillovers across territories.

Secondly, only a new strategy would make it possible to include in a single policy framework growth as well as (economic, social and territorial) cohesion and sustainability goals, allowing for coordinated and integrated action between different levels of government. In this context, it was argued that the EU needs a general strategy for its socio-economic development, to ensure coherence and consistency between various objectives through vertical and horizontal coordination/integration of policies, whereas separate strategies could lead to "mutually exclusive" sets of goals.

Thirdly, only a new strategy would meet the need for a "territorial dimension" of the policies for sustainable growth, jobs and a better quality of life, providing a "reference framework" for local, national and EU action.

Contributors named some key challenges that the new Strategy will need to face. The most common ones are: energy security, financial stability, health, demographic changes, climate risks, and social exclusion. The genuine reflection of the impact and consequences of the current economic crisis should be a starting point for a discussion about the forthcoming Strategy. On the other hand, the global economic crisis is a real opportunity to launch a revamped EU strategy for growth and jobs that could address the above challenges.

And *fourthly*, a new strategy at EU level would help to streamline the EU objectives into national policies, while simultaneously mobilising public opinion and economic stakeholders (such as the private sector, in particular SMEs) to support the need for reforms at the national level whenever necessary.

In addition, according to several stakeholders, an overall Strategy would contribute, among other things, to:

- using EU funds more efficiently,
- regulating the financial markets effectively,
- strengthening participation of civil society in EU policies,
- avoiding conflicts between national policies and the EU interest,
- giving the entire European Union a clear mission for the next few years,
- promoting EU strategic goals in the international arena.
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Furthermore, an overarching Strategy would be necessary in the light of the changes set to be introduced by the Lisbon Treaty (for example, increased areas of EU competence and extension of the co-decision procedure) and the increasing interdependence of the economies within the EU.

Only a small minority of contributors favoured the adoption of a mix of EU (and possibly national) policies, rather than an overall Strategy, as a means to effectively promote sustainable growth and jobs in the EU. In this context, they argued that more efforts should be made to minimise contradictions between sectoral policy domains and measures.

The new strategy should be more relevant to the lives of ordinary citizens.

As for its *vision*, many contributors shared the view that the new Strategy should be "more interesting, more visible and more relevant to the lives of ordinary citizens", as one contributor put it. In terms of communication efforts, the examples cited were the Kyoto Protocol or the Millennium Development Goals.

To stress this key point, many underlined that neither the European Commission nor the Member States should be tempted to preserve the status quo, i.e., pursuing the strategy without major changes.

A feasible strategy focused on structural reform and supported by adequate EU and national funding. In terms of *approach*, the new strategy should:

- be supported by more public investment, at the EU as well as the national level, especially for education, R&D and innovation, to make the most of the opportunities offered by the single market and the European integration process,
- remain focused on structural reform, without being "hijacked" by the need to face the current crisis,
- take into account the new economic and social situation created by the economic crisis (the economic and social situation in Europe is less stable) and by the recent enlargements of the EU (increased internal differentiation of the European Union), albeit without downgrading the goals of the new strategy.

Funding for Lisbon- related projects should be considered as an investment, not a cost

Resources allocated to the new strategy should be seen as an investment, not a cost. Indeed, there is widespread consensus that (1) the new strategy will be ineffective if it is denied adequate resources and that (2) priorities and objectives should be set prior to decisions on the allocation of resources.

Ideas for a cost-effective strategy

Many respondents argued that EU funding should increase with respect to the present Lisbon Strategy. To that end, several suggested that funding of other, less useful EU policies – according to some, agricultural policy and support for declining industries - should be cut in order to focus available resources on priority goals. Some suggested applying the cohesion policy's "earmarking" provision to other policies such as agriculture or transport.

There are differing views on which goals/objectives should be seen as top priorities. Funding should come from EU, national and regional/local sources, through negotiations between all relevant actors.

Contributors put strong emphasis on the cost-saving potential of adopting a new comprehensive, coherent and compact "umbrella strategy", instead of the fragmentation of EU management and funding inherent in - and possible overlapping stemming from - the present group of parallel Lisbon-related EU policy agendas (Lisbon, Gothenburg, employment) and their related funding programmes.

Last but not least, administrative simplification could also produce cost savings.

2. MORE FOCUSED OBJECTIVES AND A FLEXIBLE APPROACH TAKING INTO ACCOUNT TERRITORIAL DIFFERENCES AND COHESION GOALS

2.1 *Achievements and failures of the Lisbon strategy*

As acknowledged by many stakeholders, the Strategy sought to put the economic, social and environmental pillars under a single umbrella policy, although with mixed results.

The Strategy did not deliver what it promised, in spite of its 2005 revision. The outcome of the Lisbon Strategy is widely seen as patchy and basically insufficient, due to a lack of coherence between goals and practical results. The main reasons for this are identified as unclear focus coupled with inadequate governance, both reflecting a lack of political will.

A major criticism concerned the lack of prioritisation: the catch-all approach proved to be inadequate to effectively pursue all the goals envisaged in the Strategy.

Many contributors criticised the unbalanced division of the current Lisbon Strategy between the economic, social and environmental dimensions. In general, the relation between these three dimensions of the Strategy was widely discussed in many contributions. One of the most frequently mentioned shortcomings of the Lisbon Strategy related to the priority it gave to the economic dimension compared to the social and environmental ones.

Many stakeholders criticised the Strategy's inability to effectively address the need for (social and territorial) cohesion, on the one hand, and for sustainability, on the other, i.e. the lack of a genuine link between the Lisbon and Gothenburg strategies. Several contributors indicated that the Strategy had hardly any impact on rural areas, while others highlighted its inability to address relevant challenges such as demographic trends, immigration or energy security.

At the same time, the Strategy had proved not flexible enough, which made it unable to take into account the Member States' different situations and to cope with the huge differences between territorial situations and trends across the EU.

Some contributors felt that the Strategy should have helped to tackle the economic and financial crisis but that in practice it did not. Others took the opposite view, that blaming the Strategy for regions' and cities' economic and social difficulties would not be appropriate.

2.2 *Headings for the future*

The new objectives and guidelines should be consistent with the priorities set. Compared to the present Lisbon Strategy, they should be simpler, more clearly drafted, more concise, more consistent, and feasible. Ill-defined and overambitious objectives, would lead to failure and would discredit the new strategy.

The new strategy should be adapted to territorial specificities. A key point for many respondents is that objectives and guidelines should be flexible enough to take into account socio-economic differences between territories. Reference was frequently made not only to GDP per capita differences, but also to the differing endowment of resources and conditions in metropolitan and rural areas.

The relevance and credibility of the priorities are more important than their number.

The mainstream view was that the new strategy should pursue:

- *economic, social and environmental goals in a more balanced way.* Several respondents disagreed with the Lisbon Strategy's exclusive focus on competitiveness, perceiving social issues, energy and climate change as absolute priorities. Few voices argued that a single goal should prevail over the others;
- *(territorial) cohesion* as a result of a catching-up process, not as mere redistribution. Many stressed that there is no contradiction between competitiveness and (economic, social and territorial) cohesion goals.

On this basis, the present set of priorities, objectives, guidelines and recommendations is seen as over inflated: almost all respondents are in favour of setting fewer priorities, or at least no more than the existing ones.

However, most contributors believe that *how many* priorities the new strategy will have is less important than:

- their credibility, in terms of *consistency* with, and *relevance* to, the strategy's goals, which should be *meaningful to EU citizens*. This means, above all, that the new strategy's common goals should be translated into action in a flexible manner, taking into account the existing regional and local differences in the present socio-economic situation and expected trends for EU territories;
- their translation into *feasible operational objectives*. Several respondents stressed that unrealistic goals, priorities and objectives would undermine the credibility of the new strategy.

Some key priorities emerge across most contributions.

In light of the general goals, the most frequently raised issues were the following:

- *energy security* should be a policy priority for the EU as a whole;
- *sustainability* and *climate change* are key issues for the coming decades and innovation should help address them; "green innovation" and "smart investments" can play an important role in creating new and better jobs;
- *quality of life* and *social inclusion* should become major long-term goals of the new strategy, which stresses the importance of employment (especially to create new jobs and develop new skills), social protection and education policies;

- *innovation policy* should not focus exclusively on world-class R&D and high-tech goods and services. Instead, it should be *seen in a broader context*, encompassing all activities (research, industrial development, technology transfer) that would result in (sustainable) productivity gains;
- *financial stability* should also be addressed by the new strategy, in terms of *enhanced regulation* of the financial markets;
- the new strategy should explicitly address the *demographic challenge* posed by ageing population;
- in particular, *immigration* should be adequately regulated and managed, in order to let it play a positive role in the European labour market without seeing it as a mere stock of cheap labour.

Competitiveness and cohesion are seen by all respondents as key Lisbon-related concepts, requiring EU actions. However, views differ on the policy approach to be taken.

On balance, no preference is given to either cohesion or competitiveness in setting EU priorities for the next decade ...

The majority of respondents feel that there is a need to consider the two policies in one single approach for territorial development. In the opinion of many respondents, competitiveness needs cohesion to be successful and cohesion needs competitiveness to increase people's quality of life. Greater involvement of local and regional authorities in drafting and implementing strategy and programmes could be a key to the success of this approach.

Contributors had differing views as to whether cohesion and competitiveness policies should be merged under one umbrella or made into parallel strategies. The majority seemed to prefer the first option, but some were afraid that this would jeopardise the effectiveness of all measures and opted for keeping separate cohesion policy and competitiveness tracks. Regardless of the choice, many felt that better coordination was needed between the institutions drafting the National Reform Programmes and those responsible for planning cohesion policy. Furthermore, many agree that the EU Structural Funds should continue in the future to be used for supporting the Lisbon Strategy goals.
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... although a significant number of respondents would like to see cohesion come first as a precondition for economic growth.

Many respondents stress that development of the poorest territories and the reduction of intra-EU gaps is a precondition for increasing European competitiveness in an acceptable and sustainable manner. Cohesion policy thus has to be seen as a key aspect of any European development policy, not a zero-sum-game aimed at mere redistribution. Sustainable growth should be propelled by investments exploiting local factors of production - first of all, human resources - as this would ensure that sustainable growth goes hand-in-hand with better living conditions irrespective of where people live. Similarly, the European social model and welfare cohesion are seen as a competitive advantage for the European economy in a globalised world.

Yet a minority argue: competitiveness should be given priority, with cohesion policy merely mitigating negative effects.

A minority of respondents do not believe that the catching-up of the least developed areas will help to increase overall EU competitiveness. In their view, cohesion policy is about solidarity and can only

come after competitiveness gains have generated the necessary resources. Some stress the need to put more emphasis on the goal of competitiveness, whereas social goals should be dependent on becoming competitive. In other words, without competitiveness there can be no territorial, economic or social cohesion and the European welfare-state model would not be viable. Therefore, the new strategy should put competitiveness first and EU social policy should be given the task of securing support for this approach.

Contributors suggested a number of actions that would enhance competitiveness while preserving cohesion: improving modern transport infrastructure, creating special economic areas, giving tax breaks for new businesses, enhancing the link between urban policy and sustainable development policy for European cities, promoting the "green economy" (e.g. good quality and energy-efficient housing), investing in human capital by providing opportunities for high-quality education and training. In this context, most acknowledged the major role of innovation in delivering swift, high-quality results. Some contributors highlighted the need to introduce a competitive approach for the provision of services of general interest while paying special attention to the problems that can arise in this context, such as monopolies or limitations to the autonomy of local authorities.

3. ADEQUATE INDICATORS, ADMINISTRATIVE SIMPLIFICATION AND BETTER COMMUNICATION FOR AN EFFECTIVE STRATEGY

3.1 *Achievements and failures of the Lisbon strategy*

Most respondents found the Lisbon strategy's indicators useful and have used them in their respective constituencies. However, there is a widespread view that additional ones are needed to monitor qualitative aspects related to EU citizens' quality of life and human development prospects.

Some contributors acknowledged the role of exchanging and comparing data provided by EU-wide networks such as the CoR's Lisbon Monitoring Platform (LMP) and the Lisbon Regions Network, as well as the Lisbon Methodology (LIME) Working Group. However, they cannot serve as a substitute for statistically significant databases to be provided at the regional level and covering the entire European Union.

The lack of indicators to monitor the implementation of the strategy was a critical point highlighted by some stakeholders. In particular, the lack of adequate indicators at the regional level was frequently mentioned in the following domains:

- the social situation, among others, unemployment, education, immigration and housing,
- innovation, differentiating between the kind of company and the kind of innovation activity (e.g. R&D expenditure is particularly suited to big firms carrying out structured, explicit research, development and innovation activity, while SMEs are more frequently involved in technological transfer, incremental technological innovation and organisational innovation),
- the environment - measuring sustainable development, for instance the amount of energy produced from renewable sources following implemented projects or the "environmental footprint" at municipal level,
- cohesion between regions and territories,
- governance - looking in particular at better regulation (simplification, cutting red tape) and using cost/benefit analysis in the decision-making process,
- quality of life - as stressed by some contributors, this is an important concept but difficult to measure in quantitative terms,
- genuine output of EU funds' absorption capacity and its impact on the Lisbon goals,
- at the same time, as stressed by one contributor, particular attention must be paid to phenomena that cannot be captured by quantitative indicators, e.g. illegal immigration.

In general, difficulties in monitoring the targets using the selected indicators have arisen because of the need to be sure that the measurements being taken are appropriate to the task in hand, i.e. that the right choice of indicators has been made to reflect the challenges and targets set in the regional development programme.

How "political" should the indicators be? One stakeholder stressed that indicators should be more political and should be used to dialogue with citizens, so that they could appreciate the relevance of the Lisbon Strategy in their daily life. On the other hand, one critical voice stressed that the existing monitoring indicators enable anyone (i.e. politicians and Eurocrats) to "find out something about everything and nothing at the same time".

3.2 Headings for the future

For some contributors, only an overview of quantitative and qualitative indicators can give an accurate and robust picture and make clear what developments can be attributed to a policy. A set of indicators should be developed, flexible enough to accommodate the complexity of the new strategy and broad enough to provide decision-makers with adequate feedback..

Output-oriented, quantitative indicators (e.g. number of newly qualified academics and not only the amount of money invested in universities) were also needed. Several stakeholders acknowledged the need to use both hard indicators (based on statistics) and soft indicators (data obtained from surveys) in their monitoring of the implementation of growth and jobs policy.

Beyond GDP

GDP figures are believed to be insufficient to provide a picture of societal well-being and have been criticised for inadequacies in capturing the economic, environmental and social dimensions of sustainability. Many initiatives have tried to tackle this knowledge gap. The European Commission's DG Environment and Eurostat have promoted the "Beyond GDP" initiative to push forward the debate. In the USA, the American Human Development Report drawn up by Columbia University provides a comprehensive index based on health, education and income indicators disaggregated by state and congressional district. In the EU, the European Commission publishes an annual Progress Report on Economic and Social Cohesion (the sixth edition was issued in June 2009) providing data on the regional level. Following the second OECD World Forum on "Measuring and Fostering the Progress of Societies", held in Istanbul (Turkey) in June 2007, the OECD, the European Commission, the United Nations, the United Nations Development Programme, the Organisation of the Islamic Conference and the World Bank signed the "Istanbul Declaration" affirming the commitment to measuring and fostering the progress of societies in all dimensions, with the ultimate goal of improving policy making, democracy and citizens' wellbeing. The OECD hosts currently the Global Project on "Measuring the Progress of Societies" which is designed to become the worldwide reference point for those who wish to measure and assess the progress of their societies with a set of key economic, social and environmental indicators as a main tool. The French Commission on the Measurement of Economic Performance and Social Progress has recently produced suggestions for alternative indicators along three main lines: classical GDP issues, quality of life, and sustainable development and environment.

The need for a set of regional (and in some cases also local) statistics, broader than those available at present and able to take into account regional diversity as far as possible, was also stressed by several respondents. Some contributors also suggested that an effort should be made to overcome the present situation in which patchy databases and the lack of uniformity prevent spatial comparisons.

Several respondent calls for an administrative simplification of the new strategy. A feasible strategy should be realistic, based on clear procedures and enjoy administrative simplification.

Reducing administrative burden must be a priority for the sake of successful implementation of the new Strategy. Respondents were highly critical of the present situation. Most of them stressed the need to simplify reporting requirements and administrative burdens for the new strategy, especially by cutting red tape in the management of the Structural Funds and making procedures less time-consuming.

A database on implementation should be available to all relevant actors. A user-friendly, transparent database on implementation, delays and shortcomings should be available to all relevant actors, also in order to identify cases in which inadequate coordination between Member States causes or might cause negative consequences.

A more citizen-friendly communication policy is a must. The EU public should be targeted by better communication, in order to increase awareness and ownership of the new strategy. There should be a specific policy in this field: the new strategy cannot succeed if its relevance is not understood, and its implementation supported, by the general public. There should also be a public debate before finalising the new strategy at the EU level, and the Member states should then play a much more convinced and effective role in communicating EU issues to their citizens. Several contributors acknowledged that the present CoR consultation already stands as a good practice in this respect.

4. BRINGING THE DIFFERENT TIERS OF GOVERNMENT INTO THE PLAY WITHIN A COORDINATED FRAMEWORK AND IMPROVING GOVERNANCE OF THE STRATEGY

4.1 Achievements and failures of the Lisbon strategy

Some respondents acknowledged the Strategy had a stimulating impact on policymaking at different government levels, bringing the local and regional authorities into play (e.g. through the Structural Funds) and favouring cooperation between them. On the other hand, although several contributors appreciated the changes introduced in the Lisbon Strategy in 2005, the great majority of them perceived the governance of the Strategy as ineffective and put forward three main reasons for that.

The Lisbon Strategy did not effectively involve either decision-makers from local and regional authorities or citizens ...

First of all, respondents almost unanimously criticised the lack of involvement of local and regional authorities (LRAs), which made the strategy much less effective (or sometimes not effective at all).

The limited role of LRAs was observed and criticised at each stage of the process: planning, implementation and evaluation. Overall, the criticisms and strategic views of sub-national authorities were not sufficiently taken into account. National Reform Programmes prepared by the EU national governments focused on central-level planning but did not show enough dynamism at the regional and local levels. Both the Programmes and annual reports presented aggregated data and analyses only at national level, losing sight of territorial specificities. Some contributors also argued that the subsidiarity principle has been poorly applied in the implementation of the Lisbon Strategy.

This may have resulted in less effective policymaking, brought about by:

- a loss of sight of territorial specificities and problems,
- a loss of effectiveness of policymaking, insofar as (a) problems have to be dealt with as close as possible to the citizens involved, and (b) the different tiers of government cannot act in a coordinated and integrated manner,
- a perceived increasing distance between policymakers and citizens, resulting in a lack of interest, knowledge and commitment. Several contributors stressed the lack of communication with EU citizens, who remained to a great extent unaware of the content of the Strategy. In fact, the Strategy became too complicated to grasp for outsiders. Ironically enough, lack of knowledge about the strategy, as noted by several contributors, was evident also among the very policy-makers and administrators from the local and regional level who were responsible for growth and jobs policies.

... it was not binding enough and did not envisage sufficient resources to produce the anticipated results ...

Secondly, the Strategy's governance is widely perceived as too loose and non-legally binding towards EU national governments.

The Open Method of Coordination (OMC), as it was applied in the first years, and after 2006, the country-specific recommendations, did not provide adequate incentives to act. As a consequence, the implementation of the Lisbon Strategy was dependent upon the (variable) goodwill of national governments. In spite of attempts to replicate best practices across the EU, there has often been a significant gap between rhetoric and reality.

Some respondents observed that the OMC was clearly reaching its limits, while only a few held the opposite view, that one of the key advantages of the Lisbon Strategy was the application of the less binding OMC in preference to legislation.

According to some respondents, the EU did not have the competencies and (financial and administrative) resources to carry out implementation and monitoring tasks in an optimal way.

... and it did not ensure coherence between other EU strategies and policies.

Thirdly, the Lisbon objectives were pursued in parallel with those of other (sometimes overlapping) EU and national programmes. The most frequently given example was the separation between the Lisbon Strategy, cohesion policy and Gothenburg Strategy, which could not benefit from synergies arising from coordinated and integrated policymaking. Several respondents also said that the social pillar did not get the operative attention it deserved. As a result, those strategies lost effectiveness and sometimes proved costlier than necessary.

4.2 Headings for the future

Local and regional authorities should be given a greater role in the governance of the Strategy.

Virtually all respondents felt that local and regional authorities (LRAs) should become key actors in both the decision-making and implementation process, and gave precise reasons for this, stressing that LRAs:

- help to adapt general policy orientations to specific territorial situations,
- are closer to citizens, which allows them to be aware of their problems and to better communicate and explain the rationale behind policy choices and the benefits of European integration and of having an EU umbrella strategy for sustainable growth,
- can make policymaking globally more effective by assuming their responsibilities in cooperation with the other tiers of government. This is in keeping with the concepts of decentralisation, subsidiarity and better regulation.

In particular, the contributions received stress that LRAs should:

- be fully involved in the governance of the new strategy,
- cooperate in drafting the National Reform Programmes and Action Plans,
- be in charge of implementing and monitoring all policies that can be better carried out at the regional and local levels, within the limits of what is feasible for them and managing the appropriate funds,

- take care, in particular, of microeconomic policies at the local level,
- get technical assistance in the field of administrative simplification (in particular, in the Structural Funds) and flexibility of aid rules,
- take part in an awareness-raising policy at the local level,
- fully profit from instruments devised to bring about genuinely implemented multi-level governance principles, e.g. European Territorial Pacts, the European Grouping of Territorial Cooperation (EGTC)

Respect for the subsidiarity principle was mentioned as a guideline for giving LRAs their role and building proper relationships between the key stakeholders.

The most frequently mentioned policy fields where LRAs could play a relevant role are: the labour market, including vocational training, energy, climate change (as testified by the experience of the Covenant of Mayors), support for SMEs, integration of migrants, and administrative simplification.

While the EU Council and the European Commission establish a solid framework for the Strategy's implementation and provide ambitious leadership in the EU, ...

The EU should play a much greater role in terms of leadership, stimulus, monitoring, reviewing and reporting, while leaving much wider room for local objectives and solutions through flexible management of the new strategy. In particular:

- the Council and the Commission should negotiate and set strategic goals and directions, guaranteeing that national policies do not conflict with the interest of the European Union, within a framework shared by all EU actors;
- the Commission should assist Member States and LRAs in carrying out their tasks, also through improved ways of exchanging experiences and good practices;
- the Commission should also ensure that Member States report adequately on how the different tiers of government are involved in the design and management of the new strategy, and in particular on the role of the regional and local authorities;
- several contributors felt that the creation of a post of Commissioner responsible for the post-2010 Strategy would increase the Strategy's relevance and would boost chances for its success.

... the national governments should ensure that the Strategy's implementation takes place with the active participation of all relevant stakeholders.

Under the new strategy, Member States should design and implement their national reform plans in systematic cooperation with their LRAs. Country recommendations should be more concrete and be accompanied by a roadmap, also including actions to improve governance. Specific suggestions were made on the role of the Mr/Ms Lisbon. In particular, they should actively promote multi-level governance solutions and have counterparts at regional level (i.e. "Regional Mr/Ms Lisbon"). Such a regional Strategy coordinator would not only ensure and promote involvement of local and regional authorities in shaping national programmes but would also increase awareness of the Strategy at local level.

To avoid replicating some of the failures of the Lisbon Strategy, the new strategy should provide adequate incentives for the national governments to fulfil their commitments. In this respect, the OMC, as amended by the annual reporting system and the adoption of country-specific recommendations, has proved insufficient.

The Committee of the Regions, the EP and the EESC, representing the voice of citizens, should play a more active role.

The CoR should keep monitoring the LRAs' involvement in the strategy, and be their direct partner in assessing how the new strategy will be received and implemented on the ground from 2010 onwards and in voicing their concerns to the EU institutions. It should also insist, along with the Council of the EU and the European Commission, that Member States fully involve their LRAs in the governance of the new strategy and adopt, on a wider scale, multi-level governance agreements.

One stakeholder suggested that the Committee of the Regions, as an advocate of regions' and cities' interests, should be involved in the governance of the new strategy to enhance vertical dialogue between national governments and local and regional authorities.

The EP and the EESC should also be given a more systematic role in the Strategy's governance. Some respondents feel that civil society (social partners, NGOs) should also be involved in the process. It was suggested that a possible role for them could be to carry out independent monitoring of the implementation of the new strategy on the ground and to voice their viewpoints and concerns in the public debate. However, others are against multiplying the arenas for dialogue, to avoid decision-making becoming too cumbersome.

A new timeframe for the Strategy could be envisaged.

The timeframe of the new strategy should be shortened, maybe bringing it down to 4 or 5 years, maybe in line with the EU legislature.

LISBON-RELATED POLICIES AND THE CURRENT ECONOMIC AND FINANCIAL CRISIS

Actions to tackle the crisis - those having short-term and long-term results - should be implemented immediately...

Respondents called for an all-out effort to tackle the current economic and financial crisis. Many highlighted the need for the EU to play a stronger coordinating role, as well as for more flexible policies to adjust to different territorial environments and trends.

... nevertheless, the present and future Lisbon Strategy should remain focused on structural reforms, without being "hijacked" by the need to tackle the current crisis.

Quite a large majority feel that the strategy should not alter its course from the major undertaking of structural reforms. Several respondents suggested short-term responses to the current crisis. However, many believe timely implementation of long-term actions could and should be beneficial in the short term. In particular, there is a strong feeling that "green investment" could help create skilled jobs now, while also contributing to sustainable development in the longer term.

Policies and actions to be undertaken now and bringing short-term results

Respondents singled out five policy areas where measures aimed at tackling the crisis could bring short-term results in terms of economic activity and employment.

The *first* and most urgent measure is the reform of the financial and credit systems, to ensure financial stability for consumers and to facilitate access to credit and risk capital for SMEs, notably for innovative enterprises and start-ups.

Secondly, to increase the productive potential value of SMEs, respondents stress the need:

- for investments in innovation, above all renewable energy and technology transfer,
- to focus on new infrastructure and invest more in transport and mobility facilities as well as ICT infrastructure,
- to support European enterprises in international competition and to enter foreign markets.

Thirdly, many respondents call on the EU to provide support through:

- administrative simplification in the management of the Structural Funds (speeding up payments and reducing the burden of paper work), reducing overlapping EU programmes¹, cutting red tape and relaxing state aid rules²;

¹ In particular, respondents stressed the importance of reducing the number of EU programmes, avoiding duplications and encouraging the synergic use of resources and more efficient allocation. A need to refocus programmes at all levels was pointed out, as well as a need to improve coordination. Moreover, better synchronisation and harmonisation of various streams of EU programmes and simplified access to key Community programmes (e.g. the Structural Funds, the Framework Programme) were advocated. Some respondents also suggested applying earmarking to the implementation of other key European policies (such as agriculture, environment transport), while others called for the drastic reduction of expenditure on agriculture and declining industrial sectors.

- fiscal measures, such as those envisaged by the European Economic Recovery Plan approved by the European Council in December 2008;
- fast-tracking of "smart investments".

Fourthly, strong emphasis was placed on sustainability for the new policy approach across the board, to protect the environment while promoting economic and social development, thus creating jobs and mitigating social insecurity. Measures to improve education, training and life-long learning were also stressed as extremely important.

Fifthly, urgent labour-market related measures should be taken to:

- create employment in the industries most heavily hit,
- help the weakest segments of the labour market (the underprivileged, the inactive population),
- encourage and support labour flexibility, and more effective and active labour-market policy instruments, by investing in re-training and the development of new skills,
- improve work-life balance, by providing care services and facilities for children and the elderly.

Policies and actions to be undertaken now and bringing long-term results

Sustainability and a better quality of life ...

Investments aimed at increasing sustainability are seen as essential for the future. The following areas were highlighted: energy-saving innovative products, better jobs and working conditions, greater attention to environment protection with a view to tackling climate change, and renewable energy supply.

...with a special focus on education, training and protection of unemployed

Respondents stressed the need for education and training systems to be based on new skills, given the constant changes occurring in society and in the labour market, such as the use of ICT or lifelong learning. They also highlighted the need for social protection for those unemployed as a result of the crisis. Other examples of short-term measures bringing long-term results included investment in innovation, technology transfer, public-private partnerships for research, cooperation between institutions and with private stakeholders, security of the financial and credit system, infrastructure, transport and urban mobility, better regulation and the need to cut red tape. The importance of achieving a single market for services was also highlighted.

² In fact, after the closure of this consultation on May 15, 2009, the European Commission approved (as of September 2009) 25 measures in the scope of the "Temporary framework for State aid measures to support access to finance in the current financial and economic crisis" (adopted in December 2008 in the context of the EERP and amended in February 2009), concerning limited amounts of compatible aid, guarantees, subsidised loans, subsidised loans for green products, and risk capital schemes. In total, since December 2008, the Commission has approved 58 decisions for different measures under the Temporary Framework (for details, see: http://ec.europa.eu/competition/state_aid/overview/tackling_economic_crisis.html).

QUESTIONS ON THE FUTURE OF THE LISBON STRATEGY
BASED ON THE OUTCOME OF
THE CoR CONSULTATION OF EUROPEAN REGIONS AND CITIES
ON A NEW STRATEGY FOR SUSTAINABLE GROWTH

Most contributors acknowledged that the Lisbon Strategy brought added value to the European Union and its Member States, as it:

- *raised awareness about the need for structural socio-economic reforms, moving forward from the single market agenda towards a global, competitive, knowledge-based economy,*
- *stimulated policy-making at different government levels,*
- *placed the macroeconomic, microeconomic and social pillar under a single policy umbrella.*

However, there is the widespread belief that the Lisbon Strategy failed to deliver on its promises and that a new and duly revised strategy should thus be adopted. The views expressed by the vast majority of respondents led to the following questions, which the EU must face to put the new strategy on the right track.

Q1. According to most contributors, a major weakness of the Lisbon Strategy was that it accorded less importance to the social and environmental dimensions than to the economic (competitiveness) dimension.
Which elements of the Lisbon Strategy should be retained, and what changes are needed, in order to strike the right balance between competitiveness, social and environmental goals?

Q2. Contributors perceive the actual priorities of day-to-day Lisbon-related policy-making as tailored to only some parts of the European economy and society. Examples of this are a concept of innovation hardly applicable to SMEs and poorer and rural regions, or inadequate support for the inclusion of disadvantaged people in the labour market. This perception was reinforced by the lack of systematic use of monitoring and evaluation indicators tracing actual delivery of policy outcomes.
What objectives and related statistical indicators should the new strategy adopt and use, beyond GDP growth and R&D expenditure, to trace the fulfilment of these broader goals? Which monitoring and evaluation methods should be adopted in order to assess progress and problems in the implementation of the new strategy?

Q3. Contributors are concerned about socio-economic differentiations between EU countries and regions, which are much bigger today than they were in 2000 when the Lisbon Strategy was launched. Social exclusion and poverty are also becoming a challenge in the richest EU regions. The EU should pursue efficiency while reinforcing solidarity between richer and poorer Member States, aimed at boosting social, economic and territorial cohesion. Coordination of different funding channels is a necessary aspect of this picture.

How should the new strategy help all EU regions, irrespective of their development level and geographical location, to pursue innovation, productivity, sustainable growth and quality of life while improving social inclusion? Which relationship should be envisaged between the new strategy and a renewed cohesion policy, to help each EU region to promote sustainable growth, quality of life and inclusion based on its own specific resources?

Q4. According to most contributors, the Lisbon Strategy failed to involve the local and regional authorities in a structured cooperation framework, resulting in poorer-than-expected outcomes and inadequate flexibility vis-à-vis regional specificities. In order to reverse this trend, the new strategy should promote coordinated and integrated policy-making between different government levels (including the adoption of multilevel governance agreements).
How can the new strategy involve the EU, national, regional and local levels of government in a coordinated and integrated multilevel policy-making framework? Could specific tools be envisaged, such as contractual agreements between different government levels, in which EU financing is conditional upon rigorous monitoring and evaluation of the policies implemented?

Q5. Contributors also said that the Lisbon Strategy failed to provide the EU's national governments with sufficient incentives to implement the necessary reforms.
What incentives can be provided to EU national governments to implement the necessary reforms? Should they include economic incentives?

Q6. Contributors suggested that the Lisbon Strategy failed to be perceived as relevant to the lives of ordinary citizens.
What should be done to make the strategy relevant to the lives of ordinary citizens? How can the new strategy be communicated to citizens and stakeholders?

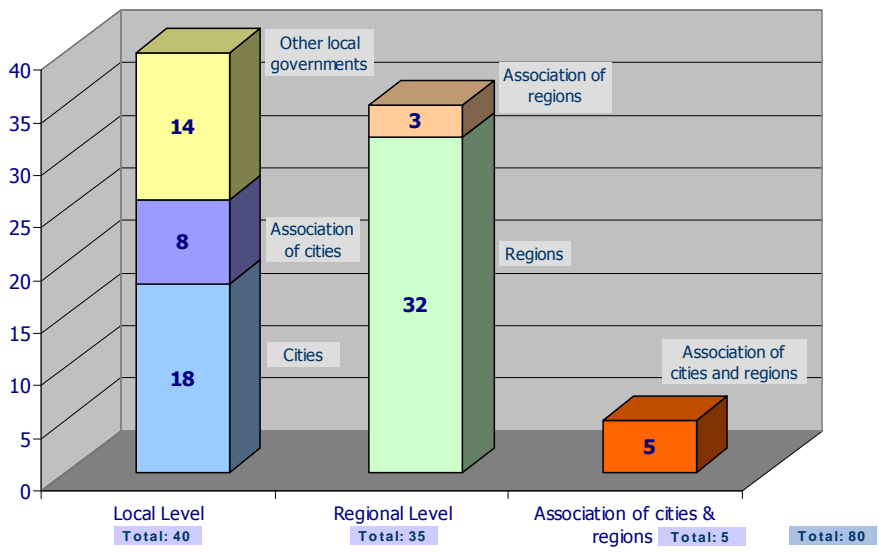
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