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Contribution of the European Confederation of Intermediate Local Authorities (Confédération européenne des pouvoirs locaux intermédiaires, CEPLI) to the EU-Communication „Green Paper on Territorial Cohesion - Turning territorial diversity into strength”, COM (2008) 616 final, dated October 6, 2008

Ladies and Gentlemen,

The European Confederation of Intermediate Local Authorities (CEPLI) is the very first European Confederation grouping National Associations of Intermediary-level local authorities and associated networks, created at European level and on the free decision of its members alone. It comprises the Assembly of French Departments (ADF), the German County Association (DLT), Union of Italian Provinces (UPI), Association of Walloon Provinces (APW), Association of Flemish Provinces (VVP), National Association of Bulgarian Municipalities (ANMRB), Spanish Federation of Municipalities and Provinces (FEMP), Union of Prefectoral Authorities of Greece (ENAE), National Association of County Governments of Hungary (MOOSZ), National Union of Judet Councils of Romania (UNCJR), Association of Polish Counties (APC), as well as associated members, the Arco Latino and Partenalia networks, and intends being a model of cooperation and exchange, to benefit of its members and Europe. CEPLI aims to become a work reference for the national and European institutions.

CEPLI appreciates expressly the consultation the European Commission has opened with its “Green Paper on Territorial Cohesion” and considers it an important contribution to achieve a transparent and common understanding of central policy goals. We are grateful for the opportunity to take position to the concretisation in terms of the content of the new EU policy goal “territorial cohesion”. Acknowledging the principles of subsidiarity, autonomy and diversity, we highlight that Territorial Cohesion must be one of the main pillars of the Union.

First, we would like to encourage the Commission to pursue its intention of promoting all territories in the Union area by the means of EU cohesion policy – also beyond the year 2013. This promotion must, however, not to be understood in the sense of “strengthening the strong ones” and thus supporting one-sidedly only the growth cores. “Territorial cohesion” has rather to be seen as directly linked with the Union goal embodied in article 158 EC Treaty, which is reducing disparities between the levels of development of regions and spatial mismatches in the Union area and promoting accordingly all regions in view of their specific economical potentials.

Being the first European Confederation of National Associations and networks of intermediate authorities, we consider that the territorial diversity of the European Union should be seen as a resource in itself, promoting sustainable development in the European Union as a whole and strengthening relations between different European territories in all possible areas.

The economic perspectives and opportunities for development are decisive for the future of every territory. Therefore, it remains of vital importance to promote and secure equal standards of living and comparable conditions for work, supply of (public) services and economic development as well as access to public administration. The access to economic working and development potentials and thus high quality public services are an essential condition for EU citizens not only in view of regional development, but are a basic precondition for economic sustainability and social stability. In addition, this is the best way to demonstrate the specific added value of EU policies to the citizens.

This said and in reply to the questions raised in the Green Paper, we would thus like to give our opinion as follows:

1. Definition

- *What is the most appropriate definition of territorial cohesion?*
- *What additional elements would it bring to the current approach to economic and social cohesion as practiced by the European Union?*

The main objective of CEPLI on territorial cohesion is based on promoting economic and social progress, raise the level of employment, achieve balanced and sustainable development, avoiding borders by strengthening the economic social and cultural development, helping to avoid any discrimination of citizens wherever they live or work, promoting access for all citizens to essential services, infrastructure and basic knowledge.

Territorial cohesion is about ensuring the harmonious development of places with different characteristics and specificities, and about making sure that their citizens are able to make the most of inherent features of different territories. Territorial cohesion is a horizontal concept that underpins the development of the Union as a whole by turning diversity into an asset of all territories.

As a matter of principle, this concept should not be understood as a mere remedy for (or annex to) other policies of the EU. Defining a central EU policy goal, it stresses horizontal validity regarding sectoral policies, but should, nevertheless, not be misinterpreted as also being able to justify financial influence on the respective policy. The means and instruments of the cohesion policy are not intended to eliminate (or to at least alleviate) the failures or omissions in other policy fields. To the contrary, it is important to align the already existing sectoral regulatory instruments with the aim of territorial cohesion and thus promote economic convergence in order to achieve a balanced polycentric economic structure.

Territorial cohesion has therefore to be seen in the context of the two other Treaty goals – the economical and the social cohesion. To these two goals of European cohesion policy a geographical component of regional development is added. Territorial cohesion, in this sense, means that economic growth and jobs strategy of the EU is to be aimed at evenly throughout the EU, so that economical and social cohesion may broadly develop in the EU, thus avoiding further territorial disparities.

Theoretically, if looked at in an isolated manner, the promotion of economic and social cohesion in the way of nucleus and metropolitan concepts under acceptance of regional development disparities would be at least conceivable. However, these kinds of development strategies must be dismissed when the concept of “territorial cohesion” comes into play. Apart from the increase of economic and social coherence on the basis of average operating figures and indicators relating to the regional level, the growing-together of the Union area is to be aimed at in a regional and territorial perspective. This is valid for rural and urban areas just like for peripheral and metropolitan areas. Particular attention has to be paid that rural areas are promoted the same way as densely populated areas. The potential of rural areas must not be reduced to recreational areas of urban centres, but has to take into account the immense economic potential of the rural area in the interest of a comprehensive regional development policy.

Territorial cohesion must improve the position (in terms of valorisation of territorial potential) of the various territories. It must also contribute to a stronger spatial coherence and territorial dimension of sector policies, in order to achieve a harmonious and supportive development of the EU. Said development, as stressed by the European Parliament, is founded on the principle that all citizens are equal and all territories are to be treated in the same way, safekeeping local di-

versity. This is to be achieved through a larger system of relationships which favours territorial cooperation and overcomes the limits of separate administrations searching for shared solutions.

When building the concept of territorial cohesion the following elements should be taken into account: migration and demographic changes in the territory and in the labour market, with the investment in human resources and equal access to general public services, such as health services, education and training (with a more extended use of ITC networks). To that end it is essential to invest in basic infrastructure (transport, energy supplies, long-distance communication) and knowledge and its link with industry.

The lack of such conditions is currently blamed for the gradual reduction of economic growth development in the disadvantaged areas of the EU.

Eventually, EU's approach to economic and social cohesion should acquire a greater understanding of the issues related with migration and demographic change. This new approach must lead to planning new projects which bring added value and sustainable development and, in the long term, a renewed European strategy.

2. The scale and scope of territorial action

- *Is there a role for the EU in promoting territorial cohesion? How could such a role be defined against the background of the principle of subsidiarity?*
- *How far should the territorial scale of policy intervention vary according to the nature of the problems addressed?*
- *Do areas with specific geographical features require special policy measures? If so, which measures?*

The European Union may promote territorial cohesion primarily by financial allowances. These must be assigned to the individual territories on the basis of clearly determinable indicators. Each territory in the Union is in a specific situation and faces different challenges. In this sense, the role of the EU is very important in two basic ways:

1. to improve local authority access to policies and programmes that are relevant to their remit, both its definition and its development and
2. to help ensure that these local powers can really be exercised, so that not only there is legal competence but also the resources and capacity for exercising it.

In line with the principle of subsidiarity, it is therefore necessary to stipulate for regional and local actors – concerning the purpose of employing the funds – as wide a scope of discretion as possible. They alone are in the position to know the specific requirements of their territory and may therefore best determine the precise need for action on site. Territorial cohesion means setting joint criteria, indicators and standards for territorial quality. The subsidiarity principle should therefore be introduced through three different, complementary approaches:

- including the three levels of government-national, regional and local- in cohesion indicators;
- taking the local level into account in existing coordination and cooperation instruments;
- allowing local actors to be involved in the cohesion funds and policies, including their framing.

The provision of a wide scope for local authorities would most likely live up to the concept of multi-level governance, as regional and local administrative bodies usually represent junctions where policy drafts from the most diverse ranges are implemented. The steering function of EU

regional policy could be ensured by earmarking mechanisms and variable co-financing rules. In this sense, so-called “regional budgets” with a sufficient freedom of action should be created, which could be placed at the disposal of regional and local authorities. This approach is in line with the Commissions findings (COM[2008] 301 final), that a decentralised administration of funds is better for an effective cohesion policy because the local level is best suited to mobilize local expertise and knowledge and to develop locally-tailored growth strategies. These strategies could further produce a leverage effect and increase the impact of investments. A policy of a “golden bridle” with its danger of considerably wrong allocations of funds, by contrast, should be avoided by every means. A too narrow regulatory framework of the EU regional policy would not live up to the variety of the territories and fail to achieve the goal of territorial cohesion.

Eventually this approach would come up to the special needs of geographically specific territories. These could act autonomously instead of changing to an EU policy specifying in mountain, island or scarcely populated territories.

3. Better cooperation

– *What role should the Commission play in encouraging and supporting territorial cooperation?*

The European Commission should consider its role more as “guardian” than “designer”. Coordination and monitoring of the implementation of cohesion policy through regional and local development conceptions has to be its primary task. In this context, attention should be paid that the administrative burden for local authorities caused by report obligations is minimized.

In the context of earmarking procedures for the allocation of funds, the Commission could for example – like in the block exemption regulation - determine beforehand, under which circumstances it recognizes measures of single operational programmes as consistent with the according policy goals. In addition, the Commission could encourage the exchange of best-practices and contribute to the creation of regional networks facing similar problems and underlying data; a permanent contact between the European Commission and European networks like CEPLI is fundamental to know the real territorial impact of EU policies. Especially in the field of crossborder cooperation is a significant demand of sharing best practices with European partners. Therefore, funding opportunities to rectify the dividing effects and negative consequences of state borders should be increased.

Good use of EU funds should very much depend on efficient territorial-intermediary local governance, which implies a strong democratic leadership, a common vision of concepts and development objects, a large participation. This, in turn, implies preconditions from the intermediary local authorities/self-governments with elected bodies as final recipients, in particular: a potential of strategic vision; a political capacity of initiative; an administrative skill for coordination.

Thus, the European Union should further support the process of regionalization – decentralization. The basis of the principle of subsidiarity is the existence of intermediary local authorities/self-governments with strong competences and democratically elected representatives. Whilst respecting the principle of sovereignty of the national states, the European Commission could make pressure to ensure that elected intermediary representatives have their say in the allocation of funds; it could request a balanced, a proportional membership among people appointed by the national state, on the one hand, and elected representatives from the territorial level, on the other hand, in those bodies managing and handling EU funds.

If, according to the Territorial Agenda of the European Union (TAEU) definition, territorial governance is a permanent process of cooperation between stakeholders, territorial cooperation will be the main instrument for fixing the principle challenges and objectives of territorial cohesion, and also for its promotion.

– *Is there a need for new forms of territorial cooperation?*

Cooperation should be one of the essential pillars of territorial cohesion at any time considering the history, culture and institutional arrangements of each Member State in order to respond as effectively as possible to the needs and territorial characteristics, the challenges of geography, to promote economic and social welfare, and ultimately to make Europe more culturally, socially, environmentally and economically sustainable.

Territorial cohesion requires the involvement of all territorial levels, and highlights the need of local authorities to have a definite place in EU policies and programmes with a territorial dimension. In the TAEU, the relevant ministers of the Member States identified the need to involve all stakeholders at every level of government in a permanent process of cooperation between all parties concerned in order to jointly introduce and define the territorial priorities and challenges.

Many of the challenges faced by local authorities have a clear supra-local dimension, though falling within their remit. These challenges can only be addressed through intensive cooperation processes with other levels of government that are also involved.

To favour multilevel and multi-sector governance it is important to identify new types of territorial cooperation (*in its transborder, transnational and interregional dimension*) aimed mainly at sub-regional institutions, as local autonomy becomes increasingly important for the implementation of policies and in the management and execution of co-funded EU projects and programmes. The project should be given to mid-level Authorities, as was done for the CityCommission (*urbact is an example and there are others*). *To guarantee that more attention and importance are given to local situations a new type of territorial “translocal” cooperation is required. It should follow, somehow, the model of the Territorial Cooperation Programme IV C, useful creation of stable networks aiding the development of an integrated approach to local policies. To encourage this new type of territorial cooperation, CEPLI, together with the European Commission, could organise a Forum. The subject would be the specific problems of middle-level European authorities and the new challenges related to dealing with territorial cohesion policies.*

– *Is there a need to develop new legislative and management tools to facilitate cooperation, including along the external borders?*

The period following the launch of the European Grouping of Territorial Cooperation (EGTC) in summer 2006 is still too short to respond seriously to this question. Therefore, before taking further legal initiatives, it should be waited and observed how this new legal instrument will be accepted and implemented by the local authorities and their associations. Otherwise there would be a significant danger to contribute to the complexity of the regulatory framework and by this reinforcing insecurity of actors in the range of territorial cooperation.

Regarding the external borders the presently existing funding instruments and especially the European Neighbourhood Policy Instrument (ENPI) appear as adequate and sufficiently equipped.

4. Better coordination

– *How can coordination between territorial and sectoral policies be improved?*

The territorial importance of local intermediate authorities should be taken into account because of their impact and action capacity on issues as business promotion, development of poor areas, fight against poverty and social exclusion, improvement and recovery of specific areas with declining and/or aging population, promotion of access to research and innovation, as well as access to new technologies in all areas and territories.

An integrated approach and cooperation between the various authorities involved, as explained in the Green Paper, is necessary. It is just as important for the Commission to pursue more actively the activities established in the “Regional competitiveness and Employment” Objective, in which ERDF and ESF are coordinated in the same operational programme.

CEPLI considers being essential to establish a close dialogue with the European institutions, based on the principle of subsidiarity, in order to progress in areas such as planning, rural development and urban development to improve the European Union policies and initiatives related to the territorial policies of local intermediate governments.

- *Which sectoral policies should give more consideration to their territorial impact when being designed? What tools could be developed in this regard?*

The rural development and environment policies are, amongst others, sectoral policies in which the role of territorial impact should be considered most. By using territorial and landscape planning tools more, it should be possible to create an innovative strategy. This strategy should detect changes in the development model in which territorial opportunities and peculiarities are taken into account. Ultimately this would favour different types of production, using renewable energy and higher energy efficiency. *It would also create new job opportunities related with rural tourism and SMEs.*

From the point of view of territorial cohesion, there is further a need for more clarity in the relationship between environmental policies, sustainability and competitiveness and in the role of local government (of territorial diversity and aspects of territorial quality), as factors that affect competitiveness and economic growth.

Intercommunal cooperation for example is fostered rightly by structural funds, whereas it is constrained by EU internal market policy. At the same time, experiences on the field of the common agricultural policy (CAP) show that certain legislative measures can have a completely different impact in several regions of the Union. In this regard, the CAP should to be in coherence with the goal of territorial cohesion. This could be managed by a more focussing the CAP on its second pillar, i. e. rural development.

- *How can the coherence of territorial policies be strengthened?*

The coherence of territorial policies can be increased by a higher synergy between the tools for territorial planning and the implementation of regional, local and EU policies.

- *How can Community and national policies be better combined to contribute to territorial cohesion?*

The local impact of sectoral policies should be examined and the impact set against the challenges, objectives and priorities fixed by local authorities, also considering in particular the local perspective. EU sectoral policies should be adapted to the basic joint scenarios, challenges and priorities set by all levels of local government.

The effects of the most diverse sectoral measures concentrate on regional and/or local level. This is the administration level where they unfold their positive or negative effects. Therefore, it makes more sense to use already existing structures by integration of the respective implementation and executing authorities at national level in the EU legislative process than to create new, additional impact assessment procedures by the Commission.

The consequences of a legislative act can only be reliably judged by those who are entrusted with the concrete implementation of the respective law. The Commission is not able to do a comparable impact assessment. Especially the sub-regional level as the administrative level

closest to the citizens can judge and communicate to what extent European law-making contributes to the well-being of EU citizens. This would be much easier if one could communicate EU-policy not as an outsider, but as an integrated partner.

Furthermore, the integration of the sub-regional authority levels could contribute to detect inconsistencies of diverse sectoral policy measures. Here, legislative acts of the most various EU-policy fields are implemented and citizens make their respective local politicians liable. In this respect, contradictory regulatory approaches are perceived most clearly on the local level because of its general administrative competence and jurisdiction.

Finally, territorial impacts can only be reasonably judged by integrating the respective territories and their local authorities. Therefore we do not need new impact assessment instruments of the EU-institutions, but the opening of EU legislative process for the regional and local level – as far as their interests could be concerned.

5. New territorial partnerships

- *Does the pursuit of territorial cohesion require the participation of new actors in policy-making, such as representatives of the social economy, local stakeholders, voluntary organisations and NGOs?*
- *How can the desired level of participation be achieved?*

We would suggest differentiate two different spaces for debate, the stakeholders outside of the public sector and the political actors that constitute public authorities. A participation of further stakeholders outside of the public sector and its bodies appears hardly applicable and could complicate the decision-making processes.

In this sense, applying the principle of subsidiarity, local middle-level authorities can now play an important role, such as dealing with the representation and strategic synthesis of widespread territorial interests. Local authorities act as essential subjects which encourage and coordinate strategies and activities for the inclusion of economic and social forces in the choices of territorial government and in the definition of development policies.

The application of a more incisive role in the general policy of European cohesion and the possibility of new tools for territorial cooperation offer local authorities the chance to devise new models of public governance. These models would follow the principles of deliberative democracy and partnership followed by European Institutions in the past years. They would listen to all the local actors involved in development, in the planning of activities and the identification of strategic priorities linked with the most harmonious and comprehensive growth of the various individual aspects and aspirations of EU territories.

In any case, the inclusion of local administrative bodies into political decision-making is urgently necessary. Especially the local level is often affected by larger crises and challenges and has hardly the means to influence this. Thus, local level administration has to be capable to contribute to the decisions by which it could be particularly concerned. In addition, the local level as the first contact point for the citizens has, in line with the principle of subsidiarity, to be able to participate in all relevant decisions concerning how funds are used.

6. Improving understanding of territorial cohesion

- *What quantitative/qualitative indicators should be developed at EU level to monitor characteristics and trends in territorial cohesion?*

The geographical diversity of the EU leads to socio-economic disparities in regional development between the different EU regions. On the other hand the green paper substantiates that special geographical circumstances can often be an opportunity for the respective region. Purely geographical indicators without socio-economic reference can therefore neither be taken as a criterion for the allocation of the EU support nor for the monitoring of its effectiveness. The existing socio-economic criteria are adequate for the impact assessment of EU cohesion policy and show sufficiently territorial trends on EU level. In addition, the contribution of territorial elements to social and economic development can only be assessed by specific studies for single regions.

Better than elaborating new indicators at EU level to monitor characteristics and trends in territorial cohesion, the EU should take advantage of European networks because they can offer qualitative information about their territories. Networks consolidate an important repository of, not only indicators, but also of best practices that can be used by EU institutions like a European sample.

In addition, there are so far no concrete proposals for additional indicators which would be applicable in a spatial sense to the whole union area. Finally, we fear that new creation of indicators and especially their evaluation would cause additional report obligations. As a result, the associated administrative burden for all parties concerned could exceed the advantages of some fewer stakeholders. In this respect, the presently valid criteria do perhaps not appear the best criteria imaginable. However, they remain to be the most objective and feasible ones for the allocation of funds, even if the indicators are often sector-related and do not allow to measure territorial-type performance adequately.