



**COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS
CONSEIL DES COMMUNES ET REGIONS D'EUROPE**

CEMR Response

**To the consultation on the
“Green Paper on Territorial Cohesion
Turning territorial diversity into strength”**

Brussels, February 2009

“Green Paper on Territorial Cohesion Turning territorial diversity into strength”

Response by the Council of European Municipalities and Regions (CEMR)

Key messages

1. CEMR welcomes the Commission's initiative to launch a consultation on territorial cohesion and seeks views on the territorial dimension of cohesion policy and other sectoral policies.
2. We hope that the outcome of the consultation will help the Commission to achieve its stated objectives, namely to make cohesion policy more flexible and capable of adapting to the appropriate territorial scale, to make it more responsive to local needs and to better coordinate it with other policies and at all levels.
3. The specific value of territorial cohesion lies in its horizontal and integrated approach: the point of departure is not a specific sectoral policy or a level of government, but the territory concerned. In the interest of the territory and its citizens, all levels and actors (multilevel governance) and sectors (integrated, multi-sectoral approach) should cooperate.
4. Such an integrated approach is not possible without a prominent role for local and regional authorities in cohesion policies. It should be mandatory for the national administration to involve the local and regional level in the planning, decision-making, implementation, monitoring and evaluation process.
5. CEMR welcomes the acknowledgement in the Green Paper of the importance of both urban and rural areas and of urban-rural links for overall regional development. However, a more integrated approach to urban and rural development and the links between them is needed.
6. High quality and accessible services of general interest are crucial for the economic survival, the quality of life and the stability of society in rural areas. Territorial cohesion policy should help to develop and ensure access to high quality local public services and infrastructure.
7. Territorial cohesion objectives should be mainstreamed into relevant EU and national policies with a territorial impact, so that financial means do not need to compensate negative effects of sectoral policies.
8. An ex-ante impact assessment of sectoral policies on territorial cohesion could be a very useful tool to foster an integrated approach. However this should not lead to further bureaucracy and administrative burdens.
9. CEMR welcomes the positive view that the Green Paper expresses towards cooperation among several local authorities for the provision of services of general interest. Such joint public structures should be seen as internal administrative functions by which they perform their public responsibilities and not be subject to the EU's internal market and competition rules.
10. CEMR supports the introduction of a wider set of indicators for the orientation and assessment of cohesion policy and especially a “governance indicator” measuring the impact of democratically elected local authorities on decision making on the regional level. However, these indicators should not lead to disproportionate reporting duties or administrative burden for local and regional authorities.
11. CEMR also supports indicators below NUTS 2 level (regions), where appropriate, allowing authorities to choose a “local” paradigm in understanding and delivering territorial cohesion.

General comments

- A. CEMR welcomes the publication of the Commission's Green Paper on Territorial Cohesion which launches a debate on the concept of territorial cohesion and its implications on policy and cooperation.
- B. We are pleased to have the opportunity to provide our views on this issue, as territorial cohesion is important to CEMR's members: more than 50 national associations of local and regional authorities in 38 countries.
- C. CEMR welcomes the inclusion of territorial cohesion as a third dimension of cohesion policy (besides economic and social cohesion) in the Lisbon Treaty.
- D. We support the aim of the Commission to improve *"the governance of cohesion policy, making it more flexible, more capable of adapting to the most appropriate territorial scale, more responsive to local preferences and needs and better coordinated with other policies, at all levels in conformity with the principle of subsidiarity"*.
- E. CEMR has responded to the consultation on the future of the cohesion policy.¹ In our response to the Green Paper on Territorial Cohesion we therefore refrain from commenting the future of European cohesion policy as such and concentrate on territorial cohesion.

The concept of territorial cohesion

- F. Territorial cohesion recognises the importance of the territory in cohesion policy and sustainable development. The major challenge and opportunity is to identify, strengthen and further develop the potential of each territory and tackle any weaknesses and shortcomings. Local and regional authorities must play a leading role being the levels which know best the specificities of the territory and being closest to the citizens. Territorial Cohesion requires a bottom-up approach and the involvement of all relevant sectors. It is a highly political task in which locally and regionally elected representatives must take the lead.

The importance of integrated rural and urban development

- G. One of the main future challenges for the EU is territorial issues such as the interface between urban and rural areas, increased urbanisation, urban sprawl and depopulation of rural areas.
- H. CEMR welcomes the acknowledgement in the Green Paper of the importance of both urban and rural areas and of urban-rural links for overall regional development. However, a more integrated approach of urban and rural development and the links between them is needed.
- I. CEMR considers the statement in the Green Paper that *"Although most economic activity is concentrated in towns and cities, rural areas remain an essential part of the EU"* to be too static. A high number of enterprises are located in rural areas, even if their share of GDP is not the majority. The description of rural areas (*"They are the location of most of the natural resources and natural areas (lakes, forests Natura 2000 sites, etc.), have good air quality and are often attractive and safe places to live or visit."*) falls short of describing the multitude of the qualities of rural areas.

¹ http://www.ccre.org/prises_de_positions_detail_en.htm?ID=66

- J. The structural and functional relations between urban and rural areas create a complex and dynamic web of interdependencies. They are connected economically, politically, socially and physically through elements such as housing, employment, education, transport, tourism and resource use. Therefore, too strict a differentiation between cities and rural areas is not very useful.
- K. CEMR welcomes that the Commission recognises the importance of high-speed Internet access for competitiveness and social cohesion and the persistent gap in coverage between rural and urban areas in this respect. We call for further EU support to broadband deployment, especially in rural areas, both by financial means and in legislative terms².
- L. To better connect urban and rural areas and European territories in general, CEMR advocates that cohesion policy supports the expansion of public transport and sustainable mobility solutions. In general, rail and sea transport corridors should be further upgraded and promoted at the European level.
- M. We welcome the recognition of macro regions in European cohesion policy, to start with in the Baltic Sea Region, and note the potential importance of that concept for future territorial cohesion policies while stressing the need to ensure consistency between current administrative and political structures and these new types of geographical groupings.

The crucial role of public services

- N. Local and regional public services play an important role in the concept of territorial cohesion. High quality and accessible services of general interest are crucial for economic survival, quality of life and the stability of rural communities. CEMR welcomes the Commission's recognition of this fact. However, we do not share the view that health care and education are "services of general **economic** interest" as expressed in the Green Paper.
- O. Territorial cohesion policy should help to develop and ensure access to high quality local public services and infrastructure. However a harmonisation of standards for local public services across the EU would be in contradiction of the subsidiarity principle. This view is supported by the Lisbon Treaty Protocol of Services of General Interest which guarantees: "*The essential role and the wide discretion of national, regional and local authorities in providing, commissioning and organising services of general economic interest as closely as possible to the needs of the users*"

Multilevel governance and integrated approach with a prominent role for local and regional governments

- P. The special contribution of territorial cohesion to cohesion in general lies in its horizontal and integrated approach: the point of departure is not a sector or a level of government (be it local, regional, national or European), but the territory concerned. For the benefit of the territory and its citizens, all actors (multilevel governance) and sectors (integrated, multi-sectoral approach) should cooperate.
- Q. This is not possible without a prominent role for local and regional authorities in cohesion policies. It should be mandatory for the national administration to involve the local and regional level in the planning, decision making, implementation, monitoring and evaluation process.

² See CEMR's policy paper "Broadband infrastructure – The regional and local perspective" (September 2008) http://www.ccre.org/docs/cemr_policy_paper_on_broadband_en.pdf

- R. Local and regional authorities should also have more responsibility and greater flexibility in determining the fields of action and the beneficiaries for financial support such as the structural funds.

Financial support for territorial cohesion

- S. CEMR notes that the important issue of the financing of territorial cohesion is not addressed in the questions of the Green Paper. However we want to express our view on some crucial points.
- T. A significant part of the EU budget in the future must continue to support territorial actions at regional and local level addressing all the key challenges which impact on territorial development in all European regions.
- U. Revolving funds such as JESSICA should be promoted to finance development in rural and urban areas.
- V. CEMR advocates an integrated approach and a further simplification of the structural funds and would welcome further consolidation of the wide range of sectoral programmes into fewer programmes that reflect several EU policy priorities. An integration of the European Agriculture Rural Development Fund (EARDF) into the cohesion policy framework could contribute to a more efficient allocation of financial funds.
- W. CEMR supports the European Parliament's request³ for a better use of the "possibility of sub-delegation, possibly by means of global grants to municipal authorities within the operational programmes financed by the European Regional Development Fund (ERDF)". This would ease territorial cooperation significantly.
- X. The EEA & Norwegian Financial Mechanisms can be another important instrument to enhance territorial cohesion. Their objective is to promote sustainable social and economic development in the European Economic Area (EEA) with a strong focus on local and regional level.

Questions addressed by the Green Paper

1. Definition

Territorial cohesion brings new issues to the fore and puts a new emphasis on existing ones.

- 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?
1. Cohesion policy is an essential EU policy and a pillar of the European social model promoting solidarity between the Member States and their citizens and territories.
 2. Territorial cohesion is a place-based and "bottom-up" approach, responding to the needs from the local level (the territory) aiming to ensure a balanced, polycentric development.

³ Draft report on the urban dimension of cohesion policy in the new programming period ([2008/2130\(INI\)](#)), rapporteur: Vlasák)

3. More precise regional analysis is needed to bring out the real challenges that regions face, as well as their potential and the regional development structures which best serve successful social and economical cohesion in different regions based on regional specialisation and differentiation.
4. A definition of the concept has to incorporate a holistic understanding of the “territory” not only as a geographic area but as the place where economic, social, demographic and environmental factors interact.
5. The concept of territorial cohesion is a complement or extension of social and economic cohesion with a geographical, spatial planning component. However, this should not imply new competencies at EU level in the field of spatial planning. Economic and social disparities are addressed within the geographical context in which they are located. Being a horizontal aim, the added value of territorial cohesion is to integrate economic and social cohesion and the respective policies in a given territory and in all the territories of the European Union.
6. Territorial cohesion is the basis for economic, social and environmental cohesion as the effects of sectoral policies only are visible in the territories.

2. The scale and scope of territorial action

Territorial cohesion highlights the need for an integrated approach to addressing problems on an appropriate geographical scale which may require local, regional and even national authorities to cooperate.

- 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?
7. The EU should, within its existing competencies, contribute to the promotion of territorial cohesion notably by providing support for local, regional and national authorities through funds, facilitating transnational cooperation and exchange of best practices, development of common tools and strategies and coordination of integrated policy measures to tackle Europe-wide problems.
 8. The Commission has a prominent role to play in ensuring that other EU policies support cohesion policy aims and that cohesion policy is streamlined into all sectors; overlaps and discrepancies between EU policies should thus be avoided.
 9. CEMR advocates earmarking and variable co-financing rules, especially regional budgets with necessary leeway, which should be globally allocated and could serve local or regional authorities to solve their specific problems in the framework of an integrated regional development concept. Local actors are in the best position to develop local growth strategies by using local resources in an effective and efficient way which has a multiplier effect on the initial investment. By funding cooperation at the local and small scale regional level, the European Commission strengthens subsidiary, governance, and stakeholder engagement.
 10. This approach should in general also allow Member States serve the special needs of areas with geographically special conditions, which could autonomously take the measures according to their special situation. However, geographical conditions should not be the sole eligibility criterion for special support measures from the cohesion policies. Regions of all types must demonstrate their relative deprivation under agreed criteria, irrespective of their geographic type.

11. While favouring further delegation of the management of the structural funds to the sub-national level, CEMR is strongly opposed to attempts to re-nationalise cohesion policies.

3. Better cooperation

Increased cooperation across regional and national borders raises questions of governance.

- What role should the Commission play in encouraging and supporting territorial cooperation?
 - Is there a need for new forms of territorial cooperation?
 - Is there a need to develop new legislative and management tools to facilitate cooperation, including along the external borders?
12. As mentioned under question 2, the Commission should play a prominent role in encouraging and supporting territorial cooperation notably by providing funds and exchange of best practices.
13. European programmes that support cooperation such as INTERREG and URBACT should be further strengthened alongside the EU giving a greater emphasis to projects that deliver tangible concrete outcomes for communities. Here, again, is a need to simplify the management and the allocation of funds.
14. Cooperation should not only be based on the geographic situation, but also on common problems. An option would be to merge strands B and C of INTERREG.
15. In CEMR's view, apart from the reforms outlined above, there is no need for new forms of territorial cooperation or new legislative or administrative instruments to simplify cooperation. The creation of the European Grouping of Territorial Cooperation (EGTC) as a legal and organisational instrument for the institutionalisation of cross-border cooperation is still recent and should be tested and strengthened, financially and politically.
16. The creation of well-functioning cross-border cooperation structures along the EU's external borders is an especially challenging task which requires long-term efforts at the local, regional, national and EU level. It is important to ensure a long term financing as building-up relations and cooperation structures takes time.
17. A new EFTA Forum for local and regional elected members consisting of four EFTA member states should be an important arena for dialogue between EU and EFTA regarding territorial cohesion.

4. Better coordination

Improving territorial cohesion implies better coordination between sectoral and territorial policies and improved coherence between territorial interventions.

- How can coordination between territorial and sectoral policies be improved?
- Which sectoral policies should give more consideration to their territorial impact when being designed? What tools could be developed in this regard?
- How can the coherence of territorial policies be strengthened?
- How can Community and national policies be better combined to contribute to territorial cohesion?

18. The effects of different sectoral policies become visible at local and regional level and show their positive or negative impacts there. Through involvement of the local and regional level with its comprehensive executive competences, contradictions of sectoral policies can be detected at an early stage. In many areas, the local and regional level has to implement legislation in a number of sectors and is accountable to citizens.
19. Territorial Cohesion objectives should be closely aligned to local and regional strategies, and respected by all other EU and national policies to ensure the territorial impact is fully considered.
20. An integrated approach should be a precondition for the allocation of funds. An ex-ante impact assessment of sectoral policies on territorial cohesion could be a very useful tool to ensure the integrated approach. However this should not lead to further bureaucracy and administrative burdens.
21. Territorial Impact Assessment should be carried out in a structured and formal way, with territorial stakeholders involved at the earliest possible stage. The effects of legislation can only be adequately assessed by those responsible for implementation at the local level.
22. Representative associations of local and regional authorities can play an important role and be a privileged partner to the Commission by providing invaluable early warning of potential negative impacts.
23. The most important sectors with a territorial impact are internal market and competition policies, energy policies, environmental policies, transport policies, the Common Agricultural Policy (CAP) and rural development policies, the Common Fisheries Policy and Research and Development.
24. CEMR strongly advocates an increased integrated rural development, understood as improving the quality of life and diversification of the rural economy, within the second pillar of the CAP aiming to achieve a balanced and integrated rural development and going beyond a purely sectoral agricultural policy. We also suggest that the EU's rural development programme (EAFRD), currently under CAP, be moved in future to be under the auspices of Cohesion policy. The aim of balanced integrated rural development has not yet been achieved due to a dominance of a purely agricultural policy
25. CEMR welcomes the recognition of the importance of internal market and competition policies for territorial cohesion, but in our view, the description in the Green Paper does not cover all the relevant aspects of competition policy in relation to territorial cohesion. Better coordination of EU policies and national policies is needed, in particular on following issues:
26. Access to Services: in areas where provision of basic services is very difficult, a less stringent application of internal market rules should be considered. CEMR welcomes the particular emphasis made by the Green Paper on the problem of access to services in remote and rural areas. EU cohesion policy should provide additional resources or policy solutions to support access to services such as healthcare and education.
27. State aid can be a particularly important mechanism to provide public financial assistance, but local authorities often are reticent to act for fear of infringing EU internal market rules.

28. CEMR welcomes the positive support that the Green Paper gives to new governance structures ensuring cooperation among several local authorities for the joint provision of services. While the French model of inter-municipal cooperation is provided as a case-study in the Green Paper, the problems that such cooperation structures have in terms of competition, and in particular, public procurement policy, are not reflected. The EU should not hamper but actively promote local public cooperation structures to provide joint services to their communities. Such joint public structures should, under certain conditions, be exempt from the scope of the EU competition rules.
29. The current interpretation of the competition rules are already discouraging or even preventing local and regional authorities from using innovative forms of public-private partnerships (PPP) or private sector solutions. This development is in contradiction with the political objective, to support creative and alternative solutions for the provision of services.
30. What is even more crucial from the local government perspective is that EU competition policy threatens to undermine local and regional authorities' right to choose their internal form of organisation in line with the European charter on local self-government⁴.

5. New territorial partnerships

The pursuit of territorial cohesion may also imply wider participation in the design and implementation of policies.

- 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?
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31. The important role of representatives of the social economy, voluntary organisations and NGOs is expressed in governance models on local and regional level, as shown in the example of local and regional authorities. The European institutions and policies should, due to their public origin, focus on public authorities. Local and regional authorities should have a possibility to build regional partnerships in an appropriate way to ensure the participation of all relevant actors when designing and implementing region-based development strategies.
 32. A more concrete and legally binding definition of the partnership principle with clearly verifiable criteria to be defined at EU level would reduce arbitrary or inconsistent interpretations of this principle across the Member States.
 33. The Commission should play a stronger role in ensuring that national governments do respect the opinion of local and regional authorities in the process of designing and developing policies and programmes.
 34. Local and regional authorities and their associations are facing difficulties mainly because of ineffective involvement and a lack of capacity. CEMR urges the Commission to monitor that national governments provide technical and financial assistance for empowerment and capacity building at local level to allow local authorities to be proactive partners.

⁴ European Charter of Local Self-Government CETS No.: 122
<http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=122&CM=7&DF=5/21/2008&CL=ENG>

6. Improving understanding of territorial cohesion

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

35. A distinction has to be made between a) indicators in the sense of criteria for eligibility for funds (which, however, does not seem to be included in the question) b) indicators for the assessment of the effect and efficiency of cohesion policy and c) indicators for the orientation of cohesion policy.
36. For the orientation and the assessment of cohesion policy, CEMR supports the introduction of additional indicators in order to better identify the territorial challenges and to monitor the success of the policies.
37. CEMR underlines however that these indicators should not lead to disproportionate reporting duties or administrative burdens for local and regional authorities. It should also be noted that the overriding need for simplification and efficiency must not be undermined.
38. A range of indicators for analytical and monitoring purposes could include, but are not limited to the following :
 - a. socio-economic development (rate and quality of employment, settlement patterns like population density, the urban and rural dimension/rurality index, decentralisation and accessibility, infrastructure and transport provision, supply of services, rate of multiple deprivation),
 - b. socio-cultural criteria (UN development index),
 - c. socio-demographic factors (rate of births, ageing and dependency rates, migration patterns),
 - d. socio-environmental criteria (climate factors, environmental comfort index, rainfall patterns, air quality, oxygen and carbon dioxide production etc),
 - e. access to services (education, health, public transport etc.)
39. CEMR generally advocates a “governance indicator” measuring the implication of local authorities into decision making on regional level.
40. The Impact assessment of the Commission (on economic, social and environmental impacts) could include the territorial impact on different types of regions, including the impact on the regional economy and public budget and the provision of SGIs.
41. ESPON has started to elaborate quantitative and qualitative indicators defined on NUTS 2 or 3 level and describing the European territory. ESPON 4.1.3 tests territorial indicators for monitoring the spatial effects of policies. On these initiatives, further work should be done.
42. Another important question is the appropriate spatial level to apply the indicators. Smaller territorial units of analysis can enrich our understanding of the challenges and opportunities facing territories.
43. A possible obstacle to an effective cohesion policy are disparities within one region, particularly in the “old” EU regions where in spite of relatively high levels of GNI (gross national income), there exist “pockets” of deprivation and areas with structural handicaps at sub-regional and local level that need to be properly identified and supported by EU cohesion policy. A relative deprivation compared to a neighbouring area causes serious development problems, even if the area is not in a convergence region.
44. For these reasons CEMR supports indicators below NUTS 2 and even at LAU1 (NUTS 4) level where appropriate.

45. Depending on each Member State, the NUTS 2 level is currently made up of regions, local authorities, county/provincial bodies and purely statistical areas. This heterogeneous set of governance and territorial levels weakens the analytical basis of the indicators. CEMR advocates therefore to adapt the current NUTS classification that is set from a demographic criterion to one that reflects more closely similar levels of governance.