

# **MULTILEVEL GOVERNANCE: THE REGIONAL DIMENSION OF THE LISBON STRATEGY**

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**The role of the regions and the future challenges between the  
Lisbon Strategy and the regional policy.**

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# **The role of the regions and the future challenges between the Lisbon Strategy and the regional policy.**

## **1. The Lisbon Strategy 2000**

At the Lisbon summit in 2000, European Union leaders set out a new strategy on economic, social and environmental development, in order to prepare the EU for the new global challenges at a time of important changes at international level<sup>1</sup>. The European Union decided to adapt a common vision aimed at dealing with complex phenomena, such as an increasingly stiffer international competition combined with low economic growth and a changing society characterized by mobility and migration, which require skilful management and innovation.

## **2. The relaunch of the Lisbon Strategy in 2005**

After the initial five years characterized by very modest results, the spring European Council in 2005 decided to relaunch the Lisbon Strategy ,stressing the role of growth and employment and promoting a new process of governance<sup>2</sup>. The strategy was reorganized in triennial cycles, strengthening the ownership and sense of responsibility of the different stakeholders, and establishing a clear distinction between reforms to be undertaken by Member States and those the EU should carry out in order to take on a leading role at global level. The relaunch has allowed European regions and the various actors at local level to take on a new role: they have been put at the centre of the implementation phase and have been recognized as key partners in achieving the strategy's goals. This new approach was strongly promoted by some lobbies among others the Lisbon Regions Network<sup>3</sup> (LRN), which since 2004 has worked to foster the regional dimension of this

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<sup>1</sup> The conclusion of Lisbon Council 2000:

[http://consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/00100-r1.en0.htm](http://consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm)

<sup>2</sup> Conclusions of Brussels Council 2005:

<http://europa.eu/rapid/pressReleasesAction.do?reference=DOC/05/1&format=HTML&aged=0&language=IT&uiLanguage=en>

<sup>3</sup> **Lisbon Regions Network** - Brussels Capital (Belgium), Emilia Romagna (Italy), Helsinki (Finland), Randstad (Netherlands), Riga (Latvia), Slovenia (SBRA), Sofia (Bulgaria), Stockholm (Sweden) – coordinator, Valencia (Spain), West Midlands (UK)

political Agenda. The Council approved a series of integrated guidelines and adopted the necessary legal tools, based on articles 99 and 128 of the Treaty, as one of the measures to put the strategy into effect. The aim of these guidelines is to indicate to the Member States the way to carry out national reforms, in the framework of a national reform program (NRP). The integrated guidelines of this first Lisbon cycle 2005/2007 will be substituted by new guidelines for the second phase of implementation of the Lisbon Strategy – 2008-2010.

### **3. The link between the Lisbon Strategy and the Cohesion Policy**

Meanwhile parallel process has been taking place: since 2005, the link between the Lisbon Strategy and the Cohesion Policy has been further developed. Such a link had already been present from 2000, but direct involvement of regional and local authorities was lacking. However, regional and local authorities were and are the real protagonists of the cohesion policy as they are the only actors able to ensure a real engagement and cooperation between the different levels of governance, as it was recognized after the 2005 Lisbon relaunch. With this in mind, a new Communication was delivered: “**the Community Strategic Guidelines on Cohesion 2007-2013**”<sup>4</sup>. The Community Strategic Guidelines contain the principles and priorities of the cohesion policy and suggest ways European regions can take full advantage of the 308 billion Euros that have been made available for national and regional aid programmes over the next seven years. National authorities will use these guidelines as the basis for drafting their national strategic priorities and planning for 2007-2013, the so-called “National Strategic Reference Frameworks” (NSRFs). According to the guidelines, programmes co-financed by the cohesion policy should seek to target resources towards the achievement of the renewed Lisbon Strategy’s goals, such as: improving the attractiveness of Member States, regions and cities by improving accessibility; encouraging innovation, entrepreneurship and the growth of a knowledge economy by supporting research and innovation; creating more and better jobs by improving adaptability of workers and enterprises and increasing investment in human capital.

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<sup>4</sup> [http://ec.europa.eu/regional\\_policy/sources/docoffic/2007/osc/l\\_29120061021it00110032.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/l_29120061021it00110032.pdf)

#### 4. Regional dimension of the Lisbon Strategy

The acknowledgment of the regional dimension of the Lisbon Strategy, together with a stronger link between it and the cohesion policy has provided a new coherence to the Strategy's implementation. Moreover, by bringing the Strategy closer to the level of government experienced by citizens, it enables local authorities to implement some key actions for the achievement of the goals established by the European Council of Lisbon. At the same time, the cohesion policy's "decentralised" programming offers regions the opportunity to be the protagonists in the formulation of strategic goals with regarding to the management of the Structural Funds granted to them.

This new partnership brings some easily recognizable advantages: at local level. Firstly, a greater responsibility towards the achievement of shared goals, thanks to a more realistic planning closer to local issues<sup>5</sup> and to a more flexible and diversified methods of implementation; it also facilitate dialogue with the citizens and the various stakeholders, thus encouraging the re-establishment of confidence; Lastly, regional and local governments have a strong mandate to promote information and training among their citizens, necessary to ensure their involvement.

In the last few years, thanks to the opportunities offered by the Structural Funds programmes, regions have developed a greater capacity to exchange experiences and to develop benchmarking processes, especially when success stories experienced by one region presents clear advantages for another bold enough to apply different development models<sup>6</sup>. A good example, of how regions work together by a continuous mutual exchange of experiences is represented by networking activity. The Lisbon Regions Network itself has enabled various exchanges through the organization of thematic seminars in which the different realities have benefited from successful cases or constructive experiences witnessed by partner regions. The important issue of the Lisbon Strategy governance has been repeatedly tackled by the LRN in order to promote a debate on the best way to involve the regions during the drafting phase of the National Reform Programme<sup>7</sup>.

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<sup>5</sup> By supporting a Bottom Up process - the Lisbon Agenda is formed by a combination of general and operational goals, whereas the goals of the SF, at a EU level, are generic and allow a decentralized process of attribution of strategic and operational priorities.

<sup>6</sup> Scott Drew "The (missing) Regional Dimension to the Lisbon Process" September 2005

<sup>7</sup> For example, the conference organized at the Lisbon Region Network in November 2006 "How to improve the impact of the Lisbon Strategy at local and regional level in the NRPs" or the work carried out by the Committee of the Regions through the Lisbon Monitor Platform - - <http://lisbon.cor.europa.eu>

## **5. The contradictions**

The re-launched Lisbon Strategy of 2005 has certainly advanced the implementation of the Strategy but there is still an important contradiction, which could put at risk the 2010 objectives: financial resources. In fact, although the Cohesion policy aims to dedicate substantial financial resources to the achievement of the Lisbon goals in absolute terms little more than 8% of the entire EU budget will be designated to turn Europe into the most competitive and dynamic knowledge economy of the world. It is evident that this ambitious goal has not received, at a community level, a proper financial allocation. On the one hand, the correspondence between the Lisbon Agenda targets and those of the Structural Funds is quite clear – economic growth, together with high employment and a low unemployment rate. On the other hand, the cohesion policy was not established as an instrument dedicated to the EU's competitiveness but as an instrument of solidarity, between richer and poorer regions, aimed at increasing European integration and fighting the significant inequalities which, especially in European Union with 27 Member States, characterize our continent.

This is a fundamental issue as it creates differences and contradictions in terms of the subdivision of the already poor financial resources which work against the most highly “performing” regions, ready to take up the Lisbon challenges. Within the Structural Funds framework, the new Competitiveness and Employment Objective should be dedicated by member states and regions to the promotion and implementation of the Lisbon Agenda. To achieve this target, the resources should have been concentrated thematically and geographically, in order to allow the achievement of significant results. This has not happened, due to the fact that following to the cohesion principle, the majority of the financial resources – 81% of the total amount, that is to say little more than 251 billion euros, has been allocated to Convergence Objective Regions.

## **6. Potential in the link between Lisbon Strategy and Regional Policy**

The potential contribution which the Structural Funds could make to the achievement of the Lisbon Strategy has been hindered till now by the implementation mechanisms of the Strategy itself, which have been revealed to be too weak and poorly structured in this

sense<sup>8</sup>. However, Structural Funds can count on solid experience, both at the planning phase and at that of management, as well as on the efficient implementation structures at national and regional level. A renewed synergy between the Cohesion policy and the Lisbon Strategy could benefit from such experience and improve the governmental structures in charge of implementing and monitoring the national reform plans, currently required in to each Member State by the Lisbon Strategy. Moreover, the decentralized management of the Structural Funds would have the advantage of involving the regions directly, not only in those cases, like Italy, where they have both administrative and legislative powers but also where the regions are endowed with mere administrative tasks.

## **7. The final Lisbon cycle: 2008-2010**

At the end of last year, the Commission revealed its proposals for the period 2008-2010<sup>9</sup>, together with a project for the next Community Lisbon Programme 2008-2010<sup>10</sup>. This communication defines a series of ambitious actions to be implemented at community and national level by 2010.

The integrated guidelines for growth and jobs 2008-2010 are divided into three areas: macroeconomic policies, microeconomic reforms and guidelines for employment policies- a total of 24 sections, confirming the guidelines already defined in 2005 for the following three years.

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<sup>8</sup> Open Method of Co-ordination (OMC)- The open method of co-ordination was created in the framework of the employment policy and the Luxembourg process. It was defined as an instrument of the Lisbon Strategy in 2000. It offers a new framework of co-operation between Member States aimed at the convergence of national policies for the realization of common goals. In the context of this intergovernmental method, Member States are evaluated by other Member States (peer pressure) and the Commission is only endowed with a watchdog role. The open method of co-ordination operates in fields that fall under the competence of Member States, such as employment, welfare, social inclusion, education, youth and vocational training.

It is generally based on: 1. identification and definition of the objectives to be achieved (adopted by the Council); 2. instruments of measure jointly defined (statistics, indicators, guidelines); 3. benchmarking, that is to say the comparative analysis of the results of each Member State and the exchange of optimum practices (the watchdog role is assured by the Commission). Depending on each field, the open method of co-ordination implies the so called "soft law" measures, which are more or less binding for Member States, even though they never acquire the form of Directives, Rules and Decisions. For example, in the framework of the Lisbon Strategy, the open method of co-ordination imposes on Member States the elaboration and transmission to the Commission of National Reform Plans.

<sup>9</sup> COM(2007)XXX – SECTION V: Integrated Guidelines for Growth and Jobs (2008-2010)

<sup>10</sup> COM(2007) 804 def.: Proposal on community Lisbon programme 2008-2010

In a recent speech<sup>11</sup>, the President of the European Commission Jose Manuel Barroso, stressed the fact that the Lisbon Strategy will not end in 2010 and that this is not the last programming period. In fact, the positive results achieved in the last three years<sup>12</sup> suggest that the EU should continue along this path, especially now that some implementation mechanisms have been improved and that it is possible to see some concrete results. One of the most significant data is the one regarding employment. In the last two years, nearly 6.5 million jobs have been created and in 2009 the number will increase by another 5 million. At the same time, unemployment should fall lower than 7% reaching the lowest rate since the mid-80's. For the first time in 10 years, high employment has been combined with an important rise in productivity. Other positive results are related to growth, public debt, policies supporting enterprises and investments in research and innovation. All these elements allow for optimism vision; nevertheless, engagement must remain constant.

The latest proposals have identified the following priorities: investment in human capital and modernization of labour markets; ensuring a friendly environment for enterprises (European law on SMEs); knowhow - investment in education, R&S and innovation; attention to the energy sector and climate change. Moreover, renewed attention has been drawn to the external dimension aimed at intensifying and rationalizing dialogue with Third countries on issues of common interest related to globalization.

The Spring Council that took place in Brussels on the 13<sup>th</sup> and 14<sup>th</sup> of March 2008 welcomed and approved the Commission's proposal, dedicating an important part of its conclusion to the Lisbon Strategy. It addressed all the different issues involved: economic growth and development, knowledge and innovation, SMEs, the internal market, employment, social policies and education – as well as the external dimension. The implementation process already delineated for the 2005-2007 programming period, was also reconfirmed – namely the National Reform Programme and a stronger involvement of Member States. Finally, The Council invited the Commission to improve and enhance methodologies to ensure a more efficient monitoring and evaluation system.

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<sup>11</sup> The entire speech is available on:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/126&format=HTML&aged=0&language=EN&guiLanguage=en>

<sup>12</sup> See reference n.8

Moreover, for the first time, within the conclusion, an important paragraph has been dedicated to European regions and the strategic importance of their direct involvement “recognising” the role of the local and regional level in delivering growth and jobs; increased ownership of the growth and jobs agenda at all levels of government will lead to more coherent and effective policymaking”.

**8. After 2013- A new political Agenda fostering competitiveness, cohesion and environmental responsibility within a stronger institutional context.**

Considering the concrete achievements of the Lisbon Strategy within the period 2005-2007 and the clear indication given by the European Council in March 2008, it could be advisable to extend the Lisbon Strategy till 2013, with the aim of launching a new initiative after that year - when a review of the financial perspectives and the future European programming of direct and indirect funds will be carried out. It would be desirable to match the programming periods of both financial tools and programs of this would facilitate a stronger synergy between policies and the EU political Agenda, and better support the concept of additionality and integration, necessary in a successful engagement for European growth and employment.

The future debate on the Lisbon Strategy will have to take into account the so-called Goteborg Strategy. Adopted a year later – in 2001 – but often forgotten, the European strategy for sustainable development re-establishes an integrated and sustainable vision of European growth. Unfortunately, the co-existence of two different strategies prevents the present adoption of a single political vision to be evaluated after 2010, a vision that could establish a principle of competitiveness that would fully take into account the territorial and environmental dimension.

Another important issue within the discussion of future scenarios regards the Community budget. It is often blamed for being inadequate to satisfy the challenges Europe has to face today and in the future: globalization and competitiveness, climate change and energy, and the international role of the EU. In this regard, and with an eye on the 2013 revision, it is necessary to promote a mechanism able to guarantee and support the economic excellence of the EU. This could be achieved by paying greater attention to the different development potential present in many EU regions, through a political approach attentive to centres of territorial excellence and to research and development policies. This approach, though, cannot be carried out without greater attention to the social dimension

of EU policies and the concept of cohesion, which European regions have been able to interiorize and promote over the last few years.

This will be one of the many EU paradoxes to be faced within the debate for the future of Europe; the paradoxes of growth with sustainability, growth and improved social policies, and competitiveness, cohesion and solidarity between more and less developed regions.

All of the above would indicate the need for a parallel renewal of the cohesion policy. While, on the one hand, the poorest regions suffer from particular difficulties which need to be urgently addressed, through an effective convergence policy; on the other hand, new mechanisms and financial resources are needed to promote a territorial excellence policy, designed to optimize participation of all regions in the global market. This combination, if adequately balanced, will provide the necessary conditions for a new and modern cohesion policy, where the concept of solidarity can go together with competitiveness. Moreover, this combination will strengthen the link between a European Agenda for growth and employment- or however it is called after the deadline of 2010 or perhaps that of 2013– and the cohesion policy.

Finally, the agreement on the modified Treaty, the so-called “Lisbon Treaty” incorporates more than 90% of the Constitutional Treaty, and if all Member States ratify it, there will be the opportunity to undertake an institutional reinforcement which could allow the EU to improve its functioning mechanisms and, in this way, become a more significant international actor. Although at the moment there are still some open questions, such a background could endow the reform process after 2013 with the right institutional context and with the necessary renewed vitality.

For European regions there will be new perspectives and changes. Primarily, the Committee of the Regions (CoR), the political assembly representing local and regional entities in Brussels, will have recourse to the Court of Justice of the Europeans Communities to safeguard its own interests, especially in the case of violation of the principle of subsidiarity. The principle of subsidiarity itself will be extended to local and regional authorities, and in those sectors which are not the exclusive competence of the EU, the EU will intervene only in cases where the objectives of a specific action cannot be effectively achieved by Member States, either at central or local level. In other words, on

the one hand, once a legislative proposal is to be adopted, the consequences it can trigger at local and regional level must be taken into account, and, on the other hand, it means that local and regional authorities themselves can supervise the subsidiarity principle.

As for regional policy, the most significant innovation concerns Structural Funds, an area in which the European Parliament will acquire the same legislative power as the Council: thus, the next regulations package on Structural Funds will be approved following to the co-decision procedure. Another new element concerns the insertion of the “territorial cohesion” principle, together with the principles of economic and social cohesion. Such a principle reflects a better understanding of the peculiarities of territories inside the EU and its insertion in the Treaty obviously represents a political success for local and regional authorities.

In this rich but uncertain political and institutional context, European regions may reconquer a margin of power with which to assert the regional dimension of European policies and, at the same time, the regional role and added value they bring to dealing with global challenges and promoting the necessary changes to face them. In this paper we have already recalled those elements that characterize regions and territories and the role they can play in providing a European answer to global changes: democratic legitimacy, the capacity to provide particular and differentiated answers to global problems and the capacity to assert the subsidiarity and cohesion principles, already part of the community legislation as well as the shared values of European integration itself.

On these specific characteristics, European regions will base their dialogue with the European institutions, in the debate already started on the 2013 programming period, with the aim of taking a fully active part in the European political arena, aware of their key role in bringing a specifically territorial dimension. Regions will have to demonstrate their capacity to make European policies effective in their implementation phase. They represent the right vehicle for the realisation of the European integration objective thanks to the funds coming from different levels of government. Regions can channel such resources into successful policies and projects, based on the principle of additionality - the only feasible answer to a financial budget that is hardly likely to increase and they will have to push the concept of effective management.