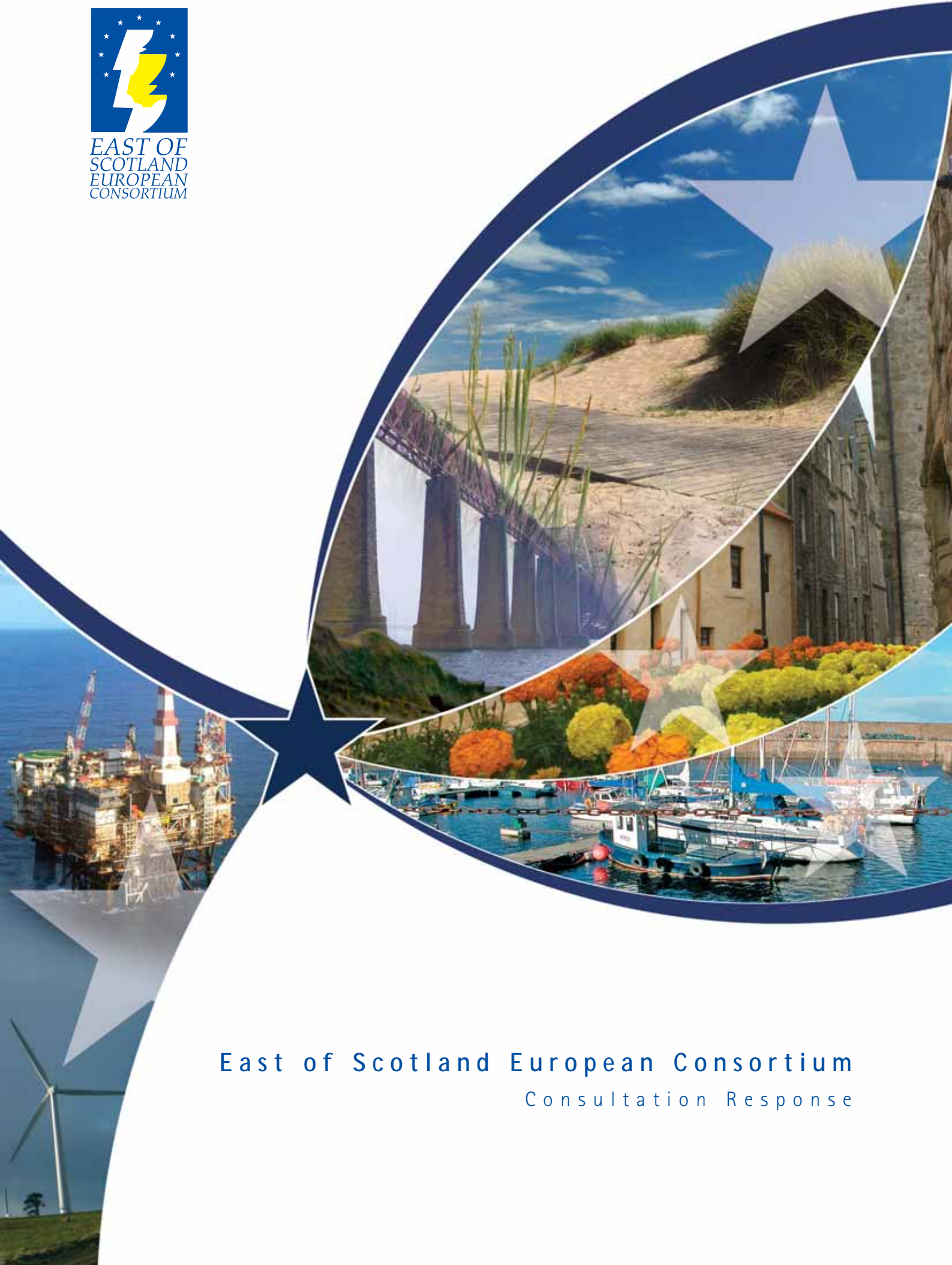




EAST OF
SCOTLAND
EUROPEAN
CONSORTIUM



East of Scotland European Consortium
Consultation Response

The **East of Scotland European Consortium** (ESEC) was established in 1992 to promote the European interests of local authority members and engage with European policy and funding issues on their behalf. ESEC represents 13 local authorities in Eastern Scotland.

Our aim is to:

- Share intelligence and maximise funding opportunities
- Lobby and petition on behalf of the East of Scotland
- Ensure policy engagement

For more information about ESEC, please contact:

East of Scotland European Consortium
Aberdeen Exhibition & Conference Centre
4th Floor
Balgownie One
Bridge of Don
Aberdeen AB23 8AQ
Scotland UK
Tel: 01224 814600
Email: info@esec.org.uk
Web: www.esec.org.uk

ESEC welcomes the opportunity to feed into this important strategy in its development. We understand the importance and timeliness of agreeing a replacement to the Lisbon Strategy soon but we only wish we the public had been given a longer period to contribute to this important discussion, particularly as Christmas and New Year has eaten into this timeframe. Having said that, ESEC is highly supportive of the priorities and sentiment of the proposed strategy, in particular the genuine move towards an integrated "sustainable" economic development approach.

We have centred our contribution on 4 main discussion areas:

Economic and societal challenges

The EU 2020 strategy identifies the key economic challenges the EU faces and the paper outlines many of the challenges governments face as a result of the implications of these issues. It is also true, as the strategy outlines, that addressing these issues has been compounded as a result of economic recession.

The document is very much a zeitgeist in that takes the economic and financial crisis as a starting point for the 10 year strategy but we feel it could perhaps do with focussing more on the needs of the EU beyond "crisis". This is actually more of a tone issue rather than a criticism of the objectives set out in the strategy, which are actually the key issues that Europe has been grappling with for some time now and which are likely to have been an issue with or without the economic crisis.

In terms of the objectives or "key drivers" they are suitably broad to allow a number of more detailed strategies to evolve from this strategy. Paring the "key drivers" back to their absolute basics, you could say they have an economic, social and environmental objective.

We feel that more should have been made in the body of the text outlining the drivers of the strategy such as Europe's rapidly ageing population which will profoundly impact on fiscal sustainability and social security systems. The competitiveness challenge the EU faces seems to be pinned mainly on green and knowledge economy opportunities, complemented with a skills development strand. We do not doubt that future economic growth and increased productivity will come from innovation and equipping our workforce with the latest skills and know-how. However, there is a whole area of entrepreneurship which should be made much more explicit in the "growth & knowledge" priority. Whilst it should be the priority of the EU to help nurture the next Google with an innovation focus, it is also the priority of the EU to help nurture the development of SMEs and less glamorous but pivotal to our economy type of enterprise development. We know this is a priority of the EU so this point once again is more of an issue with the tone and emphasis of the paper rather than a

deliberate omission. In this area, significant emphasis should be placed on stimulating the entrepreneurial aspirations of European citizens.

Finally we feel that if the document were framed as a vision to address the EU's societal challenges rather than purely on economic challenges it would not be a radically different strategy but one slightly more focused on serving the needs of European citizens. By in large it is difficult to separate an economic strategy from a wider vision of society anyway.

Lisbon Treaty: economic, social & territorial cohesion

Within the priorities outlined, it is clear where the Lisbon Treaty objectives of economic and social cohesion are prevalent. This is less clear where the new dimension of territorial cohesion is concerned. In fact, a regional dimension is lacking altogether from the strategy which is a major weakness, especially in consideration of how the strategy might be delivered, monitored, gain support and momentum.

Financing EU 2020

In many ways the paper seems to focus heavily on common issues where the EU has a role to play in facilitating common and shared solutions. However, financing the resolution to these common issues from a limited EU budget is almost impossible. It will be important to address the point made below on governance in order to genuinely pool resources, achieving critical mass and developing coherent and complementary activities in and between Member States.

How the EU chooses to use its budget is clearly very important to how successful the EU will be at delivering the 2020 strategy. There is not always a correlation between the EU's key policy objectives and their financial allocation in the budget. Nor is it always necessary to allocate monies to all of the EU's policy objectives. However, there is acknowledgement by many that the current budget priorities are based on those of a by-gone era. Whilst it does need modernisation, care should be taken not to "throw the baby out the bath water" by overlooking the successful approaches to economic development undertaken through the auspices of regional development.

Governance: achieving results & buy-in

We feel that the strategy could do with developing its section on governance. We would have liked to have seen an outline of how the strategy is going to be achieved in terms of potential targets and mechanisms, even at this early stage. The criticism the current Lisbon Strategy has received is as a result of the poor performance in achieving its key targets i.e. a 70% employment rate and the goal to spend 3% of GDP on research and development.

The current application of the Open Method of Coordination (OMC) for the Broad Economic Policy Guidelines has seemingly not been effective at delivering results, even before the impact of the economic crisis made these goals impossible not just highly unlikely. Thought needs to be given to how the OMC can be effective without the use of the "naming and shaming" process which was dropped for understandable reasons. We are however glad the current strategy document puts emphasis on giving the European Parliament a greater role in the new governance structure.

The paper makes explicit the desire for the EU and national governments to work together to mobilise new growth. An alternative approach would be to give a clearer role for the regions and citizens within this strategy and this perhaps is the paper's greatest weakness. A "hearts and minds" campaign is needed as part of this new strategy to make it more visible and accessible to a greater number of people. Without signing up and giving a role to the actors who facilitate growth at local and regional level, the strategy will fail, much like its predecessor.

Whilst the process of earmarking the 2007-13 EU Programmes to "Lisbon" activity was not always popular for the lack of flexibility it sometimes afforded some Programmes, it was a highly effective way of measuring best practice in this area and the contribution that EU finances make toward its own strategy. This raises two issues: firstly, it will be difficult to avoid agreeing new indicators for the EU to work towards despite the current Lisbon Strategy's failings in this area. Without some targets the strategy becomes meaningless. Secondly, as we all know, the EU budget is tiny in terms of EU economic development and low carbon spend, so the onus should be very much placed on the Member States to feed information into that process and realign domestic strategies (and spend) to these targets. Proper discussion is needed on how that buy-in can be achieved and to regain a greater respect for the targets in the first place. Targets should be seen as goal posts for the EU to strive towards demonstrating progress even if the target is ultimately not reached.

On the issue of indicators we offer two recommendations. Firstly, once proper evaluation has been done on the failings of the Lisbon Strategy, we suspect one of the issues raised will be the problem of placing so much emphasis on two high-level indicators which could never capture a true reflection of the contribution made to economic development in the EU. As we know, spending money on R&D does not always lead to increased levels of innovation nor is innovation achieved just through R&D but through various channels. A starting point would be to put the focus on delivery and results and not the management process. Secondly, this strategy is a departure from Lisbon in that it also aims to integrate the Gothenburg and Lisbon Strategy into one document. Integrating both indicators in a meaningful manner will be a difficult but hopefully rewarding task that will separate the EU 2020 strategy from its predecessor.

Related to the above point on integrating sustainable development principles into the strategy, we would have liked to have seen an outline of how increased policy coordination will be achieved across all associated European Commission DGs. This is especially relevant as this strategy envisages the "greening" of growth and the "growth" of the green sector, thus moving what many previously viewed to be two areas in a dichotomy to a common centre ground. We wish to see a commitment from the European Commission to remove the barriers and blockages in EU policies with conflicting objectives and a commitment to continue its rationalisation and simplification agenda. For this to happen, the European Commission will have to improve its internal communications.

In summary, the EU 2020 Strategy needs more visible buy-in and commitment from the Member States, a more communicative European Commission, and a motivated, engaged and credible set of stakeholders for this strategy to be a success.

Ingrid Dobson, Policy Officer

15 January 2010

idobson@esec.org.uk