

Public consultation on the future “EU 2020” Strategy

UNDERTAKEN BY THE EUROPEAN COMMISSION
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SCOTLAND EUROPA MEMBERS’ CONTRIBUTION | 15 JANUARY 2010

Scotland Europa

Scotland Europa is a membership-based organisation that promotes Scotland's interests across the institutions of the European Union and to the representatives of Europe's regions and Member States. We help Scottish organisations foster successful European relationships, providing guidance on European policies and funding.

Scotland Europa membership brings together a wide range of Scottish organisations from the public, private and education sectors. We are also part of **Scottish Enterprise** working closely to support our colleagues, both in Scotland and in Scottish Development International offices across the world, to enhance Scotland's economic development and influence in Europe.

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Member Contributors:

COSLA

COSLA, the **Convention of Scottish Local Authorities**, is the representative voice of Scottish local government and also acts as the employers' association on behalf of all Scottish councils.

ESEC

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

HIEP

The **Highlands and Islands European Partnership (HIEP)** is a partnership between the key public agencies involved in the economic development of the Highlands and Islands of Scotland and the delivery of the Structural Funds Programmes in this area. It is made up of the 7 local authorities within the Highlands and Islands, the UHI Millennium Institute (our future University) and Highlands and Islands Enterprise.

Scottish Enterprise

Scottish Enterprise (SE) is Scotland's main economic, enterprise, innovation and investment agency. Our ultimate goal is to stimulate sustainable growth of Scotland's economy.

SEPA

The **Scottish Environment Protection Agency** is Scotland's environmental regulator with a main role to protect and improve the environment. SEPA has been advising Scottish ministers, regulated businesses, industry and the public on environmental best practice for over a decade, enabling customers to comply with legislation and good practice and to realise the many economic benefits of good environmental practice.

South of Scotland Alliance

The **South of Scotland Alliance** was established to promote the interests and raise the profile of the South of Scotland region, particularly in Edinburgh, London and Brussels. It comprises Dumfries and Galloway Council, Scottish Borders Council and Scottish Enterprise.

UHI Millennium Institute

UHI is a partnership of colleges, learning and research centres, working together to provide university-level education to people throughout the Highlands and Islands of Scotland, and beyond.

A European Strategy that engages stakeholders

Scotland Europa Members welcome this consultation paper and strongly support the vision of the EU 2020 strategy outlined therein. There is huge potential, under this new strategy, to genuinely foster the support and enthusiasm of Europe's citizens and businesses to develop a smarter, greener EU economy over the next ten years.

We do, however, **regret the limited time available to consider and respond to an agenda of this importance and magnitude**, under the current consultation process – the short length of the consultation and the fact that it fell during the festive period, gave little opportunity for stakeholders to reflect and exchange views on the ideas contained in the Consultation document.

Whilst we clearly support the aspirations of the strategy we have a number of comments on the consultation paper, particularly relating to delivery issues where we feel there is room for improvement.

The EU 2020 Strategy is a mechanism which proposes to replace the Lisbon Agenda for Growth and Jobs, and to provide a powerful lever to support Europe in its recovery from the global, economic recession. With these bold and ambitious headline messages, delivered in an environment of limited exposure and time to respond, the proposed Strategy runs the risk of insufficient awareness and support being engendered due to lack of real debate on the issues across Member States, regions and localities, and lack of clarity of the role and responsibilities of these actors and wider stakeholders and business organisations in delivering on these aims. These issues, of **setting out clear means of involving such actors**, must be addressed in order to give greater credibility to this strategy to transform Europe's economic growth.

The context of the Strategy – and its *raison d'être* – is described largely in terms of Europe's emergence from the current economic crisis. While this is of major importance, there is a **need to describe the rationale for the Strategy in much more holistic terms if it is to be a robust Strategy to tackle many of Europe's challenges** over the next ten year period. To this end, Scotland Europa Members would hope to see a truly sustainable approach to achieving increased economic growth, with greater focus being placed on demographic and societal issues (such as the ageing population), the new Lisbon treaty dimension of 'Territorial Cohesion' and indeed the wider regional dimension of delivering European sustainable economic growth. We would also welcome further discussion on what the positioning the **"green economy"** at the heart of the Strategy really means in terms of a change in policy direction and how we support public and private actors to make the changes necessary to deliver this commitment. Indeed, the costs of environmental degradation and the economic benefits of environmental resources and services must be properly assessed and accounted for in developing a greener economy and achieving sustainable growth. This will be necessary to make a powerful and sustainable case for the need for Europe to commit to this new economic direction.

Strategy communications must emphasise that action and results are necessary for Europe to emerge from the current crisis with genuine vision and direction for ensuring recovery and longer term economic development. Without the **awareness, support and enthusiasm of Europe's citizens, public sector actors at all levels and the business community**, the proposed EU 2020 Strategy could simply remain a worthy document with good intentions which are known by few and enacted by even fewer.

Learning the Lessons of Lisbon

Related to this issue, is the **need for the proposed Strategy to learn lessons from the processes and experience of the Lisbon Strategy**. Thus far, the similarities between the two are obvious:

- a bold and ambitious agenda which seeks to position Europe in a position of economic strength through harnessing the potential of Europe’s citizens and businesses but provides limited detail on how this will be implemented;
- a serious omission in highlighting the importance of and detailing the role and involvement in the EU 2020 agenda of stakeholders and actors beyond Member State and institutional levels ;
- a lack of Europe-wide consensus-building and commitment to the Strategy through poor and insufficient (early) communications; and
- a lack of impetus and direction concerning the ten-year Strategy objectives, implementation, monitoring review and evaluation.

Against this backdrop, the evidence shows that the Lisbon Strategy failed to meet its true potential. There is a risk that the proposed EU 2020 Strategy will follow a similar trajectory. As such, Scotland Europa’s membership makes a strong plea for the lessons of Lisbon to be revisited and for these to be woven into the fabric of the proposed EU 2020 Strategy.

It is also noted that **as the EU 2020 strategy is a fully integrated approach to growth and sustainability, we must ensure that this holistic approach is maintained in its development and delivery**. The process of defining indicators or setting targets should not narrow this focus. Here again the lessons of Lisbon are critical. High level targets, whilst important for setting out the scope of our shared vision, if overly ambitious can be difficult to adhere to; and, if too simplistic, can quickly become a numbers exercise rather than focusing efforts on achieving the results we want – in terms of delivering sustainable growth for all of the EU.

Given the ten-year period which is envisaged for this Strategy, it will **be important to provide a sense of longevity, and to sustain momentum over the decade**. Indeed, it will be essential for the Strategy to describe how actions and implementation might evolve over time. Currently, the Consultation document fails to account for this proposed lifespan. For example, it will be important to provide some indications of how a “smarter, greener economy” will look in one year, five years and ten years time. As a “living” and credible document, the Strategy should also be reviewed at regular intervals to analyse its continuing relevance over the proposed ten-year period.

Incentivising the move to a smarter, greener economy

While international opinion and global actions point to clearer governmental commitments to achieve a ‘smarter, greener economy’, there is still significant work to do to convince citizens and enterprises of the need to take action beyond current efforts. Emerging from a global, economic recession, it may prove difficult to motivate Europe’s citizens and businesses to support a new economic agenda focused on ‘green’ productivity and innovation. This environment will be further perpetuated by a range of challenges, including high levels of public debt, low growth and high unemployment. While **Scotland Europa Members welcomes the ambitious vision behind EU 2020**, this must be tempered with realism in relation to the recent historical context of Europe’s economy. The EU 2020 strategy **must address the challenge of demonstrating the benefits of such a radical cultural shift, which purports to reap long-term benefits.**

In tandem, this presupposes that Europe has a stronger, over-arching set of policies concerning what constitutes prioritised, economic activity (and correspondingly, which industrial sectors / sub-sectors will not be targeted for EU support). The Consultation document points to the need for “new sources of growth”. These should be clearly detailed, and aligned with the EU’s portfolio of support instruments. The forthcoming Strategy should detail how **“increased policy coordination” will be achieved across all associated European Commission DGs**. In particular, there should be greater focus on integrating the Strategy’s strategic objectives with existing and developing EU instruments and policies related to sustainable growth (e.g. on innovation and sustainability, regional development) as well as work towards the completion of the single market. In addition to policy coordination, this major shift in the direction of development requires a similar commitment on the part of the European Commission to remove barriers of complexity associated with multiple EU funding rules to promote synergies across programmes and allow implementing bodies to focus on the priorities, reflecting the emerging “smarter” regulation agenda.

The EU 2020 Strategy should not only signal awareness of the scale of the challenge ahead, but also provide guidance concerning how Member States, regions and public sector actors at all levels might take early steps to prepare for the future economy. Providing a package of incentives for businesses to radically transform their business strategies will be an essential component of this. **The role of public sector bodies, such as development agencies, will be critical to this**, not least in acknowledging their existing expertise in providing such support to enterprises. However, what is called for in the future is likely to be a revitalised approach to how such actors work with enterprises and nurture this new European business environment with the goals of innovation and ‘green productivity’ at its heart.

Being mindful of these current budgetary constraints across the public sector, it will be important to address these governance issues in order to genuinely join up approaches to and pool resources, for the types of incentives and support mechanisms outlined above, between the EU and the various national administrations, as well as within and between Member States.

Implementation: delivering the EU 2020 vision

The EU 2020 focus on a smarter, greener economy envisages a very different Europe than the one we live in today. Scotland Europa's membership recognises the challenges in moving from such a Europe-wide vision to a more concrete structure for implementation. Without genuine efforts from all stakeholders, including all levels of government and public services across Europe, this Strategy stands little chance of gaining the force and momentum required to achieve this transformation.

A major shortcoming of the Consultation document is therefore its **failure to identify the key players and stakeholders who will be engaged in delivering the EU 2020 Strategy**. Not least, the efforts and actions of regional players who will play a crucial role in delivery. The nature of their likely relationships and responsibilities, in mobilising effective action, requires greater emphasis within the Strategy.

Non-Member State stakeholders (such as government, local authorities, specialised public sector bodies, business representatives and key education agencies) must act with knowledge, insight and enthusiasm to support the efforts of business and individuals under the priority of "empowering people". For example, the level and type of business support which they will deliver must be finely attuned to the key objectives of EU 2020. This **support – which includes leadership development, skills utilisation, triggering and supporting collaborative efforts – will be crucial in preparing enterprises for their engagement with a radically different economic marketplace**. To this end, existing definitions and parameters concerning 'innovation' will be inadequate to bring on-board the majority of Europe's businesses who are not directly engaged in activities related to technology or R&D.

The majority of Europe's businesses are SMEs. Their current "distance" from the agenda proposed in the Consultation document makes this all the more challenging. **A radical shift in entrepreneurial capacity will be required** to bridge the gap between these new strategy aspirations and activities on the ground to deliver growth. The EU can play a pivotal role in communicating and driving this change in culture and behaviour to encourage the move to a more innovative, sustainable and internationally competitive economy. Development agencies, and other bodies delivering business support and development services are well-positioned to address this challenge. The forthcoming Strategy should emphasise this.

The Consultation document notes that EU 2020 will mark the 'exit' from the current economic crisis. This timing is important but fails to take account of how Europe will 'gear up' for the delivery of EU 2020. While there is much 'good practice' already in place across Europe, this is disparate in nature and not especially well-known or understood. The Strategy should make provisions for regions to gather intelligence and prepare for targeted implementation, **building on successful approaches to economic development undertaken through the auspices of regional development to bring insights and support more swiftly to the actors on the ground**. Again, the Strategy should usefully highlight this issue and make this a core component of how Member States and regions demonstrate their commitment towards EU 2020.

New forms of partnership and governance will be required (underpinned by new relationships and assigned responsibilities), which see **all levels of government working together with the necessary inclusion of the business sector**. The 'time lag' between gearing up for implementation and actual delivery should not be understated.

Against this backdrop, incremental monitoring of the success of EU 2020 will be imperative, not least as a reminder of its visibility and, of course, to determine if the Strategy has been truly additional to Europe's economic performance. Mechanisms for monitoring and evaluation will need to balance the requirement for co-operative sharing of practice with implications for lack of performance, against a backdrop of limited competence to impose sanctions. Clearly, a sanctions-led approach to monitoring and evaluating EU 2020 would not find favour with Member States. However, the Lisbon Strategy experience has demonstrated that limited and consensus-led performance tracking does not engender the level of action required to meet strategy objectives. In addition, the indicators which underpin the Strategy should provide clear signals of "what success will look like", in order that actual performance can be compared to this. Given the ten-year lifespan of the Strategy, it will be necessary to describe how the transformation to a "smarter, greener economy" will look and develop over the ten-year period.

To do so will require indicators that are realistic and do not detract from the actual focus of the strategy - which is smart, green growth. For example **future innovation that will drive growth will likely encompass social and organisational innovation as well as innovation stemming from more traditional R&D investment**. Therefore, measuring progress against simple high level indicators of R&D spend, will not in itself help us ascertain if we are making the progress needed in developing a smarter innovation based economy. Future indicators for such an ambitious strategy should focus on integrating quality of life, welfare and environmental concerns with measures of economic progress and innovative capacity.

This should, of course, be reviewed in line with global, economic conditions and changes. For the Strategy to retain credibility and longevity over the ten-year period, it must balance providing a developing vision with adequate adjustment mechanisms to review and – if necessary – change course.