



## **CEMR response to the European Commission's consultation on the financial perspectives of the EU "Reforming the budget, changing Europe"**

### **Key points of CEMR's response**

- We welcome the opening of an early and broad debate on the challenges the EU is facing internally and in the global context;
- We advocate a policy-based approach that takes into account all levels of governance and the role they play in achieving agreed joint objectives;
- EU funds can have a positive impact on the way European citizens experience the European dimension;
- Member States and the European institutions should have an open and nonexclusive debate about the income sources;
- New policy challenges may require new budget lines or the shift within existing lines;
- A significant part of the EU budget should continue to support territorial actions, addressing all key challenges which impact on territorial development;
- The EU budget should be a strategic tool for responding to the challenges Europe is facing and will be facing in the future;
- It may yet be too early to determine all of the priorities for the post 2013' period; challenges like climate change, energy, demographic developments, a knowledge-based economy, territorial cohesion, social inclusion, migration and security seem, however, to be key issues;
- Globalisation and its effects also need to be taken into account; funding support for developing countries, including local actors, must continue;
- Horizontal coordination between the policy programmes can ensure consistency and avoid counter-productive effects;
- Spending should always be carefully monitored; the European Commission and Parliament should ensure a transparent, efficient and effective monitoring, auditing and reporting to the Member States and the public;
- The partnership principle with the active participation of local and regional government is a useful tool to ensure the link between EU policies and the territories (regions and localities), helping to bridge the gap between the European Union and the citizens;
- The future budget period should find an appropriate balance between stability and long-term reliability, and flexibility to react to new challenges. The multi-annual budgeting approach should include provisions for mid-term reviews or other ways allowing the European Union to respond to changing realities and could be more closely aligned with the EU political cycles.

## **Financial perspectives of the EU**

### **"Reforming the Budget, Changing Europe" Communication from the European Commission**

#### **Introduction**

1. The Council of European Municipalities and Regions welcomes the European Union's initiative to launch a broad debate on the challenges that Europe is facing and what should be the appropriate allocation of the available financial resources.

2. This procedure provides the opportunity to address the challenges the European Union is facing due to major socio-economic changes in Europe. The debate also needs to look into the challenges that the EU has to cope with in the global context and how Europe can play a dynamic and relevant role in the world.

3. The EU budget should foresee a balanced approach in terms of contribution to the achievement of the objectives defined by the Treaty, in particular the economic and social cohesion objectives and the new challenges that EU has to face in the future.

4. CEMR appreciates the policy-based approach that the Commission is proposing for the future financial choices. As the European umbrella organization representing local and regional government, we would like to emphasise the importance that these decisions take into account the contribution of all levels of governance and the role they play in implementing common policies and contributing jointly to achieve agreed European objectives.

5. We would like to encourage the European institutions and the Member States to continue their efforts to strengthen their relationship with the citizens. The allocation of European funds for information campaigns, awareness rising, exchange of experience and further initiatives to promote understanding of the European dimension are therefore very important.

6. CEMR and its member associations have been engaged in relevant actions (e.g. twinning, promoting active citizenship, equal opportunities, etc.) since many years and enjoys financial support from the European Union for related activities. This is crucial for the beneficiaries, which are often small or mediumsized municipalities who would otherwise not be able to organise events allowing thus individual citizens of all age groups to experience the European dimension.

7. Local and regional authorities should also be considered as partners in stimulating innovation and helping to create a knowledge-based society on the one hand and helping to develop high quality and sustainable environments for the citizens.

#### **The financial perspective**

8. The question of spending is closely linked with the question of the source of the financial means; therefore, we want to encourage the Member States and the European institutions to have an open debate on this issue, including on the possible income sources to meet the agreed budget.

9. New policy challenges need to be addressed by legislative policy initiatives, but they may also require new budget lines or a shift within existing budget lines.

10. The current main European expenditure categories (e.g. cohesion policy, the common agricultural policy with its pillar for rural development) have a direct impact on cities, municipalities and regions.

11. CEMR has expressed its view on the future of these specific policies in its response to the consultation on the future of the cohesion policy.

12. We believe that a significant part of the EU budget in the future must continue to support territorial actions at regional and local levels addressing all the key challenges which impact on territorial development.

### **The EU budget to respond to changing needs**

13. One may question whether the financial framework of the EU (covering 2007 - 2013) adequately responds to the challenges that Europe is facing and whether it reflects the priorities as agreed in the Lisbon and Gothenburg Agendas, namely basing Europe's economy on a knowledge based society, promoting sustainability and thus stimulating sustainable growth.

14. It is probably yet too early to determine all of the priorities for the period -post 2013'. At the moment the key challenges seem to be climate change, energy, demographic developments, a knowledge-based economy, territorial cohesion, social inclusion, migration and security.

15. It should be secured that the thematic EU funds will help local and regional authorities in the Member States to tackle these challenges.

16. Any policy aiming to support measures related to these challenges should be given priority, e.g.:

- a. stimulating innovation and the use of ICT (including education and training, e-capacity building, research and development)
- b. creating environmental friendly solutions (taking into account climate change and all related issues like energy and transport)
- c. ensuring economic, social and territorial cohesion (e.g. reduce the disparities among EU regions, fighting social exclusion, addressing demographic changes, regional development, urbanisation, depopulation of rural areas)

17. Globalisation and its effects on Europe also need to be taken into account. The European Union will be ever more challenged by the economic and political development in other continents.

18. Europe also needs to continue to support developing countries and funding for relevant activities has to be ensured. EuropeAID and the thematic programmes play an important role in strengthening democracy and economic growth in other parts of the world.

19. CEMR calls on the European Union to ensure that the European Development Fund (EDF) makes the fund accessible to local government actors in the respective developing countries and to clearly promote local government actors.

20. In general, sufficient finances need to be allocated in order to allow the European Union to play an adequate role in the global context and to accompany its economic power with strong political instruments.

### **Administration**

21. The European Union should strengthen the horizontal coordination between the policy programmes. The different budget lines should be better linked in order to ensure consistency and to avoid counter-productive effects.

22. The way European money is spent should always be monitored carefully; the European Commission and Parliament should ensure transparent, efficient and effective monitoring, auditing and reporting not only to the Member States but also to the public.

23. CEMR would like to emphasise the partnership principle in the implementation of funding programmes. Local and regional government play a relevant and often essential role in delivering European policies at local and regional level.

24. The EU and the Member States should, where ever appropriate, support the development of the administrative capacity of local and regional administrations in order to strengthen the partnership at all levels and make it more effective.

25. Local and regional democratic elected bodies ensure the link between EU policies and the territories, helping to bridge the gap between the EU and the citizens. They should therefore be key actors in defining and delivering funding programmes and they should have enough flexibility to align European funding to local needs.

26. The future budget period should find an appropriate way to provide stability with long-term reliability on the one hand, but also enough flexibility in order to react to new challenges or modifications of circumstances on the other hand. Therefore the multi-annual budgeting approach could include provisions for mid-term reviews or other ways that allow Europe to respond to changing reality. Programming periods could be more closely aligned with the European Commission and European Parliament mandates to increase accountability.