

COSLA Response

Territorial Cohesion Green Paper

Introduction:

The **Convention of Scottish Local Authorities (COSLA)** is the representative voice of all Scottish Local Authorities both nationally and internationally and it has long been advocating strong, consistent Territorial Cohesion in which local communities are given the means to prosper and where the partnership principle, whereby Local Authorities are fully involved in the design and implementation of the programmes that affect them, is fully applied.

Key messages:

1. COSLA welcomes the Commission's Green Paper and the possibility it offers to contribute to a common EU definition of Territorial Cohesion. Beyond the actual wording we believe that the eventual definition shall comprise the whole of the EU and incorporate a holistic understanding of the concept of "territory" not only as a geographic area but as the place where the economic, social, demographic and environmental factors interact.
2. Territorial Cohesion is an extension of the current approach to Economic and Social Cohesion, rather than a new autonomous EU objective. While spatial planning remains firmly a national and local competence, the introduction of Territorial Cohesion should allow for a territorial perspective, in particular Territorial Impact Assessment (TIAs) are undertaken in all relevant EU policies and legislative proposals. COSLA believes that a crucial way of carrying TIAs out is by engaging in a structured and formal way, with territorial stakeholders at the earliest possible stage of EU pre-legislative development. COSLA is keen to facilitate this as regards to Scottish councils.
3. While COSLA believes that areas with specific geographical features should receive particular attention, we support the idea that the new Territorial Cohesion principle requires Territorial Impact Assessment being undertaken across all EU regions.
4. COSLA supports a role of the EU in providing Territorial Cohesion within the scope of its existing competences. Crucially, it is important that the current overlaps and discrepancies between EU policies are avoided, as well as ensuring consistency with national programmes. Likewise, we support full simplification of EU policies, programmes and funding streams.
5. COSLA promotes the idea that a successful application of Territorial Cohesion depends on devolving responsibilities to the level closer to the citizens and ensuring the full application, with clearly identifiable criteria, of the partnership principle. Therefore, we very much welcome the idea of **Local Partnerships** as suggested in the Green Paper. However we also support the notion that the EU should maintain well defined responsibilities in the definition and strategic management of EU programmes as a way of ensuring consistency and fairness across the EU.
6. COSLA recognises that problems sometimes can not be addressed through existing administrative or cross-border boundaries and will require joint action of the concerned public bodies. However we believe that any new cooperation structure should respect (and be

subordinate to) the role and competences of existing public bodies and the strategic Cohesion priorities within the wider region.

7. COSLA regards as of great importance that the national and EU levels should actively work together to address Territorial Cohesion challenges according to their respective competences in an approach that reflects Multi-Level Governance. We believe that the best practices developed in the **Single Outcome Agreements** between the Scottish Government and the Councils present a useful model that could be used elsewhere with regards to EU policies.
8. We support the introduction of additional indicators with a particular emphasis in below the NUTS II level both in order to better identify the territorial challenges but also, if consensus is reached, to better target EU funds to the local level. **The Scottish Index of Multiple Deprivation** and the **Rurality index** are examples of good practice that could be used elsewhere.

Detailed COSLA Response to the Green Paper questionnaire

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?

- COSLA welcomes the Commission’s initiative to try to reach a common understanding of what “*Territorial Cohesion*” should mean in an EU context. Indeed we agree that this is necessary due to the large differences in the way the approach is being acted on in Member States.
- Furthermore, if the Lisbon Treaty is eventually ratified, the need for a concrete definition will be more necessary as Territorial Cohesion will become an official EU Objective. Because of this, it should both be reflected in the future generation of EU Cohesion Policy as well as in other EU Policy areas.
- We are less concerned about the actual wording – which at any rate will be the result of a delicate balancing act between the EU institutions – but rather its implications.
- Therefore, COSLA believes that the final approach to the idea of Territorial cohesion should meet the following minimum criteria:
 - Territorial Cohesion is an extension of the current approach to Economic and Social Cohesion whereby economic and social disparities are addressed within the geographical context in which they are located, rather than a new autonomous EU objective.
 - For the purposes of EU Cohesion, the notion of “Territory” should not be limited to a narrow geographical sense or refer to a single governance level, but “territory” should rather reflect, in a holistic way, the socio-economic, demographic, political and environmental factors that exist and interplay in any given territorial area. Therefore the concept of Territorial Cohesion should refer to all territorial units and governance levels of the EU.
 - Conversely, the explicit addition of a *territorial factor to the Economic and Social Cohesion concept should not necessarily mean that in the future, the focus on cohesion should be on a reduced number of geographical areas, or that EU support should be attributed on the basis on its specific geographical features alone.*

- Consequently, if this new expanded approach to “Economic, Social and Territorial Cohesion”¹ of the Lisbon Treaty enters into force, it should not result in powers being given to the EU on Spatial Planning policy. This is, and should remain, a national and in most cases including Scotland, a local competence. It is therefore to be welcomed that the Commission clearly states that this Green Paper “*is in no way intended to call into question national and regional competences in these areas*”.
- If the Lisbon Treaty is eventually approved, the inclusion of a newly enlarged concept should confirm that Cohesion as a permanent objective of the EU; therefore the reduction of economic and, social disparities across EU local, regional and national territorial units via EU Cohesion Policy and other related EU policies should not be a temporary/ compensatory scheme but a permanent delivery mechanism at EU level. However this EU Objective should only be exercised within the limits of EU competence.
- Finally, in order to allow for a common definition of Territorial Cohesion to become fully operational, common definitions should also be identified for related concepts “*urban area*”, “*rural area*”, “*peri-urban*”, “*mountain area*”, “*upland area*”, “*river basin*”, etc. Most experts agree that too many differences remain between the way these are defined and applied by a number of national, EU or international organisations’ (OECD, UN, etc.). We believe that these other definitions are necessary to ensure that the definition of Territorial Cohesion which will finally be agreed can be put into practice.

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?

–Do areas with specific geographical features require special policy measures? If so, which measures?

- As mentioned in the response to Question 1, the role of the EU in promoting Territorial Cohesion should strongly rely on the principles of conferral and subsidiarity. This means that the likely inclusion Territorial Cohesion in the EU treaties should not give the EU additional competences – in particular as regards to Spatial Planning - . Instead, it will oblige the Commission to place a greater emphasis on the territorial dimension within its existing powers. This is particularly the case as regards to Cohesion Policy as well as the other policies as discussed in question 4.

Role of the Commission:

- COSLA acknowledges that in an enlarged and more diverse EU there are good arguments for the European Commission to further devolve direct management and audit responsibilities to the national and subnational level.
- On Cohesion Policy specifically, we clearly support this as a way of streamlining payments and reducing administrative burden to local practitioners. The new wording of the proposed Lisbon Treaty Article 317 TFEU article should facilitate a further devolution to the sub-Member State level.
- However COSLA would caution against a full disengagement of the European Commission from the operation of the programmes. This could result in the European Commission simply having an advisory, coordinating role on EU cohesion issues. There are indeed clear voices that argue for this diminished role, with the exception of Community initiatives and Territorial Cooperation Programmes.
- This scenario would weaken the Commission’s leverage to ensure consistency of the implementation of the policy across each Member State, to act as an arbiter of last resort

¹ set in draft Art 3.3 TEU, Art. 4 TFEU, Art 174 TFEU and Art 175 TFEU.

among contending interpretations and to propose changes to the policy during the programme, as it is currently happening in the context of the current economic upheavals.

Territorial Impact Assessment (TIA)- policy consistency:

- We believe and strongly support the case for impacts in a given area of all EU policies to be undertaken at the policy formulation stage. This should also include an assessment of the consistency between EU and domestic policies.
- One problem that local authorities often face is the inconsistency of approaches between EU policies and the national ones (over state aid, cohesion, etc). We believe that territorial impact assessments should become legally binding standard practice in addition to the existing subsidiarity impact assessment and economic impact assessment.
- As regards to possible methodologies, we are aware that some techniques for specific policies have been developed in some Member States, including the UK. However given the vast differences between and within each EU policy, it is unlikely that a single methodology of TIA can be identified. COSLA suggests a complementary and perhaps most effective way to ensure a future EU legislation will not have negative impacts in a given area, is to directly engage in an formal way, at the earliest possible stage of EU pre-legislative development, with the representatives of the affected area. The Commission already makes some effort in this respect in its pre-legislative consultations, however there is vast room for a more direct approach.
- As stated elsewhere, COSLA as well as the other national associations of local authorities, can carry out a valuable role as a consultee to the EU Commission providing reliable information as well as invaluable early warning of potential negative impacts.

Effectiveness of EU Territorial Cohesion Policy:

- COSLA acknowledges that the academic community is not unanimous about the existence of solid evidence and effectiveness of EU Cohesion Policy in narrowing socio economic gaps among EU regions, as well as those other criticisms such as over-reliance on safe and tested projects rather than risk-taking ones, and insufficient evaluation beyond checking compliance of expenditure, amongst others. We very much encourage an improved collection of data to properly establish the extent of those criticisms and the benefits of the policy.
- Therefore we believe that the best way of ensuring that EU Cohesion Funds are effective is to devolve as much as possible to the local level as regards to the definition, management of the funds at the measurement of its results the local level.
- Usually Commission originated studies or similar academic surveys that assess the impact of the policy are only submitted to the national authorities or, in some cases to the Managing Authorities. This is unfortunate as they can lack the input from practitioners on the ground. COSLA, as a national association of Local Authorities is keen to help the EU and national institutions to gather this evidence from the ground level directly.
- Concerning evaluation, and in the context of an increasing demand to ensure that the EU Cohesion Policy is performance driven, we support those views that argue that evaluation should move away from measuring simple compliance to a deeper form of evaluation that effectively ensures that the funds actually make a difference to a given local area.
- With this logic it would be very helpful if the definition of impact evaluation of the funds is at the early stages of policy development, as to better ensure that the policy achieves its stated objectives, as well as ensuring accountability of delivery.

Simplification:

- COSLA has consistently argued for a further simplification of the funds, namely via a Single Operational Programme – Single Fund – Single eligibility rules basis. While acknowledging the technical or practical difficulties this might entail we believe that this is a sensible solution to reduce the burden to smaller local funding practitioners.
- Whatever the final decision on the architecture of the programmes is, COSLA believes that the bottom line is that the local beneficiaries should not lose out with the simplification of the current rules. Ideally funding officers should have a “one-stop-shop” point of access to all EU Structural Funds and, eventually, the Rural Development Funds as well.

Areas with specific geographical features:

- COSLA welcomes the fact that the Green Paper, in line with the Treaties², recognises the specific challenges that can face areas with specific geographical features, and certainly there are many of these in Scotland.
- However, while we believe that mountainous regions, islands and sparsely populated areas and other areas with a dominant geographical feature should receive particular attention, we support the idea that the new Territorial Cohesion principle requires that Territorial Impact Assessments are undertaken across all EU regions. The aim should be that as far as practical territorial factors in all their diversity should be taken into account so that a true picture of the state of Territorial Cohesion across all EU regions can be arrived at. Otherwise, EU policies run the risk of developing “policy silos” when the official aim is to create integrative, or in some cases holistic, policies which contribute to the EU’s economic, social and now territorial cohesion.
- Similarly EU support should not be granted solely on the basis of the existence of geographical features of a territory. They must be developed in conjunction with the economic and social challenges faced in a given area.
- By focussing on the territorial dimension, it important to place an emphasis on enabling all regions, regardless of location, to make the best use of their territorial assets. We believe there is great scope to give a higher priority to the objective of Territorial Cooperation in this regard as a means of exchanging best-practice and developing common solutions to common problems.

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?

- COSLA agrees that there are problems that do not fit with existing administrative or cross-border boundaries that require joint action of the relevant public bodies. Indeed, in the context of Cohesion Policy, COSLA has supported the need to avoid rigid zoning by allowing certain flexibility to allow a limited use of such funds in neighbouring areas.
- On a more strategic scale, COSLA agrees that setting up new ad hoc territorial areas (groupings of smaller towns to gain critical mass, commuting areas, river basins, conurbations, maritime basins, etc.) is worth exploring.

² Draft Article 174 TFEU Lisbon Treaty (current Article 158 TCE Nice Treaty),

- However, as with the EGTC³ we would like to stress the importance of ensuring that any of these new structures should respect (and be subordinate to) the role and competences of existing public bodies and the strategic Cohesion priorities within a given region.
- Likewise, COSLA strongly supports the continuation of the Territorial Cooperation Objective in all its forms and believes there is a case for these programmes to be enhanced in the future. However, we want to stress that any increase in the role of Territorial Cooperation as a Cohesion Policy Objective should not be used as a reason to reduce EU funds for economic and socially disadvantaged local areas in regions not covered by the current Convergence Objective.
- Finally, COSLA welcomes the fact that the Green Paper points out that new cooperation structures, such as shared services schemes among Councils, are worth exploring in terms of ensuring critical mass and consistency. However, as we point out below (Question 4), this requires a number of key issues within EU Competition Policy to be fully addressed.

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?

Cohesion Policy and other EU policies:

- We recognise that other policies, than the EU cohesion policy, have a direct impact in our local communities.
- Therefore, in the current recession and in a context of stable or even a decreasing availability of EU funds, as well as criticism about added value of EU policies, it is imperative **that contradictions between EU policies are removed**. Where they can address parts of the same problem, they should work together with a cross-policy approach being needed so as to avoid overlap and duplication.

Although many EU Policies have a territorial impact we would like to outline in particular the following:

- **Rural Development:** COSLA has argued in the past that as much simplification and synergies between both policies and its delivery funds as technically and politically possible is needed, particularly in the post 2013 programmes. The possible benefits and drawbacks of going from a one-stop-shop to as far as merging both policies should be at least considered. The bottom line is that, whatever solution is chosen, the rural communities should not be worse off in both in financial terms as well as in being able to apply for funding in a direct and easy way.
- **Transport:** Accessibility to the Trans-European Transport Networks is a key factor in ensuring that Territorial Cohesion is achieved, particularly in areas such as Scotland which are peripheral to the so-called “Pentagon” where most of the EU population and economy is concentrated. This problem is even more acute in those areas within Scotland that are particularly remote from the rest of the country and have structural accessibility handicaps. Transport Policy is one of certain EU Policies that risks exacerbating the core versus periphery disparities as it could penalise the regions that

³ European Grouping for Territorial Cooperation.

are located at the end (or outside) the main EU transport network. Therefore COSLA argues that all EU territories, defined at least at NUTS II level, should have direct access to the Trans European Transport network that is now being reviewed.

- **Internal Market and Competition Policy:** COSLA believes that these regulatory policies have a very significant impact in local communities, potentially bigger than the larger funding policies such as Cohesion or transport.

On this area there are a number of specific issues in which better coordination between EU policies as well as with the national policies is needed:

- Fair access to Services: COSLA believes that EU Internal Market and Competition policy can be effective tools in alleviating this problem in areas where provision of basic services is particularly difficult. There needs to be a less stringent application of its rules in this area, in a way that compliance with the EU Internal Market is proportionate to the needs of local communities. It is worth remembering that the current treaties and the draft Lisbon Treaty Protocol of Services of General Interest outline “ *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*”.
- Similarly, COSLA welcomes the particular emphasis of the Green Paper on this problem particularly as regards to remote and rural areas. However we believe that the role of Cohesion Policy on this issue should be a limited one, which could be described as “Structural Access to Services”. In other words, cohesion should work in removing structural barriers (isolation, lack of infrastructure, geographical barriers, etc.) that make it difficult to provide to certain geographical areas an average level of services that can be provided elsewhere in that Member State. In doing so, EU involvement should be that of providing additional resources or policy solutions that are not available nationally. Of course exercising this supporting role in the access to services should not in any way result in the EU having a new competence over the provision of public services, which should remain a national prerogative.
- State Aids: COSLA believes that State Aid can be a particularly important mechanism to provide public financial assistance to local communities but Local Authorities often find themselves confronted with the fear of infringing EU rules. We welcome the efforts of the Commission in terms of simplifying EU State Aid rules, increasing the aid thresholds, proposing new aid guidelines (such as those the Environmental Aid) and developing new information tools. However, we believe that Regional State Aid Guidelines should be adapted to take into account that the much reduced direct EU funds in many areas anticipated in the future. State Aid stands out as a viable mechanism to alleviate this loss of funding and ensure that local communities do not loose out, particularly in the current financial scenario. The rules need to be more flexible to meet the needs of areas with territorial handicaps. Similarly the State Aid rules need to be consistent with and reflect the objectives aimed by Cohesion Policy and other EU policies,
- Shared Services / Inter-Municipal Cooperation: COSLA welcomes the positive support the Green Paper gives to new governance structures to allow cooperation among several local authorities in the joint provision of services. We noted that the French model of Inter-Municipal cooperation was provided as a case-study in the Green Paper. However this DG REGIO paper fails to outline the problems that such cooperation structures have in terms of EU Competition, and in particular, public procurement policy. COSLA believes that the EU should not hamper such

arrangements; instead it should actively promote Territorial Cohesion cooperation structures that can be set up by local authorities to provide joint services to their communities. These public sector joint bodies ought to be exempt from EU competition rules. We believe that current Commission rules need to make a distinction to whether the service provider is public or private, allow for the participation of minority private stakeholders, and at the very most apply EU competition rules only to the most financially significant of such cooperation schemes. COSLA very much hopes that DG REGIO could emphasise these points in their discussions with the relevant DGs.

New challenges

- In this context we believe that Cohesion Policy has a role to play in the new challenges identified by the European Commission (globalisation, demographic change, climate change) in its Fourth Cohesion Report, the Green Paper and most recently at the *Regions 2020* study. **However EU Cohesion should focus ONLY on aspects of these issues where which it can truly provide better EU added value.** Otherwise the policy runs the risk of spreading itself too thinly and therefore moving away from its stated objective of ensuring cohesion across the EU.
- With this rationale, there are aspects of **climate change adaptation** in which Cohesion Policy could be of great use, as climate impacts affect disproportionately certain local areas that should receive priority support and funding. This would be both at the strategic level - to forecast possible scenarios of climate impact and adaptation solutions, cost analysis (especially against the cost of non action), research on future impacts on the delivery of local public services (for instance on climate migration) – as well as at a delivery level (funding for local adaptation projects and infrastructure). Additionally, it shall be pointed out that it is important that the ETS rules should not penalise the more peripheral regions.
- Similarly, **economic globalisation** can have disproportionate effect in defined local area as opposed to its surrounding regional or national environment. Indeed cohesion policy, being a structural policy, should not be used only to compensate for the economic and social weaknesses of the past but it should also be used as a preventive policy that helps equip regions that might look economically healthy from a statistical point of view today but have structural weaknesses in their socioeconomic fabric that will make them particularly weak when exposed to increased global competition in the short to medium term. This is partially addressed today by Cohesion Policy, namely on the Competitiveness Objective, which should be reinforced in the future.
- **Demographic Change:** COSLA believes this affects many local communities, particularly in remote and rural areas, not least in Scotland. Cohesion policy both in its convergence side (by addressing the most structural weaknesses of a given area) and its competitiveness side (by improving its economic attractiveness) provide the tools that can help stem demographic decline of an area by providing it with basic infrastructure to ensure a minimum quality of life as well as the educational, social and economic assets that can make the area an attractive place to stay and come to live.
- In any event, and in the context of the forthcoming EU Budget review, it should be stressed that Cohesion Policy should not be used to compensate for the lack of resources of other EU policies. Instead, a bottom up assessment of the future challenges that each EU policy faces needs to be undertaken first, and only then discussions on specific financial envelopes should take place.

Relation between EU and National Policies

- COSLA believes it is of vital importance that national and EU levels should actively work together to address Territorial Cohesion according to their respective competences. Cohesion policy in particular is a good example of an approach requiring Multi-Level Governance. However, as with many other EU policies, it is important to address the criticisms that argue for national and EU territorial cohesion policies to be better aligned and focus more on performance.
- We are aware that a number of possible solutions are now being discussed among Member States and the European Commission. In this context we believe that the Scottish **Single Outcome Agreements** are useful examples of how multi level governance can work. Here is a short description of what is happening in Scotland:

Case Study: Scottish Single Outcome Agreements

- *The Scottish Government and COSLA have jointly developed what it called a Single Outcome Agreement (SOA) that each Council and the Scottish Government have jointly signed. It encourages each council and their community planning partners to address 15 key national outcomes, and decide on which local indicators are used to measure their achievement at a local level. Each SOA covers a rolling three year period.*

- *The approach gives a genuine element of local flexibility as each Council and their partners is ultimately free to prioritise the national outcomes according to local needs, circumstances and priorities. This can mean that a council chooses not to report around national outcomes they do not believe to be a particular priority in their area, and to invest much more heavily in those that are.*

- *Mutual Accountability: each party to the Agreement (local authority, Scottish Government, and Community Planning Partners) has a shared interest in the delivery of the agreed outcomes, and they will jointly take ownership and responsibility for their respective contributions to these outcomes.*

- *Therefore, the parties to the Single Outcome Agreement will be able to measure performance, and crucially, to hold each other to account for the delivery of specific commitments they make to enable the delivery of the agreed outcomes.*

We believe that the Scottish model could be used as an example of best practice that can be enlarged to govern local-national-EU joint work on common challenges or projects.

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?

Local Partnerships:

- COSLA welcomes that the principle of territorial partnerships, including Local Partnerships, as a prominent feature in the Green Paper. Indeed, we agree that a policy that is “*more flexible, more capable of adapting to the most appropriate territorial scale, more responsive to local preferences*” is clearly the way forward.

- Certainly, Partnership is most effective with involvement at local level. In this respect COSLA has been arguing for a more concrete and legally binding definition of the partnership principle with clearly verifiable criteria to be defined at EU level in order to reduce arbitrary or inconsistent interpretations of this stated principle across the Member States and individual Operational Programmes.

Therefore, local actors, and most prominently the Local Authorities, should be directly involved and whenever possible, directly responsible (or where applicable, co-responsible) for the design, management and implementation of the funds. However, too many actors would make the decision-making difficult so the governance of such structures should give priority to those actors that have the most direct political and legal responsibilities.

- Partnerships need to have substance as well as form. They are about results and not just about process. Certainly they should not be used to simply legitimise decisions taken elsewhere. By this we mean that the decision making structures should actually enable local stakeholders to make a difference in the final outcome.
- Indeed, COSLA believes that failure to fully implement the partnership principle with the local level could prevent EU initiatives on Territorial Cohesion from being fully effective.

6. Improving understanding of territorial cohesion

–What indicators should be developed at EU level to monitor characteristics and trends in territorial cohesion?

Indicators:

- While we recognise that GNI is the only indicator that is currently available and enjoys the widest consensus, we believe that it is a crude tool that does not fully reflect the socio-economic make up as well as the environmental threats affecting a given area.
- Therefore we welcome the efforts being made by ESPON and other experts advising the Commission to identify a bigger set of indicators beyond as per capita GDP such as social data (unemployment, worker mobility, training, demographic decline, etc.), environmental data (CO₂, etc.) geographical data (poly-centricity, rurality, urban sprawl, access to services to services, border discontinuities, potential accessibility, natural and cultural assets, land use patterns, territorial cooperation options (urban-urban and rural-urban cooperation), quality of life, regional competitiveness., territorial opportunities and potentials, innovative creativity and standards of well-being, etc.
- In this context we believe that Scotland can offer best practice examples on indicators such as the **Scottish Index of Multiple Deprivation** and the **Scottish Rurality Index** which are used in the current Scottish Operational Programmes both to identify and the local areas facing the most challenges and as an eligibility criteria that ensures concentration of Funds in the areas that are most in need.
- **Territorial Targeting:** Consequently, we believe that, as already is the case in Scotland, **additional indicators can be identified and used to target the EU funds to the local areas that are most in need.** We believe that some minimum consensus on such indicators and the accompanying data agreed at EU level can benefit the fairness and accountability of Cohesion Policy across the EU.

Scale of measurement:

- COSLA believes that a change from a “regional” to a “local” paradigm in understanding and delivering Territorial Cohesion is needed, particularly in the old EU15.

- We believe that more data needs to be obtained below the NUTS II level as current statistics fail to identify the bigger divergence between local areas of a single region, particularly in the “old” EU regions where in spite of relatively high levels of per capita GDP, COSLA strongly stresses the existence “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.
- We recognise both that there is a problem of a lack of quality, EU-wide, comparable data at local level and the efforts that the Commission is making in trying to resolve this using survey methods such as the “Urban Audit” and possibly a rural audit. COSLA believes that the coming years up to 2013 should be used to develop local statistical data for all areas of the EU in time for the next generation of EU Cohesion Policy.
- On a more strategic note, while recognising the practical difficulties it would involve, and in order to ensure like-for-like comparisons are made between territorial units, some effort should be made to try to move the current NUTS classification that is set from a mostly demographic criteria⁴ to one that aims to reflect more closely similar levels of governance. For instance, depending on each Member State, the NUTS II 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. While like-for-like NUTS could improve the quality of data collected we should stress that this should not necessarily need to have direct consequences in setting eligibility for the Structural Funds.

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⁴ NUTS 1: 3 million to 7 million ; NUTS 2: 800 000 to 3 million ; NUTS 3 : 150.000 to 800 000 hab.