

# **NEXPO 2013 – the NALAS International Municipal Fair “Paving the Road to EU Integration”**

*Rijeka, 27<sup>th</sup> September 2013*

## **DECLARATION**

*We, Mayors and elected representatives of the local and regional governments of South-East Europe, meeting together in Rijeka on the occasion of the Second NEXPO International Fair organised by NALAS and partners, have agreed upon the following Declaration:*

### **Our region’s European Future**

1. We re-affirm our commitment to our common European mission and future, which we expressed as follows, at the first NEXPO, held in Sarajevo in 2011:

“The countries and peoples of south-East Europe need to take their proper place, very soon, within the European Union. This will mark another major step towards unifying our continent, and thereby enhancing our common goals of peace, stability and sustainable prosperity.”

2. We greatly welcome the fact that the Republic of Croatia, on 1<sup>st</sup> July 2013, became the 28<sup>th</sup> Member State of the European Union, and – amongst NALAS’s membership – joins Bulgaria, Romania and Slovenia within the EU. We also welcome the European Council’s recent decision to open accession negotiations with Serbia. We look forward to continuing progress with other states. We further welcome the signing of Association Agreements in November 2013 with Moldova and Ukraine. We also hope for prompt resumption of discussions with Turkey on the *acquis communautaire*.
3. We emphasize that closer integration of all within our region with the EU is and remains a priority for all of us, whilst recognizing the different starting-points and stages reached to date. EU integration for our region is essential for both for ensuring peace and stability for the long-term, and for achieving stronger economic, social and environmental development for our peoples. In short we need to remove the barriers to integration and unlock our potential.
4. This is not just a matter for national governments and the EU institutions. It requires in particular the commitment of local governments, with their local communities, to the objectives of closer integration, as well as their capacity, through better governance, to deliver results on the ground.

## **Local democracy, self-government and decentralisation – essential factors for European unity**

5. Local democracy, self-government and effective decentralisation are amongst the shared pan-European values at the heart of the European construction and integration process since its very beginning – they form the kernel of the principles of subsidiarity and proportionality. 2013 marks the 25th anniversary of the coming into force of the Council of Europe’s Charter of Local Self-Government, which sets out the key elements that need to be respected by national governments and European institutions. We reaffirm our unshakeable commitment to these values and principles.
6. Recent research for the Organisation for Economic Cooperation and Development (OECD) has shown that decentralisation is positively associated with higher levels of Gross Domestic Product (GDP) per head of population, with better educational outcomes, and with higher investment in physical and human capital. Yet since the financial crisis broke in 2008, followed by economic contraction in many countries, the process of democratic decentralisation in our region has effectively stalled – with a generally worsened fiscal and financial position for local governments. What is particularly damaging is the stalling of the financial decentralization processes in many countries with a combination of both reductions in own resources and in intergovernmental transfers. This leads to severe limitations in local governments’ capacity to provide and improve public services and the quality of their peoples’ lives. It also undermines the necessary predictability of resources for local governments’ planning.

## **Local government looking to the future – South East Europe 2020**

7. The European Union has adopted its integrated 2020 Strategy, with five key sets of targets covering employment rates, research and development, climate change and energy sustainability, education, and fighting poverty and social exclusion. This is paralleled by the South East Europe 2020 Strategy, developed under the auspices of the Regional Cooperation Council, which identifies the key issue for region being much stronger economic growth as “the fundament of prosperity and job creation as well as for further catching up with the EU”, and subdivided into its 5 pillars.
8. We note and warmly welcome that NALAS is strongly involved in the development of the SEE 2020 Strategy, in particular the “governance for growth” pillar, with a focus on improving public administration, and creating a business-friendly ‘environment’ of public services and support.
9. We highlight, in this context, the need to ensure effective consultation of LGAs at all relevant stages. There is only one rule: no decisions and no laws concerning local governments without local governments. We also agree that there must be effective monitoring.. of how commitments are implemented. Such monitoring should include that undertaken by the Council of Europe through its Congress of Local and Regional Authorities.

10. We also support and underline the proposal for a SEE regional policy dialogue between national and sub-national governments and the private sector, to address common issues and obstacles for growth of enterprises – in particular for SMEs - from a regional perspective.
11. Finally, in this regard, we stress the importance of the territorial dimension of policy-making for economic growth. This includes smart, resource efficient and inclusive policies for territorial development; the efficient and effective allocation of resources between different levels of government; and monitoring and regional benchmarking on the implementation of the principles of subsidiarity and “connectivity” (i.e. ensuring that responsibilities at sub-national level are “connected” with the necessary resources).

### **The role of the European Union in promoting closer integration**

12. Since 2008, the EU enlargement process, in particular to the countries of SEE, has sometimes appeared to be almost frozen, with a certain “enlargement weariness” on the part of some Member States, as well as weaknesses in some SEE states. With the accession of Croatia, we are confident that more positive progress can be made. For this to succeed, we must ensure that all stakeholders are active and engaged – civil society, governments at all levels, and the business community. For this to succeed, the role of financing instruments to support the enlargement and integration processes is key. We note in particular the importance of the Instrument for Pre-Accession Assistance.
13. To date, however, only a very small proportion of the IPA financing has been in practice available to local governments, even though they need to play an important part in the preparation for accession, e.g. in implementing locally the “acquis communautaire”, the EU’s rulebook.
14. We therefore call on the EU and our national governments to ensure that a substantial part of IPA and ENI financing is open to local governments, and to ensure that IPA- and ENI-related programmes are geared to the roles played by local governments in the pre-accession process. We stress the importance of a more prominent role for Local Government Associations in IPA and ENI programming.

### **Paving the bumpy road to EU integration**

15. A draft of the SEE 2020 Strategy says that

“Progress towards EU membership has been uneven and some of the countries still face a long and bumpy road towards EU accession... It is becoming more and more clear that South East Europe need to “change gears” by accelerating socioeconomic reforms and speeding up measures to modernize the economies, create more new jobs, and deliver the population better living standards.”

16. The title of this NEXPO, “Paving the Road to EU Integration”, also uses a motoring metaphor in looking at our tasks for the coming years. We want to ensure that the “bumpy” road is well paved, to make the journey to EU integration as smooth as we can, and make our “vehicles” (our local governments) as roadworthy as possible.
17. To this end, we express our commitment to improve our own capacity to provide effective, modernised public services that help to achieve the objectives of our 2020 strategies for growth, and to accelerate the EU integration process in all our countries.
18. To succeed more fully, we also call on our national governments, the Regional Cooperation Council and the European Union to work more closely with us, through our national associations and through NALAS as our regional network, to help strengthen the legal and financial frameworks for decentralisation in all our countries, and to ensure that pre-accession funding programmes are geared to our needs and responsibilities.

### **Taking forward our agenda for EU integration**

19. To achieve a positive EU integration process for SEE, all actors must be mobilised, involved and work together – European institutions, national, regional and local governments, civil society, the business community and others. All need to take measures to achieve results.
20. In conclusion, therefore, and to take forward the EU integration process together, we call in particular on:

#### ***Local governments and their associations***

To commit ourselves to necessary institutional and governance reforms, in the interest of their local communities, tackling inefficiencies and corruption.

Local government associations to support local governments in enhancing their capacity to implement European legislation and standards and to use financing programmes effectively.

#### ***National governments***

In full consultation and partnership with local governments and their associations, to take forward effective, democratic decentralisation and reform processes, ensuring that all transfers of competences are accompanied by appropriate and continuing levels of financial resources.

To put in place effective consultation processes at all stages of planning, programming and decision-making on all issues affecting local government, and to enable transparent monitoring of progress and results.

To ensure that, in line with the European Charter of Local Self-Government, local governments have adequate resources to carry out their responsibilities, on a continuing

basis, including access to appropriate credit facilities for capital investment and development purposes.

***SEE Regional organisations***

To recognize the essential role of local governments in the SEE 2020 Strategy and throughout its implementation.

***International donors***

To work closely with and support local governments in achieving successful local government reform and local development, including support for national LGAs and for our network NALAS at SEE regional level.

***Business community***

To see the local governments of SEE as natural partners for future development, investment, innovation and prosperity.

***European institutions***

To underline (notably to central governments) the fundamental importance of effective, democratic decentralisation and local government reform at all stages of the integration and accession processes.

To ensure that IPA and ENI funding is available in practice to local governments, and that a substantial proportion of IPA and ENI financing is dedicated to local governments.