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Cities delivering smart, sustainable and socially inclusive growth

Towards a strong urban dimension of EU cohesion policy

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

**Informal ministerial meeting on urban development
Toledo, 22 June 2010**

Ministers,
Members of the European Parliament,
Ladies and gentlemen,

Europe faces a moment of transformation. The economic crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy. In the meantime, the world is moving fast and long-term challenges – globalisation, pressure on energy resources, migration, ageing – intensify.

Many of the crisis's economic impacts, both in terms of unemployment and economic downturn, are most visible and tangible in our cities. The financial crisis also takes a massive toll on already-squeezed city budgets: For the first time in at least two decades, all three major general tax sources of urban administrations across Europe — property registrations, income and sales — have declined simultaneously.

At the same time, arising long-term challenges require new and sustainable solutions. The example of energy consumption clearly illustrates the strong "urban dimension" of the issue: According to world-wide estimations, cities use about two thirds of the final energy demand and generate up to 70% of all CO2 emissions. To reduce these shares is indeed a challenge. However, cities are also part of the solution: Thanks to their high density and compact structure, cities can work more energy-efficient than other areas and have a high potential for real savings. Urban lifestyles also tend to be far less energy-intensive than others. City dwellers for instance need to use cars far less than people living in rural environments or can benefit from district heating systems. If we want to take energy savings seriously, there is no way around our cities.

The same goes for questions related to social inclusion and regional economic competitiveness: Cities are places where problems of social exclusion and poverty accumulate, but also offer vast possibilities for integration, education and cultural dialogue. They are also the ones being at the fore-front in delivering innovation and in driving economic progress, despite having to cope with the challenges of fast-moving globalisation and rapid structural changes.

With the Europe 2020 strategy, the European Union has agreed on a common line to move towards a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. This strategy is both our operational answer to the crisis and a vision of a better Europe.

From the European Commission's point of view, the place of cities in delivering the strategy's priorities is undisputable.

Firstly, because they have a unique potential for green, smart, socially inclusive growth. It is in our cities, where Europe's greatest assets lie.

Secondly, we will need to support cities with targeted investment to bring Europe forwards – because it is in the cities, where economic, environmental and social problems can be expected to hit the hardest. Realising new energy schemes or social innovation will – for instance – require massive financial means. However, the financial burden cannot only be with cities, but needs to be shared with regional and national governments as well as the European Union. We will need to work closer together, also financially, to make our cities attractive locations for investment and good places to live. Policy makers across the Union need to be stronger aware that an urban focus is a good way to bring policies closer to our citizens. Let us all not forget that over 70% of all Europeans live in cities.

It is one of my political priorities to strengthen such an urban perspective. We need to consolidate a European urban agenda which puts our cities and towns in the position of drivers of growth and sustainable development. I would like to derive at a

city model which is sustainable for future generations and liveable for our citizens. Indeed I believe that improving the quality of life in our cities needs to be better in the focus of public policies across the Union. I will come back to this point later.

Allow me first to say a few words on my ideas for the future urban dimension of cohesion policy: For me, there are five important building blocks which we will need to consider in designing future cohesion policy.

One first important element would be mainstream programmes in which urban actions are thematically concentrated on Europe 2020 priorities and delivered within integrated frameworks. Urban development needs to contribute to sustainable, smart and socially inclusive growth – and therefore needs to be part of cohesion policy priorities. The investment in urban infrastructures, such as clean urban transport or waste water treatment, will contribute to our objectives just as importantly as funding for research and business innovation or social inclusion.

What I would like to insist on are integrated urban development plans for cohesion policy interventions in our cities. I believe that they need to be an integral element of all mainstream cohesion policy programmes. I consider them as vital for achieving greater synergies between different policy areas.

What we certainly need in this context is a greater flexibility what concerns the geographical scale of intervention. While social inclusion measures in pockets of poverty might be addressed best through smaller-scale neighbourhood interventions, questions related to clean urban transport or service provision might be solved better at city or city-regional level.

The Leipzig Charter has underlined the key principles of how integrated urban development should function. I am convinced that cohesion policy is a good place to use and apply these principles.

I am therefore also happy to announce that we will support the operational consequence of the Leipzig Charter, the common European "Reference Framework for Sustainable Cities". The European Commission will contribute financially to the test phase of this instrument which you have decided to launch two years ago in Marseille. It has in the meantime become a truly European project in which cities, Member States and the Commission work closely together as partners. Once operational, we will have a tool at hand which can also help us to make cohesion policy interventions in cities better integrated and more sustainable.

A second element could be – what I call – experimental approaches to complement and innovate the mainstream. I personally believe that cities as drivers of innovation and progress need to have innovative and experimental instruments at their disposal to address new challenges. I see a real need in developing such approaches in urban development, especially within cohesion policy. When reading the – just completed – ex-post evaluation of URBAN II, it strikes me that some of the most successful programmes were the ones which entered into new, often unknown territory.

The role of the European Commission is – and has always been – to initiate and promote progress. I therefore believe that we will need to get back what we lost with the URBAN initiative: a tool which deals with experimental urban approaches in some cities, especially in those suffering from multiple deprivation. Drawn up in close cooperation with regions and Member States and focussed on integrated city regeneration, such an instrument would not replace a solid urban dimension of mainstream programmes, but complement it for the purpose of managing a joint learning process. It is my personal conviction that a European initiative in this direction will help us all – Member States, regions and cities – to think in new directions and to foster innovative, integrated operations in city areas.

The third element concerns the future role of cities in implementing cohesion policy. One of the set-backs of the current programming period is that the role of cities in programming and decision-making processes has not been taken seriously. However, with the Lisbon Treaty in force, the role of the local authorities for delivering EU policy actions has indeed been expanded and emphasised.

With the new regulations we will therefore envisage to close this gap between our policy responsibility of sufficiently involving cities and the reality of programming. I want city administrations (which best know the needs but also talents of their citizens) to be more active in our policy. I would also like to see more local development initiatives, more global grants handed over to city authorities, more urban stakeholders in programme monitoring committees and a more consensual work between the regional and local level.

Fourthly, European networking needs to support the implementation of concrete actions in our cities. With the URBACT programme we have a valuable tool at hand which we should better use to build capacities and skills in our cities. There is a growing – and important – need to learn from each other and to find joint solutions to urban challenges. Indeed I consider such a common exchange and learning platform as an important prerequisite for a successful urban dimension.

Last but not least, it will be important to build upon the achievements of the financial engineering instruments, especially JESSICA. For me, it represents an important alternative to the assistance which we have traditionally provided through grants. This revolving approach – which is also new in cohesion policy – had a long starting phase, but is now showing first, very promising results. With our partners from the European Investment Bank and the Council of Europe Bank we have signed agreements for 14 JESSICA schemes in nine Member States, worth over € 1.1 billion so far. Good news is that this figure is likely to double in the course of this year. So there is a great interest and demand all over the Union. I therefore believe that we will indeed need to strengthen our efforts in this direction.

Just to avoid misunderstandings: I have no intention to propose a separate urban programme for the next financial period or to revive URBAN II, since I consider the reduction of programme proliferation one of the biggest advantages of the current period. I would rather imagine an improved version of the mainstream urban programmes, for example with some sort of dedication for urban development.

Let's not forget that some 72% of the European Union's population lives in urban areas, so they deserve special attention. But the cities' needs differ enormously, depending on their size, on being imbedded in a greater agglomeration or their connection to the rural hinterland.

Honourable ministers, ladies and gentlemen,

These are my first ideas of an urban dimension post 2013. It is a vision of a policy which supports all European regions, sufficiently involves all our cities and acts on the basis of integrated strategies.

I do not hide that I will need your support for turning this into reality. Indeed I strongly count on your support and your positive "urban" influence in the upcoming negotiations on the EU budget and the structural funds regulations.

With the European Parliament we have a strong ally on our side and I also rely on the Committee of the Regions and the European Economic and Social Committee for their support of a strong urban dimension of cohesion policy.

I believe that this urban dimension needs to strengthen and complement the efforts undertaken at national and regional level – and between our Member States. I see the Leipzig Charter as our common guiding light and we need to make sure that

cohesion policy follows it for better integrated and more sustainable urban policies across the Union.

At this point I would also like to express my full support for today's declaration which underlines the importance of city regeneration – as a crucial part of integrated urban development – to achieve the Europe 2020 goals. I consider this document as a firm commitment of all Member States to support integrated urban actions – something to which we can also sign up.

I am also convinced that an improved urban dimension of cohesion policy can be the starting point for a broader discussion on our vision of the model of the European city. I consider this model which reflects Europe's great cultural diversity and richness to be a unique feature which we need to keep, develop and strengthen.

To better define the future of our cities, I want to initiate a European dialogue with you, cities and their citizens on the direction in which we are heading.

This may concern practical questions, like

- "How should we organise public services to best meet the needs of our citizens?"
- "How should cities be built in order to be more energy- and therefore also cost-efficient?", or:
- "What is an acceptable time to travel from the place where you live to the place where you work?"

but also needs to target more general ones, like

- "How can we manage our cities so that our citizens stay politically interested and active?"

Knowing from my own experience in Vienna, I am – for example – convinced that people who are embedded in a neighbourhood community take far better political ownership of "their" city or district than others.

The outcome of the discussion may be uncertain and the process difficult, complex, even controversial. But I think it is time to lead this discussion – a discussion on the future of European cities and on an urban strategy for Europe.

Developing this joint vision and turning it into reality will require time, energy, knowledge and support. Cohesion policy can be one of the vehicles to help us. It is a smart investment in our future and the quality of life of millions of Europeans.

Ladies and gentlemen,

Europe has great challenges ahead – and our cities will be key to address most of them. The last months have shown us that Europe is able to act in times of crisis and to adapt to a changing world.

In this spirit, I count on your political support for a strong urban agenda.

Europe can succeed if it acts collectively – as a Union.

Thank you.