EUROCITIES Response to the Fourth Cohesion Report

EUROCITIES first contribution to the future of Cohesion Policy debate

EUROCITIES is the network of major European cities. Founded in 1986, the network brings together the local governments over 130 large cities in some 34 European countries. EUROCITIES represents the interests of its members and engages in dialogue with the European institutions across a wide range of policy areas affecting cities. These include: economic development, the environment, transport and mobility, social affairs, culture, the information and knowledge society, and services of general interest.

EUROCITIES website: www.eurocities.eu
EXECUTIVE SUMMARY

This paper is a response to the Fourth Cohesion Report and represents a first contribution by EUROCITIES to the wider debate on the future of Cohesion Policy.

- **EUROCITIES believes Cohesion Policy is essential and should be strengthened.**
  - Cohesion Policy is essential for reducing regional and social disparities. By supporting developments that the market alone is not able to generate, it contributes to more balanced and sustainable social and economic development. Cohesion Policy corrects market failures by boosting economic growth and job creation, developing regional attractiveness, social cohesion, and improving quality of life. It thus provides a contribution to meeting the objectives of the Lisbon and Gothenburg strategies.
  - Many of the challenges Europe faces do not stop at national borders. European responses are needed and Cohesion Policy provides useful tools for tackling these challenges.
  - The debate on the future of the Cohesion Policy must involve stakeholders in a process of clarifying and defining the real nature of the challenges set out in the Fourth Cohesion Report (demographic change and mass migration, climate change and energy supply, the effects of globalisation) and the very different impact they have on different cities. Only by establishing a clear picture of the real nature of the challenges on the ground can we develop the best tools and instruments to address them.

- **EUROCITIES insists on the role of cities in tackling major challenges.**
  - The repercussions of the challenges outlined in the Fourth Cohesion Report impact most severely on cities.
  - Cities are laboratories of social and economic innovation and technological development and as such are the sites where the most innovative solutions can be developed. In this respect and given the challenges ahead, Cohesion Policy Support to local authorities is more essential than ever.
  - Strengthening Cohesion Policy support to cities could increase the leverage effect of EU activities. It will also help secure the longer-term impact of investments already made.
  - Important factors to consider in the debate ahead are:
    - The value of exchanges of expertise between cities to ensure sharing of innovative solutions
    - The need to tackle growing intra-urban disparities
    - The need to emphasise the functional urban region and metropolitan governance
    - The need to take a wider approach to the issues traditionally dealt with under Cohesion Policy to really address the challenge ahead.
EUROCITIES requests a specific chapter on cities in future cohesion reports.

- Currently the information and data on cities and city-regions is spread throughout the whole Fourth Cohesion Report. **EUROCITIES believes that future Commission reports on regional policy and on all issues which impact on cities should include a specific chapter on cities and their urban areas.**

It is of prime importance that the national and the regional levels understand the importance of the cities and their urban areas as drivers of development of the surrounding regions, and support policy making on city-region level.

EUROCITIES stresses the need for a clear focus on the urban dimension in the mid-term review of Structural Funds.

- An evaluation of URBAN II is a crucial element for the assessment of past and current practices and programmes and to help design the best possible approach for the future.

A regular updating of the European Commission’s Guide on the Urban Dimension of Community Policies would support the ongoing coordination of different policies with an urban dimension.

EUROCITIES encourages the European Commission DG REGIO to organise a process of forward looking analysis of European cities and future challenges.

- Within this analysis, EUROCITIES believes it is important that the Commission coordinate closely with the work of the Member States on the implementation of the Action Plan on the Territorial Agenda and the Leipzig Charter and make full use of the Commission Interservice Group on Urban Development.

- EUROCITIES would be ready to contribute to a more systematic, theoretically underpinned work, setting up the most probable scenarios for future development and looking for adequate reactions, based on the wide experience of European cities.
INTRODUCTION

The EUROCITIES Response to the Fourth Cohesion Report is part of the in-depth and comprehensive debate on the future of Cohesion Policy more generally and the Mid-Term Review of the current period of Structural Funds. EUROCITIES welcomes the process of reflection launched by the Commission on the future of Cohesion Policy, with the publication of the Report and by organising the Fourth Cohesion Forum in September 2007, to which EUROCITIES contributed.1

In the Fourth Cohesion Report, the European Commission underlines that only a minority of National Strategic Reference Frameworks (NSRFs) “specify delegating the management of projects to local authorities”. An exception is the Regio West in the Netherlands where management responsibility is delegated to the four big cities.2

To have a clearer picture of the situation in Europe’s cities, EUROCITIES carried out an internal survey among its members on the Operational Programmes (OPs) to examine how the urban dimension was being dealt with. The survey was carried out during the period when the vast majority of OPs were being finalized by Member States. The answers were collated in summer 2007. EUROCITIES’ analysis shows that Cohesion Policy will make an important contribution to the Lisbon and Gothenburg Strategies for the period 2007-2013, with most OPs emphasising research and development, innovation, energy efficiency, promotion of entrepreneurship, environmental protection, and transport. However, even if these all represent fields where cities are essential players, the analysis shows that the involvement of cities in the drafting, delivery and evaluation of the OPs is still insufficient in most regions.

The Commission’s analysis of the NSRFs and the initial EUROCITIES assessment of the OPs raise doubts over whether the mainstreaming of the urban dimension is delivering positive results for cities. Both analyses point to the clear need for further consideration of the role of Cohesion Policy and the role of cities within it, in particular in tackling the major challenges the EU faces.

EUROCITIES will continue to be active in the coming debates on the future of Cohesion Policy in the course of 2008 and will contribute to the Mid-Term Review of Structural Funds. By this stage, cities will be in a better position to assess the real effectiveness of some of the new elements introduced for the 2007-2013 period, for example the Lisbon earmarking and new instruments, such as JESSICA. The work on Cohesion Policy fits into a wider framework of ongoing work on the Lisbon Strategy, the reform of the EU budget and the implementation of the Territorial Agenda for the EU and the Leipzig Charter.

1 Speech by Mr Gabor Demsky, Mayor of Budapest.

2 Fourth Cohesion Report, p 120.
1) EUROCITIES believes Cohesion Policy is essential and should be strengthened.

EUROCITIES believes that Cohesion Policy is not only a way to distribute funding, but a means of spreading the benefits of European engagement to all European Union (EU) citizens. For this reason, Cohesion Policy must be maintained and strengthened in the future in order to reduce further regional and social disparities, and contribute to a more balanced and sustainable social and economic development of the EU. Cohesion Policy also corrects market failures by boosting economic growth and job creation, developing regional attractiveness, social cohesion, and improving quality of life. It thus also contributes to the Lisbon and Gothenburg strategies. The future of the Cohesion Policy needs both vision and ambition. EUROCITIES believes that the EU will only remain on the right track if it equips itself with a more substantial Cohesion Policy.

The Fourth Cohesion Report sets out a framework of challenges for the future. It is clear that many of the challenges Europe faces do not stop at national borders. Neither market processes alone, nor individual national efforts will be able to address adequately the growing challenges. European responses are needed. For this reason, the debate on the future of Cohesion Policy debate must take place within the broader framework of discussions on the reform of the EU budget. The basic objective is to match resources to the challenges ahead.

EUROCITIES agrees with the analysis of the Fourth Cohesion Report, that demographic change and mass migration, climate change and energy supply, and the effects of globalisation on our territories (pressure to restructure and modernize the economy) are major challenges for Europe. However, they do not cover the full range of challenges facing Europe’s cities, where the majority of Europe’s citizens live and work. Changing lifestyles (e.g. more single person households), widening income disparities, concentrations of disadvantaged people in some city districts and the implication for social cohesion, and the high percentages of people at risk of poverty are just a few examples of such challenges.

In the course of the debate on the future of Cohesion Policy, the European Commission must involve stakeholders in a process of clarifying and defining the real nature of these challenges, which in practice are complex and have different impacts on different cities.

Only by establishing a clear picture of the real nature of the challenges on the ground can we begin to develop the best tools and instruments to address them.

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3 In October 2007, the European Commission made a first assessment of the National Strategic Reference Frameworks that also showed that cohesion policy makes a major contribution to the Lisbon strategy, see http://ec.europa.eu/regional_policy/newsroom/index_en.htm
2) EUROCITIES insists on the role of cities in tackling major challenges.

The repercussions of the challenges impact severely on cities. It is their role to:

- ensure social cohesion, including cohesion between generations (ageing society) and with minority communities,
- promote entrepreneurship,
- integrate migrants,
- develop more social services for the elderly,
- support inter-cultural dialogue,
- boost economic development,
- foster education and training, research and development, and innovation,
- defend public services,
- promote territorial co-operation,
- develop sustainable urban planning, transport and energy efficient housing,
- ensure social housing,
- take the lead in awareness-raising and changing behaviour.

Cities are laboratories of social and economic innovation and technological development and as such are the sites where the most innovative solutions to these challenges can be developed. In this respect, and given the challenges ahead, **Cohesion Policy support to local authorities is more essential than ever.**

The added value achieved by measures implemented in urban areas makes an important contribution to achieving the Lisbon and Gothenburg aims. EUROCITIES believes that a substantial investment through the Cohesion Policy to urban areas has the potential to increase significantly the leverage effect of EU activities. The sustainability of policy initiatives is also at stake. If less support is given through Structural Funds, not only will it be impossible to support innovative initiatives at city level; it will also undermine progress made through successful initiatives, and make it impossible to capitalise on investments already made.

**Indeed, the arguments above point clearly to a need to increase the levels of Cohesion Policy funding to cities and regions. As stated in the European Parliament Draft Report on the Fourth Cohesion Report: the current “Cohesion Policy budget is too small to deal with the anticipated new territorial challenges, such as demographic change, urban concentration, migratory movements, adjustment to globalization, climate change and energy supply”**

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EUROCITIES believes that the following should be given particular consideration in discussions in the coming months:

- **The need to tackle growing intra-urban disparities** in a number of areas such as employment, productivity, income, education levels or innovation capacity. The Fourth Cohesion Report gives vivid examples of inner-city disparities in unemployment, from Lisbon to Stockholm and from Glasgow to Bucharest. Cities also need support to tackle these problems.

- **The need to emphasise the functional city-region and metropolitan governance**, as it is increasingly clear that the best spatial scale for stimulating coordinated growth, jobs and sustainability policies is the functional city-region. Without efficient coordination at city-region level these policies cannot work optimally. Even a basic administrative structure at the city region level or a voluntary association with a management unit, able to plan and to organise implementation within the framework of its competences, can greatly increase the chances of policy success. The creation of such structures is in accordance with the Leipzig Charter and should be actively supported.

- **The value of supporting the exchange of expertise between cities**, through staff exchanges or training for civil servants, in order to ensure the sharing of innovative solutions. Networks such as EUROCITIES have a particular role to play in fostering these exchanges.

Cities are already leading the way in a number of areas. However they need the appropriate framework for achieving greater results. **A Cohesion Policy in the future that fails to focus adequately on cities and their urban areas will undermine our ability to address the main challenges Europe is facing.** A successful Cohesion Policy, on the other hand, can be a model for improving urban and regional policy in other areas of the world, such as China, India and Latin America, where urban problems are of an extraordinary magnitude.
3) EUROCITIES requests a specific chapter on cities in future Cohesion Reports.

EUROCITIES strongly welcomes the path that the European Commission has followed since the adoption of the Community Strategic Guidelines, which underline the role of cities. However a real involvement of cities is still lacking. The internal governance of national Cohesion Policies and how we ensure an actual partnership with cities must be a central part of discussions on the future of Cohesion Policy. This also includes the involvement of stakeholders such as cities in the process of drafting documents like the Cohesion Reports.

Currently the information and data on cities and city-regions is spread throughout the whole Fourth Cohesion Report. EUROCITIES believes that future Commission reports on regional policy and on issues which impact on cities should include a specific chapter on cities and their urban areas.

It is important to note the interesting conclusions presented in the State of European Cities Report, commissioned by the European Commission and published in 2007. This report shows the richness of Europe in the diversity of its cities and illustrates well the potential cities have to make a significant regional and even national or international impact. The potential of cities to impact on the development of the surrounding regions can be seen in initiatives to build regional clusters, and through city-region integrated transport systems and joint or coordinated environmental plans and projects.

It is of prime importance that the national and the regional levels understand the importance of the cities and their urban areas as drivers of development of the surrounding regions, and support policy making on city-region level.

The State of European Cities Report contains essential information on cities and their contribution to Cohesion Policy, but it does not have the same status as the Cohesion Reports. The information it contains could serve as a useful basis for writing urban chapters in future Cohesion Reports.

4) EUROCITIES stresses the need for a clear focus on the urban dimension in the mid-term review of Structural Funds.

The strategy report on Structural Funds foreseen for 2010 should contain an assessment of the attention given, if any, to the urban and territorial dimension in the Structural Funds programmes, and whether it has facilitated integrated urban development and territorial cohesion. It should also give consideration to the leverage effect of these programmes.

The full consequences of the mainstreaming of urban issues are not clear yet. However, the first indications are not very positive. A careful evaluation is needed to ensure that conclusions can be drawn and integrated into discussions on the Mid-Term Review of the Structural Funds. Similarly, EUROCITIES regret that there has been no ex post evaluation of URBAN II. Feedback from EUROCITIES members suggest that it produced
very good results (e.g. the work done on innovative governance and participation practices). A systematic assessment of URBAN II would seem a crucial element to the assessment of past and current programmes and practices with a view to designing the best possible approach for the future. **EUROCITIES would therefore like to request that the Commission carry out an evaluation of the URBAN II initiatives.**

In order to continue improving effective coordination between different policies with an urban dimension, **EUROCITIES would support the regular updating of the European Commission’s Guide on the Urban Dimension of Community Policies.**

5) **EUROCITIES encourages the European Commission DG REGIO to organise a process of forward-looking analysis of European cities and how to meet the challenges of the future.**

EUROCITIES considers the Fourth Cohesion Report as the starting point for much more detailed discussions on the future of Cohesion Policy and reiterates its strong will to be a full partner, in the coming months and years, in these discussions to ensure the development of a strong Cohesion Policy.

EUROCITIES underlines the importance of a multi-level governance method, with cities as partners in the Cohesion Policy.

**EUROCITIES strongly encourages the European Commission DG REGIO to start a process of forward looking analysis of Cohesion Policy and the challenges Europe faces, with special emphasis on urban areas.** It is essential to do this work in advance of discussions on the future financial perspective and budget review due in 2008-2009. **EUROCITIES would be happy to participate in a series of roundtables, which would discuss among other issues the definition of the challenges and their various impacts on different stakeholders.**

EUROCITIES would be ready to contribute to a more systematic, theoretically underpinned work, setting up the most probable scenarios for future development and looking for adequate reactions, based on the wide experience of European cities.

It is essential to begin consideration of the challenges cities will face and how to tackle them in advance of discussions on the future financial perspective and budget review due in 2008-2009.

Finally, in the interest of a genuinely integrated approach and good governance, **EUROCITIES urges the European Commission to:**

- Coordinate closely its work with the work being carried out by the Member States’ to implement the Action Plan on the Territorial Agenda and the Leipzig Charter.

- Make full use of the European Commission’s Interservice Group on Urban Development, which has a valuable contribution to make by ensuring a cross-sectoral analysis of the challenges.