

VILLES
REGIONS

CAPITALES

CITIES
REGIONS

The Urban Dimension
of European Policy



Cities for Cohesion

Capital Regions and Cities – Cities for Cohesion networks

Reaction to the Third Cohesion Report

Introduction

The “Capital Regions and Cities” and “Cities for cohesion” networks have decided to issue a common position paper on the Third Cohesion Report adopted by the Commission on February 18th 2004.

- We welcome the content and the main proposals of this report, which calls for an ambitious EU cohesion policy concentrating on less developed regions but also providing for interventions in the whole European Union.
- In addition, *we welcome the title chosen by Commissioner Michel Barnier for this document : “A new partnership for cohesion”* as it clearly points towards a greater involvement of the EU’s regional and local authorities in the implementation of this policy.
- The proposed objectives of convergence, regional competitiveness and employment, and co-operation answer the need for an ambitious EU cohesion policy which goes beyond interventions in only the least developed regions and countries. It constitutes a positive message to all European citizens in an enlarged Europe.
- Moreover, we welcome the recognition of the specific territorial characteristics of large urban zones and cities as “centres of economic development” but also facing “problems linked to environmental pressure, social exclusion and economic restructuring”.
- We are pleased to find a proposal leading to cohesion interventions in urban areas in the mainstream of the new regional competitiveness and employment objective and to see an urban focus through the integration of URBAN + in the programmes.
- We welcome the Commission’s suggested simplification towards the use of mono-funds in the new objectives.

In the documents mentioned below, we have already stressed the arguments in favour of an ambitious EU regional policy in line with the implementation of the Lisbon and Gothenburg strategy, and have set out the case for a stronger intervention in large urban areas:

- *Cities for cohesion - June 2002 : “10 key principles for the urban dimension of a regional policy”*
- *Capital Regions and Cities Network – January 2003 : “Memorandum of Capital Regions / Cities in the context of future European regional policy : for an urban dimension post 2006”*
- *Cities for cohesion – June 2003 : “A stronger EU intervention in urban areas”*

Comments from an urban perspective

While there has been a trend of European regional policy during the past years towards the recognition of the specificity of urban regions and areas, as Commissioner Barnier has stated on several occasions Structural Funds interventions in urban areas are still insufficient.

The thematic approach, put forward in the report, constitutes an appropriate answer to the challenges we face. We consider that the implementation of the Lisbon strategy requires the support of regional competitiveness, as set as a priority for the future regional policy. The three themes, innovation and knowledge based society, environment and risks prevention, accessibility and services of general interest, are in line with our thinking. As stated in our previous position papers, we would like to see urban interventions combining an opportunities and needs based approach.

The Third Cohesion Report addresses some of our concerns in relation to the future of urban interventions, but further clarifications are needed.

- **Regional envelopes and good Governance**

Although the Third Cohesion Report clarifies the distribution of the financial volume at national level, using indicators relating to the national economic, social and territorial situation, it does not specify how the territorial distribution should be done at sub-national level.

We recommend the development of a framework for the allocation of the regional envelopes, including URBAN +, based on common EU social, economic and environmental indicators and taking into account intra-regional disparities. Such disparities, especially within large urban areas, have been recognised in the Third Cohesion Report.

On a more general perspective, we call for the involvement of regional and local authorities in the decision making process, from definition to implementation of regional programmes, including decisions on the financial allocations.

- **Urban +**

We welcome the Third Cohesion Report's statement that the cities' role promoting regional development would suggest that the number of cities concerned should be greater than the 70 currently targeted by URBAN II programmes.

However, the question remains as to whether the themes which will be used for URBAN + will be based on the thematic approach or will follow on from the URBAN II initiative, taking also into account the best practices in objective 2 urban branch.

The European added value can be maximised when its regional policy focuses on urban areas given the key role they play in the EU development.

Moreover, as urban areas and cities face similar problems, we consider that the exchange of best practices and the transfer of know-how, via an URBACT-type

approach, is an invaluable tool to promote cohesion in an enlarged Europe. An adequate financial budget is therefore necessary.

- **Urban and rural development**

There is a large degree of interdependency between urban and rural development. Therefore, the future single rural development fund within the CAP should address the relation between urban and rural areas and allow for integrated interventions.

- **Co-operation objective**

The Cities for cohesion and Capital Regions and Cities networks welcome the recognition of European co-operation as a specific objective of the future regional policy, based on the INTERREG experience. Co-operation throughout Europe is essential to overcome frontiers and to promote cohesion by developing joint initiatives and strategies with European added value. As the current INTERREG programmes are difficult to manage, we call for greater simplification of the administrative procedures.

Furthermore, we recommend the interregional co-operation, currently managed within the INTERREG III C strand, to be integrated in the future co-operation objective instead of mainstreaming it as suggested by the European Commission. Keeping the Interreg III C strand the way it is managed today, would give it more visibility and allow all European regions to be involved in it.

- **The employment strategy on the local and regional level**

Regional and local authorities play a key role in promoting the European Employment Strategy and meeting the Lisbon targets.

Given their proximity to the labour market, local and regional authorities should be closely involved in the European Social Fund programming and implementation. While we understand that ESF will continue to be mainly delivered through national programmes, we call for an element of partnership to be included in the future Commission's proposal for ESF Regulation. This partnership is essential in the fields where local and regional authorities have special competencies linked to employment.

- **Financial resources**

The percentage of 0,41 of the Gross National Income, proposed by the Commission for regional policy seems very reasonable in view of the unprecedented challenges and opportunities for the enlarged Europe's economical and social cohesion. We strongly recommend a final agreement on this level of financial commitment for the future regional policy.

The Cities for cohesion and Capital Regions and Cities networks fully support the financial repartition per future objective, proposed by the Commission in the Third

Cohesion Report : 78 % for Convergence, 18 % for Regional competitiveness and employment, 4 % for European territorial co-operation. We strongly recommend to maintain this relative allocation between the three future objectives, irrespective of the size of the regional policy budget.

The focus on the support of Member States and regions lagging behind shows clearly the European regional policy's intrinsic character of solidarity.

Europe is facing multiple challenges. Current estimates on the implementation of the Lisbon / Gothenburg strategies have shown that more needs to be done if Europe is to meet its ambitious targets. Therefore, we welcome the Commission clear financial commitment to these strategies for all regions outside Objective 1. In our previous position papers, we pointed out that the challenges and opportunities of European large urban areas had to be met by a consistent financial tool, through a real urban dimension of the regional policy. Given the emphasis on Lisbon in the report we strongly urge the Commission to reinforce the importance of this objective as it is important that these areas consolidate their success.

In relation to URBAN +, we consider that the political message would be clearer if a specific percentage were earmarked and dedicated to urban areas, taking into account different national characteristics with regard to urban development in each member state.

- **N+2**

We welcome the Commission's emphasis on quality projects. Whilst we have no objections to N+2 we would recommend a more flexible approach, including a longer period at the beginning of the programme and for large scale projects. This flexibility is still more important for the new Member states.

- **State Aid**

Focused state aid continues to play a vital role in regenerating the most deprived urban areas. In light of our need to stimulate and develop city and regional economies in a sustainable and efficient manner, it is welcomed that the Commission is proposing a more flexible approach in relation to the de minimis role, particularly when such aid does not show any real distortion of trade at EU level.

Proposals to apply a regional aid map to those areas within the convergence objective may seriously affect urban areas and their development. It is unlikely that there would be incentives to build on urban brownfield sites when areas on the edges of these conurbations could support companies with generous aid to build on greenfield sites.

In continuing the regeneration of the EU's urban areas, we would welcome further dialogue with the Commission during its state aid review, in terms of examining options for regeneration guidelines, exemptions, or frameworks to promote the regeneration of urban areas in difficulty, possibly based on schemes already agreed in particular regions.

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