

VILLES
REGIONS

CAPITALES

CITIES
REGIONS

The Urban Dimension
of European Policy



Cities for Cohesion

Capital Regions and Cities and Cities for Cohesion networks

The Commission's draft Structural Funds Regulations

Comments from an urban perspective

Introduction

The **Capital Regions and Cities** and **Cities for Cohesion** networks have decided to issue a common position paper on the new Structural Funds regulations for the period 2007-2013, adopted on 14th July by the European Commission.

We welcome the proposal from the European Commission for new legal instruments, which contains a number of positive messages. However, we would like to give some comments and recommendations for the final Structural Funds Regulations in relation to future support for cities and large urban areas:

- programming processes and regional envelopes need to be fair and transparent and take specific account of urban issues;
- the urban dimension of regional policy needs to be strong and maintain the possibility of exchanges of good practice between cities and large urban areas across Europe;
- European territorial co-operation will provide more flexibility if interregional co-operation is maintained as a separate programme;
- ESF needs to be delivered through strong partnerships at local and regional level;
- The proposed financial resources seem appropriate to the challenges being addressed by this policy.
- The foreseen timetable proposed by the Commission for the negotiations should be respected in order to allow the regional programmes to really start at the early stage of 2007.

In our earlier position papers, listed 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 strategies, and have set out the case for 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"*
- *Capital Regions and Cities – Cities for Cohesion networks – May 2004: "Reaction to the Third Cohesion Report"*

Comments from an urban perspective

The overall support proposed for urban areas, combining both opportunities- and needs-based approaches, as suggested in Art 8 of the ERDF regulation draft, is in line with the requirements stated in our previous position papers.

- **Programming process and regional envelopes**

We support the stronger strategic link between the future regional policy and the European priorities, especially the Lisbon and Gothenburg processes and the social inclusion objectives set in Nice. We welcome the inclusion in the national strategic reference framework of a specific reference to urban regeneration within the programme's thematic and territorial priorities. The requirement for Member States to include a description of their approach to urban issues, including procedures of sub-delegation to urban authorities, is an appropriate way of using the urban authorities' knowledge of local opportunities and needs and of reinforcing their political responsibility. We agree that the explicit involvement of local and urban authorities in the principle of partnership during the programming process should include preparation, implementation, monitoring and evaluation of the operational programmes.

The Commission's proposal for the general provisions envisages the distribution of funds at the national level based on criteria including the eligible population, regional prosperity, unemployment, employment rate and population density. As stated in our previous position papers, we are concerned about the territorial distribution procedure at the sub-national level. In particular, we are concerned about how the choice of eligible areas within the Member State will be made, especially if there is no EU-wide " earmark" for urban issues within the allocated funds.

Therefore, we recommend the development of a framework for the allocation of the regional envelopes based on common EU social, economic and environmental indicators. We believe it is in the interests of transparency and fairness to use EU-wide indicators for addressing similar problems across the EU.

These indicators should also take into account intra-regional disparities, which are particularly significant in cities and large urban areas. The urban phenomena of higher rates of unemployment in percentage and absolute figures, large immigrant populations, greater environmental pressure and high levels of criminality in comparison to the national average have been demonstrated in our position paper "A stronger EU-intervention in large urban areas" (June 2003)¹. They are also recognised in the Third Cohesion Report and confirmed by first results of the second phase of the Urban Audit.

- **The Urban Dimension of Regional Policy**

We are concerned to see the change between the Third Cohesion Report and the new Structural Funds regulations regarding future support to urban areas. The Third

¹ The position paper „A stronger EU-intervention in large urban areas“ (June 2003) is available on the „Cities for Cohesion“-website: www.citiesforcohesion.org

Cohesion Report proposed URBAN + as a distinct strand whereas the draft regulations propose mainstreaming the “Urban” approach into the wider regional programmes, making it just one among other territorial characteristics of the EU.

We agree with the European Commission that integrated partnerships with urban actors and the possibility of global grants are in themselves positive steps in supporting urban areas. However, we are concerned that a truly European urban regional policy will be lost unless there are common indicators and guidelines at the European level.

We acknowledge the importance of strengthening the urban dimension in the wider regional programmes, but we see a potential risk of losing the coherent exchange of best practice across Europe if insufficient budget is allocated. The Urban I and II programmes and the urban strand of objective 2 have proven very positive for urban areas and the exchange of good practice has been reinforced, in particular through the implementation of URBACT. We believe that such best practice exchange is an invaluable tool to promote cohesion in an enlarged Europe and wish to see it continue.

We hope that mainstreaming and decentralising URBAN + will prove successful in ensuring that experience gained in the two previous programming periods is not lost. We also hope that the European Commission ensures that regional programmes take into account urban initiatives, including the sub-delegation of responsibilities to local authorities along with adequate funding for these initiatives and the possibility of transnational exchanges of experience.

- **Territorial co-operation**

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 experience of the INTERREG programme. We also welcome the cross-border strand of the European Neighbourhood and Partnership Instrument, as a clear commitment to the new external borders of the EU.

Co-operation throughout Europe is essential to ensure that frontiers are no longer barriers to development and to promote cohesion by developing joint initiatives and strategies with European added value.

We recommend that interregional co-operation, currently managed within the INTERREG IIIC strand, be integrated into the future co-operation objective, rather than mainstreaming it as suggested by the European Commission. Maintaining the INTERREG IIIC strand in its current form would give it more flexibility and allow all European regions to participate. While, on the one hand, the current proposal of mainstreaming inter-regional co-operation within operational programmes would clearly add value to these, on the other, it would restrict opportunities for collaboration to those regions with an operational programme. The interregional co-operation proposals need further clarification, in particular in relation to how the interregional co-operation projects would be brought together in a coherent framework, both in terms of management and of priorities.

In addition, the definition of the areas for transnational co-operation should closely involve the Member States and the regions, to ensure they are meaningful.

Further simplification of the administrative procedures would be beneficial to co-operation, given the current level of complexity of management requirements for INTERREG programmes.

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

We welcome the enhanced links between the ESF, the European Employment Strategy, the Lisbon and Gothenburg agendas and the other agreed objectives of the European Union in relation to social inclusion, education and training. Cities and large urban areas have a key role to play in the reduction of regional employment disparities given their proximity to the labour market.

We appreciate the focus on good governance and particularly on partnership between all relevant territorial and socio-economic actors. We recognise the significance of involving the social partners and other stakeholders, especially at regional and local level, to ensure the efficient implementation of actions supported by the ESF.

We therefore welcome the proposal to design and implement the ESF at an appropriate territorial level, as long as that level meets the specific opportunities and needs of cities and large urban areas. However, we call for a close involvement of all stakeholders and true partnership arrangements; elements that are indeed essential in the fields where local and regional authorities have special competence linked to employment.

- **Financial resources**

The percentage of 0.41% of Gross National Income proposed by the Commission for regional policy seems very reasonable in view of the unprecedented challenges and opportunities for the economic and social cohesion of the enlarged EU. The Cities for Cohesion and Capital Regions and Cities networks therefore welcome the fact that the detailed proposals of the Commission for Community spending 2007-2013 provide the future regional policy with these sufficient means. We strongly recommend a final agreement on this level of financial commitment.

Also, we recommend that a determined share of the future ERDF spending be allocated and dedicated to urban issues. This share should be higher than the current 10%.

The Cities for Cohesion and Capital Regions and Cities networks fully support the financial allocation to each future objective as proposed by the Commission in the new regulations.² The focus on the support to Member States and regions lagging behind clearly shows the European regional policy's intrinsic focus on solidarity. We

² 78 % for convergence, 18 % for regional competitiveness and employment, 4 % for cross-border and transnational co-operation

strongly recommend that the relative allocation between the three future objectives be maintained, irrespective of the size of the overall regional policy budget.

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