

Position of the Directors General for Urban Development on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy*

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Introduction – intergovernmental cooperation on urban development within the context of cohesion policy

This Position participates in the European debate initiated by the publication of the Communication from the Commission, *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy COM(2010) 642/3*. The Position of the Directors General for urban development from EU Member States does not address all of the issues discussed in the Communication, preferring to concentrate on issues of particular significance to urban development, which is recognised as determining the development of the entire European Union. Therefore this Position is without prejudice to Member State positions on the 2014-2020 financial perspective and on the future of cohesion policy.

Within the framework of intergovernmental cooperation, the Presidency of the EU Council takes on leadership within the area of urban policy and development, coordinating the work of the Urban Development Group (UDG), which is composed of the representatives of ministries in individual Member States. The UDG is tasked with preparing meetings of the Directors General and, potentially, meetings of the Ministers for Urban Development. The outcome of intergovernmental cooperation in this area consists principally of documents adopted during informal Ministerial meetings; these provide guidance for the activities of individual EU Member States within the scope of urban development, as well as affecting EU policy, including, in particular, cohesion policy.

In the context of cohesion policy, the most important documents adopted during the informal Ministerial meetings include: the *Acquis Urban* of 2004 (including a set of common rules for measuring the success of policies targeted at urban areas), the 2005 *Bristol Accord* (recognising the importance of sustainable communities for Europe's further development), the *Leipzig Charter* of 2007 (highlighting the need to implement rules ensuring the sustainable development of urban areas, and identifying the need of using integrated urban development strategies to a greater degree), the 2007 *Territorial Agenda* (placing the issues faced by towns and urban areas into the context of territorial cohesion), the 2008 *Marseille Declaration* (introducing the reference framework for the sustainable city, in a spirit of solidarity, in order to implement the Leipzig Charter) and the *Toledo Declaration* of 2010.

In the *Toledo Declaration* Ministers emphasise the significance of integrated urban development as a tool for achieving the objectives of the *Europe 2020 Strategy*: smart, sustainable and inclusive growth. The Ministers acknowledged the role that urban areas can play in achieving the objectives of the *Strategy* and call for a real partnership with cities and towns in the implementation of *Europe 2020*. In line with the *Toledo Declaration*, the political priority should be to empower European cities and towns to tackle future challenges and to unlock their potential, and to continue to strengthen public support for sustainable urban policies across the EU, in particular through cohesion policy.

The Ministers agreed that the following principles should constitute the grounds for the new urban framework within cohesion policy: the involvement of local authorities and cities and towns in the design and implementation of operational programmes; a stronger emphasis on an integrated approach towards sustainable urban development; a stronger focus on territorial and social cohesion; and a simplified delivery system.

In the *Toledo Declaration* the Ministers also expressed their willingness to collaborate with the European Commission in order to elaborate a strengthened framework for the urban dimension of cohesion policy during the next programming period.

In line with the provisions of the *Toledo Declaration*, the Directors General for Urban Development present the following position:

- Directors General gladly welcome the fact that the *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy* emphasise urban development issues and the need to find, within the framework of cohesion policy, real solutions to the challenges facing urban areas. Cohesion policy should not only tackle specific urban challenges, but should also help to realise the development potential of urban areas by enabling them to benefit from their competitive advantages. This should be achieved while respecting the diversity of urban areas within Europe, taking into account variations in size and in national and local conditions. Particularly within the context of the current economic crisis, it is necessary to support cities and towns with socio-economic restructuring and reconversion and to strengthen their resilience to economic shocks. Special attention has to be paid to the key objectives of the *Europe 2020 Strategy*.
- Directors General support the proposal of the Commission for preparing an ambitious urban agenda within the framework of cohesion policy. This agenda would involve all levels of government with competency for urban governance and would help urban areas to address the specific challenges they face. In this context it should be emphasised that when designing the urban dimension of cohesion policy the European Commission should take into consideration the results of the intergovernmental cooperation regarding urban development as described above.
- Directors General underline that urban development should be understood as an inherent part of territorial cohesion. In this respect the Directors General express their appreciation that the *Conclusions* refer both to the issue of urban-rural linkages and to functional geographies as a possible framework for addressing particular problems. Additionally according to Leipzig Charter Directors General appeal on the necessity to pay attention to deprived neighbourhoods where it is relevant in accordance with integrated urban development strategies.
- Directors General take note of the fact that cohesion policy has been recognised as a development policy for all EU regions, that it strives for economic and social balance throughout the whole EU territory, and that it plays an important role in the implementation of the *Europe 2020 Strategy*. Urban areas are likely to be pivotal in the implementation of the objectives of *Europe 2020 Strategy*. In this context, the proposal of the Commission pertaining to thematic focusing according to the priorities of the *Europe 2020 Strategy* should be assessed as positive. However, it needs to be stressed that, when defining the thematic priorities for individual countries and regions, flexibility is necessary to enable the consideration of the socio-economic, cultural, environmental and governance conditions in individual regions, cities or towns to ensure real integrated approach of urban development.
- Directors General underline that the particular support directions for urban areas within cohesion policy as well as the choice of eligible urban areas should be identified at national or regional level (provided they are eligible for support under EU cohesion policy), in recognition of the principles of multi-level governance while respecting the principle of subsidiarity.
- Directors General agree with the *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy* which highlight that efficient implementation of the

Europe 2020 Strategy requires a governance system that includes all appropriate levels of government, paying particular attention to the local level. This is compliant with the *Toledo Declaration*, which stresses the significance of partnership with cities and towns to the achievement of the *Europe 2020* objectives and which calls for real partnership with cities and towns in implementation of the *Strategy*.

- Directors General support the proposal for strengthening local development in cohesion policy. According to the lessons learned from the URBAN Initiative, shifting project management to the local level and thereby strengthening a sense of local responsibility leads to very positive results. The future funding period should make use of the integrated and participative approach adopted by the former URBAN Programme. In the future financing perspective it is reasonable to strengthen such an approach under the programming mainstream. However, the Directors General call for some clarification on the content of local development and its application.
- In the opinion of the Directors General it is necessary to integrate local authorities in an appropriate way with the preparation and implementation of the operational programmes, so that they feel jointly responsible for the disbursed funds and are able to implement integrated urban development strategies. When preparing the operational programmes the needs of local populations have to be considered as a starting point.
- Directors General recognize as positive the fact that cohesion policy, comprising the European Regional Development Fund, the Cohesion Fund and the European Social Fund, keeps its integrity. It is particularly important in the context of implementing integrated urban development strategies, which must take into account both infrastructure development as well as activities related to employment policy and education, which themselves help to counteract social exclusion and reduce poverty. The Directors General underline the necessity of improving the articulation between ERDF and ESF and suggest reinforcing the flexibility between these two funds when implementing integrated urban projects.
- Directors General gladly welcome the declaration included in the *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy* concerning the development of new forms of financial support through possible wider application of the financial engineering instruments. However, the application of these instruments should be voluntary for all Member States – it needs to be emphasised that in order to fund projects efficiently and effectively using financial engineering instruments it is necessary to solve the problems currently being experienced with their implementation (for example, regarding state aid, the equal treatment of JESSICA beneficiaries compared to grant beneficiaries, the confinement of JESSICA projects to within city limits). Furthermore, the thematic scope of the JESSICA instrument's application needs to be discussed.
- Directors General opt for continuing an instrument for city/town networking – such as URBACT – in the future financial perspective. Depending on the shape of the urban dimension of cohesion policy it may be necessary to continue supporting cooperation between cities/towns, for example by supporting the networking of cities/towns involved in the implementation of global grants and of cities/towns implementing the most innovative projects funded under cohesion policy. Furthermore, the possibility of introducing a mechanism for disseminating the results of the Programme at a national level should be considered.

This Position on the *Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy* is supported by the Directors General for Urban Development from all EU Member States except for Sweden which instead refers to the Swedish Government's official response to the report.