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EU responses to urban challenges by Toby Johnson



The panel discussion that opened the second day of the URBACT conference in Copenhagen on 04 December 2012 examined how the EU is responding to urban challenges. The panel, chaired by Darinka Czischke, comprised representatives of a city, a Member State, the European Parliament and the Commission, ensuring a multifaceted view. The panel discussed a successful city strategy, the progress of the cohesion policy negotiations for 2014-20, and how to make the policy work for cities. The conclusion is that the way to deliver the Europe 2020 objectives is through integrated urban policies. Urban stakeholders should gear up to ensure that Member States include them in drawing up their partnership contracts and operational programmes!

The first main issue to be raised was the value of integrated urban policy and what it means in practice. Anna Tenje, Deputy Mayor of Växjö, a town of 85,000 just across the Øresund in Sweden, explained how her city earned its reputation as Europe's greenest city.

The starting point was that by the 1970s pollution from the timber industry had caused serious eutrophication in one of the eight lakes surrounding the town. The city launched a big programme to clean them up and build attractive housing on their banks. In 1996 the ambition grew and the city resolved to become totally fossil fuel free by 2030. Greenhouse gas emissions have already been cut by 41% since 1993 – and will be 55% down by 2015. And remarkably, this has not harmed the local economy, which has grown meanwhile by 83%. “You don't have to make sacrifices to change things,” she says. “But Sweden is a cold country, and when the temperature falls to -20 we do have to burn a bit of heating oil as well as biomass.”

The thing to remember at European level is that they didn't do it alone. Växjö was able to learn from good practice elsewhere, especially by being part of the Covenant of Mayors, Energy Cities and, at national level, Klimatkommunerna.

Ms Tenje stressed that energy and social issues are closely linked – one cannot do one without the other. Växjö has had growth precisely because it is green – companies have wanted to move there, which brings more jobs, higher tax revenue and hence more welfare services. Also, energy-efficient housing benefits low-income people.

The Commission's proposals

Michael Ralph, Adviser to the Deputy Director General of DG Regional and Urban, presented a condensed overview of the Commission's cohesion policy proposals. The principles are to put a stronger focus on social inclusion, to align the objectives with Europe 2020, to include an urban dimension and to base implementation on partnership and multilevel governance. Mr Hahn proposes to ringfence 5% of the ERDF for cities, to be used for integrated sustainable development. The tool designed for this purpose – the Integrated Territorial Initiative (ITI) – allows delegation to cities and can pull together different investment priorities. Community-Led Local Development (CLLD) could also be appropriate. The Commission also proposes to finance innovative actions directly. URBACT will continue, but in addition an Urban Development Platform would be set up to support ITIs and innovative actions.

The Partnership Contracts between Member States and the Commission need to present an integrated territorial approach, and should be prepared through a process involving civil society and social and economic partners. Local development is not compulsory, so stakeholders who want to support it should push for it.

Claes Nilas, the Danish minister who has chaired the URBACT Monitoring Committee for the past year, had doubts. In Denmark, 5% of the ERDF adds up to about €1.8m a year, which is very small in relation to the cost of administering it. The only way they could make it work efficiently would be to merge it with other funds. He is also hesitant about the platform: he is impressed by URBACT's professionalism and thinks renewing the programme is enough.

Jean Olbrycht, MEP and President of the Urban Intergroup, cleared up the misunderstanding. Under the draft regulation, there are four things to remember: first, the 5% is not a ceiling but a threshold, so Member States could, if they chose, devote 100% of their ERDF resources to urban issues. Secondly, ITIs can be in cities or elsewhere. Thirdly, at least 5% of the ERDF funds should be devoted to pilot integrated programmes, including ITIs. Finally, within this 5%, different degrees of delegation can be used, from global grant (full delegation) down to the selection of projects (minimal delegation).

Balanced sustainable development

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This led to the issue of whether urban policy hits the right balance between the social, economic and environmental dimensions. Iván Tosics, URBACT thematic pole manager, noted that energy and economic issues are taking the lead in thematic concentration, posing the risk that social issues might be ignored at European level.

Claes Nilas stressed the importance of the social dimension of urban policy. Housing has become so expensive that even young middle-class couples cannot afford to buy a house. Moreover, sudden changes in income caused for instance by divorce or unemployment mean that people can find it hard to stay in cities and access services. This can lead to segregation and a breakdown in social cohesion and cultural understanding. Copenhagen has made a big investment in social housing as well as using various instruments to build good housing in attractive parts of the city, notably on the waterfront. It has thus reversed the population decline it experienced in the 90s and is now growing by 1,000 people a month. Housing is an important issue that should be a focus of national policy.

Governance tools

But does the EU have the governance tools it needs to respond to urban challenges? Paolo Gandolfi, deputy mayor of Reggio Emilia, felt that an EU that is largely made up of cities would benefit from the existence of a direct link between city authorities and the European institutions. Claes Nilas said that municipalities and states must work together on all issues, from energy to segregation. Jan Olbrycht added that urban issues cross over into many policy areas – for instance transport. But we are also facing new challenges such as climate change, dealing with the consequences of bad planning, the fact that EU funds may be used in ways that lead to urban sprawl, the need to make life cheaper for citizens affected by the crisis. These all require better multilevel governance. In the end though, whatever the benefits of a direct link between cities and the EU might be, the reality is that the EU is composed of sovereign Member States. The issue is who the Member States will invite to take part in drawing up the Partnership Contracts: it is not clear that they will follow the code of practice the Commission has proposed.

But just as important in Mr Olbrycht's view is the silo problem. Europe 2020 has three legs – smart,

green and inclusive growth. These should not be dealt with separately within the respective domains of research, environment and cohesion policies. All should be the concern of each. Silos lead to absurdities such as energy and climate change policy being at odds. We need to ensure that we take an integrated, not a sectorial, approach. Considering energy efficiency without its social dimension is a waste. We need to make them work together – but we have a long way to go. Michael Ralph added that we are making progress in this direction; the three pillars of sustainability are much higher on the agenda than they were seven years ago. This is shown by the proposals to ringfence a share for ESF within the total Structural Funds budget, and to ringfence a share for social inclusion within the ESF.

Making cohesion policy work for cities

The panel concluded with some advice on how to make the EU's cohesion policy work in cities' interests. Jan Olbrycht noted the importance of treating cities and regions as political actors. Urban issues such as sprawl and shrinkage are becoming more important at EU level, as well as being addressed by the OECD and UN. It is remarkable that the current financial crisis has propelled housing, which previously was thought to be the preserve of private developers, to the top of the political agenda.

The priority is to ensure that partnership exists within the Member States – starting with the drawing up of each country's Partnership Contract with the Commission. The Commission proposed a high degree of delegation to cities, but the Member States have rejected this out of fear that even if they delegate decision-making they may still be held responsible for the payments. Secondly, it is vital not to think that all integrated urban programmes have to be squeezed into 5% of the ERDF budget. All the possible investment priorities should be used.

Michael Ralph added that the position is more nuanced if one takes the ESF into account, and also that cross-funding allows the ERDF to fund soft measures. He finished with an important message for cities about how to access ERDF funding in the right way: cities can benefit from many sectoral priorities outside the 'urban' one, e.g. transport, building rehabilitation, low carbon, entrepreneurship. The key is to include this in the partnership contracts, which set out where and how the resources are going to be used.

URBACT II

URBACT is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 300 cities, 29 countries, and 5,000 active participants

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