

CONTRIBUTION TO THE 5TH COHESION REPORT

CITIES SUPPORTING THE EU 2020 STRATEGY AND COHESION POLICY

THE 2020 STRATEGY AND COHESION POLICY SUPPORTING CITIES



Connecting cities
Building successes



INTRODUCTION

The Lisbon Treaty made an important step bringing territorial cohesion back into the equation alongside economic and social cohesion. However, it does this without specifically redefining the role of the urban component as a key to realising essential objectives. In this respect the 5th Cohesion Report represents a real window of opportunity to re-examine the relationship between EU strategies, intermediate levels of governance and ultimately cities, in driving progress to achieve the goals of improving economic, social, environmental conditions and reducing disparities.

It would indeed appear that the Report provides a clear opening to embrace such a position. In this sense, those concerned with urban issues can only welcome a number of statements included in the document, emphasising the need to seriously take the urban dimension into account in its three dimensions, place, people and institutions.

However, local development in general, and in urban areas (cities and towns) in particular, do not get real attention, neither in the Cohesion Report, nor in the EU2020 strategy. Both documents relate exclusively to the national level, while the sub-national levels seem to be forgotten again.

The signatories have chosen to address the following questions which touch upon the role of cities and towns:

- *How can Cohesion Policy take better account of the key role of urban areas and of territories with particular geographical features in development processes and of the emergence of macro-regional strategies?*
- *How can the partnership principle and involvement of local and*

They do so through 2 main entry points:

- 1) The “URBAN/ URBACT ACQUIS” and the necessity for Europe to develop a new framework to deal with urban challenges
- 2) The innovative potential of cities and the conditions to activate this potential

1. BUILDING ON THE URBAN/ URBACT ACQUIS

The EU has a twenty years long experience of being active in urban development, and more especially in the field of urban regeneration. From the early UPP to the URBAN I/ II initiatives and to the URBACT programmes, the EU has played a growing role in shaping contemporary European cities and their policies. This experience has lead, among others, to the recognition of the efficiency of the URBAN method as a specific area-based, integrated and participative approach.

While the urban policy has been mainstreamed during the last programming period, the “URBAN Acquis” is still embedded in some European, national or regional programmes. Some Operational programmes, at national level (e.g. Czech Republic, Hungary) or regional level (e.g. Catalonia, Ile de France, North-Rhine Westphalia) expressly refer to the URBAN ACQUIS principles within their framework and calls for projects. Other national programmes have been directly influenced by the URBAN ACQUIS, such as in France, Germany and Spain.

Fostering the URBAN approach is the “raison d’être” of the Article 8, and it is also a central mission of the URBACT II programme. URBACT II was born from the URBAN programmes, and strongly builds on the “URBAN Acquis”. It aims to foster

sustainable and integrated urban policies, as well as participatory processes in policy-making and implementation. The programme encourages the cooperation between city partners and the Managing Authorities of the Operational Programmes in order to link local urban policies with the OP. To make this link operational, it requires that all partners produce an integrated and sustainable Local Action Plan, as a result of transnational networking with peers on one hand, and of the work of their Local Support Group on the other hand. With the first URBACT II networks coming to an end this year, an increasing number of Local Action Plans are being submitted for funding through the Operational Programmes and this process has already turned out successful for a significant number of cities, especially in the convergence areas.

Out of this rich EU experience, some lessons are to be drawn, that we would like to put forward for a more efficient cohesion policy in the future period.

1.1. The importance of maintaining specific efforts for the regeneration of deprived neighbourhoods and lessons learnt

The problems of deprived neighbourhoods are not to be considered as an exception, but as the results of economic and social structural dynamics, which shape the cities as a complex system. Hence, intervention in these areas is to be conceived as a structural urban policy addressed to a large percentage of population.

The experience of the URBAN programmes and other regional policies inspired by the URBAN approach has shown that such interventions should not be reactive but as much as possible preventive: integrating physical, economic and social dynamics in order to prevent the re-production of “chains of deprivation” affecting parts of the population and specific areas in the city.

The experience of the past 20 years also demonstrates that urban regeneration can only be undertaken with the participation and resources of all tiers of government, from the local to the regional and the

national levels. This is all the more so needed as, in most cases, local authorities have the knowledge and proximity to act but lack the resources, whereas the supra-local authorities have the funds and technical resources but lack the necessary contact with the reality on the ground. This is one of the key challenges for successful sustainable integrated urban development today.

At local level, the participation of citizens and key stakeholders is another condition for the efficiency of regeneration programmes and beyond. More especially, involving the residents, and in this perspective, empowering them should be a full component of sustainable urban policies.

It is now clear, and well accepted, that assessment/ evaluation processes (not only ex-post but also ongoing) along with the principle of accountability are essential elements of successful public policies. Developing a new scheme for urban regeneration policies at European level can also be an opportunity to introduce good governance practices in cities and member states.

Last but not least, the capitalization of experiences has proven to be another condition for the success of urban rehabilitation policies over time.

1.2. Matching EU programmes with national and regional policies

Ownership by and commitment of Member States and regional authorities are crucial for the co-realization of common objectives. In this perspective, Managing Authorities should be encouraged to play a “mediating role”. This would require:

- to reinforce the capacity of MA to provide expertise on demand and training to local administrations and intermediary bodies involved in European funded implementation;
- to include preliminary consultations of the MA with municipalities, associations of local authorities and other strategic stakeholders prior to

- the development of OP;
- to extend information and technical support to encourage cross-funding opportunities among ERDF and ESF;
- to introduce more binding regulations to guarantee a percentage of “soft measures” integrating hard realizations financed through ERDF to avoid sectorial hard measures in regeneration projects;
- to encourage cross-fertilization among EU programmes dealing directly and indirectly with urban development.

1.3. News paths for territorial cooperation programmes

European Exchange programmes like URBACT II and INTERREG IVC allow cities and regions to exchange with peers, search for new solutions and prepare concrete Local Action Plans to face new challenges. They have the potential to be much more than mere “organizers of exchanges”. Their ability to identify the needs for capacity building/ methodological support, to provide flexible frameworks/ tools to answer to these needs, allow them to operate as laboratories for experimenting new paths in urban development. In this perspective, capitalization and dissemination processes would constitute the real European added-value of a new generation of Territorial cooperation programmes.

In the present period, URBACT II has developed a strong methodology, initially inspired by the “URBAN Acquis” and adapted to moving contexts and new scales.

The URBACT Local Support Groups, gathering stakeholders around the development of a specific policy/ action plan, are settled not only in deprived neighbourhoods but also at wider scales, involving not only city authorities but also the regional level, and even sometimes across borders in the case of cross-border agglomerations.

A vast majority of URBACT partner cities have initiated new relationships with their Managing authorities of Operational programmes, creating an opportunity for mutual learning and capacity-building.

Some examples issued from URBACT projects show how innovations and new approaches can emerge from local level and how territorial cooperation programmes can be used as a laboratory for new paths. A number of URBACT networks (RUN UP, Creative Clusters, UNIC) are showing that “smart specialisation” strategies are particularly important for Europe’s small and medium sized cities and can play a crucial role in supporting our polycentric model of development. Many URBACT cities have been experimenting with innovations in key public services like child care, primary education and youth services (My Generation) by bringing together a wide range of professional stakeholders, users and workers to redesign the service in a way that is more in tune with real needs.

The Cohesion Policy should aim to activate this innovative potential of European cities, so as to consolidate their contribution to inclusive, smart and green growth in the future.

1.4. The need to adapt urban policy frameworks and tools to the new challenges faced by cities

Over the last years, significant issues have emerged in the European urban agenda among which climate change, demographic changes, urban sprawl, the globalization of economies and the crisis.

The European Commission and Member States led an important work on how to deal with these structural changes. Major steps were achieved with the adoption of the Leipzig Charter, the Reference Framework for Sustainable Cities and the Toledo declaration.

Nevertheless, since Operational programmes were elaborated in 2006 and 2007, most of them did not incorporate these new challenges and realities.

Member States, regions and especially local authorities had to adapt to a new context, without any global framework neither dedicated funding. As a result, the mainstreaming of the urban dimension in the current programming period led to limited results. Especially in the new Member States which have had no URBAN experience and need to fill an enormous gap in terms of structural investments. Therefore, many Operational Programmes ended up financing sector-based actions rather than integrated urban plans.

Moreover, the increasing acceptance of the “URBAN Acquis” as a successful approach to the regeneration of deprived neighbourhoods and the extension of the URBAN approach to more comprehensive (in space, time and across policy areas) “sustainable integrated urban development” policies have resulted in new challenges:

- How to deal with the multiplicity of meanings attributed to sustainable integrated (participative) urban development in Ops?
- What is the appropriate scale for intervention, considering the various definitions that apply to “the city” (functional area, metropolitan area, polycentric network, rural area, etc.) and the variety of contexts it is applied to?

Along with the growing complexity of challenges and realities cities have to deal with, two major issues emerged, for which the URBAN approach do not provide appropriate answers:

- The suitable level to face the urban issues is most frequently not the existing political and administrative one.
- Different levels of governance, vertical and horizontal, need to cooperate simultaneously more efficiently.

As a consequence, we are calling for a renewal of approaches to both problems of and solutions for urban development,

building on the innovative potential of European cities.

2. FOSTERING THE INNOVATIVE POTENTIAL OF EUROPEAN CITIES

Recent months have demonstrated that the world has been turned upside down yet the conclusions of the 5th Cohesion report seem mainly to be focussed on how it is possible to do nearly the same “business as usual” only by tinkering with some administrative and financial arrangements.

In general, economic, environmental and social policies seem still to be approached and described in the Report in a sectoral manner. It does not appear to offer the ground-breaking perspective which is needed to sustain future policies to tackle the unprecedented challenges that Europe has faced over the last two years (e.g. loss of jobs, growing fierce social discontent, bailout of entire countries, increasing debt, drastic national budget and public service cuts affecting even essential service delivery...). The real potential of the innovative milieu located in cities to generate new solutions is barely explored. In particular the role of the public sector in holding the ring between competing private and civil society interests and guaranteeing the public interest is not developed.

2.1. Cities can promote innovation across all three pillars of the EU 2020 strategy

Innovations are not just goods and services that can be bought on the market. They are also not the results of procedures (laws, decrees, rules and generally bureaucratic routines). Finally they are not just the result of technological processes. Innovations are resulting from strong and fair interactive processes between agents and people, governed by political bodies. A large part of the innovative processes is linked to institutional changes and reforms we need in Europe in order to give a chance, or more chance, to the Europe 2020 Strategy.

Because the Europe 2020 Strategy is still claiming for “innovations” and because of the “failure” of the strategy until now in this field (see the former Lisbon strategy), it is necessary to focus on what is and what could be the effective innovative processes within cities and urban regions in relation with Member States and EU. By mobilising local experiences concerning the integrated approach for sustainable development, not only within the “URBAN Acquis” but now within the “URBACT Acquis” among others, it is possible to formulate new visions of urban development aiming to tackle new urgent stakes.

2.2. Cities are crucial for building the partnerships (alliances) that can turn the targets for “smart, green and inclusive” into reality on the ground.

Even before the crisis blew the grand targets of the old Lisbon Strategy to pieces, it looked as if a large number of the objectives would not be achieved. But now it is even clearer that simply setting EU and national targets and passing them down the line to lower levels of government is not going to be sufficient. European cities can no longer be treated as the last, almost residual level in the chain of decision-making.

Cities are in the position to develop new ways to combine the various interests at stake and to produce strong local coalitions able to support the multilevel governance models, associating public and private institutions understood in a broad sense. They have to create new compromises and complex cooperation schemes and tools. The implementation of integrated sustainable development requires the setting up of new regulatory and governance institutions coproduced by cooperative methods (see the famous well-understood interest of cooperating). Three types of co-operation have been experimented and implemented over time: horizontal co-operation (between local authorities and their neighbouring authorities), vertical co-operation (multi-level approach between levels of government and governance) and

transversal co-operation (multi-sectoral approach at the heart of integrated approach, which is the most difficult to implement because of deontology but also routines and bureaucracies). Such cooperative ventures are inherently conflictual. The authoritarian, interventionist logics, generally top down (power of a centre over a large area and a territory well delimited by a border) must give way to contractual co-operation (horizontal; vertical and above all transversal) between public and private players within less homogenous and at times more fragmented spaces whose limits and borders have become blurred. All this falls within a reformist agenda, in which cities have a central role to play as conspirators. It is the arena for key social innovations that are necessary to address the major challenges of our age.

Over the last three years URBACT has supported the creation of nearly 300 multi-stakeholder Local Support Groups in different cities. This experience provides many lessons for those cities that recognise the need to create broader partnerships for change. One key finding is that, while all partners acknowledge the added-value of such processes, the capacity of local authorities to develop participative schemes and the capacity of stakeholders to engage in innovatory processes vary considerably across Europe and, in some instances, are very weak. There is a great need to reinforce capacity on the ground by improving links with universities and other knowledge centres, providing a better evidence base for new scenarios, improving the transfer of experience between cities and developing basic training.

2.3. The need for Integrated Local Action Teams

In order to implement these partnership processes between various set of actors at different levels, we think it is crucial to build efficient local action teams (LATs). These should be composed of elected people, practitioners and community organisers able to activate different stakeholders around sustainable local action plans. The

EU, MS, MA and Cities have to strongly support the development of such integrated LATs. The role of LATs was and is too often neglected as a crucial component for the success of sustainable development strategies. LATs are the producers of sustainable added-values needed to replace again local communities within the large value chain operating at the city and region levels and other large scales. LATs have a clinician role. They have to make the best with cities and with the deprived communities by recycling them in the mainstream of the urban region. The failure of sustainable development strategies is especially linked to the weakness of LATS more than a lack of funds. That's the reason why Europe 2020 Strategy has to emphasise this operational dimension. It is one of the major conditions to increase not only the capacity of urban regions to absorb European funds but to give them effectiveness. In order to reinforce the capacity of LATs in implementing successful projects, strong programs for training and for the transfer of knowledge and know-how should be developed between universities, research centers, local support groups and local action teams. In each European city there is a potential to do that at local level by mobilising a small amount of additional money. The partnerships between the various DGs (Research, Regio, Environment, Social Affairs, etc), Ministries of Member States, regional and local levels shall be reinforced and targeted on this challenge, with the aim to capitalise knowledge and know-how and to increase the capacity of local stakeholders and communities.

2.4. A need for flexibility in defining both the measures and boundaries for encouraging innovation

Various URBACT projects have shown that “we are confronted to a 21st Century economy, with 20th Century governance and 19th century boundaries”. Others have demonstrated that it is no longer possible to deal with the problems of deprived neighbourhoods without situating these areas within the “value chain” of the city or broader regional and national economy.

These conclusions lead us to recommend that sub regional Cohesion Policy should not be restricted to certain types of area or spatial scale (e.g. deprived urban areas, metropolitan areas, peri-urban areas, cross border agglomerations....).

Sustainable development has to deal with complexity. Cities should be allowed to innovate in forming the institutional alliances and defining the boundaries that match the challenges they are trying to solve. The concept of “Functional Urban Areas” appears to be a relevant operational framework to think, define and implement sustainable and integrated development policies.

Innovation is, by definition, the application of something that does not already exist in a given context. So trying to define innovation ex-ante or having very restrictive eligibility rules for specific measures can often blow out the candle of creativity. It is possible to set targets and objectives but cities should not only be allowed – but also positively be encouraged - to explore new ways of achieving these goals which fit local circumstances and needs. Functional areas are best suited for encouraging different kinds of innovation processes. It is clear that certain kinds of basic research and certain technological investments are only viable in a very small number of world class centres whereas, on the other hand, experiments to improve the management of certain resources may require very clearly defined boundaries and easily identifiable communities of users bonded by trust.

2.5. Recognising the contribution cities can make to “smart specialisation” strategies.

The Fifth Cohesion Report gives priority to innovation - as it puts people at the centre of the equation. When it comes to people, proximity matters - and cities are clearly the closest link between government, firms, universities and other knowledge centres and users of different kinds.

Both the Fifth Cohesion Report and the EU Flagship Initiative on the Innovation Union recognise that not all regions can compete

in producing radical, global technological innovations. In order to avoid unrealistic and costly duplication while at the same time preventing the concentration of most knowledge based activity into a few global centres, the Commission recommends that territories should now focus more on the transfer and absorption of knowledge into activities where they have specific comparative advantages.

However, in order to fulfil their potential in this field, cities need to develop a closer relationship and better understanding of the real needs of both their knowledge producers and their economic base. This should be recognised and promoted through the Operational Programmes.

2.6. Improving knowledge and understanding of local realities and dynamics

Improving the analysis of the territorial reality and understanding better the transformations and mutations of cities/urban areas are also crucial. The link between research centers/ universities and stakeholders at the local level should be strengthened to reach a better understanding of what is going on in these areas and of what kind of social and spatial fragmentation processes are under way. This could be an opportunity to develop new approaches to the fragmentation of cities and urban regions (see the debate about indicators of richness, beyond GDP) and to have a clearer approach of the role that the different community groups or areas are playing in urban dynamics and the role they could play in new approaches of urban development.

It is time to study the recycling processes operating in cities and urban regions by developing systemic analyses of what local communities are, i.e. places, people and institutions in interaction, producing a specific “atmosphere” and creating specific added-values. This should be an objective for stimulating collaboration between DG Research and DG Regio in relation with research centers, universities and urban

areas everywhere in Europe (see the potential of the URBACT programme).

2.7. Using Cohesion Policy to create the conditions for innovation in cities

The following are a number of proposals which would create more favourable conditions for innovation in cities:

- The Common Strategic Framework should not only cover the programmes directly dealing with territorial development (ERDF, ESF, EAFRD, EFF) but also take into account the territorial impact of the programmes which affect innovation such as the 7th Framework Programme, the Competitiveness and Innovation Framework Programme, and so on.
- The CSF should insist on a ring-fenced budget and significant incentives for the development and implementation of innovative and integrated sub-regional territorial strategies.
- The CSF should provide flexible and user friendly guidelines for the use of all EU funding instruments in such sub regional integrated strategies (particularly, ERDF, ESF, EAFRD, and EFF). These guidelines should set certain minimum conditions for the strategies, partnerships and functional areas but should allow Member States and cities to justify and adapt these to fit their own particular circumstances. Nevertheless, the justification for this adaption should be of a high quality and not simply an administrative funding application.
- Either the Development and Investment Partnership Contract or some other strategic document should provide a mechanism for integrating the use of all EU funds directly dealing with territorial development at national level (at least the EAFRD and the EFF as well as the ERDF and ESF). Given the extreme interdependency between urban, rural and coastal areas and the transversal nature of social processes, there is absolutely no justification for continuing with the current uncoordinated and

complex arrangements for different funds.

- The Development and Investment Partnership Contracts or whatever strategic document provides the coordination should demonstrate that it has been designed and will be implemented and controlled with the participation of regional and sub-regional bodies and particularly cities.
- The Development and Investment Partnership Contracts or equivalent should mirror the CSF and should lay out the priorities and procedures that the Member State will use in order to implement sub-regional integrated development strategies (i.e. the proportion of the budget, the mix of funds, the types of functional areas, the application of the partnership principle, any priority themes, the support for innovation...)
- All OPs should contain a section explaining how they will deal with the priorities and methods for supporting sub-regional integrated strategies (mirroring the Development and Investment Partnership contract in more operational detail)
- The links between EU exchange and learning programmes like URBACT and Interreg and the Operational Programmes should be reinforced. In particular there should be explicit recognition that the Exchange and Learning Programmes should be used for exploring and experimenting with solutions which, if considered successful, could then be rolled out in the OPs and especially in the integrated sub-regional strategies. This could be ensured by synchronising several calls for tender for the exchange and learning programmes and the integrated sub-regional programmes as well as coordinating and strengthening monitoring and evaluation. In this way, the innovative solutions tested in Exchange and Learning projects that could demonstrate their quality could be legitimately rolled out and funded by the OP.

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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