

**Speech by Commissioner Danuta Hübner
at the 6th Meeting of the Strasbourg Club,
Strasbourg, 21 October 2008**

Ladies and gentlemen,

Thank you very much for your kind invitation to attend the 6th Meeting of the Strasbourg Club. It is a pleasure for me to speak today to the representatives of so many European cities – capital cities and regional urban centres of the new Member States and the accession countries of the European Union.

You have made an excellent choice of the theme for this years' meeting, "Good local governance: a requirement for Mayors, a challenge for Europe", is a topic that is very dear to my heart. Good local governance is indeed a crucial element of European multi-level governance system. I am fully aware that the involvement of all actors at local level – including the citizens concerned – is a key element for the success of our policy. European cohesion policy in particular relies on a strong partnership with all political and administrative levels involved, but it also needs a strong partnership between the different actors involved on each level; the latter meaning not only the different policy departments of the public sector, but also the private and the academic sector as well as civil society. The EU cohesion policy promotes these two core principles of good governance – vertical and horizontal cooperation/coordination – through its integrated approach towards urban and regional development policies.

We have been discussing the complex and multidimensional challenges that European cities and regions are facing and we know that there is a compelling need for integrated approaches. For example, tackling climate change requires well-orchestrated investments in different fields, from technological innovation to sustainable transport modes, from education to protection of natural resources, from support of renewable energies and energy efficiency to public awareness rising. As you stated in the Declaration of your last meeting – and here I absolutely agree, there is a strong need for concerted and coordinated strategies in order to ensure a sustainable development of European cities. Integrated urban development has been

an inspiration for entire cohesion policy. We need an integrated approach to policy design and making. What we also need today is more and more of cooperation among European cities and regions, in particular across borders.

I know that many cities represented here today have gained experience from the European cohesion policy and the European Structural Funds. In this respect, I would like to express my appreciation for the efforts done by the city of Strasbourg to share its experience on sustainable urban development and acquired in the context of the URBAN Community Initiative and in relation to the European Union's new funding tools for the period 2007-2013. And I can only encourage you to make intensive use of the wide range of possibilities that is offered by the European Structural Funds and especially the European Fund for Regional Development to support sustainable urban development.

To make cities get properly involved in the implementation of Operational Programmes in the coming years I encourage you to make full use of the "Regions for Economic Change" Initiative, URBACT II and INTERREG IV. These are very useful tools to establish a close cooperation between the local and the regional level. But, in order to be successful close cooperation needs strong commitment on both sides. Therefore, I would like to recommend to you to be very active in this respect and to show – as you are manifesting today – a strong willingness of cooperation.

As I just mentioned the URBACT II programme, let me tell you that this European Programme for territorial cooperation plays a crucial role in promoting sustainable urban development in Europe. It aims to foster the exchange of experience among 400 European cities and the capitalisation and dissemination of knowledge on all issues related to sustainable urban development. 46 thematic networks and 15 working groups will contribute to European priority policies and the conceptual development of the integrated approach in urban development. I hope that many cities, especially from the new Member States, will make use of this programme which offers a great opportunity and a great potential to learn from each other and to exchange experiences and knowledge. I know that many of you followed the training sessions provided by Strasbourg within URBACT I on the use of European funds for public transport projects and have – hopefully successfully – applied (or are currently

applying) for projects funded under the URBACT II programme. I hope that this engagement will be developed further in the future and I appreciate and count on the political support to facilitate such participation from your side.

I would like to mention that the European Commission has just launched a public debate on territorial cohesion. The Green Paper on territorial cohesion that was adopted on 6th October raises – amongst others – the fundamental question of good governance as a prerequisite for better cooperation across regional and national borders. In this respect, I would like to encourage you to take part in this public debate and to share with us your ideas on good governance and cooperation.

Let me also inform you on a working document "The Urban dimension of ERDF Operational Programmes 2007-2013" prepared for the meeting of ministers in charge of urban development which will be held in Marseille on 25 November 2008. The document, based on the analysis of all 316 ERDF Operational Programmes, will already be sent to the Member States on 14 November.

As you know, Structural Funds Regulations provide opportunities to co-finance a broad spectrum of actions in cities in the current financial perspective. As the entire territory of the EU is eligible, a distinction needs to be made between URBAN-type actions and other operations in city areas which do not necessarily follow the idea of integrated urban development and are predominantly sectoral (urban transport for example).

In the document three different types of actions have been identified and analysed in depth:

- actions to promote internal cohesion of deprived urban neighbourhoods,
- actions to promote sustainable urban development in relation to specific urban challenges (i.e. physical rehabilitation, urban infrastructures or housing in the new member states),
- actions to promote a more balanced, polycentric development.

In addition the document also contains information on governance and on the implementation side of the Operational Programmes. It how to facilitate the

involvement of cities and local authorities into the design and implementation of Structural Funds operations, including the possibility of programme 2sub-delegations² to cities and the transparent selection of targeted areas.

Let me underline that more than half of ERDF programmes have an identifiable urban dimension and address challenges in urban areas. They provide for a great variety of actions for which the availability of funding to cities has been clearly expanded – approximately 3% of the ERDF budget (i.e. EUR10 bn) has been programmed for urban development on Priority Axis level.

I would also like to tell you that the analysis revealed an asymmetry between old and new member states when it comes to the planned urban activities and their governance. This is linked to a partial lack of experience in integrated development due to the fact that eu-12 were not benefitting in the past programming periods from URBAN Community Initiative programmes. And urban development operations in EU-12 show a strong tendency towards sectoral investment.

In the coming years a lot can be achieved by using some elements more extensively. I encourage you all to use the JESSICA Initiative, mentioned in half of all Operational Programmes. The connection between mainstream Operational Programmes and networking programmes (URBACT II and INTRREG IVC) through Regions for Economic Change is also worth exploiting. And the Cooperation Programmes, especially if used complementarily to operations which are implemented under Convergence and Competitiveness and Employment Objective Programmes can also bring vast benefits.

Let me also tell you more about JESSICA. As you know, the acronym stands for Joint European Support for Sustainable Investment in City Areas. It is an optional facility which offers Member States and Managing Authorities the possibility to transform grants from Operational Programmes into repayable and recyclable assistance, to PPPs and other projects for urban renewal and development.

Under JESSICA, Member States and Managing Authorities have the possibility to allocate and contribute resources from Operational Programmes to Urban

Development Funds and Holding Funds. Those contributions are eligible for interim ERDF payments.

Why we offered the JESSICA facility is because available public funds are scarce and there is a need for private and banking sector contribution in urban development. Through JESSICA the private sector can be attracted to various projects. This creates a strong leverage effect where the funding from the Structural Funds – in the form of loans – can be increased 5-10 times.

JESSICA also brings additional technical, financial and managerial expertise and capacity to International Financing Institutes, banks, funds and to the private sector. The European Commission has asked interested Member States to include a clause on JESSICA in their Operational Programmes. Approximately half of all 234 Operational Programmes from the Convergence and Competitiveness Objectives include provisions which will allow the application of JESSICA.

A preliminary evaluation co-financed by the European Commission and the European Investment Bank, with the support of the Council of Europe Development Bank was carried out in 2006 soon after JESSICA was launched and confirmed the huge potential for the initiative.

In order to present JESSICA locally, a great number of meetings organized by the European Commission and the EIB were organized in 19 Member States. Further meetings can also be planned in the remaining interested Member States.

For Member States or regions genuinely interested in the initiative, detailed "tailored-made" JESSICA evaluations will be carried out by the EIB and co-financed by the European Commission. Their results will be made freely available to Member States, to help them better organize urban investments by the ERDF and the private and banking sectors under the JESSICA initiative. In 2007, such evaluation studies were launched in 5 Member States and this year 20 more studies are expected to be carried out in 14 Member States.

Memoranda of Understanding were already signed between the EIB and the regions of Wielkopolska and Galicia which foresee that the bank will assume the task of JESSICA Holding Fund. Other regions or Member States should be signing similar documents in short term.

To conclude, let me also inform you on the Urban Audit. As we all know, Europe is heavily urbanized. It has a large number of small and medium-size cities. Around 60% of the population, i.e. 300 million people, live in cities of over 50.000 inhabitants and in urban agglomerations. There are only two large metropolises, London in Paris, the population of which amounts 7 and 6 million inhabitants respectively – in the administrative area – within broader agglomerations of the order of 12 or 13 million. This is why the Urban Audit is so important. Urban Audit cities represent more than 25% of the European population. Each of those cities can better analyse its own trends and compare itself with other cities thanks to the Urban Audit. A new "Urban Audit Analysis" contract will be signed in the coming weeks. A second "state of European Cities report" will be ready at the beginning of autumn 2009.

The importance of the Urban Audit is also linked to the diversity of data. Though there are claims that the regional policy tends to privilege the GDP figures. In the Audit you can find a wealth of data which address a diversity of domains: social and economic data on one side, but also data on culture, housing, transportation, education and training. In addition, we have data on citizens' perception and will launch a new "Perception survey on quality of life in 75 European cities" in March 2009.

Thank you for your attention.