

Speech by Danuta Hübner, European Commissioner for Regional Policy
Conference 'Urban dimension in EU Regional Policy'
Cohesion policy and urban development: making cities
the engine of growth
European University Institute, Fiesole, 14 July 2006

Main messages

- cities are central in regional and national development; they are key drivers for growth and innovation
- all local actors shall be mobilised – citizens, local authorities, business community, social partners. Partnership is a key concept
- past experiences can usefully assist in operating future choices
- community guidelines offer an appropriate framework, which is flexible to allow to take into account territorial specificities
- new or improved sets of tools will be available in the future: innovative financial instruments (such as JESSICA), a network for exchanges of experiences (URBACT), the information collected through the Urban audit, which could assist the decision-makers in their choices

Dear President Martini

Dear Mayors,

Authorities,

Ladies and Gentlemen,

I was in Toscana in July of last year when I participated in a seminar in that other beautiful city Siena, exchanging views on Europe with my old friend Giuliano Amato. It is a real pleasure and honour to be back again in this wonderful region. Last night when we were walking the streets of Firenze I said to Paolo Fontanelli, the mayor of Pisa that “non è giusto” that so much of the historical beauty of Europe has been concentrated in Italy. The extraordinary setting of today’s meeting is one more proof of this. But of course the urgent need of today is to focus strongly on the future.

Let me say just one sentence in reaction to what previous speakers said before I share with you more technical news from Brussels.

I am convinced that the renewal of Europe can and will come from below. But for this to happen we need strong leadership at all levels of governance. The Union's regional policy which brings local and regional level into the process of change in Europe in a direct way matters in this context due to its two major characteristics.

First it is a policy that has at its disposal a financial instrument which can contribute to the investment in Europe's growth, in Europe's capacity to create jobs which will not be lost tomorrow to India, China or Vietnam, as well as in Europe's capacity to innovate and be on the edge of technological progress.

But, what is even more important and it is the second reason why today and tomorrow this policy is and will be of such relevance, it is its governance system.

It allows to fully engage and exploit the local potential for change, to free and mobilize the local comparative advantages in generating innovative thinking and acting.

Let me now turn to the process of preparing the next generation of regional policy. Compared to last year, I feel more at ease today as much has happened since and we have made great progress in advancing our agenda.

You will remember that in July 2005, the negotiations on the budget of the European Union for 2007-2013 were in a complete stalemate, after the failure of the June European Council to find an agreement. There wasn't much optimism either about the prospects of a deal under the UK Presidency and some were already starting the contingency planning for a Union without a clear budget after 2006!

What has happened since? Well, we are definitely in a better position now. First, we do now have a budget. As you know, the Council and the European Parliament agreed in May of this year on a stable budget for 7 years with a total envelope of 308 billion euros available for European Cohesion policy for the period 2007-2013. This represents more than 35% of the total EU budget. 30 years ago, that share was only 4%. This means also greater responsibility for the change in Europe.

Secondly, we also have a legal framework. The Council and the European Parliament have found an agreement on the legislative package that underpins the budget and provides the Member States, regions and cities and the Commission with the legal basis for the investment programmes. After the vote in the European Parliament on 4 July, the Council finally adopted the five Regulations in the second reading on 11 July. And it is a good legal framework

Two of the essential building blocks for the policy are therefore now in place. The Commission added a third and a fourth building block yesterday, when it adopted the Strategic Guidelines for Cohesion and a Communication on the Cities containing specific policy recommendations for the use of the Structural Funds in urban and metropolitan areas.

The Strategic Guidelines, adopted after an extensive consultation process (MS, Regions, Civil society and other European Institutions), are based on two major elements:

- a strategic approach, with the integration of local and regional dimension into the national and European development process;
- a partnership concept, so it is not only a policy with financial instruments.

The Guidelines lay out a certain number of priorities for the investment programmes. These priorities focus on the creation of growth, jobs and competitiveness, in line with the “Lisbon agenda” and provide guidance to the

Member States for drawing up their National strategic frameworks and operational programmes for 2007-13.

I mentioned the process of consultation we went through, to decide on priorities, on the mission. The Guidelines take into account comments submitted by Member States, the results of the public consultation exercise and the favourable EP report of Mrs Krehl adopted on 18 May 2006. We appreciated the opinion expressed by the Committee of the Regions and the Economic and Social Committee.

The Commission also included the new elements of the policy that were developed since last year: JASPERS, JEREMIE and JESSICA and has reinforced its relations and cooperation with the European Financial Institutions.

Once the Guidelines have been adopted by the Council, in early October, Member States will submit their final National Strategic Reference Frameworks and Operational Programmes for formal approval to the Commission. Some 400 Operational Programmes (+ 54 for the territorial cooperation objective) are expected towards the end of the year or early 2007. As for the Strategic Reference Frameworks: for the time being 19 Member States and the accession countries Bulgaria and Romania have presented draft NSRF's to us and we will soon receive the remaining ones.

The Commission yesterday also adopted a specific Communication on the urban dimension of cohesion policy.

The Communication recognises that although many competencies are held at the national or regional level, there is much that cities can do, particularly when their capacity for action is reinforced by European programmes. Cities concentrate not only opportunities but also challenges and account must be taken of the specific problems facing urban areas.

The measures proposed in the communication cover many areas and reflect the opportunities for action under the Structural Funds. There is no single path to sustainable urban development – no “one size fits all” solution. In every case the recommendations in terms of good governance must be respected to ensure the highest quality of projects in which cohesion policy resources are invested.

My messages are rather simple, and not a surprise to you.

First, in view of the pressures coming from globalisation process, leading to the need of restructuring and modernisation, also felt in this part of Italy, the key drivers of economic growth are innovation and the capacity to react quickly to the changing landscape of the global economy. And these drivers are increasingly dependent on regional and urban developments. In the years to come growth coming from below will be decisive for our prosperity. Growth strategies must be designed together with local partners.

If we want to make European regions and cities more competitive and attractive, within their regional context, the full range of local actors – from citizens to business community to social partners to local authorities – has to be fully included in every step of the planning and implementing of EU policies.

Secondly, learning tools, best practices and financial engineering make an essential part of a smart urban policy. As the challenges of urban renewal and development become more complex combining diverse fields such as the economy, social policy, immigration, the environment, security and town planning, also the policy response must become more sophisticated and involve more partners.

We need public-private partnership, innovative financial engineering, focus on the creation of an environment attractive to businesses.

And thirdly, my invitation to you is to use fully what the Community Strategic Guidelines, and the Communication on cities, offer.

The Guidelines underline the importance of the urban agenda in the context of territorial and spatial planning and as an essential element for a balanced development of our regions. They are to assist you in choosing the best approach to the implementation of the regional policy in our cities. On the one hand, they are designed to be flexible enough to take account of local and national economic and social conditions and to fit into endogenous growth potential. On the other hand they are to assure that acceleration of economic growth and creation of sustainable jobs becomes an overarching criterion for all the European cities.

My services have started to examine the way how the urban dimension is being introduced in the draft NSRFs. Let me mention here some of their preliminary observations.

As regards partnership, the process seems to be rather satisfying with a broad partnership including local authorities and the socio-economic stakeholders and public consultation.

In fact, we have made it compulsory for Member States to include regions and cities and the relevant local actors as partners in planning and implementation, although this should be in line with national rules and practice. Moreover, we have opened the door for sub-delegation of relevant urban measures to city authorities in order to allow to manage investment projects at the most appropriate level.

As regards the part of the draft NRSF documents devoted to the urban dimension and to territorial cohesion, it is in overall terms not very much developed at this stage. Nevertheless, in most cases the urban dimension is

indicated as a main objective in the draft NSRF which implies that the Operational Programmes (OP) will address the urban dimension.

The content of this priority has of course to be specified, in the further phases of the negotiation process. In some cases the MS appear more focused on regeneration of deprived areas while in other cases they wish to pursue the wider objective of sustainable development of urban and metropolitan areas (our preferred approach).

Unemployment, poverty, crime and immigration, when combined, produce problems which cannot be resolved without a well coordinated approach. Attracting business to a city or a district requires action reducing high rates of crime and dereliction. Promoting entrepreneurship and employment becomes more effective if accompanied by measures which tackle social exclusion.

This is the rationale for the “integrated approach” so well known from URBAN II experience.

Flexible financial instruments as well as information and networking tools should assist cities in creating and maintaining a genuine learning cycle.

Three things in particular stand out in my mind:

- new innovative financial instruments, such as JEREMIE which will provide seed capital to SMEs and JESSICA, to support sustainable urban development
- the URBACT network for exchange of experience
- The Urban Audit, a wealth of socio-economic data on cities across Europe.

I strongly believe that exchange of experience and best practice must be made one of the most important features of the renewed cohesion policy. This is where genuine European added value is created.

We have the chance to make the new regional policy produce a balanced development and sound urban structure.

We can improve the links between rural and urban areas. We can strengthen the strategic role of metropolitan areas, at the same time rationalising their expansion as well as at making small and medium towns more attractive, through actions orientated towards reinforcing their economic base.

We have no other choice but to make Europe's regions and cities attractive for investment in activities that will generate growth, jobs and competitiveness.

I look forward to working with you over the coming months and years.

Thank you for your attention.