

Opinion of the Committee of the Regions on Cohesion Policy and cities: the urban contribution to growth and jobs in the regions

(2006/C 206/04)

THE COMMITTEE OF THE REGIONS,

HAVING REGARD TO the letter from the European Commission to President Straub of 25 January 2006 requesting the CoR's opinion on the '*Cohesion Policy and cities: the urban contribution to growth and jobs in the regions*';

HAVING REGARD TO the decision of its President of 10 November 2005 to instruct its Commission for Territorial Cohesion Policy to draw up an opinion on this subject;

HAVING REGARD TO the Commission Staff Working paper: *Cohesion Policy and cities: the contribution to growth and jobs in the regions*;

HAVING REGARD TO its opinion on the *Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund* (CdR 232/2004 fin) ⁽¹⁾ COM(2004) 492 final – 2004/0163 (AVC);

HAVING REGARD TO its opinion on the *Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund (ERDF)* COM(2004) 495 final – 2004/0167 (COD) (CdR 233/2004 fin) ⁽¹⁾;

HAVING REGARD TO its Opinion on the *Communication from the Commission Cohesion Policy in Support of Growth and Job Community Strategic Guidelines, 2007-2013* COM(2005) 299 final (CdR 140/2005 fin);

HAVING REGARD TO the Conclusions of the informal Council of Ministers on Sustainable communities. Bristol, 6-7 December 2005;

HAVING REGARD TO the Report of the European Parliament on the *Urban dimension in the context of the enlargement* (2004/2258);

HAVING REGARD TO its draft opinion (CdR 38/2006 rev. 1) adopted on 23 February 2006 by its Commission for Territorial Cohesion Policy (rapporteur: Dr Michael Häupl (AT/PES) (Mayor of Vienna);

adopted the following opinion at its 64th plenary session, held on 26 and 27 April 2006 (meeting of 26 April):

1. Views of the Committee of the Regions

The Committee of the Regions:

1.1 **points out**, by way of introduction, that 78% of the EU's population lives in towns and cities, built-up areas and urban areas. More than 60% of the population lives in cities of more than 50 000 inhabitants. In urban areas there is a concentration of both considerable potential and also complex difficulties;

1.2 **recalls**, against this background, the European Commission's intention, set out in the 'Third Report on Economic and Social Cohesion: a new partnership for cohesion, convergence, competitiveness and cooperation' ⁽²⁾, to bring urban issues

further into the foreground by fully including them in regional programmes;

1.3 **stresses** the key importance of incorporating an urban dimension in all Community policies, not only in EU cohesion policy. Only when the positive effects of this can be seen and felt by the urban population will the EU manage to (re)gain the measure of political acceptance essential for successfully developing our joint venture further;

1.4 **supports** the European Parliament initiative, set out in its report on 'The urban dimension in the context of enlargement' ⁽³⁾, to strengthen the urban dimension of all Community and Member States policies, as well as the promotion of this report;

⁽¹⁾ OJ C231 du 20.09.2005.

⁽²⁾ 'Third Report on Economic and Social Cohesion: a new partnership for cohesion, convergence, competitiveness and cooperation' COM (2004) 107 final of 18 February 2004.

⁽³⁾ European Parliament Resolution on 'The urban dimension in the context of enlargement' dated 13 October 2005, P6_TA-PROV (2005)0387, Rapporteur: Jean Marie BEAUPUY; not yet published in the OJ.

1.5 **underlines** the key contribution which cities are making to the Lisbon strategy, newly formulated in 2005. Growth is however not an end in itself. Rather it is a means to boost employment, social cohesion and environmental sustainability. In so far as it helps maintain the European social model, it secures quality of life for the people of Europe. Employment is the most important issue for the European public. The new focus on economic growth and productivity increases should not mean that we lose sight of the other aspects of the Lisbon strategy;

1.6 **points out** that cities have always provided a testing ground for developments of all sorts: most social and technological developments started out in cities. Tied up in this structural change so characteristic of cities are both opportunities and risks for individuals and for society as a whole. Cities have learnt to deal with this social change and to respond to it. They are also used to offsetting market failure, in part generated by structural change. Precisely because in many sectors it is necessary to adapt structures to new challenges in order to achieve the Lisbon objectives, cities have a key role to play here;

1.7 **is therefore critical** of the fact that, because of the 'top-down approach' in the development and implementation of the Lisbon strategy, the overwhelming majority of European cities were not involved in setting up the Member States' national reform programmes. Sometimes they were involved as a formality, but not in practice. A survey revealed that cities were more likely to be involved where the Member State concerned had a ministry specifically dealing with urban affairs (such as the Netherlands), or where there were cities which were also regions (Berlin, Hamburg, Vienna, etc.). One consequence of not involving them is that their potential, and their special capacity for creating cooperation synergies between public and private actors and social agents, remains untapped to some extent. A study carried out by the CoR - 'Implementation of the Lisbon Partnership for Growth and Jobs: the contribution of Regions and Cities' ⁽¹⁾ - arrived at the same conclusion. It showed that only 17% of cities and regions were satisfied with their involvement in drawing up the national reform programmes;

1.8 **emphasises** that there was a general move to involve cities more when drawing up the National Strategic Reference Frameworks (NSRFs) under Articles 25 and 26 of the draft general Structural Funds regulation ⁽²⁾. However, it is still not taken for granted that the urban dimension is expressly taken into account in the NSRFs and the derivative operational programmes;

1.9 **is critical** of the fact that very little mention is made of the urban dimension of cohesion policy in the current draft Strategic Cohesion Guidelines for 2007-2013 ⁽³⁾. The urban dimension is only dealt with in the context of 'territorial dimensions'. This failing was also highlighted in the results of the consultation process relating to the Strategic Cohesion Guidelines for 2003-2013. There were many requests that more stress be placed on giving cities a decisive role to play in steps to boost growth and employment. Likewise, there were calls for the guidelines to formally acknowledge the vital role of cities. Without clear EU regulations which make it mandatory for cities to be involved, there is a danger that the urban dimension in cohesion policy will not be consolidated, but rather weakened, in the 2007-2013 period;

1.10 **welcomes** therefore the fact that the European Commission's initiative - set out in its working document entitled 'Cohesion Policy and cities: the urban contribution to growth and jobs in the regions' ⁽⁴⁾ - takes these criticisms on board, giving a further boost to the urban dimension in the cohesion policy of the future. This document provides an excellent illustration of the central importance of cities for the further development of Europe, its Member States and its regions. Their key contribution to growth and employment, social cohesion and sustainable development is clearly highlighted;

1.11 **appreciates** particularly the fact that, in its working document, the European Commission sets out the urban dimension in all its complexity. This holistic approach is a major strength of the document, and should be maintained. This complexity, illustrated with examples and data, can only be taken into account by adopting an integrated approach in all policy areas. The urban dimension cannot be confined to cohesion policy, but should be explicitly taken into consideration in all Community policies;

1.12 **highlights** in particular the fact that the document breaks down the contribution of cities into 50 specific action guidelines. These are now available for cities to use as guidelines for organising concrete measures in the future;

1.13 **supports** the consultation process launched by the European Commission for its working document, as well as the Commission's intention to incorporate the main results of this process in the final version of the Strategic Cohesion Guidelines and to publish the revised working document in the form of a 'communication';

⁽¹⁾ 'Implementation of the Lisbon Partnership for Growth and Jobs: the contribution of Regions and Cities'. Lisbon Strategy: A survey on the involvement of Regions and Cities in preparing the Lisbon National Reform Programmes. DI CdR 45/2005.

⁽²⁾ Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund COM(2004) 492 of 14 July 2004.

⁽³⁾ Communication from the Commission: Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013 COM(2005) 299 final of 14 July 2005.

⁽⁴⁾ Commission working document entitled 'Cohesion Policy and cities: the urban contribution to growth and jobs in the regions' dated 23 November 2005, available on the internet: http://europa.eu.int/comm/regional_policy/consultation/urban/index_en.htm.

1.14 **participates** in steps to further strengthen the urban dimension by organising the Urban Forum on 26 April 2006, together with the European Commission and the European Parliament's Committee for Regional Development;

1.15 **welcomes** the fact that the Proposal for a Council Regulation establishing the Cohesion Fund allows environmentally-friendly public transport to be supported from the Fund.

2. Suggestions put forward by the Committee of the Regions regarding the European Commission's working document on 'Cohesion Policy and cities: the urban contribution to growth and jobs in the regions'

The Committee of the Regions

2.1 **congratulates** the European Commission on its precise, detailed and well-founded remarks on the following subjects: Sustainable urban development in European regional policy, Urban realities: Why cities matter, Attractive cities, Supporting innovation, Entrepreneurship and the knowledge economy, More and better jobs, Disparities within cities, Governance and Financing urban renewal;

2.2 **welcomes** the fact that the action guidelines call to Member States to support measures introduced by the cities;

2.3 **calls** for a fourth priority to be established in the Community strategic guidelines, namely a priority focussed on cities and city regions with the aim of creating safe, cohesive and sustainable (economically, socially, environmentally and commercially sustainable) communities even in the most deprived urban areas;

2.4 **highlights** the diverse situations of cities, which depend in particular on their size, geographical location for example, peripheral areas, the way powers are distributed internally in the countries concerned, and on whether they are located in new or old Member States; **suggests**, moreover, that account be taken of an important criterion, namely the differences that exist between cities in the individual Member States as a result of differing levels of urbanisation and economic development in the countries concerned;

2.5 **hasres** the European Commission's viewpoint that a general boost to cities' powers to take action is a prerequisite for their successful development and enables them to make a significant contribution to regional development. To this end, cities must be equipped with the systems and tools enabling them to respond to economic and social change, as well as with a critical mass of financial resources that could be provided in the form of global grants with the delegation of the various management tasks, as provided for by the new ERDF regulation (Articles 36, 41 and 42);

2.6 **stresses** that in order to achieve the Lisbon strategy with high increases in growth and productivity, it is vital to

recognise the importance of cities and urban areas in their delivery, due to their critical mass of population, centres of excellence in higher education and science and the ability to apply discoveries on an industrial scale. It calls therefore for an urban dimension of cohesion policy which recognises the potential cities have as drivers on innovation and the knowledge economy;

2.7 **points out**, especially in connection with the improvement to framework conditions for entrepreneurship and innovation, that cities can only exercise this important guidance function if they have access to the financial resources necessary to do so. This of course also holds true for all the fields of action mentioned;

2.8 **emphasises** the importance of a coordinated approach which takes into account the realities of 'functional regions' for achieving sustainable improvements through the proposed action guidelines. Not until there is cooperation between partners across administrative borders can opportunities arise for finding solutions and exploiting potential. This cooperation, which is not always simple in practice, should be promoted by means of special incentives in EU policies such as the promotion of strategic development projects for large areas. It is particularly important that new cooperation networks should be set up between metropolitan and urban areas, and existing ones strengthened. Of particular note is the cooperation developed during the current programming period under the Interreg III initiative, which will take effect during the 2007-2013 period through the territorial cooperation objective;

2.9 **stresses** the important role cities have in combating climate change, because of the size of population, and ability to generate change on a large scale, for example in areas such as public transport services and innovative energy use in buildings; Proposes therefore an environmental requirement to be introduced to the structural funds programmes;

2.10 **underlines** the importance of the redevelopment and land-use development of brown field sites and public spaces, as a contribution to the renewal of established urban areas and steps to reduce the amount of relocation taking place. To this end, cities need support at national and European level. In order to address their specific problems, metropolitan and urban areas thus need financial support from the Community based on setting up ad hoc programmes to regenerate urban areas that are in decline and enhance the initiatives that continue the work undertaken under URBAN;

2.11 **is aware** of the importance of a diversity policy that covers all areas of public administration. This is an essential prerequisite for fully harnessing the specific potential of people from an immigrant background, who often still represent a largely untapped resource;

2.12 **draws particular attention** to the importance of services of general interest in making urban systems efficient and cities attractive. In particular, it must be remembered that, under the subsidiarity principle, local and regional authorities have the right to decide for themselves how services of general (economic) interest are provided; **asks** that the European legal framework should remain open to the possibility of self-provision or the direct commissioning of in-house enterprises. Cities and regions need greater flexibility in public procurement and state aid law;

2.13 **recommends** that, in all areas of activity, particular attention be paid to the requirements of women, youth, older people and people with special needs;

2.14 **believes** cities have to be made more 'women friendly' locations through support for women's entrepreneurship, measures to develop and support women as leaders and managers in business and public sector in cities, by means of appropriate neighbourhood and welfare services;

2.15 **proposes** that the document be expanded to include a dedicated section on health. This issue is, of course, touched on in the three key areas – accessibility and mobility; access to service facilities; and the natural and physical environment – but should, given its importance, also be dealt with explicitly in guidelines for action of its own;

2.16 **stresses** the particular importance of guaranteeing across-the-board, affordable childcare facilities with opening times that reflect actual need. Such facilities enable parents and guardians to go out to work, while at the same time laying a key foundation for children's continued education and making a major contribution to the integration of different cultures and the inclusion of children with special needs;

2.17 **is critical** of the fact that, under the guidelines on *Actions for SMEs and micro-enterprises*, the provisions designed to improve access to finance through burden-sharing are to be subject to major restrictions and stringent criteria; **stresses** the need to increase financial support for micro businesses;

2.18 **feels** that the full scope of education and education policy, including lifelong learning, should be considered not only in relation to impact on growth and employment, but also from the point of view of a socially responsible, solidarity-based community focused above all on getting everyone involved in all aspects of society, not just in economic processes;

2.19 **is aware** that, because of the growing numbers of older people, areas such as nursing, care and 'social' services

are set to become more important. These shifts in the age pyramid represent major challenges for urban areas in the future. But they also offer an opportunity for growth and employment, for instance in the caring professions;

2.20 **stresses** that the large numbers of immigrants living in Europe's metropolitan and urban areas represent a considerable challenge for those areas, but also a new resource where these areas should seek new growth opportunities. The various public administrations should promote the use of these opportunities;

2.21 **stresses** the increasing importance, not least for urban areas, of the social economy as a growing labour market, alongside the first (private) sector and the second (public) sector; **calls for** explicit consideration to be given to the need to promote the market opportunities of social economy enterprises (the 'third sector') in the guidelines for action (e.g. in access to credit or through state guarantees);

2.22 **would in particular underline** the key importance of sustainable job creation and action to tackle unemployment for the further development of the EU as a whole. Tangible success in this area is the only way to win (back) public acceptance of the EU. Unemployment hits cities, which are centres of structural change, particularly hard;

2.23 **asks** that Member States' labour market policies should increasingly reflect the needs of urban regions and that appropriate schemes be developed in conjunction with the established urban employment areas. Formal agreements and pacts to coordinate national, regional and local labour market policies, such as the territorial employment pacts, may serve as a basis here. These pacts consolidate linkages between economic, regional and labour market policy at urban level. They should be further built upon and backed up by EU resources;

2.24 Agrees with the European Commission that the large numbers of foreigners living in cities present opportunities and that to be competitive, cities need to attract and support people with a wide variety of skills and migrants often fill useful gaps; endorses therefore the recommendation presented by the European Commission in its recent Report on the Functioning of the transitional arrangements on freedom of movement for persons, i.e. 'recommends that the Member States carefully consider whether the continuation of these restrictions is needed, in the light of the situation of their labour market and of the evidence of this report';

2.25 **makes a critical point** about the key importance of the quality of jobs being created. Employment gains have – ultimately – largely been the result of more part-time jobs and new forms of work. In some sectors, the quality of the jobs on offer is falling and/or the conditions of employment are failing to meet the requisite legal standards. These types of employment, which often fail to provide financial stability for workers, result in new social upheavals. The private sector and commercial enterprises are called upon to provide jobs that facilitate sustainable employment. A more flexible labour market built at the expense of safe and secure work and social security is unsustainable and therefore the various public administrations must ensure that this does not become a reality;

2.26 **stresses** that moves to combat social exclusion and the problems that stem from it – from ghettoisation to crime – are a fundamental prerequisite for the quality of urban life. Public administrations must pay particular attention to those groups that suffer the greatest risk of social exclusion, especially immigrants;

2.27 **stresses** that the mainstreaming of Community initiatives such as URBAN and EQUAL within National and Regional Operational Programmes must not undermine the innovative scope of EU programmes and initiatives. On the contrary, it is important to encourage the innovative nature of urban initiatives within the new cohesion policy and to promote the networking of ideas and their application in practice;

2.28 to this end, **calls** on the Commission to ensure that urban initiatives are comparable, when they are implementing an EU guideline, and that their effectiveness can be measured in terms of quality and quantity, given that they have an emblematic and transferable quality that it is worthwhile preserving for the next planning period.

3. Committee of the Regions' recommendations

The Committee of the Regions

3.1 **calls on** the European Commission to take account of the urban dimension in all Community policies. This requires an approach that identifies, analyses and reflects the practical problems of the real urban environment and assesses the impact of Community policies on urban areas. To make sure this happens, it is vital to involve urban authorities in all stages of policy and programme development, implementation and evaluation;

3.2 **points out** the need to improve coordination of the urban dimension among all European Commission departments, especially DG Regio, DG Environment, DG Transport,

DG Employment and DG Public Health. The urban dimension must be given greater attention, both financially and territorially, in all EU programmes;

3.3 also **stresses** the need for greater coordination between the European Commission, the European Parliament and the Council in order to provide a clearer agenda for EU urban measures;

3.4 **recommends** that the European Commission strengthen the interservice working group by involving experts from urban areas, and that it establish an interservice 'task force' along similar lines to the European Parliament's urban/housing intergroup; the Committee also recommends the establishment of forums for regular dialogue with cities on EU policy affecting them, as is already done in the environment field;

3.5 **calls on** the European Commission and the Member States to launch 'territorial dialogue' – along similar lines to social and civil dialogue – so as to give the various regional and urban authorities and their respective national and European associations the opportunity to make their views known during the framing, negotiation and adoption of policies and measures affecting urban areas and the regions, and thus to take a hand in helping formulate them. The dialogue with associations of regional and local authorities launched by the European Commission in 2003⁽¹⁾ in collaboration with the Committee of the Regions, is just a first step along this path;

3.6 **calls for** the organisation of a high-level meeting by the Council and the Member States before each Spring Summit. In addition to the parties to the territorial dialogue, the participants at the proposed meeting should include, in particular, the European Commission, the European Parliament, the Committee of the Regions and urban networks. It is also **proposed** that annual meetings be held between the ministers of the Member States who are responsible for urban policy and that these be preceded by meetings between representatives of urban networks and European and national local government associations such as the Council of European Municipalities and Regions. At these meetings the Interservice working group of the European Commission should give participants regular progress reports on its work;

3.7 **urges** the governments of the Member States to pay greater attention to the urban dimension in their national policies. It is particularly necessary to ensure that cities are provided with the funding required to carry out their tasks. The dialogue with cities and their respective associations should also be stepped up and enshrined in a specific formal consultation procedure;

⁽¹⁾ Communication from the Commission: *Dialogue with associations of regional and local authorities on the formulation of European Union policy*, COM(2003) 811, 19.12.2003.

3.8 **underlines** the key importance of R and D to the achievement of the Lisbon objectives; therefore **urges** that the important role played by cities in research policy be reflected in the Seventh Framework Programme of the European Community for Research, Technological Development and Demonstration in the form of 'urban mainstreaming'. Up to now the urban dimension has only been decisively taken into account in the areas of the environment and traffic. It is, however, essential for all themes and specific programmes to take account of urban research aspects. It is important, on this front, to use special measures to better support the networking of cities with their universities and research institutes. This will create a synergy for urban development and broader public awareness of R&D. One such measure, for example, could be a competition entitled 'European City of Science';

3.9 The 7th Framework Programme on Research & Technological Development should strengthen the role that cities play in the exchange of information and knowledge, ensure that the allocation of resources and policies for innovation responds to the needs of society in general and citizens in particular, and guarantee support for transnational research into urban development;

3.10 **stresses** the importance of subsidiarity and the involvement of sub-national bodies in the programming and implementation of cohesion policy. Decentralising the management of the Structural Funds must not lead to the centralisation of cohesion policy at Member State level;

3.11 **asks** the European Commission to apply the principle of proportionality with respect to management and control systems for measures developed by municipalities;

3.12 **calls for** local authorities to be involved more closely and more transparently in the preparation, drawing up and implementation of the national reform programmes and for the Member States to include a specific chapter in their annual reports to the European Commission detailing measures to implement these programmes at a local level;

3.13 **welcomes** the fact that the European Commission has taken account of the urban dimension in its proposals for Regulations on the Structural Funds and the Cohesion Funds covering the period 2007 to 2013;

3.14 **calls for** the consolidation of the urban dimension in the Strategic Guidelines for Cohesion 2007-2013. It is up to the European Commission to ensure that the urban dimension is actually taken into account by, for example, clearly stipulating that the urban dimension is to be borne in mind in the implementation reports to be drawn up by the Member States and the annual report by the European Commission, laid down in Articles 27 and 28 of the draft general Structural Funds Regulation⁽¹⁾;

3.15 **emphasises** that the forward-looking, strategic initiatives implemented by municipal authorities, mainly in the form of proposals for the generation of alternative jobs in so-called 'new sources of employment', play an essential role in tackling unemployment-related problems. Therefore, the Committee **calls for** both consideration of the urban dimension when creating and developing employment programmes, and provision of the necessary powers, management instruments and budgets for cities;

3.16 **welcomes** the joint initiatives JEREMIE, JASPERS and JESSICA launched by the European Commission and the EIB Group Equal access on the part of all levels of state administration to these financing schemes is a key prerequisite for their success;

3.17 **recommends** that data and analyses demonstrating the complex reality of cities and enabling people to make a better appraisal of the situation in cities be drawn up, regularly updated and distributed. The CoR supports, in particular, initiatives such as ESPON and STAEDTEAUDIT (Urban audit);

3.18 **supports** the development of networks between cities for the exchange of experience and best practice. With this aim in view, we should build on the foundations laid by existing networks - such as URBACT and the European Urban Knowledge Network pilot project - inter-regional key areas of urban cooperation, Eurocities, etc. Initiatives of national and European associations that represent the interests of cities should also be taken into account;

3.19 **recommends** that the Commission requires countries that receive this support to set aside a substantial part of the Cohesion Fund resources for sustainable urban transport projects.

Brussels, 26 April 2006

The President
of the Committee of the Regions
Michel DELEBARRE

⁽¹⁾ Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund - COM(2004) 492 of 14 July 2004.