Urban dimension of post-2020 Cohesion Policy

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DG REGIO
'Today we propose a Cohesion Policy for all regions, which leaves no one behind. We have made it more flexible, to adapt to new priorities and better protect our citizens. We also made the rules simpler and this will benefit all, from small businesses and entrepreneurs to schools and hospitals that will get easier access to the funds'

Corina Crețu, Commissioner for Regional and Urban Policy
29 May 2018
## Step 1: "Berlin method" (% financial weight)

<table>
<thead>
<tr>
<th>Category</th>
<th>2014-2020</th>
<th>2021-2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (incl. GNI for Cohesion Fund)</td>
<td>86%</td>
<td>81%</td>
</tr>
<tr>
<td>Labour market, education, demographics</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Climate</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Migration</td>
<td>-</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Labour market: unemployment rate, youth unemployment rate, employment rate

Education: early school leavers, tertiary level of education, low level of education

Demographics: population of regions, low density of population

Climate: Green House gas emissions in the non ETS sectors

Migration: Net migration of non EU citizens
Continued concentration on less developed regions

<table>
<thead>
<tr>
<th></th>
<th>2014-2020</th>
<th>2021-2027</th>
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</thead>
<tbody>
<tr>
<td>Cohesion Fund</td>
<td>22%</td>
<td>13%</td>
</tr>
<tr>
<td>Less developed regions (ERDF &amp; ESF+)</td>
<td>53%</td>
<td>62%</td>
</tr>
<tr>
<td>Transition regions (ERDF &amp; ESF+)</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>More developed regions (ERDF &amp; ESF+)</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total (Cohesion Fund, ERDF, ESF+)</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Cohesion Fund + less developed regions</td>
<td>74%</td>
<td>75%</td>
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</tbody>
</table>
New regional eligibility map 2021-2027
A modern, dynamic policy

Modern investment
- Focus on transition to smart, low-carbon economy
- Stronger conditions & link to European Semester
- Comprehensive performance data in near real time

Simple, flexible, dynamic
- 7 funds, 1 regulation (50% shorter)
- 50 key administrative simplifications
- Faster implementation (return to n+2)
- Responsive to emerging needs (migration, economy)

For all regions
- Balanced and fair "Berlin method"
- 75% to poorest regions, where most needed
- Tackling emerging needs and economic transition across the EU
Policy objectives

11 objectives simplified and consolidated to 5:

1. **A smarter Europe** (innovative & smart economic transformation)

2. **A greener, low-carbon Europe** (including energy transition, the circular economy, climate adaptation and risk management)

3. **A more connected Europe** (mobility and ICT connectivity)

4. **A more social Europe** (the European Pillar of Social Rights)

5. **A Europe closer to citizens** (sustainable development of urban, rural and coastal areas and local initiatives)

2 horizontal objectives:

- Administrative capacity building
- Co-operation between regions and across borders (embeds co-operation in mainstream)

Policy objective 5 is horizontal and can use all investment categories and indicators from PO1-4!
Strategic context: territorial and urban dimension of Cohesion Policy

- **Territorial dimension: Integrated territorial approach**
  - Territorial cohesion
  - Green Paper on Territorial Cohesion
  - EU Territorial Agenda

- **Urban dimension: sustainable (and integrated) urban development**
  - Leipzig Charter
  - Cities of Tomorrow
  - Pact of Amsterdam- EU Urban Agenda
What is Integrated Territorial Development? (new CPR Art. 23)

Minimum requirement 1: Investments based on integrated territorial or local development strategies (multi-sectoral, multi-stakeholder, optionally multi-territorial)

Minimum requirement 2: Relevant local or territorial body shall select or shall be involved in the selection of operations (multi-level, optionally community-led)

- All investments under **Policy objective 5 (ITI, CLLD, other)**
- All investments under other POs using **territorial instruments (ITI, CLLD)**
What is Integrated?

A *strategic approach*, which combines

- Multi-sectoral approach
- Multi-level governance approach
- Multi-stakeholder approach

+ Functional area approach
+ Community-led approach
What is Sustainable Urban Development? (new ERDF/CF Art. 9)

Integrated territorial development targeting urban areas.

- All investments under PO5 specific objective 1 (per definition for urban areas)
- All investments under PO1-4 territorial instruments (ITI, CLLD) targeting urban areas

Minimum 6% ERDF

IB designation is not obligatory, but the minimum requirements for integrated territorial development must apply!
Territorial delivery mechanisms *(new CPR Art. 22)*

Three forms for **integrated territorial development**: 

- **CLLD**: if implemented using a specific bottom-up method  
- **ITI**: if programmed `horizontally` through multiple priorities, or even programmes, funds or POs  
- **Other**: if programmed **through an integrated PO5**

ITI and the Other are about how to programme for integrated territorial development, CLLD is more about how to implement!
What is an Urban focus? (new CPR Annex 1)

Interventions targeting:

- **Urban neighbourhood**
- **Administrative unit of a City, Town or Suburb**
- **Functional urban area** (It can also cover all actions to promote urban-rural linkages)

Territorial focus will be monitored together with the delivery mechanisms
Urban and territorial trends calling for integrated approach

Cross-sectoral challenges
A. Population trends and challenges
B. The spatial dimension of poverty
C. Balanced and polycentric development
D. Target the potentials and challenges of different types of territories
E. Capacity of local administration
A. Population trends and challenges

Managing concentration:

• Strategies for functional urban areas addressing multiple challenges incl. housing, mobility, jobs, education, knowledge, services, etc.

Addressing depopulation:

• Strategies for shrinking areas to tackle the multiple challenges involved to reverse the trends

• Strategies to adapt to the new economic and demographic conditions outside of local control.
B. The spatial dimension of poverty

Urban and rural poverty:

- Integrated strategies should address through multiple measures the complex problems their poor neighborhoods and territories.
- Involving local communities (local authorities, local associations, voluntary groups, schools and businesses) for strategic planning and decision-making helps cities to help themselves and to target activities better to local needs.
C. Balanced and polycentric development

Role of cities and urban-rural linkages:

- Strengthens the competitive power of urban centres
- Makes cities and regions more resilient and diversified
- Delivers more balanced development between regions
- Helps to overcome the negative effects of peripherality
- Increases the efficiency of using limited resources
- Creates a new culture of public policy and public action
D. Target the potentials and challenges of different types of territories

Urban areas:

- Promote innovation and economic potential, address urban challenges (e.g. availability of housing, congestion), generate wealth and provide services for wider areas through urban-rural linkages.

Rural areas and inner peripheries:

- Address different aspects of connectedness and interaction capacity, and access to services (new solutions, urban-rural linkages)

Geographic specificities:

- Strategies building on the high value of natural capital, and specialising on their unique resources, and high added-value niche products.
E. Capacity of local administration

The quality of governance is a key determinant for regional development

- Development of institutional capacity, cooperation and communication between different actors are among the main success factors.

- Autonomy and funding have increased, but the crisis has reduced local public investment.

- Cohesion Policy instruments to build capacity at sub-regional level?

Public investment by local governments per country, 1995-2015

Note: 1995 = EU-27; Switzerland 2015 = 2014
Source: Eurostat
European Urban Initiative (new ERDF Art 10)

The European Urban Initiative shall consist of the following three strands, all with regard to sustainable urban development:

(a) support of capacity-building;
(b) support of innovative actions;
(c) support of knowledge, policy development and communication.

Upon request from one or more Member States, the European Urban Initiative may also support inter-governmental cooperation on urban matters.

500 MEuro
Thank You

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So what is new?

- **A dedicated Policy Objective 5; EU closer to its citizens which secures:**
  - Sustainable urban development (specific objective 1)
  - the integrated and the participative approach (new CPR Art 23)

- **This Policy Objective 5 provides greater thematic flexibility**
  - it can combine all intervention fields available under PO1-5
  - using the same indicators and categorisation

- **No Intermediate Body status required** *(simplification)*, however relevant local or territorial body shall select or shall be involved in the selection of operations (new CPR Art 23)

- **Increased urban earmarking from 5 to 6%** in a time when budget cuts are made on Cohesion Policy

- **Urban-CLLD can be counted as urban earmarking**
Structural Funds for cities (2014-2020)

- **ERDF:** > half spent in cities (> € 100 B)
  → Article 7: € 15 B managed directly by cities
- **ESF:** € 1,5 B to sustainable urban development
- **URBACT:** € 96 Mio
- **Urban Innovative Actions:** € 370 Mio
- **INTERREG Europe:** € 425 Mio (a lot for cities)
- **ESPON:** € 49 Mio (part for urban studies)
- **UDN bringing cities spending ERDF together**
Urban Innovative Actions

- **All UIA projects**

  - Jobs and skills in the local economy (10)
  - Circular economy (8)
  - Integration of migrants and refugees (7)
  - Adaptation to climate change (6)
  - Urban poverty (6)
  - Air quality (5)
  - Housing (5)
  - Urban Mobility (5)
  - Energy transition (3)
## New call UIA

<table>
<thead>
<tr>
<th>Call</th>
<th>Estimated Call period</th>
<th>Indicative budgets*</th>
<th>Expected topics</th>
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<tbody>
<tr>
<td>4</td>
<td>October 2018 – January 2019</td>
<td>100 EUR Mio</td>
<td>- Digital transition</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Sustainable use of land / Nature-based Solution</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Urban Poverty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Urban Security</td>
</tr>
<tr>
<td>5</td>
<td>September 2019 – December 2019</td>
<td>50 EUR Mio</td>
<td>To be confirmed in 2019</td>
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URBIS

- Dedicated **urban investment advisory platform** within the European Investment Advisory Hub (EIAH)
- Facilitate, accelerate and unlock urban investment projects, programmes and platforms
- Developed in partnership by the [European Commission](https://ec.europa.eu) (DG REGIO) and the EIB in the context of the [EU One Stop Shop for Cities](https://eisonet.eib.org) and in support of the ambitions defined in the [EU Urban Agenda](https://eur-lex.europa.eu)

- [http://eiah.eib.org/about/initiative-urbis.htm](http://eiah.eib.org/about/initiative-urbis.htm)
### Urban agenda for the EU

The urban agenda for the EU brings together the Commission, national ministries, city governments and other stakeholders to promote better laws, easier access to funding and more knowledge sharing on issues relevant for cities.

### Priority themes

Air quality in cities  
Circular economy in cities  
Climate adaptation in cities  
Culture in cities  
Digital transition in cities  
Energy transition in cities  
Housing in cities  
Innovative and responsible public procurement in cities  
Inclusion of migrants and refugees in cities  
Jobs and skills in the local economy

### Funding for cities

Several EU funds offer support to cities, including advice on implementation.

- **European Fund for Strategic Investments**  
- **European Structural and Investment Funds**  
- **Horizon 2020**  
- **LIFE**  
- **Urban Innovative Actions**  
- **European Investment Project Portal**  
- **European Investment Advisory Hub**

### Cities events

Upcoming and past events related to cities and urban development.

### City initiatives

Smart cities

### Knowledge for cities

Strong and reliable evidence, including experience and networks, on urban issues help to formulate EU policies, legislation and instruments.
Agenda 2030 – New Urban Agenda and SDGs
New Urban Agenda

- EU Commitments
  1. Implement New Urban Agenda through the Urban Agenda
  2. Agree on a worldwide definition of Functional urban area
  3. Establish a worldwide exchange of experiences

- Sustainable Development Goal (with targets)
  - Example: "By 2030, provide universal access to safe, inclusive and accessible, green and public spaces"
Lessons learned 2014 -2020

• **More thematic flexibility**
  • Thematic focus were often limiting and set before the selection of local strategies without considering the actual development needs and potentials

• **Need for simplification**
  • Lower implementation rate (34% project selection rate, end of 2017) irrespective to the applied territorial delivery mechanism (ITI, multi-thematic priority axis).
  • Novelty of integrated approaches and complexity of challenges can explain the delays sometimes, but complicated implementation systems can be streamlined.

• **Challenges in multi-level governance**
  • Delegation of project selection (IB) was too burdensome, while the actual role and responsibilities of cities and territories remained unclear.

• **Recognising the role of cities in regional development**
  • Increased focus on sustainable urban development (way more than 5%), but a rather fragmented urban dimension and initiatives

• **Functional area approach and urban-rural linkages**
  • Functional area approach was promoted successfully, but difficulties in identifying the exact territorial and thematic focus of integrated strategies.

• **Strengthening participation**
  • Partnership principle should be strengthened when preparing and implementing programmes and strategies. Use of CLLD remained limited in Cohesion Policy, and rarely used in urban development.