

Position paper: Cities & Urban regions 2020+

Positions of the Austrian cities and urban regions regarding the design of the EU grant decisions 2021-2027

1 Introduction

Regions and cities are key areas for EU politics, as they act especially close to citizens and contribute significantly to European integration by **transferring EU policies to a local level** - and thus **making them more visible**.

The economic, social, and institutional differences within the European Union require a strong commitment to integrated, thus interdisciplinary strategies and their implementation in functional urban spaces; they must take account of the varying potential for development and the different challenges that cities and urban regions with strategies and interventions specific to their location are facing. Moreover, these strategies must consider the role of regional and local players appropriately. This is the only way for structural reforms on site to be promising. The economic policy stance of the EU must adapt for this purpose, in order to enable investment levels to increase again.

Social, ecological, and economic processes and challenges correspond less and less to administrative limits. **Addressing functional spaces** as well as the cooperation of cities with their - often rural - surrounding areas is a **requirement for the territorial and social cohesion** of the EU member states. This fact is not only underlined by the cohesion report, but also by the Urban Agenda, where **the importance of “urban areas” is explicitly highlighted** as necessary to comply with local needs. Metropolitan areas, small- and medium-sized city regions are all equally affected by this.

Aside from the metropolitan area of Vienna, the Austrian urban regions have not yet received enough international attention - **but they exist in many ways, and the cities and their surroundings are becoming increasingly aware of the added value of a joint development and positioning**. It will be an essential guarantee for success over the next 10 to 20 years, to continue to acknowledge and support this process within the EU.

This is especially important as currently, more than 70% (with an upward trend) of EU citizens live in cities or urban agglomerations.¹ What's more, the effects of the most recent **flows of migration** (social security, education, integration) and questions regarding the **financing of basic infrastructure for public services** are disproportionately felt by cities and urban agglomerations.

In order to tackle these challenges more efficiently and thus continue to enable social cohesion all over Europe, cities and urban regions should be considered even more than before in all locally relevant EU policies and EU funding instruments in the upcoming EU funding period 2021-2027 - not least in countries which have yet to implement an explicit national urban policy. And this does not only apply to instruments provided by the EU cohesion policy, but also to more targeted EU action programmes and other EU funds such as the European Fund for strategic investments (“Juncker fund”). It meets the needs of numerous primary strategies the EU has committed to (the EU Urban Agenda, macro-regional strategies, SDGs etc among others).

¹ <http://ec.europa.eu/eurostat/web/degree-of-urbanisation/overview>
Vienna, May 2019

2 Positions and recommendations for action

2.1 Enhancing EU funding opportunities for cities and urban regions

- ❑ **To increase the support of investment measures for integrated, strategy-led, inner-city, urban-regional and city-and-surroundings projects - also in “more developed regions”.**
 The majority of the currently supported urban, urban-regional, and city-and-surroundings initiatives is limited to the development of strategies, concepts, and networking activities in the sense of capacity building. These should be complemented by promoting “small” infrastructures and other investments in (pilot) projects for basic public services, sustainable construction, and mobility, as well as the ICT industry and Urban Technologies.
- ❑ **To enhance the inclusion of urban-rural/city surroundings partnerships and projects into the ERDF as part of the urban dimension in addition to integrated urban development strategies (including ITI and URBACT).**
 More resources should be provided for this, and the budgetary commitment for integrated sustainable urban development should be raised to 20%.
 The rule which has urban regions/agglomerations benefit from innovative measures (Urban Innovative Actions Programme) should be maintained, and the population size, which is one of the funding criteria, should be reduced to 30,000. Alternatively, daytime population numbers (inhabitants plus commuters) should be used as reference.
- ❑ **To establish urban-rural/city surroundings partnerships and projects as an integral part of the EAFRD within the scope of LEADER, with the added possibility of including larger core cities as equal partners.**
 In Austria, cities with more than 30,000 inhabitants are currently not eligible for EAFRD funding, even though they have considerable agricultural structures (cf. Definition of rural areas in the Austrian Programme for rural development LE14-20²).
- ❑ **To advance the CLLD approach for urban-rural/city surroundings partnerships and projects.**
 To establish CLLD regions for urban-regional activities based on the model of the LEADER regions, with the objective to develop sustainable governance structures.
- ❑ **To include urban-rural/city surroundings partnerships and projects as integral parts of the European Territorial Cooperation (ETC) for cross-border cooperation (Interreg).**
- ❑ To ensure access to **ESF funds** for sustainable, integrated city and urban region development.
- ❑ To continue to guarantee **the support of “social services” within the EAFRD.**
 This has proven useful for small and medium-sized cities as well as for cities’ surrounding areas.

² “The programme covers the entire federal territory of the republic of Austria. Measures restricted to rural areas by Regulation (EU) No. 1305/2013 (hereafter: “basic regulation) can only be implemented in municipalities with fewer than 30,000 inhabitants or in the rural parts of municipalities with more than 30,000 inhabitants. The rural areas of municipalities with more than 30,000 inhabitants are displayed in a map... Following the relevant OECD criteria, only those parts of municipalities with a population density lower than 150 inhabitants/km² are considered rural areas.” (Austrian programme for rural development 2014-2020, p. 73)

- ❑ **To expand funding possibilities for innovative urban and urban-regional as well as city-and-surroundings projects in line with thematic EU action programmes and to promote integrated approaches and multi-level-governance approaches.**

This applies primarily to follow-up programmes of those programmes especially relevant to urban activities, such as the one for research and development (Horizon 2020), environment (LIFE), integration & refugees (AMIF), education (Erasmus+), and culture (Creative Europe), but also the Europe for Citizens Programmes especially relevant to cities and urban-regional.

In general, the coherence between EU funding instruments must be advanced. The combination of different funding instruments that support integrated urban development and urban region development must be facilitated, or, ideally, it should be checked obligatorily, as is the case with the combination of Horizon 2020 and ERDF for the implementation of innovative pilot demonstration projects (research/evaluation/rollout).

2.2 Simplifying procedures

Exuberant administrative requirements have a considerably negative impact on the use of EU subsidies.

- Fewer rules and more standard solutions such as flat rates, unit costs, or lump sums.
- Avoid parallel control structures (Single Audit Approach).
- Control and audit must be proportionate (principle of proportionality / Use of varying inspection depths).
- Uniform rules for all EU funds must be created and “gold plating” must be avoided.
- General 100% recognition of project-based personnel costs of local authorities as local co-financing.
- For urban-regional inter-communal funding projects with partnership structures across administrative borders, a budget distribution according to the Lead-Partner principle should be made possible.

2.3 Strengthening cities and urban-regional players as core stakeholders in EU funding policy (Partnership principle, exceptions from EU state aid law)

2.4 Inclusion of cities and urban-regional players as equal stakeholders into EU policies

In line with the Urban Agenda of the EU, the urban dimension must be set as an inherent part of the legal and strategic framework for cohesion policy,

- especially regarding better codetermination of cities and urban regions.
- Furthermore, the urban dimension must be anchored in all relevant decision processes of the EU;
- Lastly, the rules of procedure of the European Parliament must include the right to speak for politically elected representatives of the cities and their associations and networks.

Conclusion

Experience of previous years has shown that, under the following conditions, EU funding is especially important and justifiable for cities and urban regions - even in the more developed, “wealthy” regions - and even if quite often there is not a large budget:

- Wherever they support and organise communication and knowledge sharing at eye-level among experts: Learning from each other is considered a valuable contribution to forward-thinking urban development by urban stakeholder all over Europe.
- Wherever they initiate planning innovation and mitigate risks. Many new projects and process innovations in cities and urban regions get off the ground because a funding project offers the protected organisational framework and venture capital to try out new innovations.
- Wherever they promote processes of cooperation in functional urban spaces:
Cooperation almost always requires an outside catalyst. National agglomeration policy, as it is already being practised in many proactive countries, has not yet gained ground in Austria. EU subsidies have been and are thus being used specially to provide this external catalyst.
- Wherever cities and urban regions are being empowered to implement specific EU matters, such as most recently regarding the integration of immigrants.

The present position paper was created upon initiative of the Austrian Association of Cities and Towns and has been discussed in the framework of the National Coordination Platform on European Urban and Urban-Regional Politics for Austria, in which representatives of Austrian cities and urban regions participated. The positions and recommendations for action are a result of the previous experience of urban and urban-regional initiatives that have been successfully implemented in Austria in many ways with the help of EU funding.