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The European Union and Urban Development

A Dossier

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'The advantages and benefits of decentralisation are undeniable and difficult to ignore: the governance of societies is more effective and more democratic if decisions are taken at the closest possible level to the people and the communities they affect. Each of us is, above all, a citizen of his own "country in miniature", his municipality, his town, his region. He views his country through the prism of local life which closely affects him and concerns him. By placing a major part of government power close to the people, decentralisation allows him to take part in the effective exercise of power.'

Bronislaw Geremek, former Foreign Minister of Poland ¹

¹ Quoted in: Committee of the Regions (2007). A new roadmap for Europe's regions and cities. Brussels: Committee of the Regions, 11

Introduction: EU Urban Policy Without a Mandate

To say that the future of mankind will be urban is commonplace. The 2011 *United Nations Report on World Urbanization Prospects* estimates that urban areas worldwide will grow during the coming decades by 2.6 billion people, while rural areas will lose 300 million people. By 2050, 67% of humanity will live in cities². In Europe, urban agglomerations accommodate already about 72% of the population (359 million people)³. By 2050, this figure will climb to over 80%⁴.

Inspired at least in part by such statistical data, and led by influential popular theorists like Richard Florida or Michael Porter, a dominant narrative about the importance of cities for future global development has emerged over the last decades. It holds cities as ideal locations for the emerging 'knowledge economy', which combine intensive business interactions with the sharing of new, creative ideas. Cities are rightly seen as effective wealth generating machines, major providers of employment, attractive places to live in and centers of all modern cultural development, which is why they attract so many people in the first place⁵. But cities are also places where the negative effects of global development show up most clearly: job losses due to economic restructuring, poverty, social polarization, and severe environmental degradation. Such challenges, on the other hand, are also met first on the urban level, for example by forcing cities to improve resource efficiencies, encouraging faster economic growth and innovation, making greater social integration efforts and caring for

stringent environmental protection measures. An urban 'productive economy' based on competition within and among cities, in other words, will also be the platform for solving the most pressing problems of the 21st century: social injustice and natural resource exhaustion⁶.

It is therefore not surprising that over the last decades cities (or urbanized regions and agglomerations⁷) have come to play an ever-increasing role in long-term policy considerations of the European Union. Europe's large metropolitan areas, in particular, appear to be comparatively well equipped to cope with 21st century economic, social and environmental challenges⁸. It is now generally acknowledged that by addressing *local* challenges cities contribute decisively to problem solutions on *regional*, *national* and *global* scales as well. Over the last 30 years, European cities have already undergone profound changes on the way to create an eventually 'sustainable' environment in the broad definition of the word. There have been numerous urban policy revisions and a proliferation of urban development and urban renewal projects, many of them supported by the European Union. The future trajectory of urban development is a subject of extensive debate.

Paradoxically however, the European Union as such has had no mandate to deal with urban issues, as a 2014 Communication from the European Commission pointed out with obvious frustration⁹. There are, in fact, no provisions for urban policies in the EU treaties nor did the EU initially have expertise in urban development issues. In accordance with the general principle of 'subsidiarity', such matters still remain the prerogative of individual member states and their administrative sub-units, the regions and (eventually) the municipalities. Urban development plans, moreover,

rarely referred to European policy guidelines. Their determinants usually have been ‘place-based’, i.e. starting with the identification of specific local problems and an analysis of local conditions. Money for concrete actions has come primarily from municipal, regional or national funding sources¹⁰. On the surface, therefore, links between the EU and urban affairs ‘on the ground’ often seem opaque, or at best tenuous. It is not immediately evident why the EU should steer urban development across its 28 member states. Nor is it apparent what influence cities could or should have on strategic development goals of the European Union – if only for the simple fact that the constitutional architecture of the EU does not assign them an active role in policy making.

This structural conundrum has not prevented the EU and European cities from actively building cooperative links in a very large number of urban development projects, by using already existing supra-national policy frameworks and by mutually influencing each other’s policy formulations. Eventually, this led to the formulation of an official ‘Urban Agenda’ for the European Union. The ‘Pact of Amsterdam’, concluded on 30 May 2016, is supposed to bridge the gap between the supranational, national and local levels and build up a coherent urban policy framework¹¹. It is, however, still just a non-binding declaration of intent emanating from ministerial meetings of the EU28, leaving existing, treaty-based EU responsibilities and decision-making unchanged. It is in any case not easy for outsiders to grasp the precise nature and forms of cooperation between the EU, its member states, regions and the cities which form the basis of the Pact of Amsterdam.

This dossier has been written from a perspective from outside the EU. In 2014, the *European Union Academic Programme* in Hong Kong began a series of information

seminars about innovative urban development in Europe. So as to arouse interest in the public and among the public administrators of an Asian city, the 'Urban Innovations' seminars had to focus on concrete actions in concrete places - such as waste incineration in southern Sweden, social housing in Vienna, the revitalization of architectural heritage sites in Amsterdam, the planning of new, 'sustainable' city districts in Hamburg or the 'smart' energy revolution in the Nice-Riviera region in southern France¹². It soon became clear that such projects had been conceived almost entirely at the regional or municipal level. At best, they made use of additional EU financial support. By and large, European cities did *not* seem to follow overt EU regulations, forced upon them in a top-down regulatory process. The numerous attempts to modernize the urban habitat seemed at first glance more idiosyncratic than part of an overall EU plan, and EU funding was apparently more the exception than the norm.

At second glance, however, there emerged a remarkable similarity among local urban policy approaches, their underlying rationales and their purported developmental goals. This can be traced back to a set of principles for current and future European sustainable development which are the consensual outcome of now more than thirty years of discussion between EU bodies, national and regional policy makers, the cities themselves, and a multitude of formally or informally organized 'stakeholders' living in them. The principles are adhered to even when little or no EU support (financial or otherwise) is given. Contrary to stereotypes, the EU has not acted as an overbearing bureaucratic regulator but rather as a facilitator of a complex public discourse about future urban Europe, underpinned by a large number of concrete EU co-funded demonstration projects which today function as 'lighthouses' for the general direction of EU urban

development. Over the years, the Union then has incorporated many aspects of this more or less informal discourse into its own official policy declarations.

'European urban development' can therefore not be described as a coherent, linear top-down process in which 'Brussels' calls the shots. The cliché of a Union having 'robbed' citizens and countries of their 'sovereignty' is certainly false and counterfactual. Instead, the initiative usually lies with the urban regions, on the basis of place-specific needs. Inasmuch as they are confronted with similar challenges, these regions then copy (or 'learn from') each other. In the process, the EU acts as a facilitator of information exchange between them. But it also adopts salient local ideas and 'best practice' samples and feeds them back into its own developmental 'agendas' or guidelines. It does so on the basis of consultations with urban experts, many of whom are affiliated with a wide range of urban lobbying groups. The EU periodically adjusts its offers of financial support according to regional and local suggestions. European funding programmes are of substantial size. But EU subsidies are usually a supplement to efforts the cities do undertake on their own in the first place. This additional help from the EU finally helps cities to have their specific needs and interests recognized and included in national developmental agendas.

Taken altogether, this is a process of permanent exchange (horizontal and vertical) within a vast network of 'stakeholders' of public administrations on several levels, private citizens, civil society organizations as well as the business and professional sectors. Urban development is thus a fitting example of the way modern Europe works. It is an essentially dynamic system of open debate and 'multi-level governance' - in which, paradoxically, lasting

consensus is being achieved by seemingly foregoing centralized decision-making almost altogether.

At first sight, the underlying processes are of a bewildering complexity because they are carried out on at least four different levels: (a) the level of concrete urban projects in individual cities or urban regions, (b) as a complex coordination process between administrative units within the European institutions, member states and regional and local authorities, and (c) a 'discourse universe' in which representatives of these institutions meet experts from European cities and regions in a permanent, open-ended discussion process. This in turn leads to (d) continuously refined EU-wide policy formulations, and in their wake to often tortuously complex and subtle operational frameworks. Ultimately, these processes have indeed given the EU a mediating but nonetheless decisive influence over the direction of urban development. This influence is based on an immeasurably large input from urban Europe itself.

Urban development is therefore an area in which a genuine 'Europeanization' of governance has taken shape over the last three decades, i.e. transnational cooperation of sub-national public authorities (cities) and their growing collective impact on national and supranational decision-making. The Europeanization came about not least because the EU Commission steadfastly insisted on greater involvement of urban authorities and other local actors (such as NGOs), i.e. on a strengthening of 'bottom-up' models of governance. This lessened member states' (national) influence or (alternatively) spurned them on to greater efforts of urban modernization in cooperation with the EU. To achieve a truly far-reaching Europeanization, the EU also abandoned its original objective to anchor urban development as a narrowly-defined (and administered) policy sector within the Commission (and, by implication,

with corresponding policy departments in national governments). Instead, support for urban development evolved from being the task of sectorial policy (initially these were Cohesion and Environment) to becoming a core principle ‘mainstreamed’ into the entire long-term strategic development framework of the Union – with the side effect of softly introducing elements of multilevel governance across the board into all EU policy sectors.

It is the purpose of this dossier to trace these developments, which eventually provided the basis for today’s ‘European Urban Agenda’. They show up in often very subtle changes of wording in official documents, reflecting subtexts of bargaining between all actors which itself is rarely known to the public. To the outsider, these processes are at best opaque, and the avalanches of formal and informal documents appear to be simultaneously chaotic and endlessly repetitive. We therefore also felt a need to disentangle the seeming chaos of a multitude of ‘actors’ in the fields of urban development and their uninterrupted streams of statements and opinions.

Part A will outline the gradual emergence of the EU’s current position on urban development since the 1990s, beginning with a specific humanist model of the ‘European city’ to be anchored in EU Cohesion Policy and Environmental Policy and eventually transplanted into overall strategic development guidelines for the EU as a whole ([chapters A.1 – A.7](#)). It will then try to show how support for urban development triggered the emergence of a vast transnational ‘discourse network’ about urban matters, which in turn greatly influenced models of EU governance ([chapters A.8 – A.10](#)). **Part B** contains an overview over selected EU urban policy programmes implemented (with increasing complexity) over a period from the 1990s to 2016 ([chapters B1. – B.3](#)). **Chapter B.4** lists the main participants

in the EU urban discourse network. Chapter B.5 collocates major documents of the European urban development agenda in chronological form – milestones not only for concrete urban development actions but also for a gradual process of ‘Europeanization’ largely hidden from the public perception. In each case, we give a short synopsis and point to information sources as they are available (mostly) online for further study.

Taken altogether, therefore, this dossier illustrates more than practical urban improvements. The decades-long struggle for a EU urban policy consensus, which we document here, also mirrors existing institutional constraints within the EU itself, which are – for better or for worse – a main reason for the mind-boggling complexity of EU policy making in general.

² United Nations (2012). World Urbanization Prospects: The 2011 Revision. New York: United Nations Department of Economic and Social Affairs / Population Division

³ Eurostat (2011). Demographic challenges, http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/European_cities_-demographic_challenges. For more statistical information see also: Nabielek, Kersten, David Hammers and David Evers (2016: Cities in Europe. Facts and figures on cities and urban areas. The Hague: PBL Netherlands Environmental Agency; <http://www.pbl.nl/sites/default/files/cms/publicaties/PBL-2016-Cities-in-Europe-2469.pdf>

⁴ European Commission (2014). Communication from the European Commission. The Urban Dimension of EU Policies – Key Features of an EU Urban Agenda. Brussels COM(2014) 490 final (http://ec.europa.eu/regional_policy/index.cfm/en/information/publications/communications/2014/the-urban-dimension-of-eu-policies-key-features-of-an-eu-urban-agenda)

⁵ Cf. Porter, Michael (2001). ‘Regions and the New Economics of Competition’, in Scott, A.J. (Ed.) *Global City Regions: Trends, Theory, Policy*. Oxford: Oxford University Press; Florida, Richard (2004). *The Rise of the Creative Class*. New York: Basic Books; van den Berg, L. et al. (2004). *National Urban Policies in the European Union*. Rotterdam: EURICUR Erasmus University; OECD (2006). *Competitive Cities in the Global Economy*. Paris: OECD

⁶ See the critical discussion of this narrative in Turok, Ivan (2010). 'China and the future of European cities', in Kunzmann, Klaus R., Schmid, Willy A. and Koll-Schretzenmayr, Martina (eds.) (2010) *China and Europe. The implications of the rise of China for European space*. London: Routledge, 84-96. The neo-liberal, free-market aspects of this narrative have come under particular academic criticism, see for example Brenner, Neil (2009). 'Cities and Territorial Competitiveness', in Rumford, Chris (Ed.) (2009) *The Sage Handbook of European Studies*. London: SAGE, 442-463

⁷ This dossier uses the terms 'cities' and 'urban regions' interchangeably and in a generic sense to describe all functional urban areas in the EU without further distinctions. The EU currently has 732 cities with at least 50,000 inhabitants (of which 23 have above one million inhabitants), which corresponds to a total urban population of over 480 million citizens. A functional urban area is an agglomeration of towns and villages, which surround a major urban center and are economically and socially dependent on it. A functional urban area can incorporate two or more cities although each of them may be *de jure* autonomous or independent. Cf. European Commission - Directorate-General for Regional Policy (2011). *Cities of tomorrow - Challenges. Visions, ways forward*. Luxembourg: Publications Office of the European Union, 1-5. As late as 2013, the EU Committee of the Regions reflected on the difficulty to distinguish between 'cities' and 'regions': '[...] the notion of cities or urban areas is a very fluid one in Europe. There are many cases in a significant number of Member States where Local Authorities are not designated cities but are by design so much larger and have much more significant resources and capacity than other municipalities commonly understood as cities in legal or geographic terms. Equally in many cases groups of local authorities can and do pool resources in common on a scale and scope that is more significant than cities; [...] such cases [...] can also include metropolitan areas or urban agglomerations [...]'; cf. Committee of the Regions (2013). Communication from the Commission on Smart Cities and Communities - European Innovation Partnership, C(2012) 4701 final, CDR 589/2013, <http://cor.europa.eu/en/activities/opinions/Pages/opinion-factsheet.aspx?OpinionNumber=CDR%20589/2013>, para 15

⁸ Cf. European Commission - Directorate General for Regional Policy (2011). *Cities of tomorrow - Challenges, visions, ways forward*. Luxembourg: Publications Office of the European Union. See also European Commission - Directorate General for Regional Policy (2006). *Cities and the Lisbon Agenda: Assessing the Performance of Cities*. Luxembourg: Office for Official Publications of the European Union; European Commission (2006). Communication from the European Commission to the Council and Parliament. *Cohesion Policy and Cities: The Urban Contribution to Growth and Jobs in the Regions*. Luxembourg: Office for Official Publications of the European Union

⁹ European Commission (2014). Communication from the European Commission. The Urban Dimension of EU Policies - Key Features of an EU Urban Agenda. Brussels COM(2014) 490 final, (http://ec.europa.eu/regional_policy/index.cfm/en/information/publications/comm

unications/2014/the-urban-dimension-of-eu-policies-key-features-of-an-eu-urban-agenda

¹⁰ See, for example, the recent analysis of seven metropolitan areas in the EU, which do not mention the EU at all: Bontje, Marco, Sako Musterd and Peter Pelzer (2011). *Inventive City-Regions. Path Dependence and Creative Knowledge Strategies*. London: Ashgate

¹¹ http://urbanagenda.nl/wp-content/uploads/2016/05/Pact-of-Amsterdam_v7_WEB.pdf. See also: <http://urbanagenda.nl/pactofamsterdam/>

¹² Cf. European Union Academic Programme Hong Kong: Urban Innovations; <http://euap.hkbu.edu.hk/series/>

Part A: The European Union and Urban Development

A.1 The Underlying Narrative: The Ideal 'European City'

Europe's first attempts to formulate an agenda for future urban development date back to a phase of extraordinary (and optimistic) European expansion, the 1980s and 1990s under the then-President of the European Commission Jacques Delors. In June 1990, the Commission issued a 'Green Paper on the Urban Environment', which set the tone for all future urban involvement of the Union¹³. Although mainly dealing with environmental pollution issues, the paper also offered an apotheotic definition of 'the European city' as the embodiment of a specifically European development and way of life, supposedly threatened by contemporary urban developmental trends:

'From the Middle Ages to modern times', Europe's social, cultural and economic development has been based on the city [...] Their common history has given European cities a common face: the small streets and alleys of Medieval centres; the grand works of 18th century princes, the great transformations of the 19th and early 20th centuries; the growth of suburbs and dormitory towns, joined later by giant shopping centres; the decline of centres as dwellings for middle and upper income groups in a number of cities in favour of specialized commercial and administrative activities; and finally the invasion of traffic congestion, urban motorways, and uniform and mediocre architecture in centre and periphery alike.

As we move towards the 21th [sic!] century, Europe's cities will continue to be the main centre of economic activity, innovation and culture. Managing the urban environment and the quality of life of its citizens therefore goes well beyond concern for the physical well-being of the Community's urban population. At stake is the quality of "civilization" in its most practical manifestations of economic, scientific and social performance.¹⁴

The Green Paper puts the blame for the alleged decline of European 'civilization' squarely on 20th century industrial expansion and modernization, which it sees reflected in the dominance of 'Functionalism' in urban planning. Based on the British Garden Cities Movement and programmatically underpinned by the 'Charter of Athens' of the Swiss architect Le Corbusier (first published in 1943)¹⁵, post-WWII 'functionalist' urban planning doctrines therefore led to the physical separation of zones of production and reproduction, work, home, commerce and leisure. By the 1980s, this had led to faceless urban sprawl across the whole continent, the overexpansion of urban road networks and ensuing traffic congestion¹⁶. 'Functional exactness', so the Green Paper's authors' now claimed, lamentably 'destroys the flexibility of the city and its buildings'¹⁷, renders large parts of the urban territory inhabitable, creates a host of social problems, and leads to 'growing mutual ignorance and distrust' within the fabric of urban civil coexistence¹⁸.

The European city thus under threat had to return to its historical, humanist roots that had made its rise possible in the first place. It had to re-densify again and offer overlapping, interlinked spaces for economic cooperation and growth, 'social cohesion' and cultural interaction in equal measure. 'Functionalism' was seen here as a largely authoritarian planning mode, subjecting state and society

alike to a specific macro-economic industrial growth model. By contrast, the 'Green Paper' presented the idealized 'European city' as a congenial living space for free individuals anchored firmly in a pluralistic urban community based on decentralized, democratic decision-making:

'More than any other place, the city must respond directly to demands by its citizens for "good government". It is a place where direct participation is possible and increasingly practiced, and where the individual can develop freely his sense of personal and civic value. It is not by accident that citizen, citoyen, cittadino, or Bürger denote the political sovereign in our languages'¹⁹.

This idealized image of 'the city' corresponded perfectly to the desired common core of European values as they were discussed in the 1990s. It appeared during a crucial transformation phase from a limited and purely utilitarian European economic community to a political union, as laid down by the Treaties of Maastricht (1992) and Amsterdam (1995). The 'European city' here becomes the physical embodiment of the dream of European unification. The European Communities (soon: the European Union) therefore had an obligation to preserve and revitalize it - presumably in response to the wishes of the European general public itself:

'Yet the past decades have seen a rediscovery of the value of urban living and a growing appreciation of the importance of quality of life in the cities of Europe. [...] the city offers density and variety; the efficient, time- and energy-saving combination of social and economic functions; the chance to restore the rich architecture inherited from the past. [...] Cities are projects for a new style of life and work.'²⁰

‘Two elements form the basis for a specifically European approach to cities. The first is that the European city can still be saved. [...] Economic growth [...] can yield the financial and technological means to correct the damage it may cause.

The second specifically European element is Europe’s traditional commitment to what is now called “social cohesion”. [...] It is here [in the cities] that efforts to create more equal and decent living conditions must increasingly concentrate. Cities have been – and, as Eastern Europe demonstrates, continue to be – where democracy develops. In the West, “Stadtluft macht frei” – the city’s air sets you free – has found a new meaning for those escaping a life without jobs or prospects.

It is Europe’s prosperity and economic failures which put pressure on the cities. Similarly, it is Europe as a whole which benefits from the economic efficiency, social stability and beauty of successful cities. In cooperation with national and local authorities the Community can and must make a contribution to improving a common patrimony and meeting a common responsibility.²¹

All the elements characteristic of the EU’s subsequent attempts to influence urban development in Europe can already be found in these lofty statements. The Green Paper foreshadows and mirrors EU attempts to influence and regulate an ever-widening scope of policy areas in the wake of the Maastricht Treaty. It does so by glorifying ‘the city’ as a material correlate of a political vision, which is simultaneously economic and social: a Europe of shared prosperity and social justice. And it introduces a subjective measure for success: the ‘quality of life’ as felt by urban citizens whose democratic vote ultimately legitimizes local, national and supranational governance.

¹³ Most EU documents discussed here are mostly of four types: 'Green' or 'White Papers', 'Communications' and 'Directives'. With the exception of the latter, they have the status of mere proposals for further discussion – a factor characteristic of the entire trajectory of EU urban development policies. The EU defines 'Green Papers' as 'documents (...) [to] stimulate discussion on given topics at European level. They invite the relevant parties (bodies or individuals) to participate in a consultation process and debate on the basis of the proposals they put forward. Green Papers may give rise to legislative developments that are then outlined in White Papers'. 'White Papers', in turn, contain 'proposals for European Union (EU) action in a specific area' to achieve a political consensus. (cf. <http://eur-lex.europa.eu/summary/glossary/glossary.html>).

When the EU Commission intends to set out its own specific thinking about a given issue, it does so in a 'Communication'. 'Communications' are defined as 'policy documents with no mandatory authority' or 'legal effect' (cf. http://ec.europa.eu/civiljustice/glossary/glossary_en.htm#Communication). This is significantly different from an EU 'Directive' which binds EU Member States in terms of objectives, while still leaving them 'free to determine the form and methods. Directives may be adopted under the EC Treaty either by the European Parliament and the Council or by the Council or by the Commission' and must be implemented eventually by national law. (cf. http://ec.europa.eu/civiljustice/glossary/glossary_en.htm#Directive).

¹⁴ Commission of the European Communities (1990). Green Paper on the Urban Environment: Communication from the Commission to the Council and Parliament, COM(90) 218 final. Brussels. CEC; <https://www.ecolex.org/details/literature/green-paper-on-the-urban-environment-communication-from-the-commission-to-the-council-and-parliament-mon-045223/>. See also: Council of the European Communities (1991) Council Resolution of 28 January 1991 on the Green Paper on the urban environment, OJ C 33, 8 February 1991; [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31991Y0208\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31991Y0208(02)&from=EN)

¹⁵ Cf. Rubin, Eli (2009). The Athens Charter. In Themenportal Europäische Geschichte, 01.01.2009; <http://www.europa.clio-online.de/essay/id/artikel-3486>

¹⁶ Green Paper, 25-30

¹⁷ Ibid, 26

¹⁸ Ibid, 29

¹⁹ Ibid, 9

²⁰ Ibid, 7

A2. Towards an Urban Focus: Main Actors

Such programmatic statements had no correlate in the institutional set-up and the legal framework of the European Communities. The EC here staked a claim to (at least) co-decision rights in urban affairs. It could do so only by raising the exemplary, ideological significance of 'the city' in European life. But up to the time of the Green Paper, it still lacked a coherent concept and (perhaps even more important) administrative structures able to manage large-scale involvement in urban affairs. Eventually, these tasks were not taken on by new, dedicated EU offices but by existing units under whose remit urban issues were officially subsumed.

One can retrace the gradual emergence of a shared, all-European urban perspective to the efforts of mainly two administrative units within the European Commission, whose policy remits were (and are) not exclusively 'urban': the Directorate-General for Regional and Urban Policy (DG REGIO)²² and the Directorate-General for the Environment (DG ENV)²³. Over the years, a third, semi-autonomous body within the EU, the Committee of the Regions (CoR)²⁴, has assumed growing influence on the formulation of a specific 'urban agenda' from the perspective of the urban regions themselves. The CoR is essentially a lobbying mechanism, which ensures that regional interests are genuinely heard within the decision-making processes of the European Union. A vast network of 'stakeholder' groups, information exchanges, mutual support groups and expert associations further surrounds CoR (or is directly affiliated with it). Much of the EU's influence on urban planning today stems from the interplay of the multitude of actors within this triangle of

DG REGIO, DG ENV and the CoR-affiliated urban discourse universe, with additional input from other policy-making bodies and their respective 'stakeholders'²⁵.

The main (and highly significant) task of the *Directorate-General for Regional and Urban Policy* was (and is) Cohesion Policy, a concerted, massive and ongoing effort to balance EU economic development across all member states and their regions. This entails the redistribution of funds from richer to less prosperous parts of the continent. Since the funds are earmarked for enhancing economic capacity (infrastructure, industry, employment opportunities), they flow overwhelmingly (albeit not exclusively) towards urban nodes. Cohesion Policy, therefore, provided the formal framework in which urban issues successively rose in prominence, information about urban development could be gathered, experiments conducted and, finally, experience was shared. In 2012 finally, DG REGIO added the 'urban policy' reference to its official title so as to reflect better that gradually more and more attention had been given to specifically urban affairs within the regions. EU Cohesion Policy and urban development will be discussed below in [chapters A.3 to A.5](#).

A similar gradual shift from a general *national* perspective towards greater focus on *urban* affairs *within* nations (or regions) can be observed in the fields of environmental protection and increased energy efficiencies. These issues fall under the remit of DG ENVIRONMENT (see [chapters A.6](#) and [A.7](#)). In combination, the cleaning up and the preservation of the natural environment as well as the need to boost economic growth had to focus foremost on urban centers in comparatively under-developed or economically weakened regions. The two Directorates-General therefore, took on increasingly significant roles in the deliberation of urban planning policies in a quasi-'natural' way.

Conversely, the needs and wishes of the many cities affected had to be expressed in a more formal, consolidated way. This has been achieved by the CoR. As a consultative body independent of the European Commission and the other EU institutions, it balances the administrative power of the Directorates-General and has evolved as a main conduit for the regions to influence EU policies in favor of urban interests. All the same, EU urban policies have been (and continue to be) influenced also by the large number of interest groups (lobbies) on the periphery of the EU institutions. Their input ultimately legitimates EU guidelines for further European urban development (see [chapter A.8](#) below). As will be seen, the periodically released 'charters', 'declarations' and other working documents of the Council of the European Union reflect the consensus so far achieved within this complex web (see [chapter A.9](#) below).

In the process, the development of urban regions has moved center stage in long-term planning of Europe's future - although paradoxically the EU today has fewer specifically 'urban' development programmes than in previous decades. Since 2007, urban development measures, initiated by just two administrative units, have been 'mainstreamed' into operational programmes across all EU policy sectors. They have become sub-programmes of broader EU development strategies (such as 'Europe 2020'²⁶ and 'Horizon 2020'²⁷), but with much greater funding opportunities than ever before.

²¹ [Ibid](#), 9

²² http://ec.europa.eu/dgs/regional_policy/index_en.htm

²³ http://ec.europa.eu/dgs/environment/index_en.htm

²⁴ <http://cor.europa.eu/Pages/welcome.html>

²⁵ Such as, for example, the Directorates for Education and Culture EAC, Energy ENER, or Research and Innovation RTD.

A.3 EU Cohesion Policy

The European Union has a long tradition trying to balance development between richer and poorer regions. This has always required interventions in the free market and also contained visions of a fairer 'social Europe'. Market guidance and social welfare aspects are inextricable parts of European urban development.

In the late 1980s, visualizations of the spatial structure of the then-European Economic Community frequently showed a 'Blue Banana', an arc of highly prosperous, economically interlinked areas stretching from southern England to Benelux, the western part of West Germany, and on to northwestern Italy. In 1999, the European Spatial Development Plan (ESDP) presented a similar 'Pentagon' model of economic prosperity. With Hamburg, London, Paris, Milan and Munich as its corner points, it covered 20% of the EU's territory at the time, contained 40% of its population, and produced 50% of its GDP²⁸. A report by the European Commission in 2001 noted that these 'central regions' with 'only 14% of the land area but a third of the population' still accounted for 47% of the EU's GDP. The area had a population density nearly four times higher than the 'periphery'²⁹. Such visualizations played a powerful role in debates about further EU development. The future of Europe was seen as path-dependent: Due to their accumulated advantages, 'Banana' and 'Pentagon' would continue to prosper, while 'peripheral' areas would contribute only marginally to future economic growth. As early as 1973, however, the 'Thomson Report' of the European Commission had noted that such lop-sided development would be intolerable in the long term on

‘moral, environmental and economic grounds’³⁰. Since then, each successive enlargement of the European Communities and then the European Union has indeed *increased* this imbalance. It was felt that the de-facto core-periphery segmentation had to be corrected by a different developmental vision.

This was to be the idea of a Europe-wide ‘polycentric’ system of multiple urban-regional areas, supposedly developing concurrently and in competition with each other³¹. In the early 2000s, visualizations of this concept resembled a ‘bunch of grapes’, with each area nurturing its specific strengths. Ideally, the ‘periphery’ was no longer to be overly dependent on the ‘core’. Instead, the individual ‘grapes’ were defined as more or less autonomous urban ‘zones of global economic integration’ on an equal footing. Eventually they would form a ‘network of internationally accessible metropolitan regions and their linked hinterlands’³². The ‘polycentric’ modeling tried to avoid further concentration of economic activity among the already privileged (or congested) ‘core’ areas alone. Its aim was to bring all European regions eventually to comparable levels of prosperity³³ - which as a matter of course would also mean to strengthen the economic function and attractiveness of all regional urban centers. The disruption of the existing path dependency, however, would not come about under completely free market conditions. It would require massive intervention by the Union as such, predominantly in terms of investments in non-core functional urban centers and the connections between them.

Following this paradigm shift, the EU strengthened its Regional and *Cohesion Policy*, financed generously by so-called Structural and Cohesion Funds³⁴, i.e. essentially a

complex system of financial transfers from richer to poorer regions. After the accession of (rich) Austria, Sweden and Finland in 1995 and especially in the wake of the big 2004 EU Enlargement encompassing (mostly poorer) Eastern-central Europe, the need for inner-European redistribution increased further. Today, the Structural and Cohesion Funds amount to more than one third of all EU spending. The estimated total budget for regional and cohesion policy in the current EU programming period 2014-2020, for example, stands at EUR 351.8 billion³⁵.

The first such financial instrument had indeed been set up already in 1957 with the explicit aim of boosting employment in economically 'weaker' regions within member states: the European Social Fund (ESF)³⁶. In 1975, in the wake of the Thomson Report, the much larger European Regional Development Fund (ERDF)³⁷ was added, with the purpose of helping regions (both in the core and the periphery) to modernize their economies and assist them in dealing with growing environmental problems. The ERDF initially distributed 95% of its budget to member states as additional support for *national* development policies. The remainder went to EC-wide, *transnational* pilot projects (such as 'Integrated Mediterranean Programmes' in Italy, France and Greece). In 1984, the ERDF portion made available to '*regional* plans' (as opposed to subsidies for *national* development measures) was increased.

Cohesion Policy received a decisive boost with the *Single European Act* of 1986, which made the reduction of regional disparities and increasing economic and social cohesion of Europe as a whole an obligation under European Law. The subsequent Maastricht Treaty of 1992 confirmed the need for greater cohesion and allowed further steady increases of structural funding opportunities. In the EU programming period between 2007 and 2013, Cohesion Policy amounted

to 35.7% of all EU spending (EUR 347 billion), rising to the current EUR 351.8 billion³⁸. Both ESF and ERDF can be used by all EU member states. The Maastricht Treaty also introduced a third instrument, the *Cohesion Fund* (CF)³⁹, so as to provide assistance exclusively to the poorest member states in terms of infrastructure development (especially transport and environment)⁴⁰. CF, ESF and ERDF have been the three main pillars of Cohesion Policy ever since⁴¹, particularly attractive for the eastern-central EU Member States like Poland.

A key characteristic of Cohesion Policy was the combination of economic, environmental and social objectives, which also influences the way in which the EU subsequently supported specific urban development policies. The general objectives of Cohesion Policy are

1. Regional convergence (balancing the economic development among regions),
2. Regional competitiveness and employment (supporting and expanding regional job creation), and
3. 'European Territorial Cooperation'⁴² (linking regions among each other).

While most of the funding still goes to the most recent accession countries (of 2004, 2007 and 2013)⁴³, Cohesion Policy today also includes support for coping with structural economic changes ('conversion' from 'old' to 'new' industries) in regions formerly seen as 'core' areas. Over the years, there have been considerable changes in the distribution of cohesion funds. The original redistributive character has given way to more comprehensive and place-specific schemes to improve economic competitiveness (in particular investments in job growth, human capital formation and industrial competitiveness).

In recent years, this has been couched in the typical language of the EU's 'Lisbon Strategy' (2000-2010) and its current successor plan 'Europe 2020'⁴⁴. The declared aim of the Lisbon Strategy was to transform the EU into "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion"⁴⁵. The 'Community Strategic Guidelines' (CSG) for Cohesion Policy 2007-13, for example, spoke of

- ‘- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential;
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies; and
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital’.⁴⁶

In addition (and as a consequence of the so-called 'Gothenburg Agenda' of 2001⁴⁷), funding has been targeted at achieving greater energy efficiency, the use of renewable energies and other environmental protection measures. The current strategy 'Europe 2020' continues this link-up of economic and environmental objectives under the triple theme of 'smart, sustainable, inclusive growth'⁴⁸. Since the 1994-1999 programming period, an additional portion of overall EU funding (albeit relatively small) is also reserved for culture, tourism and, specifically, urban development.⁴⁹

Subject to heavy political bargaining among the member states (especially in the preparation phase of a

programming period), the EU offers Structural and Cohesion funding to sub-national or regional administrative bodies. The definition of a 'region' differs from member state to member state, mirroring historically grown administrative structures. The European *nomenclature des unités territoriales statistiques* (Nomenclature of Territorial Units for Statistics, in short: NUTS) classifies each country (or groups of regional units within that country) as NUTS1. The provinces, *Länder* (federal states), counties, or equivalents are defined as NUTS2. Lower administrative units within these count as NUTS3 regions. NUTS3 are further subdivided in Local Administrative Units, i.e. urban regions (LAU1), and municipalities (LAU2)⁵⁰. The EU statistical office Eurostat provides these classifications to help determine eligibility for cohesion funding in each case. So-called 'convergence funding', for example, is available for NUTS or LAU units only if their per capita GDP is less than 75% of the EU average. 'Competitiveness' or 'territorial cooperation funding', however, can be granted to all regions⁵¹. By shifting funding offers from NUTS1 towards NUTS3 and LAU (i.e. cities), the EU was able to increase its influence on urban development. In a subtle, off-handed way, this could at least partly neutralize the power of national planning authorities. The immediate beneficiaries were cities and functional urban regions, whose impact on overall policy making has been strengthened.

Cohesion Policy remains based on four principles:

1. It concentrates spending on the least-developed EU regions with the lowest per capita GDP;
2. The funds are to be distributed within six-year EU programming periods (e.g. 2006-13, 2014-2020);
3. A pre-condition for funding are partnerships between EU institutions, national governments, regional public

- authorities and other stake holders (e.g. business associations, trade unions, civil society associations);
- 4. The EU funds have to be complemented by national or regional co-funding sources⁵².

These principles underlie the three-step policy cycle of all cohesion projects:

1. EU member states and the European Commission negotiate the budget for a programming period of six years, including general rules and guidelines, and accessibility of funding. The European Council and the European Parliament then confirm the budget.
2. Parallel to this process, the member states prepare corresponding 'National Strategic Reference Frameworks' (NSRF) and lists of accompanying 'Operational Programmes' (OPs). These need to obtain approval from the European Commission, i.e. primarily DG REGIO and DG ENV.⁵³
3. OPs are then implemented under the leadership and supervision of a national or regional 'Managing Authority' (MA). MAs define specific projects, issue calls for project application, monitor the projects and also have reporting duties to the EU. The Commission then reimburses actual project costs in accordance with its cohesion policy guidelines⁵⁴.

Under these guidelines, the EU can finance 75%-85% of the total cost in 'convergence regions' (and a maximum of 50% for all others). This covers, for example, infrastructure projects and other 'productive investments' to create and safeguard jobs (primarily in small and medium-sized enterprises), technical assistance for development measures (including networking and information exchange among regions) and financial instruments necessary to sustain development programmes (e.g. venture capital or