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**Opening address to the Conference organised by  
European Voice**

**"The challenge of liveable cities in the 21st Century"**

*9 November 2010, Brussels*

When I read your fascinating document on Liveable Cities I was wondering whether I could add anything to your brilliant analysis and presentation. You have answered most of my questions in a convincing way. I share your views on the relevance and importance of thinking of cities in terms of the quality of the place. But I can imagine that many of those reaching out to your report will have different views on what makes a city liveable. And this is correct, there is no one size fits all response.

There is actually no European policy for cities and urban areas, but nonetheless the importance of supporting their sustainable development, as key centres of economic competitiveness, innovation and creativity, is well established in EU regional policy since 1990, when the Urban Pilot Projects tested innovative approaches to urban regeneration and allowed to develop the "urban dimension" of EU cohesion policy. I would take the challenge to say that we have been working on making cities liveable for 20 years.

The EU's political commitment to integrated urban development has grown over time. The European Commission, in the framework of the major reform of the cohesion policy in 2006, proposed mainstreaming of Urban Initiative objectives and principles into the regional policy framework for 2007-2013.

The Regulations for 2007-2013 made, for the first time in the history of the policy, all urban areas in the EU potential beneficiaries of EU cohesion policy. However, there was no agreement on making it obligatory for Members States

to include the urban dimension in Operational Programmes. Both the form and importance of urban dimension varies between Member States and as a consequence also financial support.

Through mainstreaming, the Commission wanted to take up the successful approaches to urban development and spread them and the methodological concept, to cities across Europe.

In fact a substantial part of the current Operational Programmes includes a strong element of sustainable urban development. Over half of all ERDF Operational Programmes from the three objectives contain either a specific priority axis on urban development or at least "mixed" priority axes which include urban actions.

The urban dimension as it appears in the Operational Programmes today can be broken down into three different groups of actions: (1) actions to promote internal cohesion of deprived urban neighbourhoods ("URBAN-type actions"), which are the direct legacy of programmes formerly implemented under the URBAN Community Initiative; (2) actions to promote sustainable urban development in relation to specific urban challenges, which do not always follow a holistic approach and might even refer to only one specific sectoral challenge and are not necessarily concentrated on disadvantaged urban areas; and (3) actions to promote a more balanced, polycentric development, which include the development of networks of cities and the creation of links between the economically strong cities and other urban areas . In the current programming period, the urban issues targeted by Cohesion Policy financing comprise the rehabilitation of industrial sites and contaminated land areas (EUR 3,4 billion), urban and rural regeneration projects (EUR 9,8 billion), clean urban transport (EUR 7 billion), and housing (EUR 917 million), and the total amount earmarked for urban development (EUR 21,1 billion) corresponds to 6,1% of the Cohesion Policy budget.

If you look into objectives of the programmes, projects and initiatives set up until now, namely (1) the strengthening of economic prosperity and

employment in cities and towns; (2) the promotion of equality, social inclusion and regeneration in urban areas; (3) the protection and improvement of urban environment, and (4) the contribution to good governance and local empowerment, you can see that they are fully in line with the current EU2020 Strategy. In fact, the Commission, in their own words, is placing the cities at the centre of this Strategy's objectives delivery. It is indeed widely acknowledged that cities and towns have effectively a very significant potential for smart, sustainable and inclusive growth.

The challenges, both problems and opportunities, those that we know and those that will come tomorrow but are of long term importance, have to be dealt with at a time when budgets of all our cities are squeezed as never before. All major sources of urban budgets have declined. They require solutions, both innovative and sustainable. You know better than I statistics underlining the weight of the urban dimension of European development challenges. 70% of us, European citizens live in cities, generating 80% of European GDP and 90% of jobs. Cities account for about two thirds of the final energy demand and generate up to 70% of all CO2 emissions. What a challenge to reduce these two indicators! But we also know that cities have high capacity to achieve energy-efficient solutions. So we can be very efficient in coping with these challenges through urban policy.

It is easier to reach the needed changes in lifestyles in the city, to make them far less energy-intensive. It is in the city where cars can be more easily replaced by bikes or electric cars than in rural environments. District heating systems can become energy efficient through public action. These are the cities where we can take energy savings seriously. So the climate or environmental battle will be lost or won in the cities.

Many of you would know from your own experience that cities are places where problems of social exclusion and poverty tend to accumulate. Again, experience shows that cities have high potential to achieve integration, improve education and enhance cultural dialogue. You are also home to

universities and businesses, so delivering innovation across all sectors of economy is in your reach.

You will say that massive financial means are needed in cities if you are to deliver on expected changes - from quality of life to new energy schemes to social innovation. To find a way out of the funding challenge, cooperation between all levels of European governance, cities, regions, national governments and the European level, is needed. They need to work together more closely, combining public funding available from different resources. Public funding from national budgets will continue to be cut for years to come, regions and cities will put pressure on what can potentially come from the European budget through, first of all, regional policy financial instruments. That is why it is so important to ensure an adequate weight and role of urban development in the post-2013 cohesion policy and multiannual financial perspective. The role of public funding will be crucial for triggering innovative solutions to major challenges cities have to face. Pre-commercialisation public procurement should be encouraged to enhance innovation in city infrastructure and services, green public procurement should become a standard. I would like to leave with you a very strong message on the need to use public procurement as a very powerful instrument to innovate and progress on all areas of your functioning.

But public funding, including European regional and cohesion funds cannot solve all funding needs that cities will put on the table. Financial engineering, that has become an important element of European regional policy, and in particular Jessica should be further developed. The revolving funds approach – introduced to cohesion policy – had a long starting phase, but is now showing first, very promising results.

The 5th Cohesion Report recognises that urban areas can be the engines of growth and hubs for creativity and innovation. Higher growth levels and new jobs can be created provided a critical mass of cooperation between actors like companies, universities and researchers is established. Urban problems, whether related to environmental degradation or to social exclusion, call for a

specific response and for direct involvement of the level of government concerned. The European Commission proposes an ambitious urban agenda to be developed within the post 2013 cohesion policy where financial resources are identified clearly to address urban issues and urban authorities play a stronger role in designing and implementing urban development strategies. Urban action, the related resources and the cities concerned should be clearly identified in the programming documents.

In the context of the new urban agenda greater flexibility in organising operational programmes in order to reflect the nature and geography of development processes better. Programmes could then be designed and managed not only at national and regional levels, but also - for example - at the level of groups of towns or of river and sea basins.

I agree with your report that businesses usual approach will not convert cities into liveable cities. To make cities liveable we need creativity, innovation and entrepreneurship in abundance. We should aim at making cities liveable due to innovation. For this strengths of a city have to be identified and exploited.

You are right there are many ways to build a liveable city. There are already many stories to be told. You presented them in your report. A city that wants to build its image of a liveable city should make the quality of place a central feature of its development strategy with a view to attract talent and investment. It is also useful to create mechanisms harnessing knowledge and ideas of entire community through generating interactions.

Involving young people in life style agenda as well as in the broaden city development agenda is also useful.

Liveable city strategy can be in reality rather inexpensive and involve marshalling resources that already exist. What is important is that such agenda is by definition strongly place based conferring direct benefits on broad segments of local population and enterprises. Working on liveable city can lead to rebranding its image which in fact can be crucial in attracting

talent. Successful cities I have seen during my working experience are those with an identified image of a quality place. This usually leads to further prioritising city's policies with a view to strengthen its attributes. When a brand of a liveable city is established, economic attraction follows.

Earning a liveable city brand can be a painful process in case of existing unfavourable or negative image of the city. In such cases, and additionally with limited resources to identify, and build a liveable city brand can be a struggle. But we all know numerous examples of turning around unliveable city brand. Many projects of renewal of rundown city districts, industrial sites, ports demonstrate the potential for a successful change. A carrier of a city can be relaunched. You mention in your report what is essential in such cases - shared vision, social cohesion, good policy, access to funding, ability to communicate with the public.

A city's image as a place to live, work and invest makes it desirable to live and make business there. Although non-liveable cities face an uphill battle changing the perception people have of them, experience shows that this is possible to do and a reward for doing this is usually high.