



EUROCITIES' REACTION TO THE COMMISSION'S PROPOSAL: A BUDGET FOR EUROPE 2020

By generating some 85% of GDP metropolitan Europe contributes significantly to the EU budget through member state funding. Many cities also benefit from EU programmes to boost development and innovation, support infrastructure and skills, and address issues from climate to cohesion. As drivers of smart, sustainable and inclusive growth, cities have an important interest in the current debate on EU budget priorities and the governance of implementation. As argued in our response to the Budget Review in March 2011, the next multiannual financial framework must ensure more value for money by strengthening multilevel governance, supporting integrated development and focusing on delivering Europe 2020.

A genuine partnership approach

Multi-level governance is a prerequisite for delivering the Europe 2020 objectives and the design of the EU budget and its programmes should be based on this principle. Multi-level governance includes not only member states and regions, but must also engage our cities directly. With a few exceptions governance mechanisms suffer from member states' failure to involve major cities and metropolitan areas in setting priorities and policy-making.

We welcome the proposal to strengthen the governance measures in cohesion policy by establishing partnership contracts, setting out the commitments of players at national and regional level to utilise the allocated funds to implement the Europe 2020 strategy. Such contracts should set the standard for other policy areas as well as for the preparations of the national reform programmes.

To make the most of the partnership contracts as instruments for increased coordination between regional, national and European priorities and to ensure that commitments are delivered upon, cities must have a direct role in developing and delivering, as well as monitoring and evaluating, the contracts. Member states should be able to demonstrate to the European Commission that there are formal procedures in place for cities to be involved in the development of partnership contracts, and city governments should in turn be prepared to take on responsibility in terms of meeting the commitments.

Support for integrated development

We welcome the Commission's proposal for a 'multi-purpose euro budget', recognising in effect the need for integrated solutions. As the level of government closest to businesses and to citizens, cities are the most effective level for driving policy integration in their neighbourhoods and wider functional areas, combining a range of different funding sources, and coordinating delivery on the ground.

The proposals for multi-fund programmes and common strategic frameworks (CSF) have the potential to help cities to better combine and match resources for delivering integrated development. This simplification must carry on down to implementation and to those applying for funds. It should be possible to submit a single application drawing on different funds under

the same CSF. The CSFs must be ambitious enough to promote a holistic approach and not only administrative frameworks for bringing specific funding programmes together.

Integrated solutions also mean mainstreaming key objectives across the budget for greater impact. We welcome the proposal to mainstream climate action at a 20% level across all EU spending, thus increasing the visibility of this imperative. Mainstreaming measures must be well communicated and fully transparent so that accountability can be applied. However, mainstreaming is not enough in itself. It should be complemented by extended climate-proofing of investments, e.g. in the form of climate impact assessments of EU-funded measures, as well as by specific climate action programmes.

Ensuring that all EU funding programmes are geared to investing in our cities will help meet both the 20% mainstreaming objective and the EU's 20/20/20 climate target. Cities account for 80% of CO₂-emissions and are therefore key players in the transition to sustainability. Cities have great potential in terms of new technologies that contribute to a green economy, whether by reducing the need to travel, or by changing the behaviour of citizens and businesses. Providing the living labs for green growth solutions, Europe's urban areas have the opportunity to lead the drive towards more sustainable growth and develop business opportunities for the green economy.

Delivering the Europe 2020 objectives

We welcome the increased focus on results in both cohesion and agriculture policy to ensure EU funding contributes to the delivery of Europe 2020 objectives. *Ex ante* conditionalities can shape an important framework for dialogue with relevant partners at all levels, including cities, about the objectives for EU investments. It can help ensure the right structures are in place on the ground to make the most of such investments. *Ex post* conditionalities, however, demand clearly defined, realistic and measureable impacts. Programme management must not be over burdensome and be driven by real results not by just ticking boxes.

Macro-economic conditionalities must only be applied with the utmost caution, as a last resort and only following a process of dialogue and support for the member state in difficulty. Suspension of structural funds can have far-reaching and potentially counterproductive consequences on the ground. Cities and regions could lose vital means to create new jobs, to invest in research projects and in infrastructure. Urban and regional development and consequently our ability to meet the Europe 2020 objectives would be put at risk.

We welcome the emphasis on leveraging investments with innovative financial instruments. It is increasingly difficult for cities to match-fund EU projects because of the squeeze on public finances. This is likely to be even more challenging in the next budget period and cities will need alternative investment sources to continue to deliver the Europe 2020 objectives. To have a real impact financial engineering tools, including JESSICA, must be simplified, with a clearer more decentralised structure and be directly accessible to cities.

Equipping our cities to meet Europe's future challenges

EUROCITIES is fully committed to contribute to the development of meaningful instruments and effective governance mechanisms for the next budget. Targeted investments in our cities and metropolitan areas can drive socio-economic and territorial development across the EU. Empowering and resourcing our cities to combat climate change, drive innovation and tackle exclusion will benefit Europe as a whole. Cities need investment to tackle deprivation and worklessness, to lead a low carbon economy, to improve public transport, energy and waste infrastructure, to drive innovation and to improve security. An EU budget designed to equip our cities will help ensure that Europe delivers on its targets for 2020.