

**CoDCR- Vienna 3rd Annual Forum**

**Perspectives of Urban Policies in the Danube Region**

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Key Note

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Mr Chairman,

Dear honourable guests,

Talking about the perspectives of urban policy in the Danube Region from an expert's point of view I have to point out the well-known fact that there will be a broad variety of perspectives due to the broad variety of urban situations in our region. The CoDCR – thank you Lord Mayor Mr Gönner for the invitation – tries to cover this variety, especially by offering manifold options for cooperation and exchange of knowledge and views.

Especially the issue of Urban Cooperation is not a new one at this level, it has been already mentioned prominently in the “European Spatial Development Perspectives” of the year 1999:

*“To strengthen a balanced settlement structure, **ways and procedures must be found to enable cities and regions to complement each other and co-operate.** As well as city networks at regional level, the need for complementing co-operation also applies to city networks at interregional, transnational or even EU level.*

*Promoting complementarity between cities and regions should be expanded to all urban functions, such as culture, education and knowledge, and social infrastructure. The policy pursued must encourage effective co-operation between cities, built on common interests and the input of all participants”. (ESDP, 1999)*

The recently published UN-HABITAT report on the **State of European Cities in Transition 2013**, taking stock after 20 years of reform helps a lot in understanding the **implications of transition processes**, moving forward from an earlier stage of development to a future one, where “reform” especially of the governance system seems to be a key-word:

“Reform of national macro-economic policies, promotion of privatization and bringing structural economic change. All three strongly impact on cities and their economies in particular. **The physical structure and quality of any city is a direct reflection of urban governance and the urban economy.** In the region, these impacts of governance are, for instance, clearly expressed in the quite diverse results achieved in both the levels and quality of urban renewal. “

But besides the differences in status and development of cities there are a lot of common issues which had been already brought up and which to follow I strongly would recommend to the **Council of Danube Cities and Regions (CoDCR)**, because they have been already adopted in December last year by the **Council of European Municipalities and Regions (CEMR)** which is the oldest and broadest European association of local and regional governments.

The key messages of **“The local and regional governments manifesto”** – only for remembrance – are the following, of which I want to point out especially four of the nine ones:

- **Continue prioritising youth employment**
- **Monitor the implementation of the structural funds thoroughly to achieve better territorial cohesion**, in particular the application of the Partnership Principle and the Code of Conduct.
- Opt for lighter and simpler regulation
- **Respect the principles of subsidiarity and proportionality, the wide discretion of the national, regional and local authorities in organising services of general economic interest and to seek a balance between the requirements of the competitive and the social dimension**
- Define ambitious objectives for the reduction of greenhouse gas emissions
- Increase the Europe for Citizens Programme budget, making special effort to reach the citizens in risk of exclusion and to support initiatives towards gender equality and the integration of migrants
- **Stand for deeper integration and democratic legitimacy**
- Support further enlargement and
- Support integrated global approaches

I think these key messages can be useful to influence the general orientation of future CoDCR policies, especially if we e.g. watch the ongoing negotiations of the Transatlantic Trade Investment Partnership (TTIP), where it is stated in the **EU negotiating mandate** that the TTIP agreement will aim at **enhanced mutual access to public procurement markets at all administrative levels** (national, regional and local), **and in the fields of public utilities**.

I am convinced there is the **formation** of a European majority of cities and other stakeholders possible who do not want to step into this trap and the CoDCR can contribute to that.

But it is not only **this international level** where cities have to care for their interests, it is also and very often **the national level** where activities are necessary, which can be supported by the CoDCR.

The already mentioned stock taking report of UN-HABITAT shows where the challenges also are located:

*“Competition and cooperation can be critical development tools but they are still hampered by unsupportive policies and lack of agreement over the different status of the subregion’s countries, preventing harmonization in line with European policies as a consequence.*

*Achieving the potential of the region will also depend on significantly improved cooperation between regions and particularly cities. But for this to materialize, national policies will first have to define more clearly the desirable intra-regional structures and the roles of cities therein, together with supporting inter-regional cooperation and defining functional and supportive municipal clustering.”*

So I think the tasks of CoDCR policies are manifold and can cover among others **lobbying activities, networking, knowledge production, best practice exchange and facilitating of projects** which can be useful to support these general issues in detail.

Let me come back for a moment to the second key message of the manifesto from the point of view of PA 10, which I am coordinating together with my colleague from Slovenia: *“Monitor the implementation of the structural funds thoroughly to achieve better territorial cohesion”*

There is a strong interface with one of the Actions PA 10 has to care for which reads:

“To combat institutional capacity and public service related problems” and a second one is:

“To review bottlenecks relating to the low absorption rate of EU funds and to ensure better coordination of funding”, which in general could be interpreted to look for bottlenecks within the public administration.

We discussed these issues in our Steering Group and one of the conclusions was that the identification of problems related to special procedures within certain administrations must be handled on the operational level very carefully and, if it should be a success at the end, very internally.

Following this recommendation, **we had a look into Public sector pay policy in East European countries** and I give you an example which is characteristic for the overall situation in the Danube Region east and south-east of Vienna, as well as some figures to illustrate the gap between the theory of measures already mentioned and the reality, using an analysis by *Dan Lupu Faculty of Economics and Business Administration, Alexandru Ioan Cuza University, March 2012:*

First of all I had a look into the European fuel prize list in the internet and it showed for the Region the following figures for Unleaded 95 and Diesel:

Region € 1,28 – 1,49                      € 1,30 – 1,41                      May 20, 2014

These prizes are at the same level as in Austria (€ 1,36 and € 1,29)

And then I studied the analysis of Dan Lupu:

*“Public Administration: The distribution portions of the employees gross salary shows that one-third of them earned less than € 158,18 gross and 57.3% € 225,65 less gross. In other words, **nearly 6 in 10 full-time employees charged after a working month less than 167 Euros. Moreover, do not forget that the average pension is € 165.-, which means that most employees from Administration earn less than an average retiree.”***

After this we all had the impression that we identified an important bottleneck, also related to capacity and performance issues and **issues of know-how accumulation and institutional memory** within the different administrations.

Since we realised these circumstances **we are paying deep respect** to our colleagues and to their commitment in the process of implementing the Danube Strategy and to participate in the establishment of common **instruments and projects**.

**The 7th Global Forum on Reinventing Government, Building Trust in Government, June 2007, Vienna** (Division for Public Administration and Development Management, Department of Economic and Social Affairs, **United Nations**) already formulated important roles through which governments can contribute to achieving sustainable economic and social development:

***“The most crucial of these roles is developing institutional capacity because this creates the context and the foundation for all of the others.”***

I think the figures above show one very, very important problem related to institutional capacity and public service and it is not impolite at least to **talk** about it within the framework of CoDCR.

One of the instruments already established and available will be the **Urban Platform of Danube Region**, about which we will hear later in this session.

One of those possible projects- to give you an example – which can be facilitated by the platform, has already been elaborated by the Working Group “Regional Development” of PA 10, is led by a Serbian Partner, and will be supported by the Technical Assistance Facility for Danube Region Projects (TAF-DRP):

#### **Projects which can be facilitated by the platform**

- *“Building institutional capacities for metropolitan areas networking in Lower Danube area – A new model of governance for cooperation and networking” Building institutional capacity for networking of the metropolitan areas along LDA (cities along the Danube in Serbia, Bulgaria, Romania), to improve the level of their economic development, social cohesion and environmental sustainability, by using resources and advantages of the Danube.*
- *“The new Euro-deal Network”, a proposal for a catalyst project, which merges the EU Core Network project and the EU Core Cities project.*

#### **Both proposals could go as examples of introducing a new philosophy**

***“Building institutional capacities for metropolitan areas networking in Lower Danube area – A new model of governance for cooperation and networking” (GOCOnet)***

The overall task of the GOCOnet project would be:

Building institutional capacity for networking of the metropolitan areas along Lower Danube Area (cities in Serbia, Bulgaria, Romania), to improve the level of their economic development, social cohesion and environmental sustainability, by using resources and advantages of the Danube.

Another project, proposed by the **City of Ljubljana**, Dept. for Urban Planning is “THE NEW EURO-DEAL NETWORK” which is a proposal for a **catalyst project, which merges the EU Core Transport Network project and the EU Core Cities project.**

Its function is proven by the interdependency of planning, construction and operation of the transport network on the one hand and economic development inside core cities on the other. In other words, the Euro-Deal Network concept can imply to EU 2020 policy on territorial and thematic concentration and smart specialization issues.

I think both proposals could go as “good practice” how to proceed and they are not only good examples of the different ways of implementation of the general tasks, but also examples of **introducing a new philosophy** in our thinking about urban and regional development in the future.

We are used to talk in the context of Cohesion Policy about procedures of “**making up** (for lost time)”, which means to **make the same** others are already doing, **but faster.**

The latest version of this concept we find unfortunately in the Study “Socio-Economic Assessment of the Danube Region: State of the Region, Challenges and Strategy Development Final Report” Part I March 2014:

*“The main challenge for the Danube Region is to improve cohesion and increase competitiveness through cooperation. The less developed economies need to catch up at a faster pace with the wealthier Danube countries than they have in the past.”*

The problem is that there is no overall stand still in the global economy, there is no waiting for until the gap of development has been closed.

For really reaching something – although the general circumstances and the austerity mainstream is not an ideal prerequisite at the moment – I think we have to change our paradigm of “making up” to a new orientation, to “**venture a leap forward in development**” by looking for and using the relevant hidden potentials of our cities.

“**Venture a leap forward in development**” could be one of the future headlines of CoDCR aiming at the Sustainable City, the Inclusive City and the Smart City

We are convinced **that investing in people and in public capacity building and innovation** is the most promising point to start from in this new direction which also is reflected in at least two of the key-messages of CEMR already mentioned:

- *Continue prioritising youth employment*
- *Monitor the implementation of the structural funds thoroughly to achieve better territorial cohesion.*

Honourable audience,

I tried to give you – in some parts from a very personal point of view – some ideas about the perspectives of urban policies in the Danube Region which also are directly related to the thematic



channels of our Urban Platform Danube Region: the Sustainable City, the Inclusive City and the Smart City. Let me close for the moment with the first sentence of our proposed Joint Statement:

*“If the EU Strategy for the Danube Region (EUSDR) is to be successful, the targets of the Europe 2020 Strategy must be reached and the resources of the new multiannual financial framework must be put to use, especially in urban and metropolitan regions of the Danube Region,”*

caring at the same time for **decent working, income and living conditions for our colleagues in the public sector**, I want to add.