



INTERPARLIAMENTARY CONFERENCE ON URBAN POLICIES IN THE EUROPEAN UNION

BELGIAN PRESIDENCY OF THE EUROPEAN UNION

PARLIAMENTARY DIMENSION



Parliamentary
Dimension



Dimension
Parlementaire

1st SESSION:

FINANCING EU URBAN POLICIES

Introductory speech by
Mr Guy Vanhengel,
First Vice-President of the Parliament of
the Brussels-Capital Region

Speech by **Mr Thomas de Béthune**,
Team Leader for Urban Policy, Inclusive
Growth, Urban and Territorial
Development Unit, European Commission



Sustainable Urban Development European Commission financing

*Thomas de Béthune – Team Leader for urban policy
Directorate General for urban and regional policy*

Brussels – 22 January 2024

Local and Regional Governments' (LRGs) Investments

LRG are responsible for almost 55% of total public investments



**88.2%
in public
housing**



**73.8%
in
environmental
protection**



**Local and
regional debt:
4.8% of GDP**

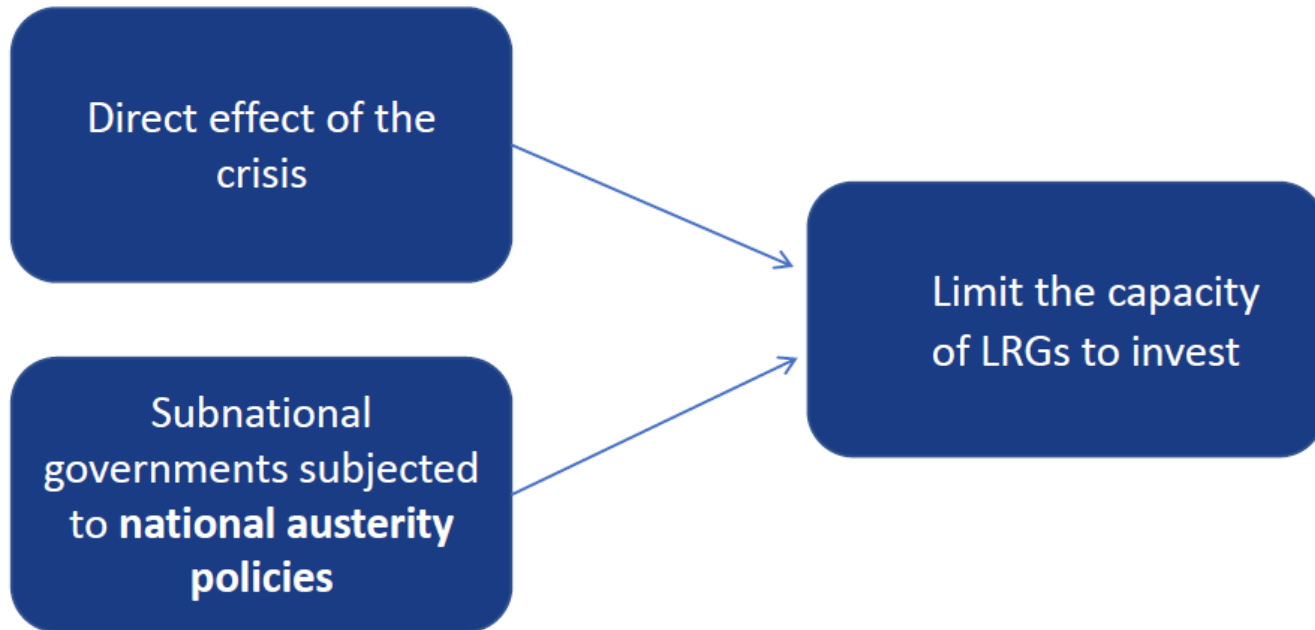


**54.3%
of public
investment,
incl.**



**LRG debt is
low**

Local and Regional Governments' finances are under pressure



Post 2008-2009

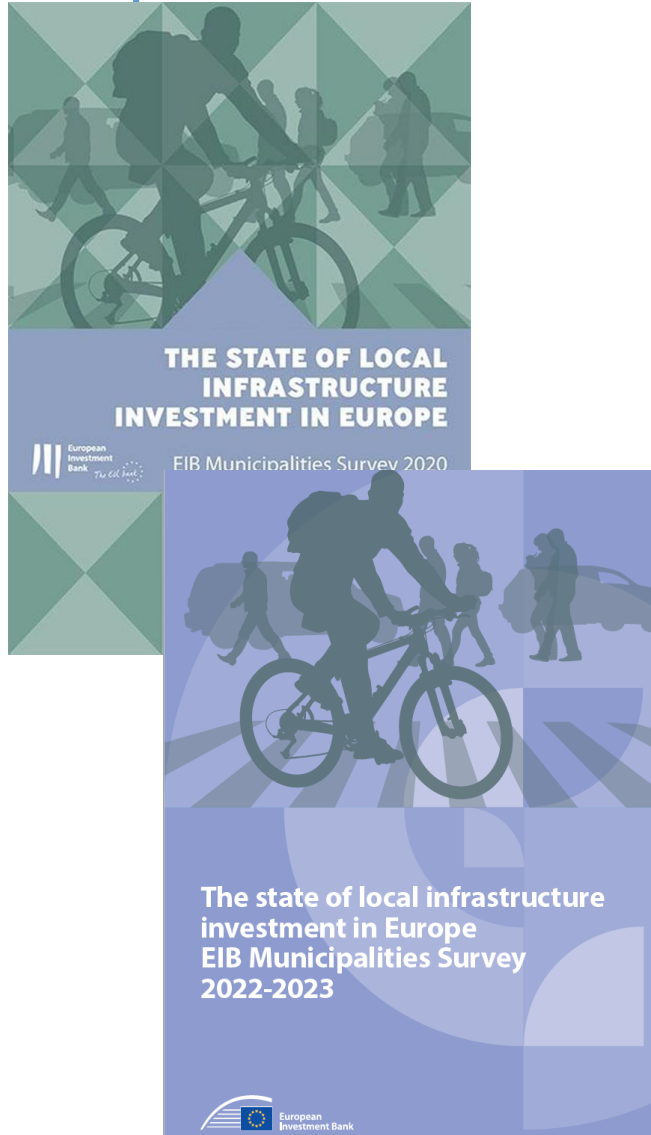


Need to face challenges related to:

- Health
- Economic activity
- Energy/Humanitarian crisis
- Structural adaptation

2020s

What cities are telling us about their investment needs



Investment is recovering post-COVID:

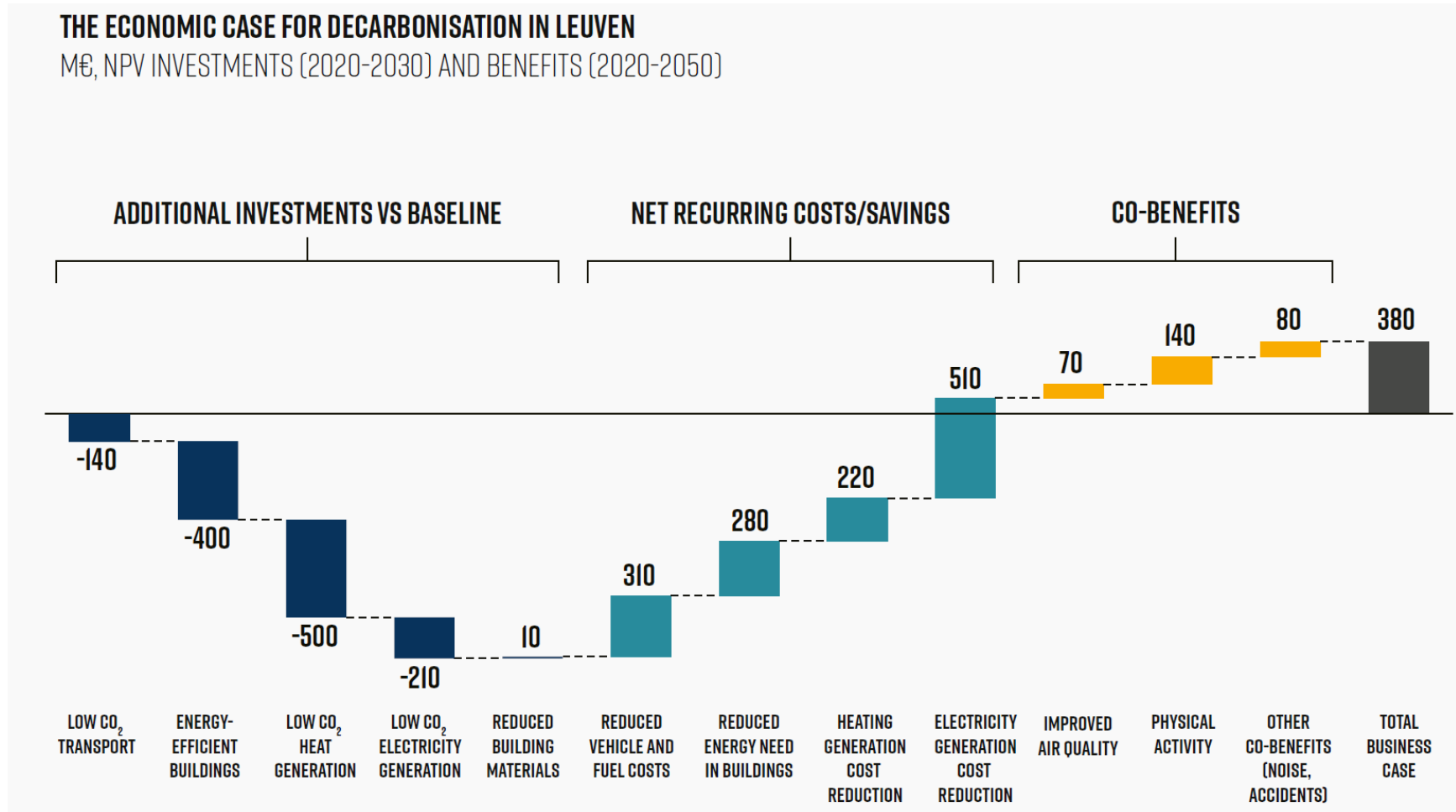
- Cities diverted capex and maintenance investment to operating costs during the pandemic - >delayed disbursement
- User charges and other own revenue starting to recover
- Social protection schemes helped ensure social housing remained credit-worthy and investment has continued
- Anticipation of EU funding, projects are being prepared
- High over-subscription – 370 applications for EU 100 Cities Climate Mission shows sustainability remains high on agenda despite constraints

But:

- City energy bills rising dramatically (even 5-10x)
- Huge needs in some cities to support refugee integration
- Dramatic cost increases makes planning/implementation challenging
- 2/3 of EU municipalities report infrastructure gaps for climate, digitalisation and urban transport
- Over 2/3 of cities see institutional capacity in “green” as a barrier. Access to skilled labour and supply chain constraints are the main challenges municipalities face.

Investment needs for decarbonization

Positive economic case



Source: Material Economics

New Opportunities – EU funding for cities is increasing

Significant scope for urban development through:

- Resilience and Recovery Fund (RRF) – eg. for energy efficiency, urban mobility, urban revitalisation, social housing
- Operational Programmes under the ERDF and other cohesion funds. **12% of ERDF funding allocated to urban development**
- Invest-EU
- Just Transition Fund

New initiatives:

- European Urban Initiative 2021-27 EUR 450m for innovative actions and capacity building
- 100 Climate Neutral and Smart Cities Mission
- New European Bauhaus
- ...



EUROPEAN URBAN INITIATIVE



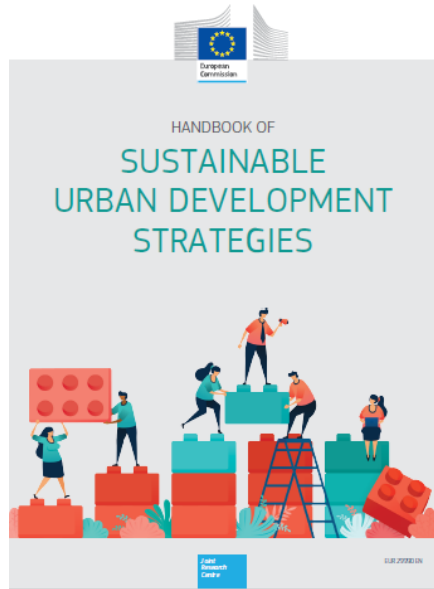
Adequate funding for effective urban policies



Adequate funding for effective implementation of responsibilities for urban policy at all levels of government

- Promoting a diversified, balanced and sustainable basket of resources
- Using economic instruments such as taxes or fees
- Providing subnational governments with sufficient leeway to adjust and manage their revenues
- Mobilising innovative financing tools
- Leveraging private sector funding

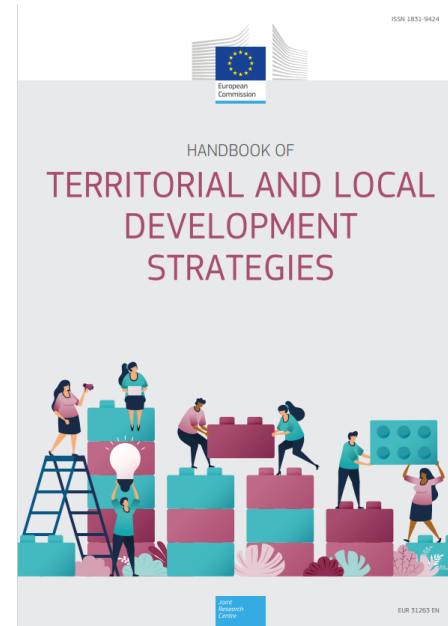
Methodological tools



<https://urban.jrc.ec.europa.eu/#/en/urbanstrategies>



<https://urban.jrc.ec.europa.eu/sat4sud/en>



<https://urban.jrc.ec.europa.eu/territorialstrategies/>



<https://functionalareas.eu/>

Thank you



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Speech by **Mrs Evi Cornelis**,
Director of the ERDF programme,
Brussels International, Administration of
the Brussels Capital Region



**Parliamentary
Dimension**

**BELGIAN PRESIDENCY OF THE EUROPEAN UNION
INTERPARLIAMENTARY CONFERENCE ON URBAN POLICIES IN THE EUROPEAN UNION
Parliament of the Brussels-Capital Region
22 January 2024**

FINANCING EU URBAN POLICIES

Evi CORNELIS

Director ERDF – Brussels International – Brussels Regional Public Service

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Europese Unie
Europees Fonds voor Regionale Ontwikkeling

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Brussels Capital-Region - European Fund for Regional Development (ERDF)



Brussels : Capital Region (since 1989)

1,2M inhabitants

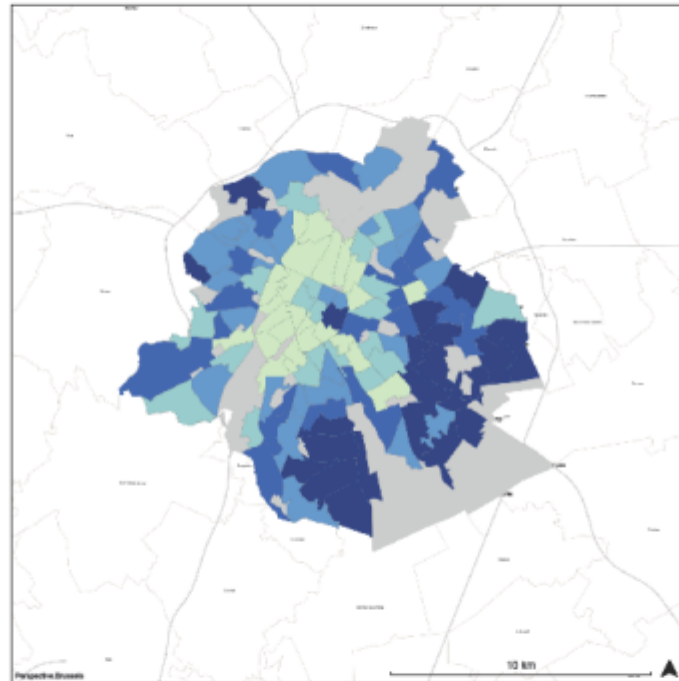
ERDF : regional competence (coordination between the 3 Belgian regions)

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Revenu médian des déclarations après impôt (€) — 2019

- < 17.000
- 17.000 - 17.500
- 17.500 - 19.400
- 19.400 - 20.400
- > 20.400
- Niet beschikbaar

Gewestelijk gemiddelde / Gewestelijke mediaan: 19300

wijkmonitoring

bis perspective brussels

Bronnen: BSA & Statbel (Vlaamse Directie Statistiek - Statistiek België) / France statistique van de Economie
Afdeling Brussel UCLB 00 - CBS

High GDP

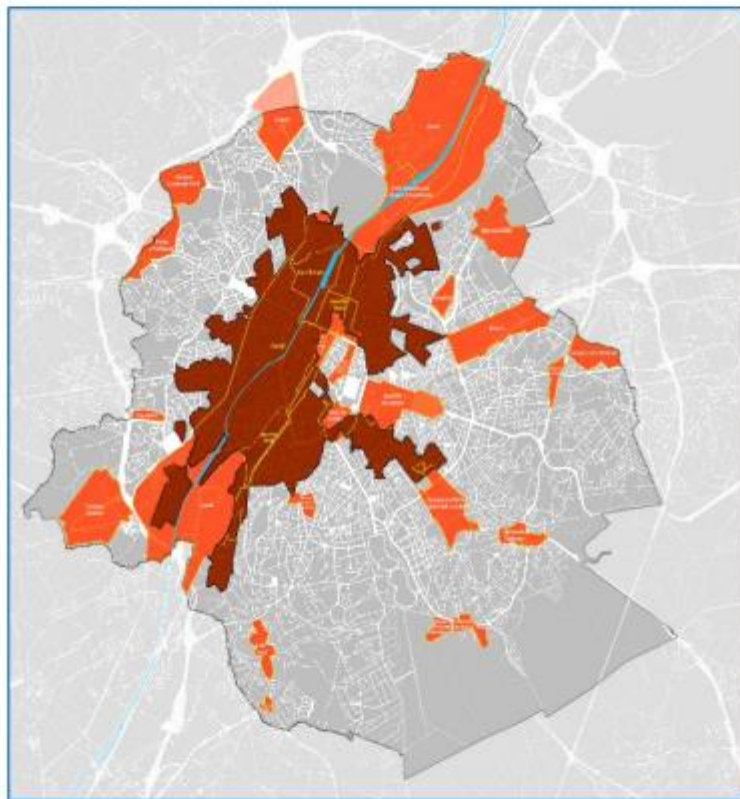
Significant disparities (income, employment rate, education)

Infrastructure: local vs supralocal (Belgian capital, European and International organisations ...)

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Programming periods -> 30 years !

- 1994-1999 URBAN I
- 2000-2006 Objective 2 (ERDF) + URBAN II
- 2007-2013 ERDF
- 2014-2020 ERDF
- 2021-2027 ERDF
- post 2027 ...

Territorial approach

vulnerable neighbourhoods and strategic development zones vs the entire region

Beneficiaries

regional administrations, municipalities, associations, universities, SMEs, ...

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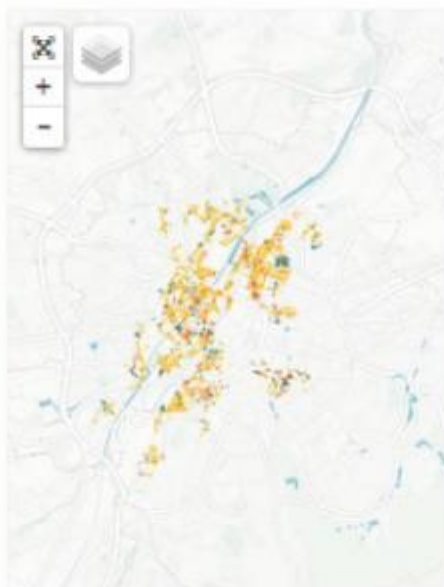
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urban.brussels

Duurzame Wijkcontracten



Complementarity

Other European funds / programmes:

- European Social Fund (ESF)
- interreg
- Urban Innovative Actions / European Urban Initiative
- Next Generation EU (RRF)
- Brexit Adjustment Fund

Other regional programmes / policies :

- Sustainable Neighbourhood Contracts
- Urban Renewal Contracts
- Smart Specialisation Strategy (S3)
- Shifting Economy ...

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A more **competitive** and **smarter** Europe : **Research & innovation**



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A more competitive and smarter Europe : Digitalisation (new 2021-2027)



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A more **competitive** and **smarter** Europe : **competitiveness SMEs**

GREENBIZZ BRUSSELS (Citydev)



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A greener, low carbon transitioning towards a net zero carbon economy: **energy efficiency**



Swimming Pool (University VUB)

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A greener, low carbon transitioning towards a net zero carbon economy: **waste / circular economy**



RecyPark Net Brussel

Rotor



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A greener, low carbon transitioning towards a net zero carbon economy: **biodiversity**



Hippodrome

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A more social and inclusive Europe: **integration of disadvantaged groups**



Participate

English

Mission

Cooperative

Projects

NOVA CASA VESTA
accommodation for
women experiencing
homelessness



Its mission is to create affordable and sustainable spaces for housing and activities of collective interest.
The ambition is to develop real estate projects in a non-speculative way and

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Europe closer to citizens by fostering the sustainable and integrated development of all types of territories:
sustainable neighbourhood contracts & urban renewal contracts



Cities' joint declaration for the Belgian presidency of the EU

Perspective organises a second European meeting in preparation for the Belgian presidency of the EU

Posted on 27 October 2023



From October 9 to 13, the [European Week of Regions and Cities](#) ^{ef} was held in Brussels. This annual event enables city representatives, urban and regional experts and major urban networks to discuss future urban and regional priorities.

On this occasion, and as part of the preparations for the Belgian presidency of the EU, Perspective organised a meeting in its "Lab" space on the **future of urban policy 2024–2029**.

A co-creation event for a cities' joint declaration

After an initial meeting in June 2023, Perspective once again brought together **representatives of European cities** to discuss priorities for the future of urban policy. By setting up this **consultation process** throughout the preparations for this presidency, Perspective is ensuring that during its term of office it conveys a message that reflects a **vision shared by the majority of European cities**.

In all, some thirty participants met on 10/10 to discuss **4 major issues for the future of urban policy**:

- 1— How to better involve cities in the EU governance?
- 2— How to foster the urban and metropolitan dimension of European policies?
- 3— How to better finance and implement the just & green transition in cities?
- 4— Shifting paradigm, going beyond growth: what model and indicators for future-proofed cities?



The results of these discussions will feed into a **joint declaration** by the cities that will be signed at an event bringing together **mayors of major cities** in January 2024, at the very start of the Belgian presidency.

This declaration will recall the importance of large cities as **partners of the European institutions and the driving forces of Europe**, and will advocate for a **strong urban and metropolitan aspect** in the upcoming mandates of the Parliament and the Commission.

Thank you for your attention !

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Speech by **Mr Pietro Reviglio**,
policy advisor responsible for cohesion
policy and the EU budget, Eurocities

EU support for cities finances

Pietro Reviglio, policy advisor

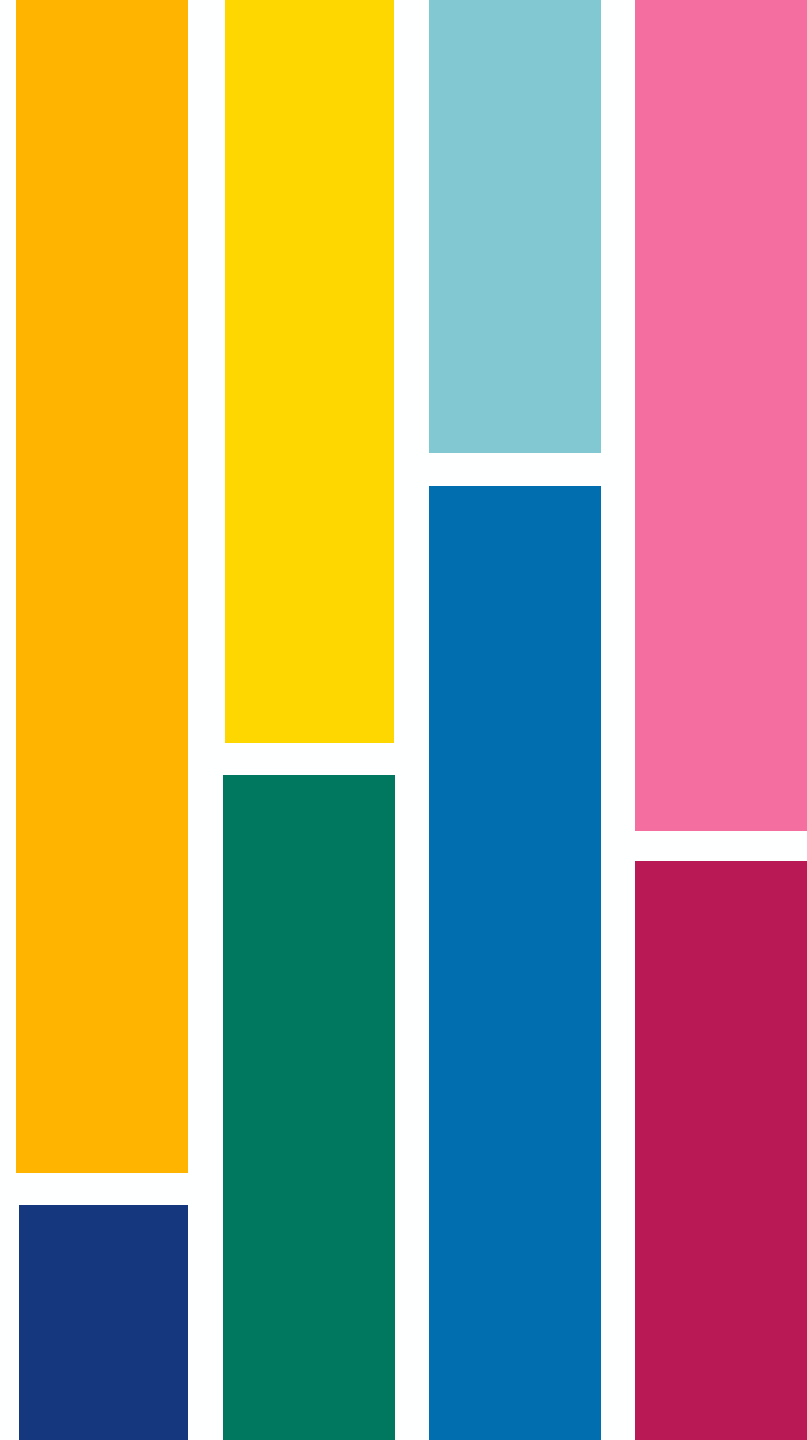




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representing more
than 150 million
people



Context: what are the financing needs of European cities?



Public investments – some relevant trends at city level in the EU

Local and regional authorities key actors for delivering most public investments

Public investments at EU level have still not recovered to pre-crisis level (to see RRF temporary effect)

Current expenditure at local level on the rise

Public investments – some relevant trends at city (or local) level in the EU

Growing unfunded mandates and low fiscal autonomy

Local level executing majority of public investments in key areas for the twin transition

Government capacity struggling but key to delivering public investments

Public investment gaps at city level – evidence from EU Mayors survey



For climate action and the energy transition, two top priorities, only 6.45% expect to have enough resources to meet needs in coming five years



For the majority of the top priorities for 2023, including migration, urban poverty, housing, and sustainable mobility less than one out of five mayors expect to have enough resources.



Similar results from the EIB 2020 Municipalities survey – also showing major gaps at the infrastructure level

Private investments – some trends at city (or local) level in the EU



Private investments needed to drive green and digital transition in cities



Public investments crowding in private investment – Mission-driven economy



Public-private partnerships needed but many barriers remain



Cities are increasingly looking to attract venture capital and equity investment to support innovative companies

What is the EU doing to support cities and deliver EU urban policies?

How the EU impacts public investments at city level

EU budget: 1% of GDP (in cohesion countries more than 50% of public investment / overall) – little space for change

- Subsidies: mainly CP structural funds (now RRF too) – with strong focus on infrastructure and sustainable urban development and MLG
- Grants to support (smaller) projects: mainly innovation-driven funds via competitive calls (Horizon Europe, European Urban Initiative)

Indirect but still huge impact on public investments via EU rules and frameworks:

- Economic Governance – Stability and growth pact
- European Semester – Country-Specific recommendations
- State aid, public procurement rules, debt rules, etc.
- Leveraging capacity to raise and implement public funds
- EIB lending: both loans and advisory services

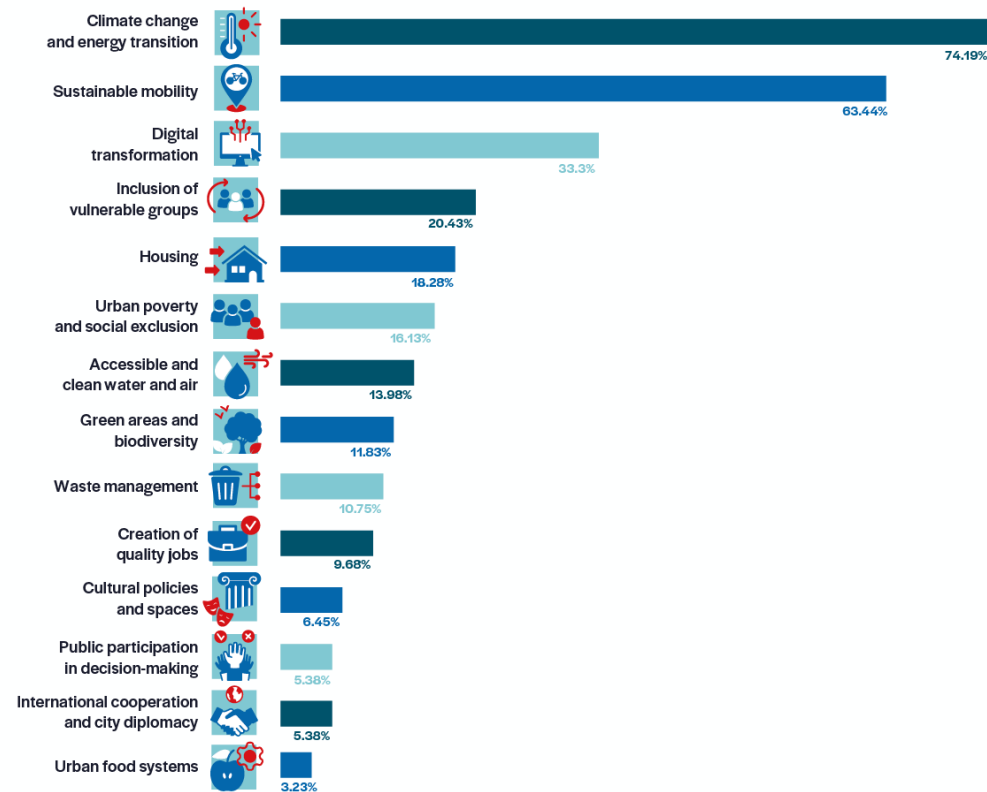
EU subsidies and grants – Cohesion Policy

- Main source of subsidies, rooted in EU treaties, shared management, regional focus, likely to remain key investment tool for cities
 - European Regional Development Fund (226 bn): urban dimension – earmarking 8%
 - European Social Fund Plus (99.3 bn): no explicit urban dimension but MLG – where important investment gaps persist
 - Asylum, Migration and Integration Fund (9.8 bn – EU contribution): no explicit urban dimension but MLG – where investment needs are growing
 - Cohesion fund (48 bn): limited scope to 15 MS – strong focus on infrastructure
 - Just Transition Fund (19.3 bn)

EU subsidies and grants – other key programmes

- Horizon Europe – 95.5 bn – highly strategic for cities innovation potential
- Recovery and Resilience facility – potential of 672.5 bn – limited in time – a model that could be replicated for future Eurobonds
- Common Agriculture Policy – 387 bn a pillar of EU budget targeting agriculture sector and rural areas

Investment areas where mayors expect the EU level to make a difference



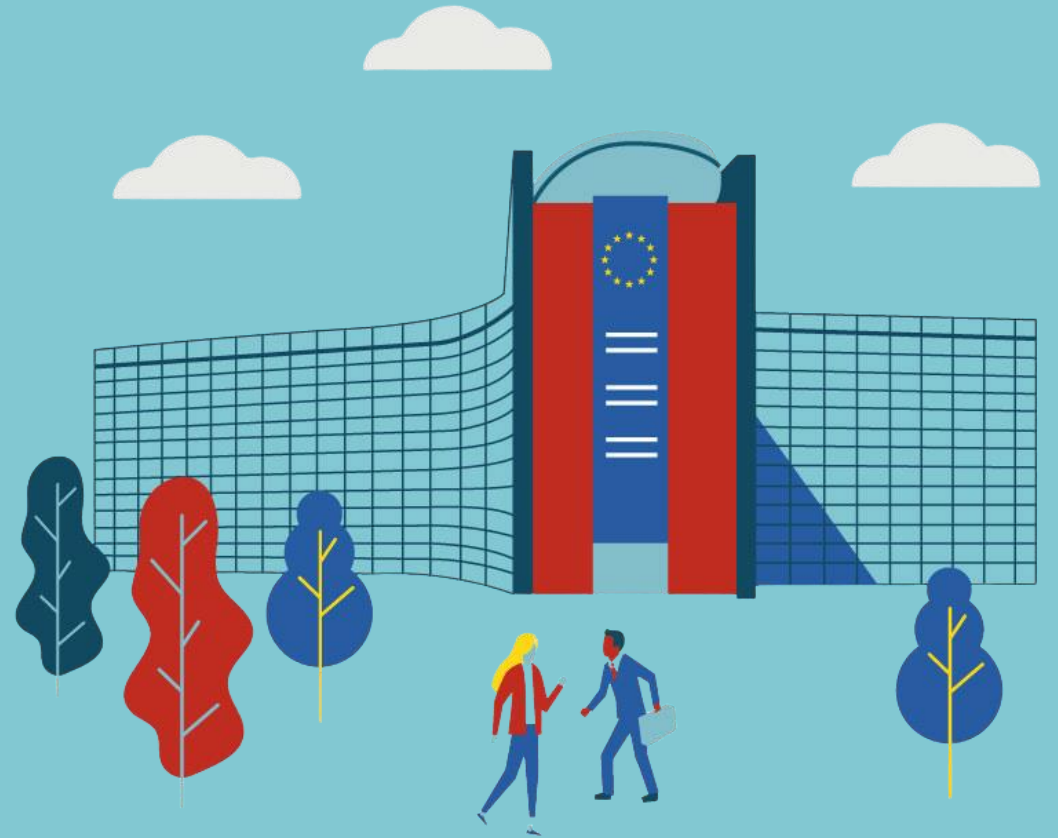
How to improve EU support and align it with cities financial needs?

Key issues addressed by Eurocities members for better financed cities

- ✓ Reinforcing and streamlining EU subsidies and grants in line with cities' needs
- ✓ Ensuring economic governance rules and EU Semester country specific recommendations promote strong fiscal capacity and resilience
- ✓ Paving the way to (more) direct funding schemes to support urban transitions
- ✓ Leveraging public development banks and financial institutions firepower to promote public and private investments at city level
- ✓ Promoting additional own-resources at the EU level that support city-level challenges

A better Europe starts in cities – EU cities Manifesto ahead of EU election

#LocalFutureEU



A local Europe with the capacity to act



- Reinforce technical and administrative capacity in local administrations, and ensure more direct access to EU funding.
- Encourage fiscal decentralisation and increase the EU's own resources to boost investment in urban sustainability. Make the EU's budgetary rules more flexible to facilitate long-term investments and incentivise local public investments.

#LocalFutureEU



Speech by **Mr Dirk De Smedt**,
Director General of Bruxelles-Fiscalité