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European sustainable urban development policy in the light of priorities of the Europe 2020 Strategy

Abstract

The main aim of this article is to present and discuss the role of European cities in realization of the Strategy Europe 2020, as well as to briefly assess opportunities and conditions for SUD resulting from the targets adopted in the Strategy. First, the concept of SUD, the key steps of evolution of the European sustainable urban policy as well as the importance of urban areas for the EU are presented. Then, the role of cities in the context of priorities of the Strategy Europa 2020 is elaborated and dilemmas regarding SUD and the implementation of the Strategy Europe 2020 are discussed.

Keywords: sustainable urban development, the Strategy Europe 2020, European Union.
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Introduction

The concept of sustainable development (SD) was developed as a concept considering the interactions between various social, economic and environmental problems in today's world (Rao 2000). In accordance with the subsidiarity principle of the European Union, policy for SD should be created and implemented at the level as close as possible to the citizen. Different actions and instruments are used at different levels of administrative and political scale – global, supranational, national, regional and local – as the particular issues and institutional structure differ (van den Brande 2008; Platje 2011). As the lower levels of administration are not able to solve many problems on their own effectively, there is a role for the EU, in particular when social, environmental and

economic issues have a transboundary or global nature and are related to the functioning of the common market. The idea of SD is an important element of EU development policies and plays a crucial role as one of priorities outlined in the Europe 2020 Strategy (European Commission 2010b). Due to their large and increasing role in socio-economic development (Jacobs 1986), urban areas receive a lot of attention.

It has been estimated that about two thirds of the EU population lives in urban areas, generating more than 80% of the EU's GDP[1]. European towns and cities are perceived as 'engines of economic growth' not only on the regional, but also the European level (European Commission 2007b, p. V) due to the high level of economic activity together with a concentration of jobs. They are also centres of innovation, entrepreneurship, cultural and higher education institutions, etc., attracting investments and employment by offering economic opportunities and high quality of life. However, European urban areas face simultaneously many problems and challenges, related to unemployment, social exclusion, poverty, crime, road congestion, air and noise pollution, population decline, urban sprawl, etc. (Jacobs 1968; Castells 1996; Paradowska 2011). For these reasons sustainable urban development (SUD) is promoted in the EU as a development path which is considered to enable realization of different economic, social and environmental objectives.

The main aim of this article is to present and discuss the role of European cities in realization of the Europe 2020 Strategy, as well as to briefly assess opportunities and conditions for SUD resulting from the targets adopted in the Strategy. First, the concept of SUD, the key steps of evolution of the European sustainable urban policy as well as the importance of urban areas for the EU are presented. Then, the role of cities in the context of priorities of the Europe 2020 Strategy is elaborated and dilemmas regarding SUD and the implementation of the Europe 2020 Strategy are discussed.

1. Sustainable urban development

Similar to the general concept of sustainable development, there is no generally accepted definition of SUD. According to the International Council for Local Environmental Initiatives "sustainable development can be defined as development that delivers basic environmental, social, and economic services to

[1] Over 60% of the population lives in urban areas of over 10 000 inhabitants (European Commission 2007a, p. 3). About 68% of European citizens lives in a metropolitan region, and these regions generate 67% of the EU's GDP (European Commission 2012).

all residents of a community without threatening the viability of the natural, built, and social systems" (Institute for Sustainable Communities 2001, p. 102). A similar approach can be found in the definition given by Concern Inc., underlining some key challenges in SUD: "A sustainable community uses its resources to meet current needs while ensuring that adequate resources are available for future generations. It seeks improved public health and a better quality of life for all its residents by limiting waste, preventing pollution, maximizing conservation and promoting efficiency, and developing local resources to revitalize the local economy" (Zwart et al. 2012, p. 11). While these definitions originating from the USA are generalistic, the definition formulated during the URBAN21 conference in Berlin in June 2000 emphasizes the importance of stable finance, an issue often neglected in the SD discourse: "Improving the quality of life in a city, including ecological, cultural, political, institutional, social and economic components without leaving a burden on the future generations. A burden which is the result of a reduced natural capital and an excessive local debt. Our aim is that the flow principle, that is based on an equilibrium of material and energy and also financial input/output, plays a crucial role in all future decisions upon the development of urban areas" (Regional Environmental Center).

There is no formal definition of SUD in the European acts and documents. However, for the purpose of allocation of funding from the European Regional Development Fund (ERDF), based on ERDF operational programmes from different member states, the EU highlights four integral, necessary elements of SUD (European Commission 2010a, pp. 6-8): (i) sustainability, with focus on intergenerational fairness, reinforcement of the environment, territorial balance and achievement of country's competitiveness in financial terms; (ii) integration in terms of interdependency of multi-sectoral policies, creation of new instruments or governance arrangements and combination of policies; (iii) participation by way of both public/public and public/private partnerships; formal and informal public consultation and information; (iv) urban development associated with economic growth and cohesion.

When analysing the definitions above as well as other definitions found in literature (see e.g. Heberle, Opp 2008; Zwart et al. 2012, pp. 10-11), SUD seems to focus on the following aspects:

In the economic sphere:

- improving and developing conditions for entrepreneurship and economic activity,
- encouraging innovation, entrepreneurship and the growth of the knowledge-based economy,
- strengthening the local economy and local labour market policy,
- developing pro-ecological technologies and attitudes among local companies.

In the social sphere:
- improving the quality of life for the urban societies,
- eliminating poverty, social exclusion, crime and other disadvantageous phenomena,
- promoting and developing sustainable consumption patterns among citizens,
- encouraging citizens' participation and cooperation in local decision making processes,
- strengthening good urban governance and local empowerment,
- ensuring intergenerational fairness and equity.

In the environmental sphere:
- reducing the use of natural resources by the way of waste management, promoting energy efficiency by the way of innovative technologies, reducing the use of water, etc.
- reducing air, soil and water pollution,
- improving land and space management.

2. Evolution of the EU's sustainable urban policy

Although there is no legal basis for urban policy in the European treaties, the EU has published a number of documents and created initiatives and programmes to support urban regeneration, innovation in urban policy and the exchange of experience and good practice. In 1989, the European Commission initiated the Urban Pilot Programme with exchange of know-how and innovation and development of new European standards in urban policy as main objectives. The second, 2-years phase of this programme was launched in 1997 and was followed by two generations of URBAN Community Initiative programmes (1994-2006) aiming at disseminating knowledge and innovation in urban development and regeneration. The goals of the initiative were included in the Convergence and Regional Competitiveness and Employment Objectives for the programming period 2007-2013. In 2002, the Urban Development Network Programme (URBACT) was initiated with the key objectives of providing an exchange and learning tool for policy decision-makers, practitioners and other actors involved in developing urban policies, learning from the exchanges between URBACT partners that share experiences and good practice and disseminating good practice and lessons learned from exchanges between European cities. For the period 2007-2013 within URBACT II projects can be realized when they are linked to one of the following three main themes: (i) Cities, Engines of Growth and Job Creation; (ii) Cities, Social Inclusion and Governance

and (iii) Cities and Integrated, Sustainable Development. An important European tool for supporting SUD was the Urban Audit launched in 1998, aimed at assessment of the state of individual EU cities and provision of access to comparative information from those cities. Comparable statistics and indicators for European cities were collected twice – in 2003 and between 2006 and 2007 (European Commission 2009, pp. 9-15).

In the context of SUD a significant document is the *Thematic strategy on the urban environment* published in 2006. In order to contribute to the improvement of the quality of the urban environment, several measures were proposed in the form of publication of guidelines for the integration of environmental issues into urban policies as well as sustainable urban transport plans, support for the exchange of best practices, broadening the range of information for local authorities as well as drawing on the EU's support programmes in the context of cohesion policy or research (European Union 2006).

The focus on urban development was visibly strengthened in the period 2007-2013, and promoting sustainable urban development became a key element of European Cohesion Policy. This was not only the result of pressure to reach the goals of the Lisbon Strategy for Growth and Jobs (European Commission 2005), but also of the financial crisis and the related economic downturn, and the willingness to overcome its consequences. Moreover, a new Europe 2020 Strategy was released in 2010 (European Commission 2010b), setting out new objectives for European policies and economies, where cities play a crucial role.

3. The role of cities in the context of priorities of the Strategy Europa 2020

The priorities of the Europe 2020 Strategy are divided in three general categories: (i) smart growth: developing an economy based on knowledge and innovation, (ii) sustainable growth: promoting a more resource efficient, greener and more competitive economy and (iii) inclusive growth: fostering a high-employment economy delivering social and territorial cohesion. In order to achieve these development directions by 2020, a set of headline targets were defined. These targets include: employment of 75% of the population aged 20-64, investments in R&D reaching 3% of the EU's GDP, reduce greenhouse gas emissions by at least 20% compared to 1990 levels (by 30%, if the conditions are right), increase of the share of renewable energy sources in final energy consumption to 20%, increase energy efficiency by 20%, reduce the drop out rate from school from 15% to 10%, increase the share of the population aged 30-34 having completed tertiary educa-

tion from 31% to at least 40%, and reduce the number of people living below the national poverty lines by 25% (European Commission 2010a, p. 10-11).

All the goals of SUD mentioned are simultaneously some of broad SUD objectives. Cities are perceived as a vital element enabling the realization of the Europe 2020 Strategy, because of their potential mentioned above. Emphasis on the importance of urban areas for the EU's socio-economic development and competitiveness is stressed in numerous documents and legislative acts of the EU (see e.g. European Commission 2010c; European Commission 2011a; European Commission 2012). The latest report of European Commission on economic, social and territorial cohesion (2011a) underlines opportunities and challenges connected with the capability of European cities for urban development in the context of realization of the three main priorities of the Strategy.

As cities are centres of innovations, knowledge economy and specialization, they tend play a more important role for smart growth than rural areas. Its innovative capacity is strengthened by the fact that the share of tertiary educated aged 25-64 is higher in cities than in other areas in all member states. However, some other indicators of the level of innovativeness does not vary so much between urban and rural areas in more developed European countries. It may be argued that living and working in cities is more sustainable than in other areas because of higher energy efficiency and less pollution produced by a single citizen. However, due to the size of the population and production, higher energy and resource efficiency is not enough to prevent degradation of natural resources. As industry has moved out of many city centres during the last decades, transportation (individual motorization) and heating systems have become activities generating the majority of external costs in cities, negatively influencing air quality and causing many health problems. The phenomenon of urban sprawl[2] leads to a decrease in energy and land use efficiency, makes people using cars more often and increases costs of maintaining infrastructure. There are also significant problems connected with achieving inclusive growth in the urban dimension. Although cities are most often characterised by concentration of employment opportunities, substantially higher shares of people live in a jobless household than in rural areas. Higher unemployment rates and lower employment rates are also features of numerous cities in the more developed member states. This is the so called 'urban paradox', stressed in two State of European

[2] According to the online Oxford Dictionary urban sprawl means 'the uncontrolled expansion of urban areas'. It is characterized by many negative effects, such as increased congestion, air and water pollution, destruction of wildlife habitat, increased costs for maintaining infrastructure, increased risk of Racial and Economic Disparity and many others (see e.g. Brueckner, Largey 2008; Burchell et al. 2002).

Cities Reports (European Commission 2007b, 2010c). Large and growing income disparities as well as high at-risk-of-poverty rate exist in many cities in the more developed European countries. In turn, living and working in urban areas is more advantageous in the less developed member states.

As European cities create the most capabilities and advantages in terms of realization of the Europe 2020 Strategy, they can be considered a kind of valuable asset. For the programming period 2014-2020, new instruments of Cohesion Policy are proposed in order to "foster integrated urban policies to enhance sustainable urban development in order to strengthen the role of cities within the context of cohesion policy" (European Commission 2012). Renewed Cohesion Policy and ERDF became a pivotal toll for achieving the priorities of the Strategy with aims of promoting low-carbon strategies for urban areas, improving the urban environment, promoting sustainable urban mobility, and promoting social inclusion with regard to SUD (European Commission 2012).

First of all, much emphasis is laid on integrated urban planning and development. An innovative tool in the form of Integrated Territorial Investment (ITI) will be implemented with the management delegated to cities. According to new regulatory framework, a minimum of 5 % of the ERDF funding should be used for ITI in each member state in order to support SUD (Smart Cities Stakeholder Platform 2012, p. 5). Moreover, ITI should be financed by means from several priority axes of one or more operational programmes. Thanks to such construction of the new instrument, integrated actions in urban areas will be a result of multi-dimensional and cross-sectoral investments and intervention. Each member state will be obliged to prepare a list of cities implementing integrated actions which will be taken into consideration in Partnership Contracts. Based on this list, the European Commission will establish an Urban Development Platform comprising 300 cities from all member states in order to set a supranational mechanism for common dialogue, exchange of information and contribution to urban policy conducted on national and local level. This solution is expected to make "the contribution of cities under cohesion policy to the Europe 2020 Strategy more visible" (European Commission 2012). Arrangements aimed at an integrated approach to the use of European funds for SUD should be set out in Partnership Contracts. It is highly recommended, that cities develop integrated urban development strategies with focus on integrated planning which should lead to the realization of targets and priorities outlined in the Europe 2020 Strategy. During the next 6 years innovative actions will also be supported by the ERDF (0.2 % of the total ERDF allocation) in the form of urban pilot or demonstration projects and urban studies regarding to different European thematic objectives and priorities.

4. Dilemmas of sustainable urban development and the realization of the Europe 2020 Strategy

While the Europe 2020 Strategy started to be realized with much enthusiasm, using a renewed, more integrated approach than in case of the Lisbon Strategy, some issues seem to be questionable in terms of entering a path of SUD and simultaneously using SUD as an 'instrument' towards realization of the Strategy's priorities. First of all, SUD should be interpreted in general SD categories and assumptions, and these can be considered as not quite adequate and maybe misunderstood in some way in the document. The Strategy focuses on sustainable and smart growth, including improvements and positive changes in terms of employment, education, poverty reduction, innovation and energy efficiency, etc. However, concentration on short term objectives is visible, especially in economic and social sphere. Through the three priorities and related five targets, the general mission seems to be aimed at overcoming the recent economic crisis and its consequences, while strengthening the EU's economy and competitiveness. While this may be considered as a positive direction of development, it does not necessarily pave the way towards building foundations for SD, as this in case of too slow innovation and technological development assumes some sacrifices, e.g., in the form of reducing overconsumption or the use of natural resources while peoples' lifestyle should be characterised by activities that put less pressure on environment (Platje 2011). Thus, a dualism or even trialism of goals is noticeable with not much compromise which seems to be indispensable when making an attempt to achieve SD. Moreover, some stakeholders are perceiving the Europe 2020 Strategy as a modified continuation of the Lisbon Strategy, which turned out to be unsuccessful due to, among others, wishful thinking and impracticable assumptions while the organizational structure needed for its realization (different involvement and empowerment of particular levels of governance) was inadequate (CEO 2011).

While the Europe 2020 Strategy and related documents embraces many elements of SUD, focus is on priorities and targets to be reached by 2020. These targets are formulated for the EU as a whole. As at the local level the social, economic, environmental and institutional environment differs, it would be too simple to assume these goals can be directly transposed into local goals. Furthermore, due to the multiplicity of goals of SUD and different interpretation of its assumptions, many actions may be taken within the framework of integrated urban strategies and ITIs which are not necessarily in accordance with principles of SUD, though they may be in accordance to the EU's priorities. For example, increasing competitiveness may lead to infrastructural investments attracting investment, while increasing the negative externalities of the use and mainte-

nance of the transport system. The EU is trying to ensure better organizational and decision-making structure than in the past decade in order to reach targets outlined in the Strategy. For example, an Urban Development Platform is to be established which should coordinate a political discussion on urban policy on the European and local level. Although the national level remains important, not all member states have developed urban policy or effective urban policy. The influence of local authorities on urban development has increased, mainly due to decentralization and the increased application of the subsidiarity principle. A problem is that urban interests do not have to be coherent with the EU's priorities, even when realising ITIs, while national interests are often also not completely convergent with the direction of EU policy. In particular the less developed EU countries may have problems with fulfilling some of the targets of the Strategy. According to the European Commission (2011a, p. 13): "Not all Regions are expected to reach the EU or national employment targets, as they face very different starting positions". The same can be argued with respect to other targets, such as innovation or education, which is the result of differing levels of development of member states. A threat of the realization of the Europe 2020 Strategy is that it can lead to strengthening of metropolitan areas, in turn reducing opportunities for less developed towns and cities, resulting in increased polarization and reduced cohesion across Europe. For example, the Urban Development Platform shall comprise about 300 cities, and one can expect that it will represent the interests of rather big urban and metropolitan areas than urban areas with high unemployment, poverty or crime problems. This problem was recognized in the Territorial Agenda of the European Union 2020 (2011, art. 44, p. 9), where it was argued that "The territorial dimension could be better reflected and the different starting positions, national, regional and local specificities should be recognised in the implementation and monitoring process of the Europe 2020 Strategy".

However, even when realizing challenges in the context of multilevel governance, where different goals of the Strategy should be achieved by different levels of political governance including a wide range of stakeholders, the multiple goals will lead to trade-offs and differing priorities at different administrative levels. This seriously hampers policy for SUD. Furthermore, the functioning of the market as well as the priority of economic growth may threaten the fulfilment of social and environmental goals (see Platje 2011). The Europe 2020 Strategy (European Commission 2010a, p. 20) highlights the aspirations to build "a stronger, deeper, extended single market" geared by "well-functioning and well-connected markets where competition and consumer access stimulate growth and innovation". The logic of the market supports the subsidiarity principle – a well-functioning market where citizens have access to so-called means

to freedom such as education, health care, housing, but also a certain minimum level of income (see Rawls 1973; Sen 1999) creates the capabilities to direct their own life. However, the market itself is a kind of public good where, when functioning properly, no-one can be prevented from entrance (non-excludability), while using the legal framework allowing the market to function are non-rival[3]. While many other elements of SUD have features of a public good (e.g., reducing poverty, reducing environmental problems [Sandler 2001]), focus is on creating market institutions which by their logic have a tendency to prioritize economic issues. While this is an obvious argument, it shows that institutional capacity building for the social and environmental aspects of SUD tends to remain behind.

Conclusions

Urban areas, due to their increasing role in social and economic life, have an important role in the fulfilment of different strategies for sustainable development. Due to their economic function, while many natural resources are imported from rural areas, may cause a reduced interest in nature protection as such. Focus of sustainability will rather be on factors directly influencing the quality of life for citizens. At such a moment, air pollution, noise, traffic jams, etc. are likely to receive attention. While economic activity is likely to put more and more pressure on the availability of natural resources, urban areas have opportunities for making their own development a more sustainable (or less unsustainable). It may be in particular innovative policy regarding transport systems and location of enterprises that not only reduce negative externalities, but also support economic but also social development. Innovation for SD may not only reduce resource intensity of production, but in turn also reduce costs and as a consequence create a competitive advantage.

However, the capacity to direct its own development depends on the type and size of a city, as well as the availability of natural capital and physical capital, but probably most of all human capital influencing the innovative capacity (Jacobs 1986; Castells 1996; Platje 2011). The different SD strategies of the EU, while supporting cooperation between large urban areas, also create opportunities for smaller cities to cooperate, learn from each other, and improve their functioning in cooperation with other, similar cities. When focus changes from competing for economic power with large agglomerations to creating a place

[3] However, the moment transaction costs are involved in the use of the market (e.g., information and negotiation costs regarding products and trade-partners, control costs of enforcing a contract) partial-rivalry may appear (Platje 2011).

with a high quality of life by way of, for example, social and environmental improvements, this directly improves peoples' standard of living, while indirectly supporting sustainable economic activity.

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