



## **Small and Medium-sized Cities in Cross-Border Polycentric Regions (LU Contribution to Action 5 of the IT-LV-LU Trio Presidency)**

*Input paper for the Informal Ministerial Meeting on Urban Policy  
under the Luxembourg Presidency*

27 November 2015 in Luxembourg

### **1. Setting the scene**

The current discussion in the context of urban policy mainly focuses on metropolitan areas and regions, which are characterised by a high concentration of population and economic activities, as well as public infrastructure and facilities. They are seen as drivers of territorial development in the European and national context. However, it needs to be recognised that a large share of the urban population in Europe lives in small and medium-sized cities. In this context, small and medium-sized cities refer to lower-tier cities in the national urban hierarchy with less than 250'000 inhabitants. This definition makes reference to both size and function, and it is flexible enough to cover the wide variety of cases across Europe.

These types of cities have their own specific challenges, but also their specific capital and territorial potential, which are at risk if not well supported by tailored and place-based policy interventions. These cities cooperating among themselves and with rural areas play a major role for the European territory as places of attraction and growth, but also as providers of services of general interest and higher-ranked services for the wider region. As a result, they play an important role in urban-rural linkages.

Therefore, the common umbrella theme under Action 5 of the Presidency Trio IT-LV-LU is devoted to the question of how to better utilise the potential of small and medium-sized cities. This theme also promotes an integrated approach to territorial cohesion and urban policy. The entire theme of the Trio Action 5 is linked to the Trio Presidency assessment of the implementation of the Territorial Cohesion objective, in the process highlighting the important role and future development directions of small and medium-sized cities in a common territorial development context.

Whereas the Italian Presidency focused on the function of small cities for the quality of life in relatively isolated and sparsely populated areas (the “inner areas”) and how to strengthen the lagging-behind regions in the Member States, the Latvian Presidency emphasised the economic development challenges and potentials of small and medium-sized urban areas and signalled the political importance of the issue in the Riga Declaration adopted at the Informal Ministerial Meeting in Riga on 10 June 2015 (see EUKN Report “*The Trio Presidency theme of small- and medium-sized cities: synthesis of the results*”).

One remark should be added regarding the *notion of “small and medium-sized cities”*. During the Trio Presidency various discussions stressed the fact that size is not necessarily the dominating factor with regards to the importance of a city in the national urban hierarchy. There are very small cities that fulfil a function in the national urban hierarchy that goes beyond their size, and vice-versa. In order to also cover political and functional aspects, the term “cities” will be used instead of the term “urban areas”.

The contribution of the Luxembourg Presidency to the common Trio theme is to highlight the potential of small and medium-sized cities in cross-border polycentric regions and to wrap up the whole theme of small and medium-sized cities – Action 5 of the Trio programme. In this context, the concept of cross-border polycentric regions (CBPRs) refers to the structure of polycentric networks that allow small and medium-sized cities across borders to reach the critical mass for unlocking their development potential.

Profound changes have redrawn the map for urban border areas under the combined effect of several important forces. Firstly, the progressive opening of borders through the political construction of the European Union, carried by the globalisation of economic exchanges, has offered new development opportunities to urban border regions. The Schengen agreement and the introduction of the common currency constituted major milestones in strengthening the relationships between inhabitants of border cities.

These changes have been accompanied by developments in the governance of these regions, carried along by the transformation and reconfiguration of the role of the State and the affirmation of the growing importance of cities as major territorial actors.

Lastly, the funds and instruments provided by the European Union have allowed actors in urban border territories to develop cross-border cooperation mechanisms that have grown in importance since 1990. The presence of a border is no longer systematically seen as an obstacle but can instead be perceived as an asset for the interests of all parties.

There are three reasons why the potential of small and medium-sized cities in cross-border regions often remains under-used: firstly, the traditionally less urbanised and compact settlement structure of border regions; secondly, their peripheral location and their distance from decision-making centres; and thirdly, diverging legal frameworks on both sides of the border. With regards to the last point, there is a clear link to Trio Action 3 on a tool for the attribution and application of specific provisions for the improvement of cross-border cooperation.

***Trio Action 3: A tool for the attribution and application of specific provisions for the improvement of cross-border cooperation***

In many regards cross-border development is still hampered by a number of legal and regulatory obstacles that are related to the specific cross-border situation.

At the Informal Ministerial Meeting on Territorial Cohesion on 26 November 2015, the Luxembourg Presidency is presenting its case for a legal tool allowing local or regional authorities, on a voluntary basis, to propose to their Member States a solution to overcome regulatory or legal obstacles to cross-border cooperation. This solution should be based on existing laws or standards of the Member States concerned and it should define an amended legal or regulatory framework applicable to a specific cross-border project for a limited period of time.

The Luxembourg Presidency believes that a new tool - a "*Tool for the attribution and application of specific provisions in cross-border regions*" - may prove a useful addition in the European legal toolbox, available for actors involved in cross-border cooperation projects on a voluntary basis, following the example of an EGTC.

The aim to further promote the potential of small and medium-sized cities in cross-border polycentric regions is a strategy towards meeting the challenge of 'critical mass': their limited demographic size, economic weight and connectivity indicate a certain vulnerability that can only be overcome if they forge partnerships with cities on the other side of the border. Therefore, cross-border cooperation is an indispensable strategy for small and medium-sized cities to ensure the critical mass of resources for territorial as well as economic development. But it is also a strategy for strengthening economic, social and territorial cohesion.

As a first step, the incoming Luxembourg Presidency organised an expert workshop with the title "The potential of small and medium-sized cities in cross-border polycentric regions" on 30 June 2015 in Luxembourg. The purpose of this workshop was to explore the challenges and potential of small and medium-sized cities in cross-border polycentric regions, by presenting a state of play report on CBPRs with a selection of case studies from across Europe and facilitating an exchange between relevant stakeholders. The Luxembourg Institute of Socio-Economic Research (LISER) prepared a report<sup>1</sup>, which is also available as a supporting document for the Informal Ministerial meeting, giving an overview of the experiences and challenges of cross-border cooperation initiatives between small and medium-sized cities. The next step was to put the topic on the agenda of the meeting of the Urban Development Group on 10 September 2015 in Luxembourg. The preliminary debate offered a first exchange of experiences on the topic at the intergovernmental level and provided some initial conclusions. The Luxembourg Presidency also held a workshop at the OPEN DAYS 2015 to exchange views and experiences with local and regional stakeholders. The debate at the meeting of the Directors-General responsible for Urban Policy on 21 October 2015 focused on the first draft of the dedicated section in the Luxembourg Presidency Conclusions and indicated paths for taking the issue forward.

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<sup>1</sup> The LISER Report "Opportunities of cross-border cooperation between small and medium cities in Europe" 2015

## **2. Main conclusions from the LISER Report “Opportunities of cross-border cooperation between small and medium-sized cities in Europe”**

- The report identifies a number of challenges involved in facilitating the cooperation and networking among small and medium-sized cities:
  - One of the challenges lies in combining the know-how, means, and resources to attain a certain critical mass that enables small and medium-sized cities to compete with larger cities. Critical mass can either be achieved by pooling resources, in view of collective needs, to set up and operate large-scale infrastructure projects or by fostering the networking of competencies to generate innovation.
  - Cross-border territorial strategies can generate greater coherence between small and medium-sized cities at the cross-border level by improving the mutual exchange on territorial priorities, supporting the convergence to a more coherent cross-border region, and exploiting synergies to reinforce the competitiveness of the entire cross-border region. The problems related to cross-border territorial strategies are the lack of a restrictive framework, the institutional mismatch between the different stakeholders, the divergences in the strategic priorities, and the differences in planning cultures.
  - Another challenge lies in projecting a more international and cosmopolitan image of the border region. Through regional branding small and medium-sized cities can promote the international image and advertise the prevalent multilingualism of the cross-border region, which helps them to attract investors and skilled labour.
  
- There are a number of factors that can influence the form of cross-border integration:
  - Geographical contexts, such as the membership of political or economic transnational structures (European Union, Schengen area, etc.) and the spatial configurations of small and medium-sized cities in the cross-border region (cross-border agglomeration or polycentric configuration), play an important role.
  - The cross-border governance structure is also an important factor. Shared objectives, the use of legal instruments, the involvement of non-institutional actors, and the quality of interpersonal relations between policymakers on different sides of the border can influence the degree of integration.
  - The feeling of sharing a common cross-border living area is an important factor. The establishment of joint schools as well as the promotion of common cultural and natural heritage can raise awareness of common interests.

### **3. Presidency Conclusions of the Luxembourg Presidency of the Council of the European Union (27 November 2015)**

Based on the objectives set for Trio Action 5, the conclusions address the umbrella topic of small and medium-sized cities, the specific contribution of the Luxembourg Presidency with regards to cross-border polycentric regions, and specific messages regarding the contributions of the Latvian and Italian Presidencies. The following paragraphs offer a more detailed explanation of the statements on the umbrella topic and the Luxembourg contribution in the Presidency Conclusions.

#### **Small and medium-sized cities**

The Riga Declaration acknowledged the significant role of small and medium-sized cities or urban areas in territorial development and asked for due attention to these types of cities. It underlined that the EU Urban Agenda should take into account the diversity of cities and urban areas as well as the polycentric urban structure of Europe. Points 8 and 9 of Annex 1 to the Riga Declaration call for specific support measures:

*“8. It is important to provide territorial support measures that are comprehensive and flexible enough to enable any type of territory – urban, rural and areas with specific geographic features – to make the most of their territorial potentials.”*

*“9. Due to interdependency of SMUAs and other territories and their multi-sectoral challenges support measures need to be provided in the form of integrated and place-based mechanisms.”*

With regards to the EU Urban Agenda, *the topic of small and medium-sized cities should not be considered as an individual priority on the agenda, but as a horizontal topic to be dealt with under all thematic priorities of the EU Urban Agenda.* A horizontal focus on the challenges of small and medium-sized cities under the different thematic priorities will further help to promote the recognition of these types of cities in EU-level strategies and the financial instruments of ESIF.

#### **Cross-border polycentric regions**

A number of cross-border polycentric regions have developed joint cross-border development strategies at the regional and local level. One of the main problems is that these strategies are only rarely recognised by higher-level authorities or integrated into national, transnational, or European territorial and sectoral development strategies. As a consequence, joint cross-border development strategies often lack the necessary legitimisation, are not translated into concrete actions, or tend to operate in a vacuum. *The integration of cross-border development strategies into national, transnational, and European development strategies could improve multi-level and cross-sector coordination, foster long-term commitment to cross-border cooperation, and harness the under-used potential of cross-border polycentric regions.*

The discussions so far have shown that there is a demand for the *exchange of experiences and good practices among cross-border polycentric regions.* One solution would be the *establishment of a dedicated platform,* within existing institutions and structures, that would bring together at least

once a year the relevant actors and stakeholders. This platform could be hosted by the Committee of the Regions. Areas of particular interest are the use of financial instruments and governance mechanisms. In reference to financial instruments, one of the most pressing issues is the lack of experience with regards to the use of ESIF programmes and instruments at the local level. The exchange of experiences and good practices could further encourage the use of programmes or instruments like Interreg and Integrated Territorial Investments (ITI). In reference to governance mechanisms, knowledge exchange could spread innovative solutions regarding effective multi-level governance and the involvement of the business sector as well as civil society.

There is a *lack of comparable national as well as cross-border data* that would provide a shared understanding of the potentials and challenges in a given cross-border region and would help actors to define cross-border development strategies. EUROSTAT should improve the availability of such data. The knowledge base and evidence on cross-border polycentric regions could be strengthened by developing indicators for monitoring and evaluating the output, results, and impacts of cross-border development strategies and actions. In this context, ESPON, the European Commission and Interact can play a particular role. These European initiatives could be complemented at the national, regional and local level by cross-border observatories for the collection and production of comparable cross-border data. It should be mentioned that work on this issue is under way at the initiative of a group of countries under French leadership with the active participation and support of the European Commission.

#### **4. Questions for the Ministers responsible for Urban Policy**

With reference to the conclusions, the Luxembourg Presidency would like to receive feedback from the Ministers on the following guiding questions:

- 1) Where do you see the added value of cross-border polycentric regions with small and medium-sized cities as urban backbone? To your experience, how do these regions contribute to the overall EU objectives of smart, inclusive and sustainable growth?
- 2) What kind of support would you like to suggest with the aim of strengthening and unlocking the potentials of the cross-border polycentric regions? In that context, which actor could do what?