

# An urban agenda for the European Union

## Views and Perspectives of the Association of German Cities


Beiträge zur Stadtpolitik

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# **An urban agenda for the European Union**

**Views and Perspectives  
of the Association of German Cities**



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## Preface

At times when refugee movements and migration are posing a major test for the European integration process, it is especially the cities in the most affected Member States which face extraordinary challenges.

Cities are places of integration and identification, this was true long before the growing influx of refugees. Where can the internal cohesion of Europe be encouraged, if not in the cities? Around seventy percent of the regulations set out under European law affect the local authorities. Today's European policy is local policy in many areas. Cities as the tier of government closest to the citizens are both recipients and deliverers of European policies to and from the citizens. Cities create an environment in which citizens become more responsive to many issues, this is also true when it comes to European topics. It is in cities where many issues, European topics among them, become tangible for the citizens. As a result, the local authorities want to play a role in the shaping of Europe and thus take their responsibility towards the success of the European integration process seriously.

The Association of German Cities therefore welcomes the European Commission's initiative of dedicating greater attention to cities within the European Union. The variety of relationships indicates that most of the political objectives of the European Union could not be put into effect without the local authorities, which is why they must be recognised as full partners within the European Union. Europe can only come to fruition based on partnership.

The project of an urban agenda for the European Union is an important step towards a real partnership with the local authorities. This intention is what we want to support with the hereby presented urban agenda for the European Union by the Association of German Cities.



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# Elements of an urban agenda from the Association of German Cities for Europe

## Prologue

On 17/18 February 2014, the European Commission met for an event entitled “Cities of Tomorrow: Investing in Europe” to initiate a debate on the design of an urban agenda for the EU. In the introduction to the event programme, the then EU Commissioner Johannes Hahn justified the considerations on an urban agenda for the EU as follows: “Cities are the place where the economy grows, where jobs are created, where we can best combat climate change and where scarce resources can be used more efficiently. Cities are the place where the opportunities for a sustainable future are at their best. Without cities, we would be unable to achieve our ambitious Europe 2020 objectives. The EU needs to count on its cities and we must ensure that the cities can count on us.”

The Association of German Cities welcomes the initiative of dedicating greater attention to cities within the EU. It will thus come into line with the reality in the European Union. Europe in the shape of the European Union is a continent of cities. 75 percent of the population live in cities, and 80 percent of European gross national product is generated in cities. Around seventy percent of the regulations set out by European law affect the municipalities either directly in their areas of local responsibility or in their functions as implementation instances for EU law at a national level. European policy is now municipality policy in many areas, while municipality policy is European policy. As a result, the municipalities want to play a role in the shaping of Europe and therefore take their responsibility of achieving success of the European integration process seriously. The variety of relationships indicates that the majority of the political objectives of the European Union could not become a reality without the municipalities, so they must be recognised as fully-fledged partners within the European Union. Europe can only become a reality based on partnership. The project of an urban agenda for the European Union is an important step towards a real partnership with the municipalities.





The Association of German Cities (DST) incorporates the 202 biggest cities and towns in Germany. So we feel that the debate on an urban agenda for the EU affects us in particular. We want to play a role in the creation of this kind of agenda to ensure our experience and perspectives are included. We see the development of an urban agenda for the EU as an opportunity to align European policy closer to the needs of the cities and thus bring it closer to the citizens. We also hope that a European urban agenda would take more into account the variety of municipal structures and skills and the self-administration culture and thus ensure a better correlation between the obligations of the EU Treaty and compliance with municipal self-administration and the strict application of the subsidiarity principle.

The urban agenda presented here by the Association of German Cities for the European Union specifies the policy areas of the EU with a municipal reference, describes the role of the municipalities in achieving EU policy objectives and, finally, highlights which requirements (framework conditions) need to be met by the EU in order for the municipalities to be able to make their contribution.


The mission statement of European cities is more current than ever. The city as a place for urban lifestyles, a place for communication, a place for integration and participation, as a quality public space is the basis for a thriving development of the European Union. The European Union, the Member States of the EU and the municipalities themselves are required to get involved such that the cities remain attractive for people and are places where they want to live and can live.

## Multi-level governance – a new partnership between the European Union and the municipalities

European integration can only succeed if the European Union is considered as a citizens' project. As a result, the preamble of the Treaty on the European Union invokes the "Creation of an ever closer union of the peoples of Europe, in which decisions are made as closely as possible to the citizen in accordance with the principle of subsidiarity [...]". The municipalities themselves represent the government level which is closest to the citizens. They are ideal for communicating Europe to the citizens and incorporating the concerns of the citizens about Europe into European policy. At the same time, in many areas, the municipalities are responsible for the implementation of EU law and, in line with their responsibilities (municipal self-administration), are important players in achieving the political objectives of the EU.

The institutions of the European Union are obliged by the Lisbon Treaty to "maintain an open, transparent and regular dialogue with representative associations and civil society," (Article 11, TEU). In order to utilise to its full extent the potential of the municipalities for a union which is closer to the citizens, the relationship between the EU and the municipalities needs to extend beyond simply involvement and consultation. The municipalities need to be partners in a European multi-level governance approach.

The idea of multi-level governance goes beyond the dialogue approach. Multi-level governance is based on the knowledge that the EU needs a coordinated approach based on partnership in order to be fully effective. If the EU is a multi-level project in this respect, it needs interaction between different levels, i.e. a multi-level approach to joint governance in the EU. Multi-level governance means partnership when it comes to designing and implementing EU policies. It is a structural principle behind all EU measures which has implications at a municipal level. Multi-level governance focuses on shared achievement of objectives without giving up on the principle of subsidiarity. It is about partnership and co-operation while still acknowledging the role, the potential and the needs of the municipalities in the process of achieving objectives. In this respect, the following from the initiative statement of the Committee of the Regions (CoR) from June 2009 applies:



“The upholding of the principle of subsidiarity and multi-level governance are inextricably linked to one another: One affects the authorisations of the different areas of responsibility, while the other focusses on interaction.” (80th plenary meeting; CONST-IV-020). And, finally, multi-level governance is also a process which is about incorporating municipality objectives into European Union strategies and considering the particular circumstances arising from, for example, the right to municipal self-administration. This also dictates the consideration of local self-administration by the union, which is entrenched in the Treaty on European Union (Art. 4, para. 2 TEU).

In a 2007 declaration on the occasion of the 50th anniversary of the signing of the Treaties of Rome, the heads of state and government of the Member States of the EU made a clear commitment to a new multi-level approach to European governance as follows: “There are many objectives we cannot achieve alone, but only by working together. The tasks are shared among the European Union, the Member States and the regions and municipalities.” The urban agenda of the European Union should take the opportunity of making this a serious proposition.


# A single market for Europe and its citizens: Cities working towards a competitive and social market economy

One of the key objectives of the European Union is to achieve a European single market. But this objective does not stand alone; it is embedded into a string of further objectives, such as orientation towards a social market economy and a union which promotes social cohesion and sustainable development (Article 3, TEU).

## Public services

In a single market based on a social market economy and in a Europe of social cohesion and ecological growth, municipal public services play a key role. Our society has a long tradition of numerous aspects of public services being provided by municipalities and public institutions. The municipalities take on an economic role, not in order to compete with others, but in order to fulfil public functions. The bandwidth of municipal public services ranges from provision of water, energy and infrastructure through the disposal of waste and waste water and public transport to education, homes, urban development, security and hospitals. It also includes social institutions, sport and event facilities, accommodation projects and cultural institutions. Municipalities also have responsibility when it comes to public safety, i.e. fire and disaster prevention and the emergency services. In line with public services, it is the municipalities' role to guarantee a comprehensive range of high-quality, equivalent, reliable services efficiently, cost-effectively and without discrimination. Preservation of the environment, conservation of resources and climate protection also play a role.

The perception that the municipalities are responsible for specific goods and services takes the form of a guarantee of municipal self-administration in Article 28, para. 2 of the German Basic Law and guarantees the municipalities the right "to govern under their own responsibility and in line with the law all aspects of the local community." This means the right to determine the nature and means of local public services is also within the organisational sovereignty of the municipalities.



This guideline also applies in relation to the European Union, as the Lisbon Treaty incorporates protection of municipal self-administration as an element of the national identity of the Member States into the EU Treaty. In addition to this, Article 14 of the Treaty on the Functioning of the European Union (TFEU) and protocol 26 attached to the treaty specifies the significance of the services which are of general economic interest for social and territorial cohesion and emphasises the “broad discretionary power of national, regional and local authorities” in the provision of these services.

Despite these general framework conditions for the provision of public services, the provision of municipal services within the European Union is subject to a large number of different regulations. The monitoring of government subsidies by EU competition law and the public procurement law both play a key role for the municipalities, as these regulations substantially shape the provision of public services. The regulations aim to guarantee the European single market. However, the guiding principle of European policy is always the idea of competition. The reinforcement of this important role and the broad discretionary power of the national, regional and local authorities, as well as the principle of subsidiarity and municipal self-administration by virtue of the Lisbon Treaty, do not protect the local authorities from EU policy, which is mostly unilaterally geared towards competition. Obligations to the common welfare, such as those fulfilled by the cities in line with their public services for the benefit of the citizens, only play a subordinate role. Municipal public services and European competition law are not mutually exclusive. However, they do require an EU competition policy which brings the interests of common welfare in reliable, high-performance public services better into line with the economic interests of a consistent single market. The existing variety of structures and facilities for public services guarantees supply reliability and secures humane living conditions. This means they are at the very heart of a modern, high-performance, democratic European Union.

## **Protecting public services in free trade agreements**

Municipal public services as a key element of an EU with a competitive market economy, which promotes economic, social and territorial cohesion, should not only be secured within the EU, but also given validity within the EU’s various free trade agreements against the backdrop of globalisation.

In February 2013, the European Union and the USA began negotiations on a Transatlantic Trade and Investment Partnership (TTIP). At the same time, negotiations began on breaking down trade barriers in the public service sector (TiSA – Trade in Services Agreement) between the USA, the EU and 20 further members of the World Trade Organisation (WTO) and the text of the trade agreement negotiated between the EU and Canada (CETA – Comprehensive Economic and Trade Agreement) was published in late 2014.

The cities support the objectives pursued by the agreement of breaking down trade barriers and improving investment conditions to promote the creation of jobs. However, free trade agreements conceal considerable risks for the public services for which municipalities and their companies are responsible and which they provide. It must be ensured that free trade agreements do not involve any compromising of the services which are important to the citizens.

Against the backdrop of ongoing negotiations on the TTIP and the other TiSA and CETA free trade agreements which are currently being negotiated, the central municipal organisations and the Association of Local Public Utilities (VKU) presented a shared position paper<sup>1</sup> in October 2014. In the position paper, the associations declare themselves in favour of the comprehensive protection of public services, such as water supply and waste water disposal, local public transport and hospitals and also reject market access commitments. The municipalities are currently guaranteed organisational freedom and this must not be replaced by processes geared exclusively towards competition.

It is important that the EU ensures that the traditional cultural promotion through the federal states and, above all, the municipalities in the form of the maintenance of their own facilities (theatres, museums, libraries, etc.), through sponsorship through civil and voluntary commitments and through organising their own events is exempt from any trade agreements. The peculiarities of the social and health services carried out in Germany, including free welfare work, for example, must also be protected from regulations within free trade agreements. The joint position paper published in October 2014 on international trade agreements and municipal services can be accessed here.

At the same time, there must be comprehensive transparency over the negotiations and municipality involvement in the negotiations at the EU level,

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1 The joint position paper published in October 2014 on international trade agreements and municipal services is available online at [www.staedtetag.de](http://www.staedtetag.de) via „Fachinformationen“ and „Wirtschaft“.

similar to the municipality involvement via the TTIP consultative committee of the Federal Ministry of Economics at a national level. The investment protection clauses that were previously standard and arbitration courts governed by the private sector are also rejected.

## **Value added tax on inter-communal co-operation**

In municipal practice, significant savings potential and performance improvements can be achieved if the cities, municipalities and districts work together with other municipalities on carrying out their public duties. Public co-operation arrangements have an advantage over co-operation with private sector companies inasmuch as public administration in sensitive infrastructure and service sectors remains completely under public control.

The design options for public-public co-operation are increasingly determined by European public procurement and value added tax laws. The latest version of the EU public procurement directive in 2014 includes preliminary regulations to secure inter-communal co-operation opportunities. Article 12 of the EU public procurement directive is a clarifying regulation which excludes typical public-public co-operation formats from the area of application of the directive. This means that, in line with the terms of the directive, the municipalities can decide for themselves whether to use exclusively their own personnel and resources to carry out their public sector responsibilities or call upon the support of other municipalities without having to give private players an influence on public administration, a move which would be unpopular among citizens.

However, the EU turnover tax law is lacking a comparable clarification to exclude inter-communal co-operation agreements from turnover tax obligations. However, it is regularly the case that inter-communal co-operation is only economically viable relative to providing the service independently if the efficiency gained from co-operation is not eaten up or even exceeded by additional turnover tax liabilities. This means that turnover taxation regularly leads to an actual ban on co-operation for the municipalities and a resulting attack on the right to municipal self-administration which is not acceptable at a regulatory policy level. As a result, the co-operation agreements between cities, town councils and districts which are purely private sector must be classified and handled as internal public sector procurement processes which are not market-related both internally and in terms of turnover tax.

# Sustainable and integrated urban development in Europe: Organising growth and contraction, leveraging potential, ensuring social cohesion and preserving a healthy environment

As the driving force behind European development, cities face massive challenges with respect to globalisation and structural, demographic, social and climate change. Added to this are local issues, such as empty property or housing shortages which cannot be handled using standard regulations and require individual solutions. There is evidence of cities drifting apart in terms of both economic and social development, not only in the different member countries, but also within Germany. At a European level, an increasing imbalance can be observed which makes the situation all the more difficult for cities in crisis-struck countries to fulfil even their obligations, let alone voluntary commitments. Given the scarcity of public funds, this discrepancy is set to worsen in many member countries.

## Leipzig Charter

The Leipzig Charter on Sustainable European Cities recognises the European cities, which have grown over the last decades, as “a valuable European economic, social and cultural asset,” which needs to be protected, reinforced and developed. It sets out the areas where action is still required, such as economic prosperity, social balance, healthy environment and cultural and structural quality and should be seen as a mission statement for the European cities of the future.

The Leipzig Charter’s appeal for more holistic strategies and coordinated action by “all the persons and institutions involved in the urban development process” and for improved coordination among sector political areas and a new awareness of responsibility towards an integrated urban development policy is in line with the EU Commission’s plans to create an urban agenda.

“In the long run, cities cannot fulfil their function as engines of social progress and economic growth [...] unless we succeed in maintaining the social balance within and among them, ensuring their cultural diversity



and establishing high quality in the fields of urban design, architecture and environment” – this sentence seamlessly links the Leipzig Charter, which was, at the time, based on the aims of the Lisbon strategy, to the current Agenda 2020.

Meanwhile, changes to the economical, demographic and, in some parts, migratory framework conditions have forced an amendment to the measures required to achieve the objectives defined. Current issues like youth unemployment and poverty immigration have highlighted the problem of both small-scale segregation and massively different levels of development within Europe.

## **Integrated urban development planning / Integrated approach in the EU**

Because of the challenges detailed and big differences in starting position, especially on a small scale, there is a need for sustainable, integrated urban development strategies based on social, economic and ecological considerations to secure quality of life for future generations. Therefore, the implementation of integrated strategies requires equilibrium to be created between the different dimensions of sustainable urban development. In this respect, integrated urban development strategies are very important as they are designed to be comprehensive in terms of areas and levels, cover a wide bandwidth in terms of subjects, cover different financial and support instruments and involve different interest groups.<sup>2</sup> As an informal instrument, integrated urban development planning represents an interface between different subject areas and coordinates both between geographical levels and also between specialist planning departments.<sup>3</sup> Cities should be crystallisation points and driving forces for economic, cultural and social development. This can only happen if their potential is increased by means of geographical planning. The control capability in planning have been tried and tested in practice over many years. They are appropriate and necessary and can be applied specifically and with legal certainty. The promotion of public-private co-operation and citizen commitment

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2 The April 2013 position paper on “Integrated urban development planning – strategies and instruments for sustainable urban development” by the Association of German Cities is available online at [www.staedtetag.de](http://www.staedtetag.de) via „Fachinformationen“ and „Stadtentwicklung, Bauen, Wohnen“ in German and English.

3 See also position paper on “Planning and construction culture in integrated urban development” by the Association of German Cities dated December 2014, available online at [www.staedtetag.de](http://www.staedtetag.de) via “Fachinformationen” and “Stadtentwicklung, Bauen, Wohnen”.

often plays an important role when it comes to the implementation of urban planning measures.<sup>4</sup>

The cities see themselves as responsible for identifying geographical, social, cultural and economic opportunities and risks at an early stage and ensuring equal opportunities for different social groups and generations and for men and women. The attempt to glorify the technical apparatus of digital control and networking under the label of the “Smart City” as a new, urban mission statement must be critically considered from the perspective of an integrated urban development policy which is obliged to consider the common welfare. The contribution of new technologies to the focus on the common good in urban development planning and to geographical and social equal opportunities therefore needs to be investigated in more detail and incorporated into the mission statement for a sustainable European city.

The objectives of integrated urban development can only be achieved by means of a functioning and responsible policy which overcomes the sector-based separation of different roles and acts on an integrative basis. The cities are already implementing planning measures which span wide areas and different departments with the help of integrated urban development strategies. Many of these integrated urban development strategies, citizen participation schemes and modifications of organisational structures are evidence of this.

Structural policy has real significance when it comes to the development of the underdeveloped regions of Europe and/or those undergoing structural change. Therefore, the cities welcome the EU’s plans to focus more strongly on the principle of partnership and the urban dimension. This means, providing it is implemented in the relevant member countries, that the municipalities can then become more involved in the implementation of the programmes, which also responds to a demand from the municipalities. A restriction to a few municipality-related support focus points should be welcomed in order to prevent a scattergun effect. However, this should not lead to important society challenges being neglected by the support programmes. For the current support period, it is desirable that the support focuses more on the current municipality issues and thus less

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4 An April 2013 working paper on “Culture of involvement in integrated urban development” by the Association of German Cities is available online at [www.staedtetag.de](http://www.staedtetag.de) via “Fachinformationen” and “Stadtentwicklung, Bauen, Wohnen” in German and English.

on small problem areas. The fact that the urban dimension is set to at least 5 percent shows that the EU has recognised the problems in the cities. However, increasing the quota to at least 10 percent and reinforcing the integrated urban development approach would also be desirable from a municipality perspective.

## **Standardisation**

German cities are fundamentally against restricting the municipal room for manoeuvre as it would be contrary to the approach of integrated urban development and would encourage a sector-based consideration. The cities are therefore concerned about the efforts which are currently ongoing at both an international and a European level towards the standardisation of sustainable urban development and various Smart City approaches. Standardisation is now intruding into many social and political areas. It has also become increasingly internationalised and comprehensive, and in the case of international standardisation is increasingly removed from the sphere of influence of the relevant national standard users (government, federal states, municipalities, industry, engineers, architects, trades, etc.). This applies in particular to the construction sector, where standards, including those introduced by the general buildings inspectorate, become the acknowledged rules of technology or are enshrined in law to become binding for all users. However, the objective should be to develop practical standards which serve as the acknowledged rules of technology but also bring legal security to national requirements for construction products and building projects in practice. An alternative to standardisation, politically legitimated tools for self-evaluation in cities, such as RFSC (Reference Framework for European Sustainable Cities) could make a contribution to integrated urban development. Against this backdrop, there is a need for a critical evaluation of both the existing political framework and the current procedural structures of standardisation processes, which are clearly manufacturer and interest-oriented and barely satisfy the requirements in terms of involvement of the relevant corporations and monitoring of consequences.

## **Climate change**

The major part of the greenhouse effect and the associated climate change is caused in metropolitan areas. So it is also expected that the cities develop sustainable urban future models with a view to reducing climate-related

trace gases. For years, German cities have been working intensively on measures to improve climate protection (mitigation) and to adapt to climate change (adaptation). As well as saving energy and using renewable energies, the focus is both on energy-based building renovation and promoting environmentally-friendly transport. The related position papers from the Association of German Cities provide strong evidence of this.<sup>5</sup> The aim of the municipality efforts must be to minimise the consequences of climate change.

Over the next few years, climate policy must be the focus of European efforts to improve environmental protection. These cover strict monitoring of the European emissions reduction targets for the year 2020, which have already been decided, reforming the emissions trading system within the EU, further reduction of emissions from transport and further reduction of greenhouse gas emissions from other areas (e.g. reducing energy consumption for residential and commercial buildings). The European Union should see itself as the driving force behind European climate policy and create financial incentive systems in the political areas by means of structural funding policies for the period from 2014 to 2020 as well as increasing research activities. Within the framework of a policy of this kind, the emphasis should be on the social and economic aspects and the opportunities to improve climate protection policy. Experience across Europe shows that massive investment into environmentally-friendly technologies and energies helps to create “sustainable” jobs. In this respect, the European Union should continue to support the expansion of renewable energies and increasing energy efficiency, without setting uniform regulations which would restrict national strategies. The European domestic market and competition policy must be better geared towards the European energy policy and the triumvirate of ecology, supply reliability and affordability.

At the same time, the European Union should focus more strongly on the measures necessary to adapt to climate change. Climate change brings with it major challenges. Strong precipitation, periods of drought and storms will continue to increase risks for the inhabitants of the cities, the municipality infrastructure and urban parks. This requires additional adaptations when it comes to the operation and expansion of the infrastructure. These

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5 Position paper on adaptation to Climate Change – recommended measures to be taken by and for cities”, dated June 2012, and “Actively shaping climate protection and energy policy”, dated June 2014; Position papers from the Association of German Cities; both available online at [www.staedtetag.de](http://www.staedtetag.de) via “Fachinformationen” and “Umwelt”.

additional investments cannot be borne by the cities alone. Therefore, the European Union needs to provide greater financial support for investment into the regions affected. Accompanying scientific research also needs to be taken to a new level across Europe. As well as flood defences, water supply and waste water disposal, this mainly relates to efficient and low CO<sub>2</sub> energy supply and also, for example, target group-oriented healthcare and disaster prevention.

## **Municipal energy management / Renewable energies / Supply reliability**

In order to preserve a liveable environment, Europe needs an increasing level of investment into renewable energies, considerable improvement in energy efficiency and better coordination when it comes to grid expansion. The aim is to promote the prevailing decentralised structures, which conceal many opportunities. Without effective co-operation between the European Member States, the German energy revolution cannot succeed and the potential of renewable energies in Europe cannot be exhausted. This means adapting the European framework conditions.

The municipalities in Europe are utilising their opportunity to use renewable energies within their own sphere of influence and encourage the expansion of renewable energies via their companies. At the same time, many municipal services companies offer specific, needs-oriented energy services for citizens and companies to leverage significant potential for energy saving. Modernising the energy systems in public buildings plays an important pioneering role in this respect.

Therefore, the aim is to create common framework conditions as the basis for the promotion of renewable energies and gear EU funding programmes more towards increasing energy efficiency whilst opening them up for municipality players, as is already partially the case in the current cohesion policy for the period of 2014 to 2020.

The expansion of renewable energies and the increase in energy efficiency should go hand in hand with the other objectives of economic viability, supply reliability and environmental compatibility. A high level of supply reliability must be provided to the citizens for a reasonable price, without undermining public supply structures or player diversity at a municipal level.

EU activities are heading in the right direction with the publication of the “Framework for a climate and energy policy 2020-2030”. The municipalities want to support the EU Commission on this and offer valuable assistance in implementing the objectives of the energy and climate policy.

- **Expansion of the electricity grid**

In order to press ahead with the aims of encouraging climate protection and renewable energies, the pace of expansion of the transfer and distribution network needs to be increased. The expansion of the electricity grids must take into consideration the European and national expansion objectives for renewable energies.

Increasing acceptance and involving the population in large infrastructure projects such as expansion of the network are extraordinarily important when it comes to the implementation and success of expansion projects. The cities have numerous comprehensive skills in citizen participation schemes which can be utilised. An EU-wide information campaign to produce a dialogue on network expansion and involve the citizens could help improve acceptance of grid expansion. Those affected also need to be better informed about necessary measures, possible alternatives, risks and consequences of the implementation of large infrastructure projects. The central municipal organisations in Germany and the four transfer network operators published a joint position paper<sup>6</sup> in January 2015 on effective and transparent citizen involvement which provides important impetus for discussion at a European level.

- **Energy market model**

In the era of the European domestic energy market, guaranteeing supply reliability needs to be more considered at a European level. It is no longer merely a national concern. Power cuts in the EU Member States have an impact across continental Europe. Against the backdrop of the expansion of fluctuating renewable energies, the energy system needs a high level of flexibility in order to balance out fluctuating supplies and guarantee system stability. The technologies required to do this are already available and ready for market, but cannot hold their own in the market, especially in

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6 The “Information and dialogue on network expansion” position paper from January 2015 is available online at [www.staedtetag.de](http://www.staedtetag.de) via “Fachinformationen” and “Energie”.

Germany, because of the dysfunctional emissions trading and the resulting inadequate financial basis. The cities and their companies therefore need to be made able to operate new, flexible, highly efficient fossil power plants on a cost-effective basis. The Association of German Cities is in favour of a decentralised power market as a capacity mechanism. A decentralised power market operates without conflict within the integrated EU energy market and focuses on cost-effectiveness, system stability and supply reliability, contributions to climate protection, low space requirements, regional distribution of power generation and power demand and macroeconomic costs and value creation.

## **Air quality**

The steadily increasing volumes of car and HGV traffic cause considerable air pollution, especially in the big European metropolitan areas. They have a negative impact on the health of the citizens affected and jeopardise the cities as places to live.

The municipalities' efforts to reduce traffic emissions by means of urban and traffic planning and regulatory measures are reaching their limits. Therefore, in order to improve air quality in the cities, it is a crucial requirement finally to prioritise measures at source. Therefore, the European Union should quickly and, more importantly, at the same time, implement the stricter exhaust standards set out in the EU Air Quality Framework Directive not only for new cars but also for existing cars and HGVs. But the stricter exhaust emission standards should not only be restricted to cars and HGVs, but also introduced for existing transport shipping, especially on inland waterways. Further improvements to technical standards in this area promote the development of environmentally-friendly technology and thus make a contribution to a sustainable environmental and economic policy in Europe. They also increase the competitiveness of European companies.

## **Noise protection**

The German cities have made it clear to the government and the federal states that the implementation of the EU Environmental Noise Directive dated 25 June 2002 into national law has not yet been satisfactorily resolved from a municipal perspective. On the one hand, the cities are obliged to produce noise maps and draw up noise action plans. On the other hand,

the German and European legislators have failed to provide the cities with appropriate funding, especially for the expensive implementation of noise action plans. The finance required for effective noise mitigation for roads adopted by the municipalities in Germany alone is estimated at around two billion euros. So there is an urgent requirement for not only the government and the federal states but also the European Union to provide financial assistance for the metropolitan areas which are most affected. In conjunction with the reworking of the EU Environmental Noise Directive, checks must be carried out to determine the extent to which differentiated thresholds are required across Europe for effective noise mitigation in the interests of the citizens of our cities, as was the case for the EU Air Quality Framework Directive.

When expanding and operating the routes of the TEN-T network, the aspects of transport safety and noise protection must be given real priority. The Association of German Cities invites the European Commission and the European Parliament to support the rapid refitting of freight wagons with reduced-noise brake technology by means of a comprehensive funding programme in order to improve the environmental benefits of rail transport even further.

## **Cities as holders of water-management functions**

The cities in Germany are involved in water management in a number of ways. They are largely responsible for water management within their settlement areas. This includes supplying the population with drinking water, including protecting springs and monitoring quality, collection, transport and purification of waste water, diversion and leaching of precipitation water, disposal of sewage sludge, enriching of groundwater, maintenance of bodies of water, securing the quality of bathing water and flooding and tidal defences. These complex and complicated tasks represent real challenges for municipal administration and necessitate high levels of investment and increased co-operation at a local and regional level in order to provide cost-effective solutions in the interests of the citizens.

The existing structures have proven their worth in fulfilling these tasks efficiently and producing quality results. They will also be able to face up to the challenges of municipal settlement water management in the future. Instead of considering the competition on a selective basis, an integrated approach is required, with a clear reinforcement of municipality jurisdic-



tions in order to be able to overcome the challenges of climate change, demographics and disaster prevention. This is the only way that efficient, citizen-friendly and cost-effective solutions which are gentle on resources can be achieved.

## **Municipal waste management – an urban task**

European and national legislation recognises waste management as a municipal task. Over the last 40 years, German cities have provided decisive impetus for further development and citizen-friendly solutions. They fulfil this role in such a way that safety, cleanliness and tidiness can be guaranteed throughout the entire settlement area. They provide their citizens with a comprehensive, reliable and cost-effective disposal infrastructure. Based on integrated waste management strategies, the municipal representation bodies define the extent to which drop-off or collection systems are used and the differentiation systems for waste collection. As well as the mandatory removal of residual waste, there are now differentiated collection systems for organic waste, paper, glass, plastics, etc. Resource protection, reuse and recycling are also very important for the local authorities.

Increasingly, the bundling of all the material flows, i.e. assembling, marketing and processing them (incineration, composting, fermentation) involves cooperative solutions. In order to achieve these goals, cities are increasingly relying on regional co-operation agreements and/or involving private partners. In order to provide better and more sustainable impetus for regional material flow management, there needs to be increased responsibility for disposal at a city level. Isolating individual attractive material flows from the cities' responsibility for waste disposal and assigning them to a competitive market would only accentuate the city investment and planning risks and increase the risk of "stranded investments". In times of increasing scarcity of resources and in order to implement the EU waste hierarchy, it is crucial that cities provide a suitable collection and recycling infrastructure. This requires both high environmental standards and a clear assignment of roles to give the option of refinancing the infrastructure provided by means of fixed fees.

## **Sustainable area management**

Due to the use of areas for settlement and transport, valuable nature and species conservation resources are lost every day. Sustainable development of settlement and protection of areas means alternatives to "building

on green field sites". Therefore, the European Union should support the cities in their efforts to reinforce internal development, protect previously untouched areas, reduce soil sealing to what is absolutely necessary, preserve and connect important ecological spaces by means of ground protection and make industrial wastelands and other contaminated areas usable again. The aim is give species conservation and biodiversity priority in terms of saving space, even if they are contrary to the interests of internal development.

## **Biodiversity**

As well as handling the consequences of climate change, maintaining biological diversity is one of the key challenges of the 21st century. Protecting biodiversity is an integral part of sustainability strategies at an international, European, national and regional level.

The cities have a high level of responsibility for the conservation and promotion of biological diversity, which is generally characterised by a high level of species diversity. Many cities have already drafted a biodiversity strategy or are in the processes of doing so. However, species diversity can only be preserved or restored if the area around the cities and, in particular, agriculture is involved. This means the European Union needs to gear its agricultural policy more strongly towards the requirements of environmental protection and biodiversity.

## **Sustainable, climate-compatible and resource-efficient transport policy**

The EU "Transport White Paper" from 2011 forms the basis for European transport policy. Its content and further implementation is viewed positively by the central municipal organisations as a way of organising transport in the cities such that it is more sustainable, climate-compatible and resource-efficient. Therefore, the Association of German Cities welcomes the Commission's plans for a mid-term review of the White Paper in order to assess progress made and propose further measures to achieve the targets. Given the dramatic increase in freight transport, it includes reinforced and stricter regulations on noise and emissions for HGVs and a more strict policy for moving the expected increase in road freight onto the rails. If no measures are taken at source, including those relating to cars with reduced

pollutant and CO<sub>2</sub> emissions, the efforts of the cities to limit traffic emissions will not have the desired effect.

- **Public transport services**

The definition and planning of local public transport is the role of municipalities. They are responsible for the planning, organisation and financing of local public transport. Plans for sustainable public transport must therefore be introduced in the EU as optional regulations or directives only, in order to standardise existing approaches in Europe and Germany. The municipalities must not be faced with unpredictable cost risks as a result of regulations on the takeover of rolling stock. The right of the municipalities to define public service contracts for local public transport must not be curtailed beyond the requirement for economic viability and economy.

The revision of the ordinance on public transport on road and rail<sup>7</sup> needs to be deferred beyond the Fourth Railway Package to allow further development of local public transport. It also needs to be discussed on the basis of an evaluation in Europe scheduled for 2015. Unlike passenger rail services, the direct awarding of public transport services must explicitly be maintained as the cost-effective equivalent option and not made difficult by restrictions and requirements for justification.

- **Urban mobility**

Urban mobility is a key element of urban transport and mobility planning and is subject to municipal planning autonomy. In the continued development of instruments to control urban mobility, targeted promotion must take precedence over regulatory instruments. Work on sustainable urban mobility plans (SUMP) can therefore be progressed in line with EU promotional projects, but SUMPs should not be presented to the municipalities as binding Europe-wide plans because they lack flexibility and the solutions need adapting on a local basis. The existing regulations on restricting access to city centres by means of environmental or pedestrian areas do not need regulation at a European level. Standardisation makes sense when it comes to labelling vehicles which meet high environmental standards

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7 Ordinance (EU) 1370/2007 of the European Parliament and the Council dated 23 October 2007 on public transport on rail and road and to revoke the Council's Ordinances (EEC) no. 1191/69 and (EEC) no. 1107/70

(environmental badge) and for making electric vehicles easily recognisable in road traffic (electric badge). The promotion of measures to increase pedestrian and cycle traffic and using local public transport based on modal split should be welcomed.

- **Air traffic**

Regulations on standardised European air space, on noise-related operational restrictions for airports and on organising ground handling services must be defined in order to promote quieter aircraft, ensure compliance with noise zones and night flight bans and ensure no additional space is required at the airport sites. In some cases, national approaches may make sense.

- **Electromobility**

There should not be ordinances or directives to shift promotion of electromobility to the municipalities. The charging infrastructure, labelling and vehicle parameters must be agreed and standardised by means of norms and directives. Essentially, financial incentives for municipality use of fully electrically powered vehicles are a good way of pursuing sustainable, environmentally-friendly and quiet mobility in cities. The more detailed design of limited privileges must be the responsibility of the Member States, while the regulation of stopping, parking and release of through traffic bans is down to the municipalities.

## **Municipalities as providers and users of geodata**

The desire or obligation to make public, non-personal data available to everyone and ensure greater transparency, involvement and co-operation through open government and administration is based on European, international and national agreements and statutory regulations. These include, for example, the environmental information directive<sup>8</sup>, the directive on the further use of public sector information<sup>9</sup> and the INSPIRE directive<sup>10</sup> to create a geodata infrastructure within the European Community. In June

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8 Directive 2003/4/EU on public access to environmental information

9 Dated 17 November 2003 (directive 2003/98/EU on the reuse of public sector information, modified by directive 2013/37/EU dated 26/06/2013).

10 Directive 2007/2/EU dated 14/03/2007 by the European Parliament and the Council on the creation of a geodata infrastructure in the European community is normally known as the "INSPIRE directive" (Infrastructure for Spatial Information in the European Community).

2013, the G8 States released the Open Data Charter, committing them to widespread publication of administrative data as “Open Data”.

It is no longer possible to imagine daily life without geographical data, or geodata, as the basis for private and public sector activities. As data producers and suppliers, cities and their departments have high quality digital geodata which represents a significant proportion of the total volume of geodata in Germany. The current, accurate geodata held at a municipality level forms a major basis for overcoming the varied and increasingly complex responsibilities of administration and politics. Nearly all decisions and areas of action are related to geodata, which has become an important element of modern administration management and is rapidly becoming more important. Geodata creates added value and potential value creation for the citizens, the economy and science. Geodata infrastructures, services and applications have already produced innovative technologies for the processing of space-related “Big GeoData”. As a key to the challenges faced by 21st century society, geodata can play a substantial role in supporting key political objectives and social issues, such as an environment-related energy revolution, sustainable economic growth, and demand oriented urban and regional development and transparent administration. Municipality geodata management which goes beyond specific departments and areas enables a completely new quality of information, which will undoubtedly involve personnel and financial resources.

In times of limited budgets, the economic benefits which could be achieved are of particular importance. These could include, for example, the increase in economic viability at a municipal level thanks to the use of geodata infrastructures or the use of synergy effects by amalgamating different data and methods and thus avoiding costly and time-consuming collation of data from different sources.

Modern administration is increasingly determined by efforts to ensure transparency, participation, inter-municipality co-operation, free data and public interfaces. Without doubt, the comprehensive provision of information and stronger citizen involvement are now among the performance criteria for public administration bodies. There is broad agreement that the majority of the geodata held at municipal level can be made available to the public in line with data protection regulations in order to ensure the greatest possible transparency, give them early information and get them involved in decisions.

However, it is clear that the citizens, the economy and science do not yet have full access to valuable municipality geodata. The German Federal Government has acknowledged the Open Data Charter of the G8 Summit on the provision of authority (geo-)data, but this has not yet filtered through to all federal states and municipalities.

In order to support the increased use of geodata as an integral part of municipal business processes at a municipal level, special funding programmes by the European Union would be very helpful, especially when it comes to overcoming the associated technical challenges. This would also allow an increase in the support for the use of geodata by municipalities, which is often still lacking in politics and on the high-levels of administration.

### **Setup of a European geodata infrastructure (INSPIRE directive)**

The 2007 Directive to create a geodata infrastructure in the European Community, known as the “INSPIRE Directive”, obliges EU Member States to a gradual setup of a pan-European geodata infrastructure (GDI) by the year 2020. The basic objective of INSPIRE is to allow the pan-European provision of data to the public, administration, business and science to ensure a consistent European environmental policy and allow use by other political areas, involving all levels of administration.

Because of the federal system, the implementation of the INSPIRE Directive in German law involved one federal law and a further sixteen state laws. This results in real diversity in legal regulations, which means the cities, communities and districts across Germany are affected to different extents. This is a problem because INSPIRE cannot work comprehensively and satisfactorily without the municipalities, as the majority of the data required for state-specific, national and European geodata infrastructures is recorded and maintained at a municipal level.

From a local point of view, there is also no dispute over the objective of improving services for data users. With the help of geodata infrastructures, (municipality) geodata management systems triggered by the implementation of INSPIRE can support effective management and processes in administration and help achieve political objectives such as citizen involvement, transparent administration, e-government and open government, the energy revolution and much more. On a positive note, it should be noted that

some municipality geodata infrastructures have reached high standards of development earlier as a result of INSPIRE.

The implementation of INSPIRE will offer municipalities added value and considerable opportunities. As things currently stand, the benefits and added value are difficult to demonstrate and measure, which is the biggest barrier to acceptance of INSPIRE in politics and at municipality management levels. Some of the municipalities have real problems in understanding the real sense of INSPIRE and are therefore asking about the specific benefits to be derived from the data to be provided. The question is often asked as to whether it can actually be expedient that all those involved, even very small offices maintaining geodata, have to clarify how they themselves are affected, especially as many municipalities lack the know-how, the personnel and the financial resources. The municipalities feel the necessity of dealing with multiple 1000-page data specifications and implementation regulations in English on the topic is an imposition, with the consequence that they are not looking at the texts at all. There is some uncertainty and a lack of concrete information on the depth/granularity of what the cities are obliged to deliver. There is also a lack of usable IT tools for data standardisation and bundling and for data transmission.

If the EU Commission requires usable geodata, it needs in all seriousness to answer the question as to the added value at a European level represented by, for example, providing access to an estimated two million German zoning maps. The issue of “INSPIRE and land-use plans” is stirring up feeling because the specific requirements of the municipalities are not clear and are not standardised across the country. The advocates of INSPIRE have also voiced some criticism: Many practitioners believe the INSPIRE data model is so complex “that we need to ask serious questions about its practical suitability”. For these reasons, INSPIRE is simply being ignored in many places at a municipality level, or it is suggested that the issue can only be tackled seriously if financial support is provided. Providing the questions raised by politicians and mayors cannot be satisfactorily answered, support from the municipality management level for the setup of geodata infrastructures and thus the implementation of INSPIRE cannot generally be expected. In order to give INSPIRE a chance at a municipal level in Germany, there is an urgent need for standardisation and coordination, modernisation and support from the EU Commission in the form of explanations and specifications on the complex regulations of the INSPIRE directive and the provision of sufficient EU funding for the implementation of INSPIRE at a municipal level.

## **A social union which offers citizens equal opportunities, employment, educational opportunity, social security and equal participation**

The cities of Europe are the nucleus of social integration. Therefore, local integration is one of the key functions of urban policy in Europe. There are a range of integration processes happening in the cities. The cohesion of society in the Member States and in the EU as a whole is substantially influenced by the success of this integration process. No other social or government level can replace this function of cities. The cities play an important role in the consolidation of Europe. The immigrant citizens live and work at a local level, where social life is lived, contacts and neighbourhoods are established and EU citizens can exercise their rights. It is at the local level, where it is determined whether integration is successful and whether people succeed in living together peacefully and prosperously. It is also the place, where the consequences and impact of failed integration attempts are experienced most directly. The cities cannot set the framework conditions single-handedly; they require support in order to accomplish successful integration.

### **Migration and integration**

According to their remits, the cities of Germany are responsible not only for general welfare services, but also for providing services for asylum seekers and refugees. They fulfil this role way beyond the mandatory statutory regulations, also providing services on a voluntary basis and making an effort to create the conditions for successful integration at a local level. Given the current immigration of refugees, the cities in Germany face massive challenges and are increasingly reaching the limits of what they can achieve. A distinction needs to be made between migration flows within the European Union and immigration from outside.

### **Migration from non-European countries**

German cities are standing by their responsibility of taking in people from crisis regions for humanitarian reasons. The cities feel a duty to provide the basic right of asylum for victims of political persecution and abide by the Geneva Refugee Convention. However, the significant manageable



burdens that have been caused by the dramatic increase in refugee numbers (approximately 1.1 million people arrived in Germany in the past year) are unmistakably present.

The Association of German Cities expects the Federal Government to do everything in its power to achieve a reduction of immigration to Germany and that the Federation and the Federal States intensely support the integration of people with the prospect of staying.<sup>11</sup>

The EU needs to work towards a consistent policy aiming to combat the root causes of migration and flight and to improve the conditions for refugees in the neighboring countries of their main origin measurably. The establishment of hot spots and initial registration facilities at the EU external borders in Italy and Greece has to be continued resolutely. A functional and permanent EU-wide mechanism for the distribution of refugees is a precondition for this.

## **Internal migration**

In terms of public perception and when it comes to actual management of the migration flows, the additional migration movements from European Member States to Germany are of particular importance. As a result of “poverty-driven migration” some of the hardest hit cities in Germany are seeing significant migration from people from South East Europe<sup>12</sup> which can be split into two distinct groups: on the one hand, there are well educated people who integrate quickly and are gratefully received by the German employment market, on the other hand are those who struggle with integration because of a lack of education or language skills, or other problems, but also in part put excessive strain on the receiving society.

It is a good sign that the current Federal Government has recognised the problems within Germany and taken the first steps towards supporting the cities affected. Because of the different levels of social security in the Member States, the migration movements are understandable from an

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11 The position paper published in May, September 2015 and January 2016 by the German Association of Cities on the accommodation and care of refugees and asylum seekers is available online at [www.staedtetag.de](http://www.staedtetag.de) via „Fachinformationen“ and „Flüchtlinge, Zuwanderung, Integration“.

12 A position paper approved by the Association of German Cities in January 2015 on questions relating to immigration from Romania and Bulgaria is available online at [www.staedtetag.de](http://www.staedtetag.de) via „Fachinformationen“ and „Flüchtlinge, Zuwanderung, Integration“.

individualistic perspective. In order to reinforce the idea of freedom of movement and improve acceptance among the population, it must be ensured that immigration from European Member States does not become an unreasonable burden on the social security system or is not perceived as such.

Improvements in the Member States without sufficient levels of social security are crucial in order to mitigate these reasons for migration. This applies in particular against the backdrop that the German cities feel beholden to the idea of freedom of movement and of Europe as a region of freedom, safety and lawfulness.

Future negotiations on entering the EU must pay particular heed to social security systems and the upholding of human rights. We see it as an essential requirement that the EU continues to stand up for a sustainable improvement to the situations of those affected in these countries. New applicants can only be allowed to join the EU if these inequalities are effectively evened out such that there would be no further cause for migration and the prospects for life in the country are good. Otherwise internal migration would be aggravated.

## **Fighting poverty / Long-term unemployment**

Fighting poverty and long-term unemployment is of significant importance in Germany. As a social state, Germany grants all people living here an income which is generally based on what is known as the socio-cultural subsistence minimum if they are in need. Extensive analyses are carried out using a comparative group from the lower income brackets to determine standard rates which go beyond the subsistence minimum and also enable participation in society. There are also a range of exception and addition regulations to guarantee that even special needs can be satisfied. In addition, costs of reasonable accommodation are paid. These services are available to both those able to work and those who are not. Those who are permanently incapable of working and those over the statutory retirement age do not need to rely on relatives, even if they are capable of paying, in order to fight what is known as the “poverty caused by being ashamed” in old age.

By means of extensive social programmes both at a local level and based on other federal and regional laws, help is provided to specific groups of

persons, with the qualification thresholds kept as low as possible. These include, for example, entitlements to childcare to allow parents to go out to work.

Unemployment in Germany has fallen sharply in recent years, with the same applying to the number of long-term unemployed. However, the level of long-term unemployment has stuck at around 1.1 million for five years, currently making up a little more than one third of all those in unemployment. The older unemployed and those without vocational training stand a disproportionately high risk of long-term unemployment, which often goes hand in hand with social exclusion and health problems. Given the ongoing problem of long-term unemployment and the resulting social consequences, fighting it is a major challenge for the future in the cities. Specific employment and participation options for the long-term unemployed as a target group need to be defined. Sufficient publicly funded, flexible employment, qualification measures and support and mediation in the workplace are crucial elements of allowing those distanced from the employment market and those with little or no qualifications which are no longer in demand in the employment market to take part in employment. Publicly funded employment should relate to roles required by society in the broadest sense, allow meaningful activities and, if the individual requirements are met, provide a stepping stone to the employment market.<sup>13</sup> In Germany, there is an increasing level of publicly funded employment in the private sector, which is also in line with social responsibility. Where possible, career stabilisation should also go hand in hand with social stabilisation. There are a variety of programmes for young people and young adults to prevent the onset of long-term unemployment and social exclusion where possible.

The cities are therefore in full support of the impetus from the European Union in line with “Europe 2020” and the European Social Fund to fight poverty and exclusion and support disadvantaged groups in the employment market, to be expressed in national programmes. The cities are directly affected by the consequences of social segregation and long-term unemployment as these have a direct impact on the local community, for example through excessive debt, homelessness, educational deficits and health issues. Direct sponsorship of decentralised projects to combat exclusion

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13 The “Public funded employment – participation in the employment market” position paper adopted in October 2013 by the Association of German Cities is available online at [www.staedtetag.de](http://www.staedtetag.de) via “Fachinformationen” and “Arbeit, Soziales”.

in the employment market would also be desirable. These would lead to locally adapted, holistic, flexible and innovative solutions and result in direct regional added value. One example would be the former “Equal” community initiative against inequality and discrimination in the employment market. With its recommendation on 8 July 2014 on employment in Germany, the Council of the European Union suggested that Germany needed to take measures, particularly against long-term unemployment.

The cities believe that interaction between central and decentralised approaches is particularly promising.

## **Inclusion, people with disabilities**

The cities of Germany offer and finance a differentiated range of services and assistance for people with disabilities in order to include them in life and society. The cities take their responsibilities for an inclusive community seriously in line with the implementation of the UN Convention on the Rights of Persons with Disabilities (CRPD).<sup>14</sup> In many Federal States, the cities are either directly or via their higher-level municipal associations responsible for providing assistance on inclusion, an area which is growing and becoming more dynamic all the time. But the cities do not only provide services for individual people with disabilities. It is also about further development of the infrastructure, including local public transport and the education system. The development into an inclusive community, including creating a disability-friendly environment, also involves structural and technical measures.

At the same time, the cities work with partners, including the various sponsors of institutions, regional youth departments and civil players such as the organised interest groups for people with disabilities, to produce comprehensive, demand-oriented services for children with disabilities in day-care facilities in the youth welfare sector. They also have real commitment to their responsibility to provide individual support for children with psychological problems and for children with physical or mental disabilities in line with welfare services. It is a varied range of services but is still dominated by a distinction between inpatient and outpatient services. The cities are working towards moving away from rigid forms of assistance and developing more flexible assistance structures on a demand-oriented basis.

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14 The United Nations “Convention on the Rights of Persons with Disabilities” (CRPD) can be accessed online at <http://www.un.org/disabilities/convention/conventionfull.shtml>.

The EU has adopted the UN Convention; the agreement came into force for the EU on 22 January 2011. This was the first time the EU signed a human rights treaty as a legal person. Paying attention to the final comments of the UN Specialist Committee (CRPD Committee) for the rights of people with disabilities on the first German State Report (CRPD/DEU/1) on the implementation of the Convention on the Rights of Persons with Disabilities, the cities of Germany are really focussing on preventing violence against girls and women with disabilities and on the situation for refugees with disabilities.

The German cities expect the EU to be committed, in line with its responsibilities and therefore in particular in line with the implementation of parts of Article 28 of the CRPD, to making equal treatment a reality, especially when it comes to employment and work, and to respecting the regulation of the needs of people with disabilities as set out in the convention.

## **Equality policy**

The subject of “equality” affects all areas of the municipalities and society. In order to make sustainable decisions on municipality issues such as transport and urban development planning and other areas, it is necessary to promote equal opportunities for all sexes in their diversity and use this as an opportunity for target-oriented action.

At a municipal level, the strategy of gender mainstreaming has been pursued for many years and applied in various departments of many cities using a range of different tools. In future, there will also be a need for support on issues such as equal pay, equality in the employment market, breaking free from traditional roles and, above all, achieving equality in management positions and boards and public services to act as an example to business and the private sector.

The key indicator for representation of the sexes in decision-making panels in companies in the EU shows that the proportion of women in key positions involved in decision-making processes is still very low, although there are some indications of progress. In January 2012, women occupied an average of just 13.7 percent of the seats in the highest decision-making panels in the largest companies quoted on the stock exchanges of the

EU Member States.<sup>15</sup> Although the proportion of women in management positions in Germany has increased in recent years, it is still considerably below expectations both in the private and public sectors. Involvement of women in management positions and supervisory panels is part of equality of involvement, which is one of the entitlements of a modern European society. The different skills and perspectives of women and men increase the sustainability and efficiency of decisions.

Especially in times of demographic change and given the lack of properly qualified experts, we cannot afford to overlook the broad potential of well qualified women.

The European Union has now developed an important acquis on equality policy. The European legal framework, consisting of primary law and a range of directives, supports the municipalities' efforts on equality policy. The EU should remain true to its current approach to equality policy and focus on the implementation of general principles rather than passing wide-ranging directives. There must be the option of adapting general guidelines to national circumstances. National activities still rely on financial support from the EU, so the EU's action and funding programmes on equal opportunities need to be continued. International exchange of tried and tested practices is also a useful way of fostering the subject of equality across Europe. The European Union can and should actively support this networking, especially in line with activities to implement the European Charter for the Equality of Men and Women at a local level for the CEMR (Council of European Municipalities and Regions).

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<sup>15</sup> European Commission database on women and men in decision-making positions, January 2012. A 2012 progress report on "Women in decision-making positions in business in the EU" is available online at [http://ec.europa.eu/justice/gender-equality/files/women-on-boards\\_en.pdf](http://ec.europa.eu/justice/gender-equality/files/women-on-boards_en.pdf).

## Banking union and savings banks

Based on lessons learned from the banking crisis and the euro crisis, a banking union is currently being created at a European level. In principle, liability and responsibility should lie in the same place as the responsibility for the decisions. This should largely rule out the risk of the taxpayers getting involved in liability again. We welcome this approach.

The new European framework conditions, the associated changes to the banking industry and the new regulations on banking supervision ("Basel III") are very much relevant for German municipalities: On one hand, the municipalities are affected as the bodies responsible for the savings banks. On the other, the business strategies of the banks are changing, including when it comes to municipality financing. As direct loans from credit institutions still make up well over 90 percent of the external capital financing of investments and the coverage of additional funds required by German municipalities, these changes have an impact on the cities' finance management.

Changes in the business policy of the credit institutions are normally justified by referencing "Basel III", which came into effect on 01 January 2014. The result is new key figures from the banking supervisory authorities (stricter requirements for banks' equity capital and limits on credit business authorised) and new technical standards on the assessment of risk tolerance. It is significant that the key figures on banking regulation (such as the leverage ratio) consider the risk content of the business models to an appropriate degree. Otherwise, differentiated risk considerations and limits in German municipalities can lead to a further increase in price differentials for the preliminary financing of the municipalities and thus increasing finance costs and liquidity risks.

In this context, we would point out that it is impossible for municipalities in all Federal States in Germany to become insolvent. Insolvency proceedings cannot be carried out for municipalities anywhere in Germany. Insolvency is also ruled out for owner-operated municipal enterprises and special assets of the municipalities. Municipalities in difficulties are rescued and funded

by the municipality financial compensation scheme in the Federal States. Against this backdrop, there are no cases of municipality insolvency in the Federal Republic of Germany. The situation for German municipalities is significantly different from that of municipalities in other countries.

In order to consider the fact that in Germany the savings banks are funded by the municipalities, we would like to emphasise the following in line with the new banking union regulations: by virtue of their co-operation within associated groups, German savings banks played a significant role in the stabilisation of the banking market and the quick recovery of the German economy after the financial market crisis. The regional principle of German savings banks is an established, effective instrument not only for limiting systemic risks but also for supporting the regional economy.

In the current version of the agreements on the banking union, which is primarily geared towards large private banks, there is a disproportionate burden on institutions with a regional focus such as the savings banks, which has a negative effect on their business activities. By issuing loans to small and medium-sized companies, regionally-oriented credit institutions have made an important contribution to successful stabilisation and economic growth in Europe. Germany, where it is primarily savings banks which fulfil this role, has a particularly strong tier of medium-sized companies and excellent access to financial services.

These peculiarities need to be considered and incorporated in the further development of the banking union. Decentralised structures are an important element in overcoming crises.

## **Fiscal Pact**

Often, the municipalities are not the actual focus of European policy and are only affected indirectly. But even so, methods need to be found to handle the different models of state structures across the countries of Europe and the different formats at a municipal level. One good example is the Fiscal Pact and the related 'Six Pack'. Quite rightly, the European Fiscal Pact "stops" at the respective national borders, it is "blind" towards the relevant state structure. If the municipalities had any problems with the Fiscal Pact, the correct point of contact would not be the EU, it would be the respective national or regional government.



However, unlike with the Fiscal Pact, it is different for individual regulations currently being drafted on the basis of what is known as the Six Pack agreement. The European Statistics Authority, for example, seems unaware that while its statistics requirements or desires relate to values for the whole state, the results affect not only the states as a whole, but every single regional corporation in these states because all regional corporates have to supply data.

The municipality agenda also involves selecting processes for the obligations placed either directly or indirectly in the hands of the municipalities. These processes need to be able to deal with the many different organisational forms at the municipal level in the different states. This is only the case to a limited extent as things currently stand.

Major changes to the European statistics infrastructure and therefore also the national ones are currently planned or at the implementation stage. Many stability-oriented key figures and values are being polled for the first time or more frequently than in the past. (From a stability perspective,) there are not many potential problems in the German municipalities, for example the excessive demands for the issue of what are known as trade loans (with extended payment terms) by the municipalities. In its statistics enquiry, Eurostat is selecting a route which will lead to even those regional corporations which can prove unproblematic behaviour being burdened by massive, reporting obligations which require considerable personnel resources. As part of the municipal agenda, the following criteria need to be entrenched in European statistical requirements in order to relieve municipalities from unnecessary work: Surveys which aim to ask about unconventional risk items should take a form which only involves survey work for those units actually associated with the risk item to be investigated. Municipalities must also not be forced into the role of data procurers. If statistical obligations are extended, it is mandatory that evidence is provided that extending the municipalities' obligations actually leads to a reasonable improvement in the statistical principles for estimating business success or analysis and monitoring of public budgets. In addition, if the statistical requirements are extended, there must be an explanation in advance as to how the data to be reported will be processed further and what conclusions, if any, can be drawn from the data. The basis for the decision on the expansion of statistical obligations is always detailed evidence on the expected cost implications for the municipalities.

## European Public Sector Accounting Standards (EPSAS)

According to the EU Commission's current plans, municipal regional corporations would not be directly affected by the plans to standardise public sector accounting in the Member States. The introduction of European Public Sector Accounting Standards (EPSAS) in the Member States would be associated with significant costs at a municipal level without them being able to derive any direct benefit. As an EU Ordinance is planned, the regulations would automatically become binding law in the Member States with no need for separate national implementation. At the same time, the involvement of the municipal level in the standardisation process has at no point been addressed or confirmed by the EU Commission. Currently, there is reason to fear that municipal concerns and the conversion costs to be anticipated at the municipal level have been little considered by the EU. The tendency is already towards playing these costs down. A study recently published by PWC on behalf of the EU Commission<sup>16</sup> indicates the costs for German local authorities would be between 34 million and maximum 204 million euros. The German municipalities are estimated to make up around three percent of the costs across Europe. All the experience in Germany of the conversion of accountancy suggests considerably higher costs for German municipalities (approx. one billion euros).

Against this backdrop, the Association of German Cities has issued a critical statement in line with the consultations at an EU level on the planned processes for the development and administration of EPSAS. This is especially true because the double-entry budget and accountancy practised at a municipal level in Germany already meets the principles of period compliance and double-entry bookkeeping recommended by the EU commission. Switching from the current regulations in Germany, which comply with the law on municipal budgets, to the European accounting standards, which are based not on the German Commercial Code but on ISPAS, would result in high costs for municipalities operating a double-entry accounting system, not only on a one-off basis but also going forward.

At the same time, statistical analyses are only an ex post summary and documentation of the individual accounting processes within budget management, they cannot claim to have a specific regulatory function within

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16 The study, published in 2014, is available online at <http://www.pwc.com/gx/en/psrc/pdf/pwc-implementing-epsas.pdf>.

the accounting system. The accountancy is primarily used for budget planning, budget management and the resulting accounting. If the focus was on financial statistics, it would override the protected organisational sovereignty of the individual Member States and their competence areas.

European areas of jurisdiction can only partially rely on the regulations for the “European System of National Accounts 1995” and budget monitoring in line with the Maastricht Stability and Growth Pact.

In order to allow valid collection and assessment of statistical budget data from the Member States, we believe there is no need for a general harmonisation of accounting regulations and the introduction of EPSAS. In order to optimise the macroeconomic financial reporting in Eurostat, it is much more important to pinpoint and eliminate the exact causes of the deficits in budget monitoring in individual countries. The harmonisation of public sector accountancy in the EU should be restricted to covering the common principles of public accounting. This approach could be implemented with a limited amount of additional expenditure in the states (including their municipalities) which already practise a double-entry accountancy. It would also not require a complex permanent governance structure. Before getting down to the purely technical standards of accounting at the EU level, there should first be consensus on the purpose and the resulting principles of public sector accounting. Formulating the technical rules before the accounting principles have been defined would be completely the wrong way around. The principle of prudence enshrined in the German Commercial Code has proved valuable. The principles of proper book-keeping and their interpretation have also been refined over the decades. If these principles are abandoned, it can be anticipated that data from public sector accounting systems could be open to misinterpretation. There is a level of doubt as to whether IPSAS leads to a greater level of transparency to the taxpayers and better financial communication with investors compared to the German Commercial Code.

For financial reporting to be coordinated across Europe, it would be ideal if, on conversion of the individual national budget data, there was a transfer/congruence table in order to be able to make comparable statements. Manipulable financial statistics should be avoided in future.

## Cultural diversity in Europe and its cities: Cities as a crystallisation point for a Europe of diversity

Municipal public services have always formed an integral part of municipal cultural policy and thus justify the promotion of culture. Almost half of all public expenditure into culture in German comes from the municipalities. In the federal states, the municipal expenditure on culture exceeds that of the state, sometimes considerably.

The major cities have a differentiated cultural infrastructure which is largely dominated by public cultural institutions but also by free and private culture. So culture in the city is about so much more than culture provided by the city. The city's cultural offerings extend out into the surrounding area and often flavour the whole region. They play a major role in the profile of a city, its identity and the intercultural understanding within the society of the city. Culture in the communities is dominated not only by major cultural institutions, but also by civil and private commitments. These offerings also make a major contribution to life in the community. Cultural economy is increasingly recognised as an independent factor in culture and considered as an element of cultural and economic policy.

The cultural infrastructure and attractive cultural offerings of a city and region are an important factor in making locations more appealing.<sup>17</sup> Thus, cultural promotion needs to be considered as a strategic element in city policy and urban development.

### Priority objectives of EU cultural policy

The European Union should continue to focus more on “European Added Value”, which can be linked to the EU cultural policy. This information is lacking in the funding criteria for the new cultural programme. It does not reference Art. 167 of the Treaty on European Union. Creative experimentation, artistic work, civil engagement and sustainable development are increasingly hard to recognise as the objectives of EU cultural policy. Instead, the focus is on market orientation and the function of culture within the “value creation chain”.

<sup>17</sup> See also the November 2013 position paper “Culture as a location factor” issued by the Association of German Cities available online at [www.staedtetag.de](http://www.staedtetag.de) via “Fachinformationen” and “Kultur und Denkmalpflege”.

The aim of an effective cultural policy should be to tap into shared cultural heritage and to maintain, preserve and develop it. The shared history of the EU states should be reviewed and made accessible. This can be secured at the relevant cultural location, supported by means of cultural education and communicated via networks such as Europeana.

In summer 2014, the European Commission initiated a new direction for European cultural policy which sets significantly greater store by shared cultural heritage and announces an integrated concept for European cultural heritage.<sup>18</sup> These objectives are supported by the Association of German Cities.

### **Separating municipal cultural promotion from international and EU free trade agreements**

Although cultural services are tradeable commodities, they are also public assets which must be made available without restriction by the regional corporations. At an international level, negotiations are currently under way on derestricting the market for what are known as cultural services. There are also negotiations on concluding a general free trade agreement between the USA and the EU. During these negotiations, the EU should take the position that the traditional cultural sponsorship from the state and, above all, the municipalities in the form of the maintenance of their own facilities (theatres, museums, libraries, etc.), from sponsorship through civil and voluntary commitments and from organising their own events must not be included in any trade agreement. From a municipal perspective, this applies in particular to culture as an element of municipality public services.

### **Preserving indirect cultural promotion through variable value added tax rates**

The differentiated value added tax rates in place in Germany and other European countries have proven to be a very helpful and efficient instrument for indirect cultural promotion. Efforts towards harmonisation at a European level are not very helpful, because they cannot sufficiently take into consideration the different cultural infrastructure and promotion systems in the different EU states. Overall, the turnover amounts are relatively low and their different levels of taxation in no way jeopardise the common

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18 In 2014, the European Commission published a statement "For an integrated concept on the cultural heritage of Europe" (COM (2014) 477 final).

market. It may be in the interest of individual parts of cultural markets with oligopolistic or nearly monopolistic structures to work towards unification here. This is not helpful in terms of the diversity of culture in Europe which needs to be preserved.

## **Access to art and culture in digital networks**

Orphan work should be made more easily accessible and all European cultural heritage should be made available in digital form without restrictions for educational purposes. If the rights of collecting societies are to be modified by virtue of EU regulations, more transparent and more democratic structures must be agreed across Europe. The forthcoming reworking of the copyright law should aim to achieve a fair balance of interests between all those involved. The EU's objective must not be to maintain monopolies at a provider and collector level.

## **Removing administrative obstacles to cultural exchange and cultural promotion**

In the last legislative period, there was agreement in the European Parliament and among the municipalities that mobility should be made easier for artists in Europe and other countries. However, there are still major problems with visa regulations when cultural exchanges go beyond the boundaries of the Schengen area. But cultural exchange must not stop at the Schengen borders.

For artists and also for civil society interested in culture, there are still considerable obstacles and a lack of transparency and clarity with respect to the availability of European funding programmes. The bureaucracy is considerable. The regulations for the new EU cultural sponsorship programme for 2014 to 2020 do not remove these obstacles, as institutional funding is cut in favour of project sponsorship. The result is more bureaucracy. The national contact points for cultural promotion are under-financed and cannot expand their wide range of information and advice services. Instead, they are being forced to make cutbacks. There is a need to extend the services of the contact points with a view to providing initial advice on cultural promotion in structured funds or, where applicable, further schemes which have a cultural reference.

# Cities as the driving forces behind European integration, Cities as players in sustainable global development

## Twinnings

The European Union has a tight network of municipal partnerships. German municipalities alone maintain 7133 partnerships with municipal regional corporations around the world. Of these, there are 6467 municipal partnerships in Europe, with France the most strongly represented in Europe with 2304 partnerships.<sup>19</sup> The European municipalities have supported European integration from the outset and made consolidation something which can be felt and experienced through numerous encounters. Twinning agreements are European integration at the bottom level. Their impact is just as important now as it was when European integration began in the fifties and sixties. The European Union needs to be aware of this contribution by the municipalities and their citizens and promote commitment. The Europe for its Citizens programme to promote European partnership has experienced serious financial cuts in recent years. In times where views and opinions which long seemed outdated are gaining the upper hand again, the EU is sending the wrong signal.

## Municipal development co-operation

Municipalities have real importance when it comes to the setup of democratic, self-administered and therefore citizen-focussed structures in developing countries. The world's problems cannot be solved without support from the cities. Almost half of the world's population lives in urban areas, with the figure set to increase to eighty percent by 2050. Cities in industrial countries can help cities in developing countries as co-operation partners in, for example, overcoming demographic changes. The battle against the negative impact of climate change can also only be won in the cities. The European Union is also taking municipal development co-operation increasingly seriously. The "Foreign Affairs" committee made up of the foreign ministers of the EU Member States recently met at a conference

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19 All figures are accurate as at February 2015, a list of German inter-municipality partnerships can be viewed on the website of the RGRE [www.rgre.de](http://www.rgre.de).

on 22 July 2013 in Brussels to discuss the role of the municipalities in development co-operation (DC).

With respect to municipal development co-operation, the committee concluded that municipalities play a significant contribution to reducing poverty and promoting human rights, democracy and good governance, as well as sustainable development at a municipal level in the partner countries. Another important role of the municipalities within municipal development co-operation is public services. Overall, there is a trend towards increased decentralisation in the world. Roles are increasingly being delegated to the local level based on the subsidiarity principle. In order for municipalities to be able to fulfil these responsibilities, they need self-determination rights and adequate financial resources (connexity). German municipalities in particular, which have the necessary legal instruments to enforce the principle of connexity, have an important advisory role for municipalities in the southern hemisphere which often act as “implementation bodies for the government”. But the municipalities in the north also have lessons to learn from the south. Those in the south have found innovative solutions to overcome inner-city problems which are unmatched in the north.

Another unique feature of the municipal authorities is the local specialist work carried out on a long-term, sustainable basis in the city administration. This allows local specialists to transfer their knowledge to all regions of the world and cooperate with their international colleagues on an equal footing. The projects cover various specialist areas, from environment and climate protection and public services to urban and geographical planning and social planning. This so-called “Colleague Approach” is very successful. It is based on trust, is often embedded into city project relationships and is very sustainable. The contacts between colleagues are often maintained after the project ends. DC does not only mean changes in the south, it also includes a new understanding of the “Sustainable Development Goals” to be agreed in 2015, i.e. changes in the north. A fair world needs sustainable changes, such as reduction in CO<sub>2</sub> emissions and changes in awareness, especially in industrial countries.

The Commission should provide the municipalities and their associations with additional new and innovative sponsorship opportunities. This involves, in particular, taking the bureaucracy out of existing hurdles such as complicated application processes. Municipalities should have better op-



portunities to utilise synergies by working together with the EU and other government levels within the EU. As part of a multi-player approach, the EU should systematically include municipal knowledge into DC, for example, in collaboration with EU delegations in the south. There is a need for a coherent policy which not only covers all sectors, but also allows systematic networking of the different levels, including the EU, national governments and municipalities.

The urban agenda for the European Union of the Association of German Cities is approved by the chair of the Association of German Cities on 22/09/2015 in Neuss

## **The Association of German Cities – the voice of cities**

The Association of German Cities is the voice of cities and the national local-authority association of cities which are not belonging to a county as well as of most cities and towns within counties. As a community of solidarity of cities it represents the idea of local self-government to Federal Government, Federal States (Bundesländer), European Union, governmental and non-governmental organisations. The work and services of the Association of German Cities are primarily geared to the needs and interests of the direct member cities and their citizens.

The Association of German Cities is the country's largest national federation of municipalities, comprising more than 3400 cities and towns with about 51 million inhabitants. More than 200 cities are direct members, including all autonomous German cities such as the city-states of Berlin, Hamburg and Bremen.

### **Responsibilities**

- The Association of German Cities actively represents the cause of local self-government. It upholds the interests of the cities and towns in their dealings with the Federal Government, the Federal Parliament and the Federal Council (Bundesrat), the European Union, and numerous other organisations.
- The Association of German Cities advises its members and keeps them informed on all matters and developments of importance to local government.
- The Association of German Cities facilitates the exchange of experience between its members and promotes it in numerous official bodies.

### **Main objectives of the Association**

Cities and towns must remain effective actors, because it is they who provide most public services for citizens. To cope with the growing challenges, federal and state governments need to see cities as partners. And if new tasks are delegated to local authorities, then the relevant funds must also be provided.



Association of German Cities  
Berlin and Cologne, 2016

[www.staedtetag.de](http://www.staedtetag.de)