



European Regional Development Fund 2007 - 2013

Objective 3:  
European Territorial Cooperation

**The Urban Development Network  
Programme URBACT II**

**An Exchange and learning programme for cities contributing to  
the European Commission Initiative  
*“Regions For Economic Change”***

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## **CHAPTER ONE**

### **INTERVENTION FRAMEWORK**

- 1.1. Cohesion Policy and cities: the urban contribution to growth and jobs in the regions**
- 1.2. From the URBAN Community Initiative to the Mainstream**
- 1.3. Cohesion policy and Regions for Economic Change: a new role for European territorial cooperation**
- 1.4. From URBACT I to URBACT II**
- 1.5. A joint programming process / Complementarity with other EU initiatives**
- 1.6. Strategic Environmental Assessment**

## **CHAPTER 1 – INTERVENTION FRAMEWORK**

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This introductory section of the URBACT II Operational Programme outlines the main strengths and weaknesses of the current situation in urban areas in Europe. This section also explains the move away from the links to URBAN Community Initiative and on from URBACT 2002 – 2006 in the framework of the Commission Communication “Regions for Economic Change” and the Leipzig Charter on Sustainable European Cities. The important links to other European initiatives are made along with a short outline of the key findings from the ex-ante evaluation.

### **1.1. COHESION POLICY AND CITIES: THE URBAN CONTRIBUTION TO GROWTH AND JOBS IN THE REGIONS**

Cities are home to most jobs, firms and higher education institutions and their action is decisive in bringing about social cohesion. Cities are home to change based on innovation, entrepreneurial spirit and economic growth. Urban growth or urban innovation strategy should be pursued strengthening the relations between the business sector, the research institutions and the public sector and promoting at the same time an attractive urban environment.

Economic growth is sustainable when it is accompanied by measures designed to reduce poverty, social exclusion and environmental problems. The question of the sustainable character of growth is particularly important in cities most exposed to problems of social exclusion, deterioration of the environment, wastelands and urban sprawl. Cities can register significant differences in economic and social perspectives. There may be spatial inequalities (between neighbourhoods) or social inequalities (between different groups). Frequently, disparities include both dimensions. The quality of the urban environment may also constitute a factor of attractiveness.

Urban and metropolitan areas function as the motors of national and regional competitiveness. Consequently it is important both to secure the growth of strong urban areas and to reinforce their link to their neighbouring areas as well as to more remote rural areas. The large urban centres have a key role in transferring expertise, channelling growth and boosting competitiveness.

Europe is characterised by a polycentric structure of small, medium-size and large towns. Many of them form metropolitan areas while many others constitute the only urban centre in the region. In order to pursue a sustainable development strategy of urban and metropolitan areas, it is necessary to ensure an effective management of the main urban systems: urban transport, energy management, waste management. A balanced

spatial development requires careful planning and the improvement of the links between urban and rural areas.

It is crucial for an effective urban policy to develop and implement models of metropolitan and urban governance. Engaging all relevant levels of government is necessary considering the holistic and multicultural approach that is necessary for an effective urban policy. The authorities responsible for different spatial level (regions, departments or counties, districts, cities) should cooperate in an organized manner, if possible on the basis of agreed planning tools. A balanced territorial development, a sustainable spatial balance, satisfactory links between urban and peri-urban and rural areas cannot be reached without a joint management and planning effort.

The challenges to be met vary from one city to the next. Some cities have to solve the problems caused by population growth, increase in property prices, lack of available land, traffic congestion, and overstretched public services. Other cities suffer from population loss, dereliction, too few jobs or low quality of life.

European cities attract investment and jobs. They have many tools at their disposal to strengthen their attractiveness. The proposals of the Commission for Cohesion Policy and the Community Strategic Guidelines on Cohesion contain many elements able to support these initiatives:

The *Regulation EC No 1083/2006 of 11 July 2006* laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and the *Regulation EC n° 1080/2006* on the European Regional Development Fund, and the *Community strategic guidelines on cohesion* adopted by the council on 6 October 2006 precise the role of urban policy in the context of Regional and Cohesion Policy. The *Communication COM (2006) 385* of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions", specifies the indications of the Strategic Guidelines and is a baseline document on the importance of sustainable urban development in European regional policy for 2007-2013.

## **1.2. FROM THE URBAN COMMUNITY INITIATIVE TO THE MAINSTREAM**

Paragraph 13 of the preamble of the Regulation EC (2006) n°1083/2006 explains the importance of cities for regional development:

*In view of the importance of sustainable urban development and the contribution of towns and cities, particularly medium-sized ones, to regional development, greater account should be taken of them by developing their role in programming to promote urban regeneration.*

Paragraph (9) of the preamble to Regulation (EC) n°1080/2006 explains the decision to fully integrate measures in the field of sustainable urban development into operational programmes:

*Building on the experience and strengths of the URBAN Community initiative provided for in Article 20(1)(b) of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (1), sustainable urban development should be reinforced by fully integrating measures in that field into the operational programmes co-financed by the ERDF, paying particular attention to local development and employment initiatives and their potential for innovation.*

The Guidelines on Cohesion indicate that:

*Programmes with a focus on urban areas can take several different forms.*

*First, there are actions to promote cities as motors of regional development. ...*

*Second, there are actions to promote internal cohesion inside the urban areas that seek to improve the situation of crisis districts.*

*Third, there are actions to promote a more balanced, polycentric development by developing the urban network at national and Community level.*

*Already in the present programming period, a significant proportion of SF resources has been dedicated to the urban dimension. Only taking into account priority axes or measures explicitly dedicated to urban issues, urban related investment represents 8.5 % of Objective 1 and 15% of Objective 2 (% based on ERDF funding). Of course, this understates total spending, since it does not include urban investments carried out under other axes or measures. For example, most investments related to energy, competitiveness or environment are implemented in an urban context. In addition this figure does not consider the substantial Cohesion Fund investment in urban infrastructure (urban transport, waste management, etc.).*

Increasing the attractiveness and competitiveness of cities, where the lion's share of European GDP is generated, is an important component of the Lisbon and Gothenburg strategy. In this context the urban objectives within regional and cohesion policy in the next planning period can be summarized as follows:



- ❖ To increase the added value of Structural Fund interventions on urban issues, promoting an integrated approach to sustainable urban development, ensuring synergy between all the interventions financed by structural funds in the urban context and increasing the effectiveness and visibility of Community intervention.
- ❖ To improve the governance of urban interventions, as a key element for facilitating a successful urban policy. This means engaging all relevant stakeholders, promoting an increased role of municipalities, achieving the right spatial balance and encouraging good planning and management practices.

URBACT I was born from the URBAN Community Initiative but it has developed a life and legitimacy of its own during the last 4 years of operations. Urban issues will now be addressed within the Operational Programmes developed by each Member State or any authority designed by the Member State and will be linked from now on to the urban development in Cohesion policy. The URBAN Community Initiative will no longer exist. This will clearly have important implications for URBACT II both for the definition of its objectives and for the definition of its eligibility (criteria linked to URBAN cities will no longer be appropriate).

Projects supporting sustainable urban development will be financed in the 'mainstream' and URBACT II will therefore need to ensure strong links to these mainstream programmes.

### **1.3. COHESION POLICY AND REGIONS FOR ECONOMIC CHANGE: A NEW ROLE FOR EUROPEAN TERRITORIAL COOPERATION**

In order to reinforce the "Lisbonisation" of Cohesion Policy, the Commission considered that the existing instruments for exchange of good practice should be refocused and reinforced to allow ideas to be put into action at an accelerated pace in the mainstream programmes. For the period 2007-2013 the Commission plans to focus, in partnership with Member States, URBACT II on testing best practice for economic modernisation and increased competitiveness. The Communication COM (2006) 675 on 8 November 2006: Regions for Economic Change, will further enhance the contribution of European Cohesion Policy to achieving the goals of the renewed Lisbon and Gothenburg agenda.

Under the new initiative, the major novelties will be:

- Key themes for economic modernization will be selected and regions and cities will be asked to conceive and structure their networks and programmes around these themes
- A bridge will be established between the networks programmes and the mainstream programmes in order to ensure that the

outcome of the networks activities will result in actions plans to be included in the mainstream programmes;

- An enhanced communication effort will be put in place.

A Fast Track Option will provide the opportunity to support a testing and rapid dissemination of project's ideas around selected themes for economic modernisation to European programmes assisted by the ERDF and the ESF, the "mainstream" programmes.

## 1.4. FROM URBACT I TO URBACT II

URBACT I, as a Community Initiative Programme, was approved by the Commission on 22 December 2002 to organise exchanges among cities receiving assistance under the URBAN Programme, to draw lessons from implemented projects, and to disseminate such knowledge and know-how as widely as possible.

Since 1 May 2004, cities in the 10 new Member States became eligible to participate in the URBACT I Programme. Today they account for one third of all participants in the Programme. URBACT I makes it possible for cities in the 15 Member States and cities in the 10 new Member States to engage in exchanges and in mutual aid.

**Exchanges:** URBACT I has created 20 networks and 8 working groups, as well as a number of special cross cutting working groups that bring together several projects around a particular theme.

Alongside the cities, which were the principal players in the programme, regional authorities, universities, and even Member States have also been taking part in URBACT activities. This flexible innovative approach to partnerships has proved to be one of the main successes of the URBACT I Programme.

**Capitalisation:** Thematic networks and working groups produced case studies, analyses supported by concrete practices and proposals for improvement to local policies (and in some instances to national and European policies). Thematic files bringing together input from several networks have been produced and disseminated. These files will be maintained with other important external inputs using a web-based tool.

Besides its main activities, URBACT has contributed to the development of the European Knowledge Network (EUKN) platform, a pilot project initiated by the Dutch presidency in autumn 2005. In addition to this, in February 2006, the programme supported the development of a reflection on skills for sustainable communities (through contributions to the SKILLS project proposed by the UK presidency).

URBACT products had an impact on national and European policies, through the provision of initial contributions to the drafting of the Commission's communication, and to the drafting of national strategic plans and operational programmes.

Moving towards **URBACT II**, the lessons learnt from the URBACT I programme are invaluable in the development and implementation of URBACT II.

### **1.5. A JOINT PROGRAMMING PROCESS / COMPLEMENTARITY WITH OTHER EU INITIATIVES**

The URBACT II Programme resulted from an action involving the European Commission and all the Member States members of the URBACT Monitoring Committee. The URBACT II Programme draws conclusions and lessons - both positive and negative - from the first four years of experience of the URBACT I Programme. These lessons emerged from the mid-term evaluation, which was carried out in two phases (December 2003 and December 2005), and from numerous meetings and discussions with URBACT partners.

A special seminar was organised bringing together the lead partners of URBACT thematic networks and working groups on 19 April 2006.

The URBACT II draft was discussed by the Monitoring Committee at its meetings of 10 March, 16 June and 17 November 2006 (in the presence of a representative of Luxembourg, a Member State that is not a partner of URBACT I, and, on 17 November 2006, of representatives of Romania).

The URBACT II Programme was presented to Programming Committee on 18 January and 15 March 2007. It was approved by the Member States on the 15 March 2007.

The URBACT II Programme has identified several other European Initiatives which are complementary to its work.. Synergies between URBACT II and the network programmes, such as INTERREG IVC and ESPON 2013, , shall be achieved through a strong coordination in elaborating the Annual Work Plans and through mutually providing information on the activities and results achieved in the other programmes to the Monitoring Committee at least once a year. Furthermore, a close cooperation is intended as regards the programme implementation especially on issues related to management principles and processes, as well as methods and tools for exchange and learning. On these issues, the URBACT II programme builds on lessons learned not only from URBACT I but also from the above mentioned programmes. The evaluation of the EQUAL initiative highlights good practices developed

within the programme that shall inspire the URBACT II programme with regards to the involvement of key stakeholders, the phasing of the projects' work programme, the mainstreaming dynamic, the validation of results through peer-review,<sup>1</sup> etc.

Other thematic networks exist in and around Europe, many links exist through projects supported under URBACT I but it is clear that for URBACT II to reach maximum efficiency, there is a need for a coordinated approach to working with these groups and creating synergies. Such an approach could include involving these networks in URBACT II activities, using these networks as experts on the different URBACT fields, inviting these networks to become partners in the URBACT networks they complement, etc.

Consultations have been held with several European networks of cities in order to explore these possibilities. Various approaches to cooperation between the Programme and transnational European networks are outlined under Chapter 5 - Implementation.

Consultations also took place with a number of national networks of cities benefiting from URBAN Programmes which are scheduled to become national networks of cities included in Operational Programmes.

An ex ante evaluation for URBACT II has been completed. A summary is attached as **Annex 1**.

## **1.6 STRATEGIC ENVIRONMENTAL ASSESSMENT**

In accordance with the criteria defined by Art 3 (5) of the Strategic Environmental Assessment (SEA) Directive 2001/42/EC and its Annex II. Its objective is to determine if the URBACT II Draft Operational programme required a strategic environmental assessment.

Following the Monitoring Committee of URBACT held on 17 November 2006 in Paris, the Managing Authority performed an examination of the likely significant environmental effects of URBACT II.

**The findings of the examination were based on the new version of the Draft Operational programme which was submitted to the Programming Committee on 18th January 2007 in Brussels. Consequently, the Managing authority concludes that a detailed strategic environmental assessment in accordance with the SEA Directive is not required.**

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<sup>1</sup> See the final evaluation reports of the EQUAL initiative ([http://ec.europa.eu/employment\\_social/equal/about/evaluation\\_en.cfm](http://ec.europa.eu/employment_social/equal/about/evaluation_en.cfm)).

There was a consensus among all the Member States to conclude that a detailed strategic environmental assessment in accordance with the SEA Directive is not required.

The SEA is attached as Annex 5.

## **CHAPTER TWO**

### **THE SITUATION OF CITIES IN EUROPE**

- 2.1. Demographic trends in European cities: urban growth versus depopulation**
- 2.2. Economic trends in European cities: Growth and competitiveness**
- 2.3. European cities and employment: the urban paradox**
- 2.4. Disparities within European cities and social exclusion**
- 2.5. SWOT analysis**

## CHAPTER 2 – THE SITUATION OF CITIES IN EUROPE<sup>2</sup>

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Social, demographic and economic data recently collected in European cities indicate that local situations and trends differ significantly from those recorded at national levels. In most Member States, the profile of city dwellers differs from that of the population as a whole: levels of education are higher, single-parent families are more frequent, the proportion of unemployed people is higher, and so forth. As a result, special policies have to be developed and implemented at the local level to deal with specific urban problems. These problems vary considerably from city to city:

*The disparities between cities are far greater than the differences between regions or countries. Analysing cities reveals the biggest challenges to cohesion in Europe.<sup>3</sup>*

Beyond the diversity that characterises European cities (in terms of size, resources, social and economic realities, etc.), certain issues are viewed with similar degrees of urgency in a great many European cities, and they represent today the main challenges to sustainable urban development. They concern primarily demographic trends, economic performance and competitiveness, job markets, and social exclusion. It has to be underlined that, though this analysis draws on data available for medium and large-sized cities, most issues are relevant for smaller cities where they apply on a different scale, leading to different sets of priorities and solutions.

### **2.1. DEMOGRAPHIC TRENDS IN EUROPEAN CITIES: URBAN GROWTH VERSUS DEPOPULATION**

Demographic situations facing European cities vary within each country, and still more from country to country within the European Union. In the United Kingdom and in Germany, where population growth was moderate between 1996 and 2001, half the cities in the Urban Audit recorded an increase in population, while figures were down for the remaining cities. The situation of cities in the new Member States is particularly worrisome as most of them are facing depopulation. In Slovakia, population figures in

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<sup>2</sup> This chapter builds to a large extent on data and analyses produced by DG Regio, the Urban audit and the Interservice Group 'Urban Development'.

<sup>3</sup> Source: Cities and the Lisbon agenda: Assessing the performance of cities, European Commission, DG Regional Policy.

the Urban Audit cities fell at a time when the country was experiencing a period of demographic growth.<sup>4</sup>

Ageing is another important trend in European cities, with a large number of cities experiencing an increase in the number of elderly persons (over 65 years old). While the phenomenon is recent in a number of countries (such as France, Poland, Romania and Estonia), it seems to be a stronger demographic feature in cities of Spain, Italy or Germany, all countries where the share of elderly is amongst the higher in EU27. On the opposite, a significant minority of cities (such as London, several Dutch cities, some Danish and Lithuanian cities) present a shrinking share of senior residents. Finally some cities such as Vienna, The Hague, Brussels, Bristol and Belfast show that such a trend can be reversed, especially with young and middle-aged residents moving into the city.<sup>5</sup>

In this context, it becomes particularly important to take into account the impact of such trends on the needs for health services (e.g. development of health services for the elderly) and on the related health expenditures.

These trends go hand in hand with specific problems that European cities need to tackle. Population growth in urban areas is often accompanied by problems concerning land use and real estate (lack of available land, rise in real estate prices), urban sprawl and its side-effects (increased traffic, pollution, development and maintenance of transport infrastructures), energy use and waste management.

Management of excessively large stocks of often outdated housing estates is a problem for cities and regions that experience a population drop, especially in the new Member States.<sup>6</sup> These issues - which require new approaches in terms of housing policies - need to be explicitly addressed and taken into account in strategies for sustainable urban development.

## **2.2. ECONOMIC TRENDS IN EUROPEAN CITIES: GROWTH AND COMPETITIVENESS**

Cities stand as major of today's and tomorrow's European economy. In most EU countries, the production of wealth, knowledge and innovation is concentrated in urban areas. A recent ESPON study demonstrates that

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<sup>4</sup> Source: Urban Audit, for the period between 1996 and 2001.

<sup>5</sup> Source: The State of European cities – 2007, ECOTEC – NORDREGIO – EUROFUTURES.

<sup>6</sup> In Germany, the new Länder provide an illustration of this phenomenon. Over the past 15 years, population has dropped by more than 10%. Some cities have lost more than one third of their inhabitants over one decade and the rate of vacancies can be as high as 40% in some housing estates. Source: The challenge of shrinking cities – a demand for comprehensive housing research, T. Knorr-Siedow, Thematic focus - URBACT website, June 2006.



urban areas are the main contributors to the EU's GDP: over ¼ of the EU's GDP is generated by the largest cities (or "Metropolitan European Growth Areas"); another quarter by the cities of transnational and/or national importance; about 30% by cities of regional or local importance.

Obviously, some European cities do better than others. 2001 figures on the economic performance of EU cities show a west-east divide: the Northwestern Europe inhabitants have the strongest purchasing power (with London, Paris, Amsterdam, Brussels, Hamburg and the Nordic capitals standing out), while the purchasing power of the NMS cities inhabitants is about half the EU25 average<sup>7</sup>.

Yet it has to be underlined that, between 1996 and 2001, the purchasing power has been increasing more in European periphery cities than in its core cities: Estonian, Swedish and Polish cities rank among the strongest growth rates; Greek and Spanish cities have seen significant increase in their living standards. In the meantime, GDP growth has been particularly low in German, Austrian and Italian cities<sup>8</sup>.

The economic performance of cities cannot be captured through GDP measurements only. It comprises cities' achievements in terms of employment, labour productivity, education level, etc. In a recent study on "The state of European cities"<sup>9</sup>, a set of indicators has been combined in order to assess the contribution of European cities to the Lisbon agenda: GDP per resident population, labour productivity, employed residents, employment rates of older workers, long-term unemployment, youth education attainment level and youth unemployment.

Based on these variables, this "Lisbon benchmark" shows that the strongest cities are mainly concentrated in Northern Europe. All cities in Estonia, Denmark and Sweden stand in the strongest group. Cities in the Eastern part of Scotland as well as several capitals in Central Europe (Budapest, Munich, Prague) also rank high. On the other side, the weakest cities are located in Poland, Romania and Bulgaria, while Greek cities and many Spanish cities perform poorly. The situation of most UK cities is even worse. At the same time, strongest and weakest cities can both be found in the same country, as it is the case in Italy, the UK and Belgium.

Once again, diversity stands out when it comes to picture the contribution of cities to the European growth. Several factors may account for this situation. The national context (national growth rates) has an influence on

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<sup>7</sup> Source: The State of European cities – Ref to be completed when final report is published.

<sup>8</sup> Source: The State of European cities – Ref to be completed when final report is published. The analysis of the GDP growth between 1996 and 2001 also shows strong regional differences, especially in the UK.

<sup>9</sup> Source: The State of European cities – Ref to be completed when final report is published.

the economic performance of cities but does not explain it all<sup>10</sup>. The specialisation of the local economy (part of the service sector versus traditional manufacturing/ industrial sector) is another element to take into account, though the Urban Audit figures somehow challenge the conventional view that cities with a higher service sector employment tend to perform better than the ones with a predominantly primary and secondary sector-based economy<sup>11</sup>. Economic performance also appears to be linked to the size of cities. Large cities tend to be strong economic engines (London's, Warsaw's or Paris' GDP rates are 3 to 4 times their national rates)<sup>12</sup>. Yet, even though medium size cities (100.000 to 200.000) usually present GDP rates lower than their national averages, they display good growth rates and are significant contributors to the European economy.<sup>13</sup>

Beyond these factors, the economic performance of cities builds on their capacity to generate innovation, talent and entrepreneurship, and to ensure a good level of connectivity. In today's Europe –and beyond- urban competitiveness can be defined as a city's capacity to perform on these various dimensions.

Building on these multiple factors (size, economic structure, economic performance, key drivers of competitiveness), a recent analysis of the Urban Audit figures establishes a "typology of urban competitiveness"<sup>14</sup>. It identifies three main types of cities:

- Full-fledged international hubs (knowledge hubs, established capitals, re-invented capitals such as the champions of transition in the New Member States);
- Major specialised cities (national service hubs, transformation poles, gateways, modern industrial centres, research centres, visitors centres);
- Regional strongholds (de-industrialised cities, regional market centres, regional public service centres, satellite towns).

Such a typology, established as a tool to understand the dynamics of cities' economy and not as a rigid picture of reality, offers insights into the local combination of resources and strategies that allows for a better competitiveness of cities. Moreover, it allows identifying potential

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<sup>10</sup> The analysis of the Urban Audit figures show that the national context is not very influential when it comes to explain the growth of Polish, English or Romanian cities (Source: The State of European cities – Ref to be completed when final report is published).

<sup>11</sup> Source: The State of European cities – Ref to be completed when final report is published.

<sup>12</sup> Source: id.

<sup>13</sup> Source: id.

<sup>14</sup> Source: id.

opportunities on which cities can draw to improve their economic performance. Last but not least, it leads to highlight that even competitive cities face challenges. International hubs, attractive for migrants whether national or international, meet housing problems, with little space available and increasing rents making it difficult for people to find affordable housing in town. A high level of accessibility often goes hand in hand with increasing traffic, air and noise pollution (impact of growing air traffic), etc. Established capitals usually know high level of unemployment and social exclusion dynamics, while in the reinvented capitals of the NMS, the question arises as whether their economic performance can be self-sustainable: will it last when national economies will have caught up with European average? Etc. Whether they need to improve their economic performance or display a good positioning in the European —and sometimes international— economic competition, cities have challenges to meet for urban development to be sustainable.

### **2.3. EUROPEAN CITIES AND EMPLOYMENT: THE URBAN PARADOX**

While the issue of unemployment is high on the list of most Member States' priorities, in many European cities it is even more of a very serious problem. The Urban Audit highlights the paradox of cities where job opportunities are concentrated while unemployment rates are higher than national averages. Figures show that compared to national averages, city dwellers are less likely to be employed. In most countries, employment rates are above the national average only in one or two cities.<sup>15</sup> Unemployment rates for European cities are higher than national averages - this is true for more than two thirds of the Urban Audit cities. Simultaneously, it also appears that, in some cities, part of the job offer does not meet the local demand (due to skills gap, insufficient connection between demand and offer, etc.).

Cities themselves experience major differences within their territories with regard to employment: population groups that are most seriously affected by unemployment are often concentrated in particular neighbourhoods. Figures provided by the Urban Audit indicate that this is not exclusively typical of larger cities but also happens in medium-size cities. In cities where the total rate of unemployment is more than 10 per cent, unemployment in disadvantaged neighbourhoods can often be twice as high as the overall city average. It is therefore urgent to act in the area of employment in these disadvantaged neighbourhoods where the problems of social exclusion are concentrated.

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<sup>15</sup> Source: Urban Audit 2001 and Cities and the Lisbon agenda: Assessing the performance of cities, European Commission, DG Regional Policy.

The causes of these phenomena are numerous and complex. We can distinguish, however, two major sets of factors on which cities can have an impact: on the one hand, the number of available jobs and the nature of these jobs (which have to benefit the local population); and on the other hand, access to the job market, especially for certain population groups that have a particularly high level of urban unemployment, i.e. young people, immigrants and women.<sup>16</sup>

## **2.4. DISPARITIES WITHIN EUROPEAN CITIES AND SOCIAL EXCLUSION**

Social disparities are concentrated within cities and affect their inhabitants. People are divided according to jobs, resources, standards of living, levels of education, life expectancy, etc. Some population groups are affected more than others by social exclusion; at the top of this category are young people and immigrants.

- ***Young people and children***

Young people and children are the first victims of social exclusion in Europe. It is estimated that, within the European Union, close to 17 million, or 20 per cent, of all children under the age of 18 live in poverty. Figures vary from one Member State to the next, ranging from 5 per cent in the Scandinavian countries (Denmark and Finland) to around 23 per cent in Italy, Spain and Ireland, and peaking at 25 per cent in the UK.<sup>17</sup>

Early school drop-out rates and unemployment are seen as the central issues of social exclusion among the young. School drop-out rates are a major problem, in particular in the southern countries (Portugal, Spain, Italy) and the south-eastern countries of Europe (Bulgaria, Romania) where figures can be as high as 20 per cent of school-age children.<sup>18</sup>

Unemployment among young people is a source of concern in most countries of the European Union, and ranges between 5 and 40 per cent. In 2001, while the rate of unemployment for the European Union as a whole was 7.6 percent, it was above 16 per cent for young people under the age of 25 (with significant variations between Member States, from below 6 per cent in the Netherlands to over 28 per cent in Italy). These dynamics of exclusion are particularly serious in cities. In France and in

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<sup>16</sup> In 68% of the Urban Audit cities, the rate of employment for women is below the national average. Source: Urban Audit 2001.

<sup>17</sup> Source: "Moving towards a European policy on children for the 21st century", Report commissioned by Euronet (European network of NGOs specialising in childhood problems) and co-financed by the European Commission, January 1999.

<sup>18</sup> Source: Thematic study of political measures in favour of disadvantaged youths - Community action programme against social exclusion, Conclusions of political studies No. 6, 2006.

Spain, unemployment rates among young people are above national averages in most cities.<sup>19</sup>

Cities need to address problems such as poverty, school drop-out rates, unemployment, and their corollaries (delinquency, drug addiction, health problems, etc.) in partnership with relevant institutional actors (in particular schools) and the society at large (residents, parents, associations, child-care practitioners).

- ***Immigrants and their descendants***

Today, the vast majority of foreigners<sup>20</sup> living in the European Union reside in cities, and in particular in larger cities and capitals. In half of the Urban Audit cities, the proportion of foreigners among the local population is higher than the figures recorded at the national level. As a rule, most of these people come from non-member countries. The proportion of the population that is of non-Member State origin in the Urban Audit cities is close to 15 per cent in Austria and Germany, and over 20 per cent in France. Though they are not to be considered as immigrants, the presence of Rom populations has become an issue, whether official or not, in most Eastern European countries where they tend to be more and more socially excluded and often suffer from racial discrimination.

The integration of immigrants and of their descendants is a major challenge for European cities: while immigration policies are usually defined at national level, cities are responsible for receiving immigrants on their territories. These population groups (and "new arrivals" in particular) do not always have the necessary resources to build new lives, and their social situation is often precarious (lack of financial means, health problems, communication difficulties due to poor or non-existent knowledge of the local language, etc.). Cities often have to find ways of helping these people settle in decent conditions and become integrated into the local society.

Circumstances that lead to social exclusion - a phenomenon that is often particularly serious in urban settings - are many and complex, both at the individual level and at the collective level. They are linked with the family situation, education, cultural background, characteristics of the location where people reside, and so forth. Local strategies to combat exclusion must therefore integrate all the dimensions that are likely to improve social integration, including education, housing, access to jobs, health care and culture. Some population groups appear to be particularly vulnerable to the risk of social exclusion.<sup>21</sup> Especially targeted projects

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<sup>19</sup> Source: European Youth Pact adopted by the Council of Europe on 22-23 March 2005.

<sup>20</sup> As it is used by the Urban Audit, the term "foreigners" refers to individuals, who are not citizens of the country in which they reside.

<sup>21</sup> In addition to major groups such as young people, the unemployed, immigrants and their descendants, and women, more specific groups have to be considered. Issues

need to be developed taking into account some of their specific features, especially with regard to access to public services, access to the labour market and to education.

## 2.4. SWOT ANALYSIS

An analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) was produced in the framework of the ex-ante assessment of the future URBACT II Programme.

It addresses four European priorities:

- Competitiveness
- Innovation, knowledge enterprises and the knowledge economy
- Job creation
- Social cohesion.

The table below provides a summary of this analysis. Three phenomena that were mentioned earlier are highlighted as particularly important challenges for URBACT II:

- 1) **The urban paradox** or the situation in which cities have both the largest number of job opportunities and the highest levels of unemployment. The ex-ante evaluation emphasises "the need to reflect on means to ensure that residents - in particular those of disadvantaged neighbourhoods - draw the maximum benefits from the economic vitality of their city." <sup>22</sup>
- 2) **The gap between cities in western Europe and those of the new Member States**, where the latter face "a heavier burden of urban problems linked in particular with the quality of housing, and access to general interest services and healthcare." <sup>23</sup>
- 3) **The major role of urban areas in promoting innovation and growth**, resulting from the concentration of highly educated people, of capital and by the cross-fertilisation between different economic sectors.

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concerning population groups such as the long-term unemployed, Muslim women, street children need to be addressed separately.

<sup>22</sup> Source: Ex-ante evaluation of the URBACT II Programme, draft interim report, Ernst & Young, December 2006, p. 34

<sup>23</sup> Source: id.

SWOT Analysis and major issues of european cities – cross analysis of elements of diagnosis on the European cities and of the main strategic guidelines of the European Union (competitiveness, employment and cohesion policy)

Thematic priorities of the European Union (community strategic guidelines for 2007-2013)	Strengths	Weaknesses	Opportunities	Threats
Competitivity	<p>Concentration of inhabitants, local and foreign investors, and visitors</p> <p>Concentration of universities, research centres and innovation dynamics (patents...)</p> <p>Concentration of economic activities</p> <p>Accessibility to transports and communication networks</p> <p>Accessibility to markets (imports and exports )</p> <p>Strong presence of information society</p>	<p><i>Weak infrastructures in the new member states cities</i></p> <p>Issue of the protection of the quality of life and of the environment in urban areas (air pollution, noise pollution...)</p>	<p>Changes and developments of the role of urban areas in a context of economic globalization, and decline of national frontiers</p> <p>Increased competitiveness between cities on a national and European level</p> <p>Increased mobility of individuals which reinforces urban competitiveness.</p>	<p>Two-speed competitiveness, fostering a logic of competition between cities</p>
Innovation, entrepreneurship and information society	<p>Strong strategic positioning of cities at the nerve centre of the new economy</p> <p>City participation in information and exchange networks</p> <p>Urban environment conducive to free and global exchanges through ICTs</p>		<p>Uptake of ICTs by leading industries (finance, media, education, art, culture, design, public and private services). Increased demand for accessibility to ICTs</p> <p>Strengthening of the core function of urban centers in big cities and in communication dynamics.</p>	
Employment and job creation	<p>Changes in the economic activities of cities</p> <p>Setting up of clusters</p> <p>Increase of economic activities related</p>	<p>Urban paradox : strong presence of job creative economic activities and high rates of unemployment</p> <p>Decline of manufacturing industries</p>	<p>Rapid expansion of information society</p> <p>Development of advanced technologies and uptake of ICTs by</p>	<p>High rates of unemployment</p> <p><i>Relocalisation of the labour-intensive industries of the new member states</i></p>

	to leisure and tourism services Business tourism, art and culture	<i>(most rapidly in the new member states cities)</i> <i>Weak incomes in new member states cities</i>	small and medium companies Development of small and medium companies Job creative sector of leisure and tourism services	<i>Limited job transfers from manufacturing industries to service industries</i>
Cohesion policy	Strong interactions between cities	High criminality rates Increased feeling of insecurity Problems related to poverty, unemployment, juvenile delinquency <i>Large movements of people leaving the new member states to settle in the urban areas of western Europe, which already shelter large groups of people of foreign origin.</i> <i>Population decline in some new member states cities</i> <i>Housing problems (especially overcrowded housing, homelessness, and high market prices contributing to urban areas enclosing and polarization)</i>	Increased presence and role of urban networks linking cities with similar economic functions (logistics, finance centers...)  Reinforced networking logic of cities between themselves (transfers of knowledge, good practices exchanges, ex: sustainable development practices ...)	Upward trend of social exclusion and space segregation Rising trend of socio economic disparities in urban areas Polarisation of cities around two distinctive groups of people: the educated people who participate in the economic development of cities and the excluded people Unbalanced urban development Brake on the economic development of cities Problems linked to the integration of foreign origin communities
Attractiveness and Environment	Spatial concentration of services, economic and cultural activities Transit zones and high population mobility Concentration of Population	<i>Traffic infrastructure weak in some cities</i> <i>Housing problems (notably overpopulated housing, homelessness in NMS, high property prices leading to isolated and polarised urban zones)</i> Congestion problems	Improving accessibility Development of quality urban public transportation Quality of public services Integrated urban development Protection of quality of life and environment in urban areas (air pollution, noise pollution)	Lack of neighbourhood cohesion Public health problems

*Points in italics represent the situation in New Member States cities*



The SWOT analysis indicates that the most serious weaknesses and threats are in the area of social cohesion, and are linked to:

- Poverty, unemployment, delinquency
- Crime, feelings of insecurity
- Housing
- Resettlement of large numbers of people moving from new Member States to cities in Western Europe.

In addition to these issues, health should also be considered as a priority to be addressed, both in terms of health services provision and medical infrastructure.

The ex-ante evaluation therefore calls on the URBACT II Programme to focus particularly on **threats** resulting from the above-mentioned problems:

- Increased social exclusion and spatial segregation;
- Widening of the economic gap between the rich and the poor in urban areas;
- Polarisation of cities around two population groups - the educated and the excluded;
- Unequal urban development;
- Slow-down in the economic development of cities;
- Problems concerning integration of foreign communities.

The ex-ante evaluation calls also on the URBACT II programme to focus on **strengths** to develop and **opportunities** to exploit:

- Developments of the role of urban areas in a context of economic globalization
- Increased competitiveness between cities on a national and European level
- Uptake of ICTs by leading industries; increased demand for accessibility to ICTs
- Strengthening of the core function of urban centers
- Rapid expansion of information society
- Development of small and medium companies
- Increased role of urban networks linking cities with similar functions
- Reinforced networking logic of cities between themselves

## **CHAPTER THREE**

### **STRATEGY**

#### **3.1. Growth and Jobs: Challenges and opportunities for European cities**

##### 3.1.1. Cities as the driving force of growth and job creation

3.1.1.1. *Innovation and enterprise creation for the development of a knowledge economy*

3.1.1.2. *More and better jobs*

##### 3.1.2. Attractive and Cohesive cities

3.1.2.1. *Attractive cities*

3.1.2.2. *Cohesive cities*

#### **3.2. The need for exchange and learning spaces on urban issues**

3.2.1. The URBACT experience: meeting cities' needs

3.2.2. New Member State cities: specific needs

#### **3.3. URBACT II Objectives**

3.3.1. URBACT II Main objective

3.3.2. URBACT II Specific objectives

3.3.3. Major priorities and operations for URBACT II

## **CHAPTER 3 – STRATEGY**

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Chapters 1 and 2 of this Operational Programme outline the main urban issues facing cities and the importance of cities for growth, jobs and competitiveness. This chapter of the programme outlines the strategy for URBACT II to address the needs of cities.

### **3.1. GROWTH AND JOBS: CHALLENGES AND OPPORTUNITIES FOR EUROPEAN CITIES?**

In March 2000, the European Council agreed a new strategic goal for the Union in order to strengthen employment, economic reform and social cohesion as part of a knowledge-based economy. The so-called “Lisbon strategy for growth and jobs” set 3 main priorities:

- Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential
- Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies
- Creating more and better jobs by attracting more people into employment, entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

In June 2001, the European Council added the environmental dimension to the Lisbon strategy. It defined sustainable development as meeting the needs of the present generation without compromising those of future generations and dealing with economic, social and environmental policies in a mutually reinforcing way. Priorities set by the Gothenburg Council include combating climate change, ensuring sustainable transport, addressing threats to public health, integrating environmental policies into other Community policies.

Cities and metropolitan areas, anxious to bring sustainable solutions to the problems they face (urban sprawl, demographic changes...) are recognised today as key players in the implementation of the so-called Lisbon- Gothenburg strategy. Priorities defined by the Member States in the objectives they have set for themselves require European cities to give special attention to certain aspects of urban development.

### **3.1.1. Cities as the driving force of growth and job creation**

#### *3.1.1.1. Innovation and creation of enterprises for the development of a knowledge economy*

A large portion of European resources (human, material and financial) for investment, economic activity, research and development, learning and vocational training are concentrated in cities and metropolitan areas. These are potentially favourable environments for the development of activities with a high value added linked with industrial innovation and new technologies. To activate this potential, cities can act in two areas: creation of enterprises and development of their capacity for innovation at the service of a flourishing knowledge economy.

- ***Creating and supporting enterprises***

European cities have shown in the past twenty years that they have a major role to play in supporting the creation and the development of economic activities and enterprises on the European territory. They can support threatened businesses and promote the creation of enterprises by setting up services that combine financial support (access to bank loans, guarantee funds, micro-credit systems, etc.) with other non-financial forms of assistance (advice, provision of well-equipped and inexpensive premises, management training, market information, data on economic and population trends, etc.). Because of their knowledge of local conditions, resources and limitations (information which has to be updated on a regular basis), cities are in a position to promote synergies between project designers, financial stakeholders, administrative services, and institutions involved in education, vocational training, etc.

Their role is particularly important in the creation and follow-up of SMEs and micro-enterprises which deserve special attention because they generate large numbers of jobs. These firms can promote social equality and increase the availability of accessible services, especially in disadvantaged neighbourhoods. However, obstacles to the creation of new enterprises in these neighbourhoods are particularly numerous and difficult to overcome, ranging from difficulties in accessing sources of funding and identifying potential markets to lack of self-confidence among potential project designers. These difficulties can be addressed through support services (both financial and non-financial), which usually need to be adaptable or adapted to the local context and to particular features of relevant population groups (immigrants and their descendants, young people, women). In disadvantaged neighbourhoods, it is essential that implementation of such services be accompanied by outreach projects

designed to ensure that the services are available to targeted groups and to encourage these groups to make use of the services provided.

As in the case of projects designed to facilitate access to employment, projects fostering job creation must be part of integrated approaches to the regeneration of disadvantaged neighbourhoods, and of urban development in general. National policies have been developed in some countries defining the borders of areas eligible for measures promoting the creation of economic activities, based on multiple partnerships, tax exemptions, public contracts combined with special social clauses, etc. ("opportunity zones" in the Netherlands, "zones franches urbaines" in France, "business improvement districts" in the UK). In all cases, local economic development can only benefit from close cooperation among the various levels of government, from the local level to the Community level, including regional and national levels. Furthermore, it cannot but be embedded in local partnership gathering universities, the corporate world and public authorities.<sup>24</sup>

- ***Innovation and the Knowledge economy***

In the framework of the Lisbon agenda, the Member States have placed innovation and knowledge at the heart of the European strategy for growth and job creation. Cities can contribute to this strategy and benefit from it in terms of sustainable urban development by giving a major role to those sectors where value added rests primarily on ideas, innovation, knowledge, new information technologies and communication.

In addition to action designed to promote new enterprises, it is essential to develop projects which produce qualified workers for these activities. European cities have the capability to attract, train, and re-qualify professional workers in industries linked with new technologies, knowledge, information and creativity. They can initiate or participate in local partnerships that bring together enterprises, providers of venture capital, institutions involved in vocational training, higher education and research and other players, for the purpose of promoting innovation and entrepreneurship. Such synergies can be generated in the framework of high level academic centres, small business start-up support projects,

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<sup>24</sup> Such partnerships are at the core of knowledge-based economic development, as conceptualized in the "Triple helix thesis": "...knowledge-based economic development is created through bottom-up, top-down and lateral initiatives among universities, industry and government. When a sphere is missing, another may fill the gap. Universities may assist firm-formation; government provides venture-capital. (...) Universities are especially important in stimulating development in regions where science-based industry is weak" (Source: Etzkowitz H., Transforming universities as triple helix catalysts: Towards European innovation areas, in "Cities making competitive and liveable Europe – Discussion paper on urban development during Finland's EU presidency" – 24-25 October 2006.

technology parks, etc. These projects need to be built into a planned development strategy at the regional level, thereby encouraging partnerships between regional and local authorities.

Finally, access to information and communication technology is recognised today as a major factor in the development of a knowledge economy. Cities have to provide efficient, easily accessible and affordable infrastructures to meet the needs of businesses, administrations and public services. It is also their responsibility to make sure that no group within the population is excluded from access to ICT <sup>25</sup> by developing community based access points that are available to all and providing support and training systems, particularly in disadvantaged neighbourhoods.

#### 3.1.1.2. More and better jobs

Employment is among the top priorities of Member States in the context of the Lisbon strategy which set the goal of 70 per cent employment within the European Union by 2010. In 2001, only 10 per cent of European cities had reached this goal, as compared to 20 per cent of European regions. Thus, job creation appears to be a major challenge for cities which are recognised as the strategic places for the implementation of cohesion policies.

- ***Encouraging job creation***

European cities, as we mentioned earlier, are in a position to encourage the creation of new jobs. On the one hand, they can make themselves more attractive to potential investors, encouraging them to settle in their territories (see 3.1.1. above). They can also promote the creation of new businesses by supporting projects developed by local businessmen, and by initiating the development of such projects, in particular those involving small and medium-sized enterprises and micro-businesses (see 3.1.1. above).

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<sup>25</sup> Major disparities exist in European cities, within various Member States, and between Member States as regards access to NICTs, particularly to the internet. While in 2005 close to half of all European households were connected to the internet, these figures are as high as 70% in the Netherlands, Denmark and Sweden, but are closer to 20% in Lithuania, Hungary, the Czech Republic, Slovakia and Greece (Source: The European Growth and Jobs Policy and the reform of the European cohesion policy, 4th interim report, European Commission, June 2006, p. 8).

- ***Increasing residents' employability***

Improving the employability of the local population is an important undertaking and cities can become involved in this area thereby contributing to the implementation of the Lisbon objectives for employment. Employability is not simply a matter of increasing the number of available jobs. Rather, it is making sure that whatever jobs are available will benefit the local population, allowing an ever growing number of local individuals to access the labour market.

Some of the factors that are likely to facilitate this access are linked to living conditions and can be impacted by providing adequate services in the areas of public transport, childcare, and so forth (see 3.1.1. above). Other factors have more to do with people's personal journeys and call for the development of personal career guidance services. In this perspective, improving contacts between job seekers and businesses in search of workers is a high priority.

Cities can contribute to improve the level of training and qualification of the population, thereby optimising the relationship between supply and demand of jobs. In partnership with public and private agencies working in the area of vocational training and education, businesses and agencies representing local economic interests, cities can encourage and support the development of plans for vocational training, qualification, and re-training in line with local hiring requirements.

Finally, as underlined by the Community Strategic Guidelines on Cohesion, maintaining a "healthy" workforce is also to be considered as a component of the promotion of more and better jobs. Good healthcare translates into greater participation in the labour market, longer working life, higher productivity and lower healthcare and social costs, all important aspects for urban sustainable development. In that perspective, addressing health issues shall be closely related to addressing the health gaps existing between and within the Member States.

Unemployment problems affect all urban population groups, but they are particularly severe among the residents of disadvantaged neighbourhoods where they are part of the broader dynamics of exclusion and poverty. In these neighbourhoods, a special effort needs to be made with regard to particular population groups such as communities of immigrants and their descendants, women, young people and the long-term unemployed.

## 3.1.2. Attractive and cohesive cities

### 3.1.2.1. Attractive cities

European cities and metropolitan areas, where most people live and where economic, social and cultural activities are concentrated, are the main pillars of European growth. By attracting investments and jobs, they can contribute in a major way to the achievement of the Lisbon objectives. To do so, cities need to provide not only major economic outlets but also a high quality of life.

In this regard, as we have seen earlier, the situation varies from city to city and is linked to factors such as demographic trends (growth or decline of the population) and the nature and structure of economic activity (in particular, the place of the service sector and that of traditional industries). The problems they face vary accordingly, but cities wishing to become more attractive need to address three major issues: Accessibility and mobility; Public services and infrastructures; Environment.

- ***Accessibility and mobility***

The quality of infrastructures and of the organisation of public transport is a major factor in a city's level of attractiveness, both for economic actors (access to markets) and for the population (intercity connections, internal mobility within the city and between the centre and peripheral areas, etc.).

Some cities, especially capital cities, are major transit centres; access to others continues to be difficult because of their geographic position or because of the nature of their infrastructures, and they are consequently left out of the major flows of capital, goods and labour. These cities need to improve access, in cooperation with stakeholders at the regional and national levels, by building efficient links by land, river, sea, and air.

At the same time, mobility within each city appears to be today a major challenge for most European cities; this is due in part to the greater distances that need to be covered (urban sprawl) and to the increase in the volume of traffic (constantly growing use of private cars, inadequate public transport systems), which have significant negative effects on the environment and on public health. Faced with this challenge, European cities must facilitate mobility by developing quality public transport systems (clean, efficient and lasting) and by improving traffic management.

The efficiency of public transport is certainly a determining factor in the localisation of enterprises; it is also an essential channel for social cohesion as it improves access to the job market by the active population, and increases mobility of the young and the elderly. These are all



determining factors in the process of revitalisation of disadvantaged neighbourhoods and distressed urban areas.

- ***Public services and amenities***

The availability of efficient and accessible services (social welfare services, healthcare services, education and vocational training, public administration, etc.) is another key-factor in making cities attractive. Whether they are provided by public, private or voluntary sectors, these services play a major role in private investors' decisions concerning location, and in residential choices made by people who are relocating. They also have an important role in local strategies aimed at facilitating access to jobs (public transport, childcare, information on job opportunities and contacts between job seekers and potential employers, services intended for elderly people, etc.). Finally, another factor to consider when seeking to fulfil the Lisbon objectives is the fact that improved services are a significant source of new jobs, particularly in the so-called "social economy" sector.

Similarly, the presence of infrastructures (leisure, culture, sports, retail outlets, etc.) contributes to improve the quality of life in the neighbourhood and in the city as a whole. In the framework of an urban regeneration strategy, the development of new facilities leads to the development of services (which are particularly inadequate in disadvantaged neighbourhoods), improved functional access, improved image of the neighbourhood, and new job opportunities (some of which may benefit the local population).

- ***Environment***

The attractiveness of European cities is also linked to a large extent to the quality of both the natural environment and the physical and architectural environment. Air and water quality, attractive public areas, presence of green spaces, quality of housing, pleasing and sustainable architecture - all of these factors contribute to make a city a good place to live and work.

Environmental quality is a long term investment, one that is essential in the context of a sustainable urban development strategy. It is a factor in attracting economic activities with high added value and "knowledge economy workers" whose geographic mobility is constantly increasing. It is also a guarantee of better health conditions for urban dwellers. Urban sprawl and suburbanisation contribute to the deterioration of the environment (in particular through their impact on the use of private vehicles). European cities must develop strategies - with support from national land development policies - designed to check these trends in metropolitan areas, in cooperation with rural areas. Air quality is

becoming a serious issue in an increasing number of European cities<sup>26</sup>, and noise pollution is spreading. Tackling these problems is part of the sustainable urban development agenda and requires the implementation of global policies integrating, among other things, public transport and traffic management projects, construction of new housing and development of renewable energy sources.

The quality of housing is a vital component of the quality of the urban environment. In addition to promoting use of clean energy sources and materials in new buildings, the most serious problems concern public housing estates where existing buildings are often dilapidated and derelict. This is especially true of new Member States where it is estimated that 40 per cent of the population live in housing built during the communist era.<sup>27</sup> Rehabilitation of these buildings is a top priority for many European cities.

Environmental quality is also linked to the existence of accessible services (public services related to education and culture, retail outlets, leisure activities, etc.). Finally, it is linked with the welcoming and pleasant appearance of public spaces. The struggle against forms of delinquency that generate insecurity (and feelings of insecurity) is an integral part of a sustainable urban development agenda.

Projects designed to improve the quality of the urban environment, both physical and natural - in other words, the quality of life - increase the attractiveness of a location. But we should also note that, in addition, such projects are in themselves potential sources of economic activity and job opportunities (in a wide range of fields including recycling of waste, construction, and public transport).

### 3.1.2.2. Cohesive cities

Today, no effort to improve the competitiveness of the European economy and that of its urban areas can bypass the issue of social cohesion. Research on European cities has highlighted the extent and the scope of

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<sup>26</sup> In 2001, ozone levels on the ground in 70% of Urban Audit cities were above the ceilings set by the European Union (source: Urban Audit). In 2003, more than half of all conglomerations in the Europe of 15 were above the limits for airborne particles (source: Data concerning PM10 submitted by the Member States pursuant to communication obligations instituted by legislation on air quality - NB: maximum levels entered into force on 1 January 2005). Heating systems in a large proportion of housing units have also contributed significantly to air quality deterioration.

<sup>27</sup> The necessary renewal of housing stock is made even more difficult by the fact that the massive privatisation of house ownership which followed the fall of the USSR did not always go hand in hand with a higher standard of living. The owners of many of these housing units cannot afford to undertake the necessary renovation and collective maintenance work.

exclusion, which affects in a special way parts of urban territories and their inhabitants, and in particular certain "sensitive" sub-groups (see Chapter 2). Recent statistics indicate moreover that these problems are spreading and growing in most of Europe's major cities. Over the medium and long term, these problems are likely to erode competitiveness and jeopardize an area's performance in economic terms. Academic under-achievement and exclusion from the school system also have an impact on the quality of local workers. Because of difficulties accessing the job market, significant portions of the urban population remain in precarious situations, sometimes living in conditions of extreme poverty, relying on uncertain sources of assistance funded in part by national or local public authorities. Social exclusion is also the root-cause of more or less violent reactions against society, manifested in acts of delinquency or vandalism and a general degeneration of the social climate and of the urban environment. The effects of these symptoms are not confined to disadvantaged neighbourhoods: ultimately, they have a major impact on the image of the city as a whole.

Social inclusion, on the other hand, understood as a major pillar of sustainable urban development, is a vital component of enhanced economic performance and contributes to improve the city's positioning in a highly competitive context. In the Europe of today, as in that of tomorrow, social inclusion will continue to be a major challenge, demanding from each city ad hoc strategies tailored to local circumstances (problems, resources, limitations, etc.). Some issues, however, must remain top priorities for many European cities: integration of sensitive population groups such as immigrants and their descendants, children, young people, and women; adaptation of public services; housing; and urban safety.

- ***Social cohesion and sensitive groups***

Children and young people are the focus of increased attention on the part of political leaders in many European cities who are anxious to address the problems that result from the exclusion of children and young people - poverty, early withdrawal from school, unemployment - and cause so many young people to turn to crime and drugs and to reject society as a whole and the institutions that represent it. These paths are available to public authorities striving to reach out to young people, as some cities have demonstrated, working with parents and with those institutional players who are in close contact with young people on the ground (education and higher learning, social services, police and justice, etc.).

In the framework of URBACT I, cities that focused on the issue of young people in urban settings have called on all local policy-makers to think of young people not as a problem, but rather as a resource, and to adapt local institutions so as to allow young people to participate in all aspects of social life. Efforts to develop dialogue with young people, to lower school drop-out rates, and to provide young people with opportunities to make

themselves heard in the forums where the affairs of their cities are discussed and local policies defined - ultimately these actions do not concern social cohesion alone. They also involve activating the potential for creativity, dynamism, and innovation essential to the development of a knowledge economy.

Cities are at the crossroads where migratory flows converge; most immigrants and their descendants are concentrated in cities. As a result, cities often have to deal with the difficulties associated with these processes. Reception of new arrivals (a particularly controversial issue in some European cities, for example in southern Italy and in Spain) requires the development of appropriate and well-coordinated services designed to facilitate the integration of people whose situation may be very difficult (little or no knowledge of the local language, lack of money, health problems, etc.), as well as people in illegal situations. In some areas where communities with different cultures, values and religions live in close proximity, local authorities develop projects designed to promote good relations among the various population groups. Elsewhere, certain communities - ethnic minorities or larger groups - are excluded or are moving towards exclusion together with the neighbourhoods in which they reside. Often isolated from the rest of the city, these are areas where unemployment and poverty are rampant. There are paths that can be explored in efforts to improve integration of these population groups into the fabric of urban life: adapting public services to the needs and specificities of these population groups; develop, if necessary, new services (in partnership with other institutional players and private stakeholders); ease access to services (education, support systems for development of small businesses, job market, health, etc.).

Women - and especially Muslim women - are faced with special difficulties (higher unemployment rates, isolation, marital abuse, various forms of discrimination, etc.). Increasingly they are included among the sensitive groups targeted by local authorities with special projects.

- ***Social cohesion and life in the city***

Social inclusion depends first and foremost on access to work and to the benefits it brings (salary, social security, social status, and so forth). Other factors, linked with the urban environment in a broader sense, also play a part, and local authorities can have an impact on them.

Housing, and more precisely the existence of affordable housing (even for the poorest) is an essential factor of social integration in the context of sustainable urban development. Demographic pressure, rehabilitation programmes in inner-city areas, cost of housing are pushing further and further poorer and middle-class inhabitants (including young people) out into peripheral areas. Local authorities must find a way to slow down this process so that the city may continue to play its integrating role.

In a broader sense, social cohesion also depends on the provision of public services in the city and in its neighbourhoods, and on the ease with which the various groups that make up the population of the city can access these services. This is a particularly powerful form of redistribution of wealth, and it shapes the individual's sense of belonging to the local community. Cities have a major role to play in ensuring access to education, culture, health, safety and a quality environment, for the common good of all their inhabitants.

### **3.2. THE NEED FOR EXCHANGE AND LEARNING SPACES ON URBAN ISSUES**

For more than two decades now, cities have shown an increasing ability to find practical and innovative ways to deal with difficulties they meet locally such as economic decline and unemployment, traffic, waste management, among others, whether they have legal competence to do so or not. Yet many European cities, and even more since the enlargement of the EU, are still facing such problems related to urban development, as we have seen above.

Urban practitioners and policy-makers are thus looking for ideas and solutions to address issues and problems that other cities may have addressed and managed successfully. The increasing number of city networks reflects this growing need for exchange of experience and good practice. The success of the URBACT I Programme is a clear indication of this, as is the enthusiastic involvement of European cities, and in particular of the cities of New Member States to which the Programme was opened in the spring of 2004.

#### **3.2.1. The URBACT experience: meeting cities' needs**

*"It is useful for sharing daily practice, like ideas and ways for tackling issues and problems. Most things are not directly transferable but elements often are. Cities can be given the ingredients for a project, but they have to bake their own cake."*

The Hague, URBACT partner

*"In times of economic globalisation and the enlargement of the European union, international contacts and European cooperation have become more important for our local economy and European integration. Instead of playing these phrases, we put the words to*

*action. Working together on a common goal, we contribute to break down existing walls of thinking, to improve communication, to establish long-lasting and stable co-operations and relationships..."*

Leipzig, URBACT partner<sup>28</sup>

The number of projects developed in the framework of URBACT I and the level of participation by European cities are clear indications of the cities' interest in exchange and learning activities in the context of networks on urban issues. More than 180 cities (of which one third have a population of less than 100 000) shared their experiences in the framework of 20 thematic networks, 8 working groups and 3 qualification projects.

Results of the mid-term evaluation of the URBACT I Programme have highlighted the importance of exchange activities for the cities that took part in the Programme:

*"The evidence from the second phase of the mid-term evaluation suggests that the URBACT programme continues to be a highly relevant initiative for Europe's cities. The large number of thematic networks supported and the generally high level of participation in and commitment to the networks testify to the real demand on the ground for the type of mutual exchange and collective knowledge production supported by URBACT. In particular, the processes of partnership working and exchange appear to be functioning effectively on the ground, with many participants reporting that taking part in URBACT projects has been an enriching experience".*

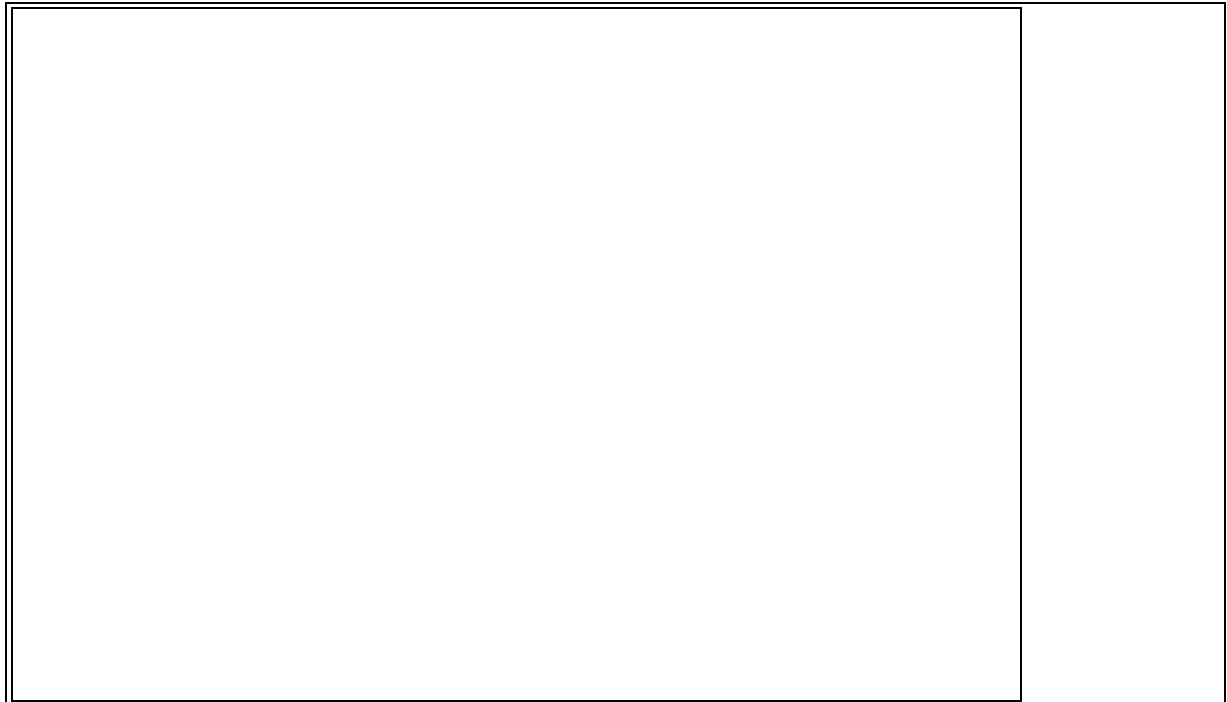
URBACT programme Mid-term Evaluation – Ecotec,  
January 2006

Questioned as to the value they placed on their participation in thematic networks, 64 percent of the partners responding to the survey stated that the experience had been "very useful" - while a further 31 per cent stated that it had been "useful".

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<sup>28</sup> Source: URBACT Partners survey, in Mid-term Evaluation of the URBACT programme, ECOTEC, January 2006.

**Fig.2. Usefulness of Thematic networks: participation and outputs**



*Source : ECOTEC – Partners survey – January 2006*

Within the framework of the mid-term evaluation, partners were also asked whether a) their city had learnt lessons from participating in a URBACT thematic network; b) whether they thought other cities in their network had learnt lessons and c) whether they felt the lessons learnt could be disseminated beyond the active participants. To all three questions, 90 per cent of respondents answered positively.

**Fig.3. Potential for learning lessons**



Source : ECOTEC – Partner survey – January 2006

The support provided by experts is one of the major resources made available to the cities through the URBACT I Programme. The mid-term evaluation highlighted the importance of the experts' role: « The different components of this evaluation found very widespread support for the work of thematic experts. In the partner survey, respondents were asked whether their project had received support from thematic experts and how useful they found this support. Of the 67 respondents that said that their project had received support from thematic experts, 66 reported that they found the support provided to be useful. (...) In particular, survey respondents and several of those interviewed in depth commented on the positive (and innovative) role played by thematic experts in providing outsider expertise on the topic addressed by the project and knowledge of organisational, research and presentational techniques, which were of benefit to the operation of the network ».<sup>29</sup> Urban professionals appreciate the opportunity they are given to reflect on their own practices and on their colleagues' experience with the methodological and thematic support of an expert. As a lead partner puts it:

*It is one of the really success factors to have one thematic expert working with us all the time. The quality of the work will be much*

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<sup>29</sup> Source: Mid-term Evaluation of the URBACT programme, ECOTEC, January 2006.



*higher. To allow every network to use maximum 100 000 Euro for the use of thematic experts is one of the most important decisions in the program implementation. I have never before as a practitioner had that possibility to work so close to a researcher. So this is really something to use in future programmes.*<sup>30</sup>

It seems appropriate not only to maintain this major component of the Programme in the framework of URBACT II, but to strengthen and expand it. The experience of the current Programme indicates that, in most cases, support from one or two experts, from the beginning to the end of a project (from the development and design of the work programme to the organisation of network meetings and the production of final results), has eased the implementation of the project and helped to produce quality results (this is particularly noticeable in final products). In order to optimise the implementation of projects, it is proposed that this aspect of operations be made obligatory for all networks, and that experts participate in an initial common training course at the start of each round of new projects.

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<sup>30</sup> Source: URBACT Partners survey, in Mid-term Evaluation of the URBACT programme, ECOTEC, January 2006.

### **3.2.2. New Member State cities: specific needs**

In May 2004, following the enlargement of the European Union, cities in the new Member States with a population of 20 000 or more were invited to participate in URBACT I. This move was welcomed by the cities; their enthusiastic response clearly indicated their interest in opportunities for exchanges and learning such as those offered by the Programme. In all, more than 40 cities joined the Programme (including 12 Polish cities); today they represent one third of URBACT's partners.

In some URBACT projects, New Member State cities constituted the majority of partners. Cities from Poland (Poznan and Katowice), Hungary (Szeged and Miskolc), Romania (Ploiesti and Iasi), Bulgaria (Stara Zagora and Plovdiv), Latvia (Daugavpils) and Cyprus (Nicosia) have taken part in a qualification project lead by Strasbourg (France), focused on public transportation projects and the use of EU funding (EQUIPTI project). Within the Hous-Es network, lead by Poznan (Poland), cities of Hungary, Estonia and Czech Republic have been working with French, German and Italian partners on the issues related to the management and renewal of large housing estates. The qualification project Pre-Regeneration gathered 6 Hungarian cities willing to acquire knowledge and methodology related to the integrated approach in order to develop their town-planning scheme. Polish cities have also expressed interest in methods related to integrated urban planning: in the URBAMAS network, 7 Polish partners have been working on a set of good practices and tools for the management of sustainable urban development schemes, that will be tested in the partner cities.

New Member State cities have also joined many existing networks and working groups, with great enthusiasm and need for ideas, practical solutions and tools to address the problems they face in terms of urban development. They brought specific issues on the table, linked to their local contexts, often dominated by small and medium cities, with rather specific institutional settings (districts, cities, towns, etc.). From their current involvement in URBACT I and the analysis of the situation of European cities, a few themes emerge as being of particular interest for New Member State cities (among others):

- rehabilitation of residential estates, management of joint ownership, management of the decrease in population;
- public transport and transport infrastructures;
- local economic development (in particular in cities that still rely on declining traditional industries; high expectations in terms of funding arrangements and measures such as PPPs) ;

- rehabilitation of industrial wasteland, reuse of wasteland used for military purposes;
- urban environment (in particular, waste management, waste water treatment);
- integrated approach to urban development.

### **3.3. URBACT II OBJECTIVES**

#### **3.3.1. URBACT II Main Objective**

Cities have a vital role to play in the achievement of the Lisbon and Gothenburg strategy aims. The Leipzig Charter offers common principles and strategies for urban development policy. The URBACT II programme will facilitate this task by allowing cities to exchange experience on key urban policy fields. Given this main task the following overall objective can be stated:

To improve the effectiveness of sustainable integrated urban development policies in Europe with a view to implementing the Lisbon-Gothenburg Strategy

The URBACT II programme will bring together actors at local and regional level to exchange experience and learning in a wide range of urban policy themes which focus on achieving the main objective of improving the effectiveness and impact of such policies at urban level. The programme will include a strong capitalisation and dissemination element with a view to define action plans that can be included in mainstream programmes and to communicate the results as widely and effectively as possible.

#### **3.3.2. URBACT II Specific Objectives**

The overall objective can be broken down into a number of specific objectives for the URBACT II Programme.

The analysis in Chapter 2 of this Operational Programme has highlighted some of the main challenges facing cities today. These include questions of accessibility, access to services, innovation, entrepreneurship, knowledge economy, creating frameworks to develop support to SMEs, creating more and better jobs, social cohesion, equal opportunities, a safe city, governance, citizen participation, integrated approach to urban development. Most EU cities have policies in place aiming to meet these challenges but these policies vary considerably between Member States,

hence the need to exchange experience and learn from good practice in these fields.

The observations made above and in the previous chapters bring us to the following specific objectives:

- To facilitate the exchange of experience and learning among city policy makers and practitioners in the field of sustainable urban development among local and regional authorities. Taking into account the *acquis* of the URBACT I Programme, it will draw lessons to increase their impact on local policies.
- To disseminate widely the experiences and examples of good practice collected by the cities, and especially the lessons drawn from these projects and policies, and to ensure the transfer of know-how in the area of sustainable urban development.
- To assist policy-makers and practitioners in the cities and managers of operational programmes under the Convergence and Competitiveness Objectives to define action plans on sustainable development of urban areas, which may be selected for Structural Funds programmes.

### **3.3.3. Major priorities and operations for URBACT II**

Based on the results of the analysis presented in this chapter, and on the experience of URBACT I, it seems appropriate to structure the new Programme around two main priorities, involving three main types of operations.

If we look at data concerning the major socio-economic trends of European cities, side by side with issues raised by the SWOT analysis and priorities set out by the Lisbon Strategy in the area of urban policies, two major themes emerge around which we can structure the operations of the Programme (see Chapter 4):

- Cities, engines of Growth and Jobs (issues linked with the promotion of entrepreneurship, innovation, knowledge economy, employment and human capital)
- Attractive and cohesive cities capable of generating social cohesion (issues linked with integrated development of deprived areas, social integration, environmental issues, urban strategy and governance).

In light of the URBACT I experience, exchange and learning activities through networking appear to be relevant for cities to contribute to the Lisbon and Gothenburg agenda.

Within the URBACT Programme 2002-2006, cities have been invited to exchange on their practices and policies, to share their experience with their partners and to learn from them while confronting their approaches and tools. Through seminars usually combined with site visits, partners have been lead to question their own view of local realities, to consider different approaches to a similar problem, to improve their policies thanks to new ideas, new instruments (e.g. financial engineering, PPPs, etc.). Some cities with a strong experience in dealing with a specific policy area (public transport, built cultural heritage, support to SMEs, etc.) have supported « less advanced » partners in the design and elaboration of their programmes/ policies, etc.

The challenges and opportunities faced by European cities today (See Chapter 2 – The situation of cities, and Chapter 3 above) cannot be addressed by isolated cities through traditional mono-sectoral policies. They require the implementation of integrated policies embedded in sustainable development strategies. They require innovation, expertise, creativity.

The URBACT II programme will provide cities with a framework, resources, methods, to reflect on their problems and find solutions in such a perspective. It will allow cities to meet, exchange and learn through networking activities. In addition, a new type of operation will be available, defined within the Regions for Economic Change Initiative, called Fast Track Option, aiming at stimulating the adoption of innovative regional development strategies and good practices in the Convergence, Competitiveness and Employment programmes.

The 2 main priority themes will thus be addressed in the context of learning and exchange activities which follow from URBACT I projects, i.e. thematic networks, working groups, and through the Fast Track Networks (see Chapter 5).

## **CHAPTER FOUR**

### **PRIORITY AXES**

#### **4.1. Priority axe 1: Cities, Engines of Growth and Jobs**

- 4.1.1. Promoting Entrepreneurship
- 4.1.2. Improving Innovation and Knowledge Economy
- 4.1.3. Employment and Human Capital

#### **4.2. Priority axe 2: Attractive and Cohesive Cities**

- 4.2.1. Integrated Development of Deprived Areas and Areas at Risk of Deprivation
- 4.2.2. Social Integration
- 4.2.3. Environmental Issues
- 4.2.4. Governance and Urban Planning

#### **4.3. Priority axe 3: Technical Assistance**

## CHAPTER 4 – PRIORITIES

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The Operational programme outlines two thematic priority axes in Chapter 4 (plus Priority 3 - Technical Assistance)

- Priority Axe 1 - Cities, Engines of Growth and Jobs
- Priority Axe 2 - Attractive and Cohesive Cities

The choice of these priority axes comes from the experience of URBACT I and reflects the Communication on Regions for Economic Change.

**Priority Axe 1** - Cities, Engines of Growth and Jobs. The main sub themes to be addressed include:

- Promoting Entrepreneurship
- Improving Innovation and Knowledge Economy
- Employment and Human Capital (employability, qualification, access to labour market, education and training systems, job creation especially for disadvantaged groups and areas)

**Priority Axe 2** - Attractive and Cohesive Cities. The main sub themes include:

- Integrated development of deprived areas and areas at risk of deprivation – brownfield sites, inner cities, peripheral deprived areas
- Social integration: housing, managing immigration, young people, health, security, ICT, culture
- Environmental issues: waste, improving monitoring of the environment, improving air quality; water quality and supply; renewable energies, integrated transport policies, moving to a recycling society ...
- Governance and Urban Planning: urban planning, multi-level government, citizens' participation, territorial governance (horizontal and vertical)

The sub themes identified above cover the most important policy fields for integrated sustainable urban development and the current challenges faced by European cities. However, other sub themes may be considered appropriate and can be added as necessary. One of the main challenges is to improve the links between priorities to allow for an integrated approach to sustainable urban development. In addition, there are a number of cross cutting themes which should also be considered for all possible URBACT actions – these include equal opportunities, gender issues, environmental sustainability, governance and the integrated approach. It can include also networking of networks.

### Priority Axe 3 – Technical Assistance

The following table outlines the financial resources in % to be allocated to each priority.

Priority	Budget Share
Priority Axe 1 – Cities, Engines for Growth and Jobs	44%
Priority Axe 2 – Attractive and Cohesive Cities	50%
Priority Axe 3 – Technical Assistance	6%
<b>Total</b>	<b>100%</b>

This repartition takes into consideration the important amount of sub themes relating to Priority Axe 2.

#### 4.1. PRIORITY AXE 1: CITIES, ENGINES OF GROWTH AND JOBS

The following three sub themes have been identified within this Priority:

##### 4.1.1. Promoting Entrepreneurship

Promoting entrepreneurship is a major challenge in cities and is at the same time vital for job creation and economic growth. In the majority of cities promoting entrepreneurship is largely seen as the domain of the city administration. However activity and scope to encourage entrepreneurship is often limited due to a number of inter-related factors such as a growing scarcity of funds cities have at their disposal, and the lack of strategy and accompanying tools to promote entrepreneurship in a wider economic policy. In parallel cities often lack the capacity to be a major force, not yet having understood the need to coordinate with other actors, in particular the private sector in Public Private Partnerships.

#### Next steps & future perspectives

URBACT I the *Communication COM (2006) 385* of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions have identified a number of good practices and tools that can help promote entrepreneurship through different thematic networks and working groups. However, there is clearly more work to be done. The following future priorities have been identified in a non exhaustive list:



- Access to finance and non-financial support to SMEs
- Use of PPP (public-private partnerships) and strategic partnering arrangements to ensure a demand driven and integrated approach
- Development of the social economy in deprived areas
- Measures to regularize the informal economy
- Partnerships with universities as Triple Helix Catalysts (Local governments, university, industry)
- Development of clusters of economic activity around new urban opportunities such as culture, care, the environment

#### 4.1.2 Improving Innovation and Knowledge Economy

In the framework of the Lisbon Agenda, the Member States have placed innovation and knowledge at the very heart of the European strategy for growth and job creation. Cities are in a position to contribute to this strategy and to benefit from it in terms of sustainable urban development, by giving a significant role to those sectors where value added is largely linked with ideas, innovations, knowledge, and new information and communication technologies (ICT).

#### **Next steps & future perspectives**

Projects implemented under URBACT I and the *Communication COM (2006) 385* of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions" identified a major need in cities for continued support of concrete action and research in a number of specific areas, and especially the following (non exhaustive list):

- Strategic policies at city level with regard to ICT.
- Access to ICT for all citizens and in particular for disadvantaged groups suffering from the effects of the digital divide
- ICT and employment policies (retraining workers in cities, setting up programmes for ongoing training)
- Centres of Excellence linked to the knowledge economy
- Partnerships (between cities, between cities and private concerns, cities and universities) in order to promote innovation and an entrepreneurial spirit.

### 4.1.3. Employment and Human Capital

In most of Europe, the prime responsibility for intervening in the labour market to reduce unemployment and create jobs lies with national and/or regional governments. But in spite of a huge battery of national policies, labour market problems in many parts of many European cities have become dangerously worse. The Urban Audit reports that cities with high average levels of unemployment tended to have neighbourhoods with at least twice the average and that in some cases these rates ran to 60%. Yet in many parts of Europe, cities are still struggling to establish themselves as legitimate partners in the fight for jobs. However, experience of cities within URBACT I and outside shows that cities can play an important role in facilitating job creation and employability.

#### **Next steps & future perspectives**

Projects financed under URBACT I and the *Communication COM (2006) 385* of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions" provide some ideas for future priorities on the theme of employment and human capital, these are outlined below as a non exhaustive list:

- Strategic approach to activation based on people's needs
- Integrated pathways into the labour market with a focus on specific target groups
- Transition from the informal to the formal economy
- A Second chance to those missed by the formal education system
- Partnerships with local schools, training establishments and employers
- ICT and access to educational resources
- Partnerships and the social economy
- Targeted support to areas and groups at risk of exclusion to adapt to change and gain access to job in the growing parts of the urban economy

## **4.2. PRIORITY AXE 2: ATTRACTIVE AND COHESIVE CITIES<sup>31</sup>**

There are four sub themes identified within this Priority:

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<sup>31</sup> For definition of Cohesive Cities see Chapter 3 section 3.1.2.2

#### 4.2.1. Integrated Development of Deprived areas and Areas at Risk of Deprivation

The Urban Audit shows that almost all cities where unemployment is at a level of 10% or higher, have certain areas within which unemployment rates are at least double the city average. In some cases, unemployment rates reach up to 60%.

Within such deprived neighbourhoods, high unemployment is compounded by multiple deprivations in terms of poor housing, poor environment, poor health, poor education, few job opportunities and high crime rates.

The success of the URBAN Community Initiative<sup>32</sup> is in no small measure due to the integrated approach. URBAN has targeted social and economic cohesion removing barriers to employability and investment at the same time as promoting social and environmental goals. The mobilisation of a broad range of partners with different skills has underpinned this approach.

#### **Next steps & future perspectives**

Projects financed under URBACT I and the Communication COM (2006) 385 of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions" provide some ideas for future priorities on the theme of integrated development of deprived areas, these are outlined below as a non exhaustive list:

- Development of long term, consistent plans for all the different factors promoting sustainable growth and jobs in urban areas.
- Urban renewal
- Mobilising the key partners – the private sector, the community and NGOs, as well as local, regional and national government –
- Supporting micro and small enterprises; small-scale loans and micro-credits.
- Rehabilitating derelict brownfield sites and renovating public spaces.
- Economic Opportunity Zones<sup>33</sup>

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<sup>32</sup> The Community Initiative URBAN II (2000-2006): Communication from the Commission to the Member States of 28 April 2000 laying down guidelines for a Community initiative concerning economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development (URBAN II), C(2000) 1100 of 28.4.2000.

<sup>33</sup> Economic Opportunity Zones are designated areas in which the local authority delivers integrated packages of services aiming at fostering investments and entrepreneurship, ranging from subsidies for investors to public investments aiming at upgrading premises, to training schemes for specific groups and consulting/ coaching for local entrepreneurs.

## 4.2.2. Social Integration

The battle against social exclusion is a key challenge. Social exclusion has many consequences: on local business (less customers), on the living environment (less security, vandalism) on the inhabitants (lack of 'positive thinking', creativity and enthusiasm at work) and on the growth potential of the city (which is less attractive). Integrated strategies covering all the issues (education, housing, the battle against exclusion, employment and sport) should be elaborated and implemented.

### **Next steps & future perspectives**

Projects financed under URBACT I and the Communication COM (2006) 385 of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions" provide some ideas for future priorities on the theme of social integration, these are outlined below as a non exhaustive list:

- Housing
- Migrants and ethnic minorities
- Young people and children
- Gender equality
- Improvement of social services (health services...)
- Increased security for citizens
- Social exclusion and spatial exclusion
- Demographic issues
- Cultural Sector

## 4.2.3 Environmental Issues

The challenges vary. For some cities, the challenges are increasing population, rising house prices, a lack of available land, traffic congestion and overstretched public services; for others, depopulation, dereliction, lack of jobs or low quality of life. In many cities, the key challenges are suburbanisation and "urban sprawl" – where the area around the city attracts residents and development away from the city itself, leading to contrasting problems and new needs: depopulation in the city, but congestion in the suburbs and surrounding rural areas.

People want to live and work in cities with a distinct identity, where both natural and built environment are of the highest quality – clean air, quiet and clean public spaces, green areas, attractive and sustainable architecture that locals are proud of. In terms of attracting geographically-mobile knowledge workers and high value-added activities, environmental quality is a long term investment.

### **Next steps and future perspectives**

Projects financed under URBACT I and the Communication COM (2006) 385 of 13 July 2006 to the Council and to the European Parliament on “Cohesion Policy and cities: the urban contribution to growth and jobs in the regions” provide some ideas for future priorities on the theme of environmental issues, these are outlined below in a non exhaustive list:

- Transport, accessibility and mobility
- Access to services and amenities
- The natural and physical environment (waste management, air quality, water quality and supply, renewable energies, moving to a recycling society, monitoring of the environment)
- Cultural heritage
- Climate change

## **4.2.4. Governance and Urban Planning**

### **Urban Planning**

Urban development is a complex and long term process. It involves the people who live and work there, the relevant public and private institutions on the ground, the legal and planning framework and the physical and natural environment. Cities, whether metropolitan areas or medium sized, need a long term vision for maximising the many critical success factors referred to in this document, including accessibility and mobility, access to service facilities, the natural and physical environment (including relationship between cities and their rural surroundings), culture, SMEs, innovation, employability, social inclusion and public safety.

### **Territorial Governance**

Territorial governance is likely to play a growing role to face both internal challenges (economic development, social cohesion, environment etc.) and external ones.

In this regard, several URBACT networks have stressed the need for cooperation between local, regional and wider levels. More specifically,

common work within the different levels of local communities should be facilitated. URBACT I projects have highlighted that common devices between regional and local levels were the prerequisite for an effective and efficient financial support for SMEs.

## **Participation**

From a democratic perspective, shifting from government to governance is a crucial challenge. Local level, like national or European levels, undergoes a crisis characterized by a feeling of lack of legitimacy and representation of governments. That is the reason why all stakeholders are invited to participate in local decision-making.

Among the URBACT I programme, networks have focused on the issue of participation. URBACT I projects have worked on establishing common principles and criteria of success for participation projects.

## **Next steps & future perspectives**

Projects financed under URBACT I and the Communication COM (2006) 385 of 13 July 2006 to the Council and to the European Parliament on "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions" have identified a number of good practices and tools that can help promote governance and urban planning. Mainly, projects have identified a need for cities to continue to strengthen research and concrete actions in a number of areas, above all:

- Tackling the issue of territorial governance when the area in question includes both urban and rural dimensions
- Co-ordinating land use policies and Structural and Cohesion Fund investments between urban areas, rural areas, the region and the national level to manage urban sprawl.
- Initiatives to make urban areas and city centres attractive places to live
- Enlarging networking of cities to networks of clusters to reach a critical size and elaborate common strategies
- Exploring the use of partnerships and other decentralized methods of governance for providing more responsive and effective solutions to urban problems.

For future projects on this theme, the participation of the following groups may be considered as privileged target populations:

- Resident groups have specific skills and knowledge of the local context and actors.
- Women are also a target population for partnerships as they are both over represented in urban activities and under represented in decision-making positions.

- Young people are also a key to effective governance and their participation has been defined by the European Union as a priority.
- Considering the demographic trends in most European cities, issues relating to older people in the city are increasing in importance

**URBACT II projects are likely to include elements from both Priority Axe 1 and 2 to promote an integrated approach. Selection of themes and how to manage this integrated coverage will be outlined within the Technical Working Document which will accompany this Programme Document.**

### **4.3. PRIORITY AXE 3: TECHNICAL ASSISTANCE**

The role of technical assistance will be to contribute to the preparatory, management, monitoring, evaluation and control activities of the Programme, in accordance with Article 46 of Regulation (EC) 1083/06.

The sum of the ERDF amount allocated to this Priority is 3,19 M€ (corresponding to 6% of the total ERDF amount of the programme, according to paragraph 1 b) of art 46, regulation (EC) 1083/06. The eligible national contributions in technical assistance corresponds to 2,62 M€. In addition to this, Norway will contribute with 33.466 €, and the Helvetic Confederation with 53.670 €, of non-eligible funding.

Technical assistance covers activities related to the administration of the Programme under Article 46 of Regulation (EC) 1083/06 and in particular:

*"At the initiative of the Member State, the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds [...]"*

## **CHAPTER FIVE**

### **IMPLEMENTATION**

#### **5.1. Programme Area**

#### **5.2. Beneficiaries**

#### **5.3. Types of Operations**

#### **5.4. Operation 1 Exchange & Learning**

5.4.1. Thematic Networks

5.4.2. Working Groups

#### **5.5. Operation 2 Capitalisation**

5.5.1. Tools for Capitalisation

5.5.2. Fast Track Networks

#### **5.6. Operation 3 Communication and Dissemination**

5.6.1. Tools for Communication

5.6.2. Partnerships

5.6.3. Programme Structure

#### **5.7. Indicators**

5.7.1 Programme Level Indicators

5.7.2 Operation Level Indicators

5.7.3 Technical Assistance Indicators

5.7.4 Monitoring and Evaluation of Outputs, Results and Impacts



## CHAPTER 5 – IMPLEMENTATION

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### 5.1. PROGRAMME AREA

The programme area consists of:

- EU 27 Member States
- Norway and the Helvetic Confederation. Partners from Norway and from the Helvetic Confederation cannot make use of ERDF allocations, but can participate at their own cost.
- Instrument for Pre Accession (IPA) countries. Partners from IPA countries can participate in operations using IPA funding, without receiving ERDF co-financing
- Other countries. Partners from other countries, anywhere in the world, can participate with their own funding.

### 5.2. BENEFICIARIES

In Regulation (EC) n°1083/2006, Article 2 (4) the definition of a beneficiary is set out as follows:

*An operator, body or firm, whether public or private, responsible for initiating, or initiating and implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual project and receiving public aid.*

The following categories of beneficiaries can be identified for the URBACT II Programme all of which will be eligible to receive ERDF co-financing:

- cities  
(municipalities and organized agglomerations) of the European Union 27.
- Regions and Member States,  
as far as urban issues are concerned,
- Universities and research centres,  
as far as urban issues are concerned,

The beneficiaries must be public authorities and public equivalent bodies for Priority Axes 1 and 2.

Based on EU Public Procurement Law, public equivalent body refers to any legal body governed by public or private law:

1. *established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character (which does not exclude bodies partly having an industrial or commercial character), and*
2. *having legal personality, and*
3. *a) either financed, for the most part, by the State, or regional or local authorities, or other bodies governed by public law,*
  - b) or subject to management supervision by those bodies,*
  - c) or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law."*

In addition to the beneficiaries outlined above other partners can participate in URBACT II projects, usually at their own cost. Further details of their participation will be outlined in the Technical Working Document and future calls for proposals. Such partners include e.g. national and transnational associations of cities and the private sector (i.e. profitable organisations).

Moreover, national or transnational associations of cities can be also partners of the programme normally under the conditions outlined in 5.6.2.

In order to maximise the impact of this programme on regional and local policies across the EU, applicants are strongly encouraged to include the relevant and competent regional and local authorities in their operations. Applications having a solid and relevant participation of regional authorities in their partnership will be considered with priority in the selection process.

### **5.3. TYPES OF OPERATIONS**

This chapter outlines the methods to be employed to deliver the URBACT II programme priority axes. The operations and tools presented have their own functioning which will be outlined in detail in other documents linked to this Operational Programme to be approved by the Monitoring Committee.

The Programme outlines 3 main operations which apply to both priority axes:

- Operation 1 – Exchange and Learning
- Operation 2 – Capitalisation
- Operation 3 – Communication and Dissemination

Each of these operations will use a series of tools to implement the selected projects – there is significant complementarity between the tools to be used for each operation.

URBACT II will be primarily an instrument for exchange and learning intended for policy makers, practitioners and other actors actively involved in the development and implementation of city policies with the creation of thematic networks, capacity buildings and working groups. The new Programme will particularly focus on the quality of the output from exchanges and on the transferability of such products. The new Programme will create the necessary conditions to increase the impact of exchanges on policies developed by cities participating in them.

URBACT II will strengthen its capitalisation functions including the transfer of knowledge based on experience and knowledge acquired in 2002 - 2006. The increased level of exchanges among cities and the emphasis on urban issues in the OP, combined with the experience acquired by the 2002-2006 URBACT Programme, will result in a stronger and more effective process of capitalisation and dissemination.

The needs of **capitalisation** will be addressed from the earliest stages of exchanges (baseline studies, thematic files, thematic regional conferences, support from experts, common methodologies, standardised presentation of examples of good practice, defining objectives and deliverables).

Based on the experience of the URBACT I Programme, the **communication and dissemination** policy will be broadened to reach a larger audience of decision-makers in cities, in the most pertinent ways.

#### **5.4. OPERATION 1 EXCHANGE AND LEARNING**

The Exchange and Learning Operations will be implemented by two main tools which are the central element of URBACT II. The goal is to see a wide flow of exchanges developing and growing among all the players in projects undertaken in the framework of Operational Programmes' priority axes.

These 2 tools are

- Thematic Networks
- Working Groups

However, this operation remains flexible to include other exchange tools should they be considered appropriate in the course of the Programme implementation.

#### 5.4.1. Thematic Networks

The URBACT Programme is intended for cities and must be managed with their full involvement. Management of the thematic networks will be entrusted, by means of an allocation of funds, to cities which will undertake to coordinate and animate thematic networks with the view to implementing clear policy recommendations at the end of the network activity. National and Regional Authorities having responsibilities in the urban areas concerned could be invited to take part in these networks.

The goal is to create at least one thematic network for each of the major themes outlined within the two priority axes of this Programme.

Each thematic network partner city will commit to developing its own action plan as an output of its participation in the network.

This tool will be implemented by means of calls for proposals. Specifications and terms of reference will be drawn up, explaining the nature of the proposed tasks to be accomplished by networks (exchanges, comparisons of experiences, learning and capacity building, dissemination of good practices, recommendations), and outlining the administrative and financial framework within which the thematic networks are to operate.

Participation at local level is a core component of the URBACT II methodology for developing urban sustainable development. In order to allow for an effective impact of network activities on local policies, each partner in a thematic network will set up a **URBACT Local Support Group** (ULSG) or use as an ULSG an equivalent existing body. The ULSG gather the local key partners stakeholders concerned by the thematic exchanges implemented within the network and by the city's local action plan to be developed. Their composition will depend on the theme and on the type of project and partner.

In addition each thematic network will have the opportunity to appoint one or more **thematic experts**. At project level, the experts' task is to assist the partner cities as they develop and implement a working programme (activities related to exchanges, output and dissemination), providing thematic and methodological expertise.

## 5.4.2. Working Groups

Public bodies or public equivalent bodies may act as Lead Partner for working groups on specific topics and with a limited duration, bringing together public bodies (cities, regional and national authorities), field practitioners, experts specialising in the selected theme, universities, research centres, European and national networks and other organisations relevant to the theme. Working Groups will be expected to suggest themes in line with the main fields of activity outlined in the main priority axes.

These working groups will have a different focus to thematic networks; they will have different kinds of participants and will be expected to produce different results. Working groups will spend less time on the exchange element of the work programme and will focus their efforts with the help of experts, to the production of high quality output which can be used by external audiences and in the capitalisation process of the URBACT II Programme.

## 5.5. OPERATION 2 CAPITALISATION

### 5.5.1. Tools for Capitalisation

A process for capitalisation of experiences was developed by URBACT 2002 – 2006 on an experimental basis. This process was designed to provide an ongoing analysis of and easy access to the outputs of URBACT projects, especially through the development of thematic files. URBACT II will build on this “acquis” to target more specifically players involved in urban policies and in operational programmes financed by the Structural Funds.

The following tools have been identified to support capitalisation, and dissemination:

#### **Thematic Poles**

At programme level, capitalisation will be organised by Thematic Poles. Each project will be attached to one of the Thematic Poles which will, under the supervision of a Pole manager, develop a range of activities such as: creation and coordination of groups of experts, creation and coordination of thematic files, production of studies.

## **Thematic Experts**

At the level of the Programme, thematic experts are responsible for overseeing a project over its entire duration but shall also take part in capitalisation activities undertaken by Thematic Poles. In particular, they will act as relays connecting networks to the relevant Thematic Poles in the context of the development of thematic files, the organisation of dissemination, communication and information events, and so forth.

## **Studies**

The Monitoring Committee may decide on the launching of studies on specific topics and research projects on urban policy experiences and initiatives, designed to strengthen the process of capitalisation of the results of URBACT II projects. The details of this tool and how it can be used will be outlined in more detail in the Technical Annex to the Operational Programme.

### 5.5.2 Fast Track Networks

Fast Track networks are a specific instrument of the Regions for Economic Change initiative. The main purpose is to capitalise on the results of interregional cooperation and generate synergies between cohesion policy and other EU policies. Such activities will actively stimulate the adoption of innovative regional development strategies and best practice in the Convergence or in the Competitiveness and Employment programmes.

The Fast Track Network is targeted at the direct transfer of a specific urban policy good practice to one or more cities which are wishing to improve in that specific field.

Fast Track Networks will be set up, bringing together cities and regions and related specialist bodies, having a specific expertise in a certain field with those wishing to improve in that field. The expected outcome would be a concrete action plan for each of the participating cities.

An important prerequisite for participation of a city in a Fast Track Network is the involvement of the partners responsible for policy delivery in the respective Convergence or Competitiveness and Employment programme, since the action plan developed is then to be implemented in the framework of that programme. The programmes mentioned are recommended to include a specific reference to the Fast Track Network or to the wider Regions for Economic Change initiative so as to facilitate making funding available for implementing the action plan elaborated. In this way the good experiences developed in URBACT I networks will have a very direct impact on the policies and actions of other cities regions in Europe, notably the ones who need them the most.

Each Fast Track Network shall address one of the themes set out in the Regions for Economic Change Communication. The Monitoring Committee

will take the decision on the approval and the funding for the Fast Track Networks on the basis of selection criteria established by the Programme. The main difference with other networks will be that the Commission will actively accompany and participate in the networks.

## **5.6. OPERATION 3 COMMUNICATION AND DISSEMINATION**

### **5.6.1 Tools for Communications and Dissemination**

The development of an ambitious Communication and Dissemination Strategy is necessary to disseminate the know how and knowledge acquired by the Programme and to ensure that those individuals within cities who can implement new policies are reached. Such a strategy is one of the necessary and elementary components of all structural funds programmes. The Communication Strategy shall apply the principle of flexibility as actions are driven by changing policy demand.

To facilitate the communication and information process, a series of tools will be made available for the benefit of the cities and their partners as well as a wider public and they will be updated and complemented over the course of the programme implementation. A summary of these tools can be found below:

**Website** - As a central and most widely accessible media, the website will remain at the centre of the dissemination activities.

**Annual Conference** - The programme will bring together all actors of urban sustainable development once a year.

**Printed thematic publications in local languages** - short analysis of information extracted from the thematic units, will be produced.

**Thematic Regional Conferences** – these events will take place in European 'regions' and will be open to a broad audience of policy makers and practitioners who wish to get the state of the art on a particular theme.

### **5.6.2 Partnerships**

A key part of the communication within URBACT II will be to build and effectively use partnerships. The Managing Authority may enter into

partnership agreements with European and national specialised networks, with a view to develop capitalisation and dissemination measures integrating reflections and activities taking place outside the URBACT Programme.

Such partnerships may involve contributions such as expert assistance (participation by members of specialised networks) in activities taking place in the framework of thematic units (steering groups, thematic files, organisation of regional conferences, etc.). It may also involve dissemination activities (joint organisation of events, sponsorship of content, etc.).

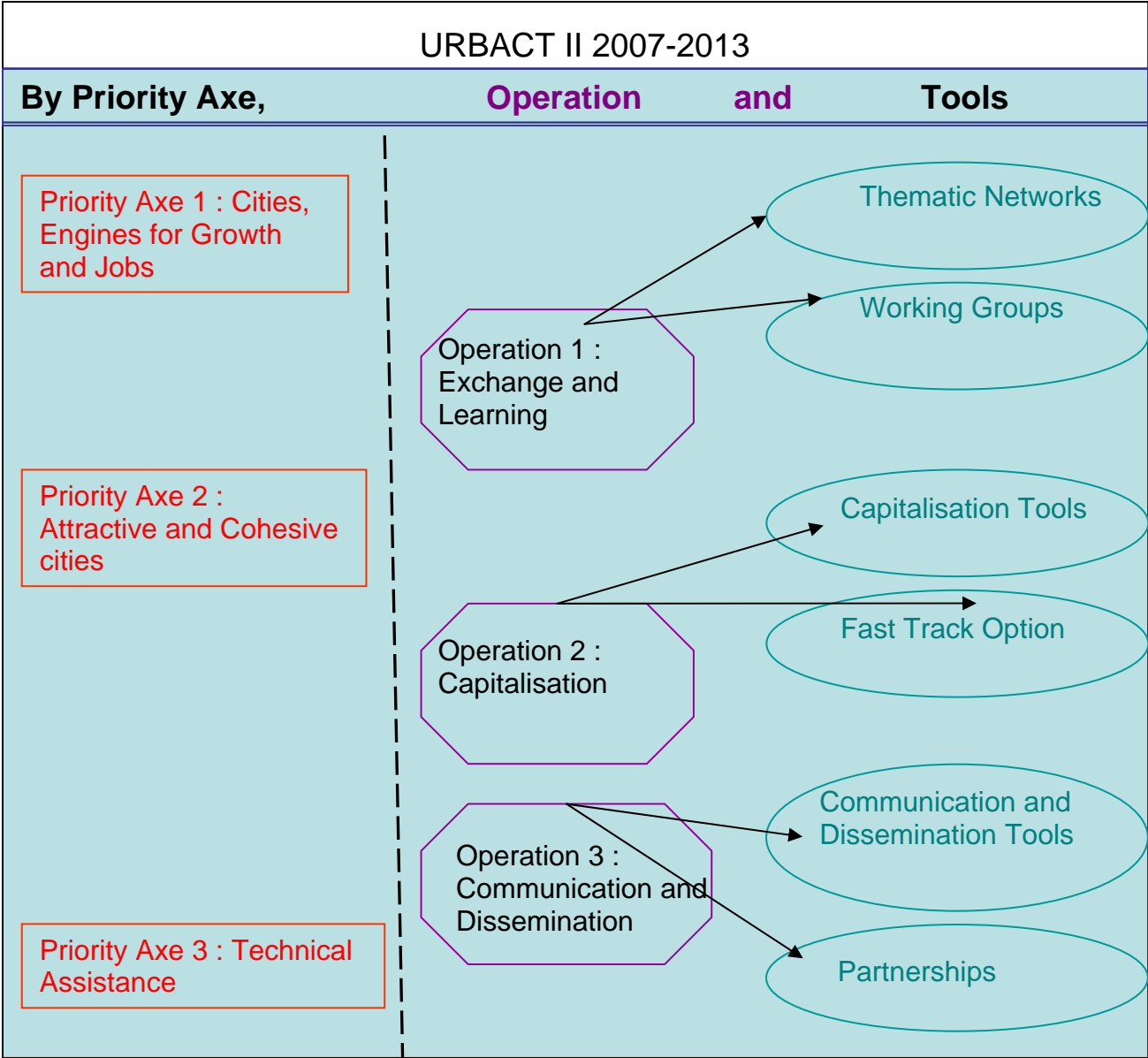
**National Dissemination Points:** The URBACT Programme has a double need which is on the one hand, the dissemination of URBACT thematic information in local languages, via appropriate websites, to all relevant actors in their respective countries. In addition there is a need to collect interesting information emanating from the work of cities within other countries. The specific role of National Dissemination Points is therefore to provide a two way communication as well as disseminating information and knowledge. The structure of these National Dissemination Points can differ between Member States based on the different opportunities available. They will be selected based on a Call for Tenders organized by the Managing Authority.

## **Conclusion**

The implementation tools outlined above provide clear methods for delivering the programme priority axes. These tools will vary in terms of how they are used and who is responsible for implementing them. The details of their use will be provided within each call for proposals and can also be found in the Technical Working Document for URBACT II.



### 5.6.3 Programme Structure



### 5.7 INDICATORS

The contribution of URBACT II towards achieving the Growth and Job Creation goals will be largely influenced by the types of operations to be supported. Individual projects will deliver some results and the programme as a whole will have an impact on urban policies at a local and regional and national level.

The following programme level indicators have been determined to link directly to the programme objectives outlined within Chapter 3 of this document.

### 5.7.1 Programme Level Indicators

<b>Programme Level Indicators</b>	
<b>Indicator</b>	<b>Target</b>
Degree of impact on sustainable integrated urban development policies through URBACT interventions (measured high, medium or low)	High
Total number of exchange meetings held between city policy makers and practitioners	376
Total number of dissemination actions undertaken in the lifetime of the programme	172
Total number of action plans developed on sustainable development of urban areas selected for structural fund programmes	345

### 5.7.2 Operation Level Indicators

In addition to the Programme level indicators, a set of expected indicators and impacts has been developed by the ex-ante evaluators. These indicators are split into realisation indicators which are directly linked to the tools and operations functioning, result indicators which are linked to the final results of an operation and impact indicators which are not quantifiable but try to assess the impact of the operations on local, regional and national policies.

These indicators are outlined in the tables below for each of the 3 Programme Operations and for the Technical Assistance Priority Axe 4.

<b>Operation 1 Exchange and Learning</b>	
<b>Implementation Indicators</b>	<b>Target</b>
Number of thematic network applications submitted	60
Number of Thematic Networks created (approved)	39
Number of working group applications submitted	25
Number of Working Groups Created (approved)	15
Number of Seminars / Working Meetings	300
Number of thematic reports produced	54
Number of Local Action Plans produced	440
Number of Local Support Groups	540
TOTAL Number of participants to Local Support	3.300

Groups	
Male	1700
Female	1600
Number of Participating Partners	520
Number of Countries Participating	29
TOTAL Number of Thematic experts used	110
Male	70
Female	40
Number of participants from non member states and non accession states	5
Number of themes covered	7
<b>Result Indicators</b>	
Number of Local Action Plans implemented	300
Number of Local Action Plans implemented with ERDF or ESF funding	150
Number of webspace visits for Thematic Networks and Working Groups (annual average)	132,000
<b>Impact Indicators</b>	
Percentage of Operational Programmes modifying their urban policies after the mid term review	30%

<b>Operation 2 Capitalisation</b>	
<b>Implementation Indicators</b>	<b>Target</b>
Number of thematic units created	7
Number of Seminars / Working Meetings	21
Number of people concerned	210
Number of thematic dossiers completed	15
Number of studies produced	5
Number of Countries Participating to Fast Track Networks	29
TOTAL Number of Thematic experts used by FTN	2 per project
Male	50 %
Female	50 %
Number of local action plans developed for Fast Track Networks	10 per project
Number of local action plans implemented with ERDF and (or) ESF	50
<b>Result Indicators</b>	
Number of thematic documents downloaded (annually)	500
Number of thematic dossier website visits (annual)	1500

<b>Impact Indicators</b>	
Percentage of Operational Programmes concerned by Fast Track Networks modifying their urban policies after the mid term review	40%

<b>Operation 3 Communication and Dissemination</b>	
<b>Implementation Indicators</b>	<b>Target</b>
Number of Internet Pages created	20000
Number of Newsletters created	84
Number of newsletters disseminated	1 million
Number of Brochures created (edited not number printed)	14
Number of brochures printed	140,000
Number of Partnership agreements established	10
Number of Dissemination Events organised	56
Number of thematic regional conferences organised	42
Number of Dissemination Points created	24
TOTAL Estimated number of participants in Annual Conference and Thematic Regional Conferences (average per event)	150
Male	80
Female	70
Number of external events with URBACT presence (stand etc)	30
<b>Result Indicators</b>	
Number of articles / appearances published in press or other media	550
Number of web visits (per month)	15000
% of decision makers present at Annual Conference	25%
<b>Impact Indicators</b>	
Level of dissemination of the concept of urban integrated policy (through qualitative enquiries)	High
Level of awareness of elected representatives / policy makers / practitioners (through qualitative enquiries)	High

### 5.7.3 Technical Assistance Indicators

Priority Axe 3 Technical Assistance includes all operations linked to the effective management of the URBACT II Programme. The following indicators have been identified to assess the efficiency and quality of this assistance.

<b>Priority Axe 4 Technical Assistance</b>	
<b>Implementation Indicators</b>	<b>Target</b>
Number of Monitoring Committee meetings organized	27
Number of Lead Partner meetings organized	14
Number of thematic expert meetings organized	7
Number of financial control group meetings organized	7
Number of Annual Implementation reports produced	7
Level of satisfaction amongst Lead Partners	High
Level of satisfaction amongst Thematic Experts	High

#### 5.7.4 Monitoring and Evaluation of Outputs, Results and Impacts

In the tables outlined above, many of the indicators have been quantified and some explanation of this quantification has been provided. It is, however, noted that some of the more qualitative indicators assessing level of satisfaction for example, require more attention when monitoring and evaluating the progress towards the target. This 'high, medium, low' assessment will be undertaken using timely questionnaires and surveys.

The ex-ante evaluation has outlined some ideas on methods of collecting both the quantitative and qualitative data. The emphasis is placed on setting up clear and simple monitoring methods which can be assessed on an ongoing basis by both Lead Partners and the URBACT Secretariat.

Some monitoring and evaluation methods are outlined below as examples:

- Ongoing reporting via existing tools such as Presage or other data sources collected by the Lead Partners or URBACT Secretariat
- A dedicated monitoring exercise for all projects as part of the writing of the Annual Implementation Report
- Data collected at specific moment in the projects lifecycle including a mid term assessment and final reporting
- The use of questionnaires both at project level and programme level
- The use of external Programme evaluations to assist in assessing the progress towards targets

These elements, amongst others, will form a compulsory part of the project monitoring to be undertaken by the Lead Partner.

## **CHAPTER SIX**

### **PROGRAMME MANAGEMENT**

**6.1. Managing Authority**

**6.2. Certifying Authority**

**6.3. Audit Authority**

**6.4. Monitoring Committee**

**6.5. Joint Technical Secretariat**

**6.6. Contractual arrangements**

6.6.1. Partnership agreement between Member States

6.6.2. Beneficiaries: Lead partner principle

**6.7. Implementation procedures**

6.7.1. Management of priority axes, operations and projects

6.7.2. Financial management and control

6.7.3. First level control

6.7.4. Second level controls

**6.8. Annual Implementation Report**

**6.9. Evaluation**

**6.10. Monitoring**

## CHAPTER 6 – PROGRAMME MANAGEMENT

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The Member States have agreed to set up the URBACT II Programme in application of Regulation EC No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and Regulation EC n° 1080/2006 specifically on the European Regional Development Fund.

Member States participating in the Programme have designated the French Ministry for Urban Affairs (*Ministère en charge de la politique de la Ville, Délégation interministérielle à la Ville*) to act as Managing Authority on their behalf, in compliance with Article 14 of Regulation EC n°1080/2006. They have also appointed the *Caisse des Dépôts et Consignations* as the Certifying Authority, in application of the same above mentioned regulation.

A partnership agreement, called Memorandum of Understanding will be signed between the Member States and the Managing Authority defining the ways in which funding and responsibilities related to financial management and monitoring of programme implementation will be shared.

The bodies responsible for programme management are the Monitoring Committee, the Managing Authority, the Certifying Authority and one single Audit Authority.

These bodies will be supported in their tasks by a joint technical secretariat, known as the URBACT Secretariat.

The tasks of each of these bodies will be defined by the Programme.

The official language of the URBACT II Programme is English. However, taking into account that France provides to the management of the Programme, the URBACT programme will also use French as its working language.

## **6.1. MANAGING AUTHORITY**

The Member States participating in URBACT have designated the French Ministry for Urban Policy - *Ministère français en charge de la politique de la ville - Délégation Interministérielle à la Ville*, 194 avenue du Président Wilson 93217 Saint Denis la Plaine CEDEX - to act as Managing Authority of the Programme on their behalf, in accordance with Article 14 of Regulation (EC) n° 1080/2006.

### **Role of the Managing Authority**

In accordance with Article 60 of Regulation (EC) n° 1083/2006, the Managing Authority is responsible for the implementation of the Programme, for its coordination and consistency, for the legal and financial correctness of management procedures. In particular, the Managing Authority shall

- a) ensure that projects are selected for funding in compliance with criteria applicable to the operational programme and be consistent, throughout the entire period of their implementation, with applicable national and Community rules;
- b) ensure that expenditures incurred by each recipient participating in a project are certified by the controller provided for under paragraph 1 of Article 16 of Regulation (EC) 1080/2006;
- c) ensure that there is a system for recording and storing in computerised form the accounting records of each operation under the operational programme, and that data on implementation necessary for financial management, monitoring, verification, audits and evaluation is collected;
- d) ensure that recipients and other bodies participating in the implementation of assistance use either separate accounting systems, or an appropriate accounting code for all transactions relating to the assistance, without prejudice to national accounting rules;
- e) ensure that evaluations of operational programmes provided for under paragraph 3 of Article 48 are carried out in accordance with Article 47 of Regulation EC No 1083/2006.
- f) set up procedures to ensure that all documents related to expenditures and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90 of Regulation EC No 1083/2006.
- g) ensure that the Certifying Authority receives all information on procedures followed and controls carried out in respect of expenditures for the purposes of certification.



- h) guide the work of the Monitoring Committee and provide it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;
- i) produce an annual activity report and a final implementation report, and submit them to the Commission following approval by the Monitoring Committee,
- j) ensure compliance with obligations as regards information and publicity referred to in Article 69;
- k) provide the Commission with information to allow it to appraise major projects.

## **6.2. CERTIFYING AUTHORITY**

The *Caisse des Dépôts et Consignations*, 15 Quai Anatole France, 75700 PARIS SP, has been designated to act as certifying authority in compliance with Article 14 of Regulation (EC) 1080/2006.

### **Role of the Certifying Authority**

In accordance with Art 61 of Regulation (CE) n°1083/2006, the Certifying Authority at the level of the operational programme is in charge of:

- a) Drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- b)
  - 1. Certifying that the statement of expenditure is accurate, results from reliable accounting systems, and is based on verifiable supporting documents;
  - 2. Ensuring the delivery of products and deliverables co-financed and controlling that the expenditures declared by the beneficiaries for the operations have been properly incurred and that they are in line with the national and communitarian rules; the control of the operations could be done by sample check, according to the modalities that will be adopted by the Commission, in accordance with the procedure in Article 103, paragraph 3;
- c) Ensuring, for the purposes of certification, that it has received adequate information from the Managing Authority on the procedures and verifications carried out in relation to expenditures included in statements of expenditure;

- d) Taking into account, for certification purposes, the results of all audits carried out by or under the responsibility of the Audit Authority;
- e) Maintaining accounting records in computerised form of expenditure declared to the Commission;
- f) Keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the operational programme by deducting them from the next statement of expenditure.

### **Certification of expenditure in each Member State**

In accordance with Art 16 of Regulation (CE) n°1080/2006, in order to ensure confirmation of expenditures, each Member State shall establish a control system to verify that products and services subject to co-financing are provided; that expenditures declared for operations or part of operations implemented on its territory are accurate; and that these expenditures and the relevant operations or parts of operations comply with Community rules and with national rules.

To this end, each Member State shall designate controllers responsible for checking that expenditures declared by each recipient participating in the operation are legal and regular. Member States can decide to designate a single controller for all of the territory covered by the Programme. In cases where verification of provision of products and services subject to co-financing can only be performed for the operation as a whole, such controls shall be carried out by the controller of the Member States where the first recipient is located or by the Managing Authority.

Each Member State shall ensure that expenditures can be validated by controllers within a period of three months.

### **6.3. AUDIT AUTHORITY**

In accordance with Art 14 of Regulation (CE) n°1080/2006, Member States participating in an operational programme shall appoint a single managing authority, a single certifying authority and a single audit authority, the latter being situated in the Member State of the managing authority.

The audit authority for the operational programme shall be assisted by a group of auditors (Financial Control Group) comprising a representative of each Member State participating in the operational programme and carrying out the duties provided for in Article 62 of Regulation (EC) No

1083/2006. The group of auditors shall be set up at the latest within three months of the decision approving the operational programme. It shall draw up its own rules of procedure. It shall be chaired by the audit authority for the operational programme.

The participating Member States may decide by unanimity that the audit authority is authorized to carry out directly the duties provided for in Article 62 of Regulation (EC) No 1083/2006 in the whole of the territory covered by the programme without the need for a group of auditors as defined in the first subparagraph.

the Audit Authority of the URBACT II Programme is the CICC (Commission Interministérielle de Coordination des Contrôles)

### **Role of the Audit Authority**

In accordance with Art 62 of Regulation (CE) n°1083/2006, the Audit Authority shall have in particular the following functions:

- Ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;
- Ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditures declared;
- Presenting to the Commission within nine months of the approval of the URBACT II Programme an audit strategy covering the bodies which will perform the audits and checks referred to under points a) and b), the methods to be used, the sampling method for audits on operations and the indicative planning of audits and checks to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period.

The Audit Authority shall also perform the following functions by 31 December each year from 2008 to 2015:

- Submitting to the Commission an annual control report setting out the findings of the audits and checks carried out during the previous 12 month period ending on 30 June of the year concerned in accordance with the audit strategy of the URBACT II Programme, and reporting any shortcomings found in the systems for the management and control of the Programme. The first report to be submitted by 31 December 2008 shall cover the period from 1 January 2007 to 30 June 2008. The information concerning the audits and checks carried out after 1 July 2015 shall be included in the final control report supporting the closure declaration referred to in point e);

- Issuing an opinion, on the basis of the controls and audits carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;
- Submitting, where applicable under Art. 88 of Regulation (CE) n°1083/2006, a declaration for partial closure assessing the legality and regularity of the expenditure concerned.

#### **6.4. MONITORING COMMITTEE**

The Monitoring Committee is established, within three months from the date of the notification to the Member State of the decision approving the operational programme, in pursuance of Article 63 of Council Regulation (EC) n°1083/2006. As Monitoring Committee, it has the two-fold tasks of monitoring and programming. It is the policy-making body and decision-making body of the Programme. It is composed of two representatives from each country. Countries may also be represented by a city, a network of cities or any other public authority, local or regional.

In the case of Belgium, the duties of Member State authorities in respect of URBACT shall be fulfilled by specially designated authorities. This applies to all references in this document to member-State authorities or national authorities.

In view of the specificities of the URBACT Programme, some representative of the lead-partner cities may be invited to attend the meetings of the Committee without the right to vote.

The Committee designates a chairman by consensus each year for a one year term of office.

The Commission (DG Regio) is an ex officio member of the Monitoring Committee with an advisory capacity. As regards strategic orientations and operations financed at a 90% rate by structural funds, the members of the Monitoring Committee will seek the approval of the representatives of the Commission.

In accordance with Art 65 of Regulation (CE) n°1083/2006, as a rule, the Monitoring Committee will meet three times a year to fulfil orientation and monitoring tasks. In particular, the Monitoring Committee shall satisfy

itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions:

- it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;
- it shall select the operations and projects submitted by the Managing Authority
- it shall periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the managing authority;
- it shall examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations referred to in Article 48(3) of Regulation (CE) n°1083/2006;
- it shall consider and approve the annual and final reports on implementation referred to in Article 67 of Regulation (CE) n°1083/2006;
- it shall be informed of the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- it may propose to the managing authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives referred to in Article 3 of Regulation (CE) n°1083/2006 or to improve its management, including its financial management;
- it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Funds.

Particularly, in the framework of the URBACT Program, the Monitoring Committee shall:

- Consider and approve any amendments to the Programme and to annual activity plans;
- Consider and approve the communication and dissemination plan;
- Consider and approve selection criteria for projects, and approve the themes selected for networks and working groups;
- Periodically review progress made by the projects, including evaluations;
- Consider and approve annual reports and the final implementation report to be submitted to the Commission.

The Monitoring Committee shall draw up its rules of procedure and adopt them in agreement with the Managing Authority (Art 63, par. 2, of Regulation (CE) n°1083/2006).

The Monitoring Committee is assisted by the URBACT Secretariat (preparation of meetings and documents, implementation of decisions).

Documents submitted to the Monitoring Committee shall usually be produced in English and French

The Programme will cover travel expenses to meetings of the Monitoring Committee only for members of the URBACT Secretariat and lead partners invited to present their projects.

## **6.5. JOINT TECHNICAL SECRETARIAT (THE URBACT SECRETARIAT)**

After consulting the Member States represented within the area covered by the Programme, the Managing Authority shall establish a joint technical secretariat. The Secretariat shall assist the Managing Authority, the Monitoring Committee and if necessary the Audit Authority in the performance of their respective functions (Article 14 of Regulation (EC) n° 1080/2006).

The role of the technical Secretariat is two-fold:

- It ensures the administrative and financial management of the Programme, and the implementation and monitoring of the operations set out in the Programme. It prepares the work of the Monitoring Committee and assists it in the fulfilment of its functions.
- It coordinates the work of thematic units, thematic networks, working groups and studies.
- It pays particular attention to dissemination of information among partners in the Programme and beyond. To this end, a core team shall be recruited through a procedure of calls for applications published in the Member States of the Union.

## **6.6. CONTRACTUAL ARRANGEMENTS**

### **6.6.1. Partnership agreement between Member States**

The French Ministry for Urban Policy (*Ministère français en charge de la politique de la ville*), Managing Authority of the URBACT II Programme,

shall enter into a partnership agreement with the participating Member States; the agreement will define the distribution of responsibilities, financial contributions and tasks between the Managing Authority, the Member States and the final recipients with regard to payment procedures, financial controls, and auditing of accounts. The partnership agreement, so-called **Memorandum of Understanding** shall be submitted to the Monitoring Committee.

The Managing Authority shall also enter into agreements, so-called **Subsidy contracts** with the lead-partner-local authorities of thematic networks and other projects financed by the Programme, specifying in each case the amount of funding by the Programme, the methods of implementation of the project, and the control system.

#### 6.6.2. Beneficiaries: Lead partner principle

Article 2 of Regulation (EC) N°1083/2006 of 11 July 2006 defines beneficiaries as *“an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual project and receiving public aid”*

In the context of URBACT II, the lead partners are the recipients for calls for proposals under Priorities I or II. Only public authorities can be lead partners, and normally cities.

Lead partners can be from

- EU 27
- Norway and the Helvetic Confederation. In this case, the lead partner will act as “Functional lead Partner”. The liability of the operation will in this case remain with a formally appointed “Financial Lead Partner” coming from any EU Member State.

Lead partners enter into **subsidy contracts** with the Managing Authority and apply for payment of the assistance on behalf of the partners of thematic networks and other projects. Lead partners are responsible for all the funds allocated to their project, and also for the financial management and coordination of the partnership. Lead partners assume legal and financial responsibility vis-à-vis the Managing Authority. By a **joint convention**, lead partners decide, together with the other partners, how to share their joint responsibilities.

In the context of calls for proposals under Priorities I and II, lead partners are public authorities, usually cities.

## **6.7. IMPLEMENTATION PROCEDURES**

### **6.7.1. Management of priorities axes, operations and projects**

Procedures for calls for tenders and calls for proposals will be submitted to the decision of the Monitoring Committee:

Following the approval of the Programme, the Managing Authority shall submit to the Monitoring Committee an annual work programme with a budget and an annual implementation schedule for 2007-2013.

Pursuant to art. 71 of Regulation (EC) n° 1083/2006, before the submission of the first interim application for payment or at the latest within twelve months of the approval of each operational programme, the Member States shall submit to the Commission a description of the systems, covering in particular the organisation and procedures of:

- the managing and certifying authorities and intermediate bodies;
- the audit authority and any other bodies carrying out audits under its responsibility.

### **6.7.2. Financial management and control**

Pursuant to Regulation (EC) n° 7850/06 and Regulation (EC) n° 1083/2006, art. 58, 70-71, Member States shall specify in their agreement with the Managing Authority the procedure by which they will ensure that funds provided by the Programme for projects where the lead-partner city is located in their territory are properly managed. This will allow the Managing Authority and the Certifying Authority to implement the Programme and to ensure that Community funds and national contributions are used efficiently and correctly, that management of technical assistance complies with Community rules, in accordance with principles of good financial management. Member States shall provide the Managing Authority with a detailed description of their management and control systems.



### 6.7.3. First level controls

In carrying out first level controls, URBACT II will improve the control system developed by the Member States for the URBACT I Programme. Member States must provide adequate information on the organisation of first level controls to the Managing Authority and to the Commission.

In the framework of first level controls, management and control systems provide procedures designed to verify that co-funded products and services have actually been delivered, that declared expenditures have been paid out, and that Community rules have been respected.

In case of irregularities found through first level controls, the Member States in question will be expected to correct and adjust the system, in cooperation with the Managing Authority.

### 6.7.4. Second level controls

In compliance with Article 62 of Regulation (EC) 1083/2006, the audit authority shall ensure that *"audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared"*;

A detailed description of the management and control systems will be provided at a later stage in compliance with Regulation (EC) n° 1083/2006 and Regulation (EC) n° 1080/2006.

## **6.8. ANNUAL IMPLEMENTATION REPORT**

Pursuant to art. 67 of Regulation (EC) 1083/2006, for the first time in 2008 and by 30 June each year, the managing authority shall send the Commission an annual report and by 31 March 2017 a final report on the implementation of the operational programme.

The annual reports will be drafted by the Joint Technical Secretariat and approved by the Monitoring Committee before they are sent to the Commission.

The yearly implementation report will be based on the information provided by the Monitoring system as outlined above. It will go beyond the scope of the monitoring by including also information on the additional quantified evaluation indicators. Therefore the annual implementation reports will form an important basis for the evaluation of the programme.

The annual reports referred shall include the following information in order to obtain a clear view of the implementation of the operational programme:

- a) the progress made in implementing the operational programme and priority axes in relation to their specific, verifiable targets, with a quantification, wherever and whenever they lend themselves to quantification, using the indicators referred to in Article 37(1)(c) at the level of the priority axes;
- b) the financial implementation of the operational programme, detailing for each priority axes:
  - o the expenditure paid out by the beneficiaries included in applications for payment sent to the managing authority and the corresponding public contribution;
  - o the total payments received from the Commission and quantification of the financial indicators referred to in Article 66(2); and
  - o the expenditure paid out by the body responsible for making payments to the beneficiaries,

Where appropriate, financial implementation in areas receiving transitional support shall be presented separately within each operational programme;

- c) for information purposes only, the indicative breakdown of the allocation of Funds by categories, in accordance with the implementation rules adopted by the Commission in accordance with the procedure referred to in Article 103(3);
- d) the steps taken by the managing authority or the monitoring committee to ensure the quality and effectiveness of implementation, in particular:
  - o monitoring and evaluation measures, including data collection arrangements;
  - o a summary of any significant problems encountered in implementing the operational programme and any measures taken, including the response to comments made under Article 68(2) where appropriate;
  - o the use made of technical assistance;
- e) the measures taken to provide information on and publicise the operational programme;
- f) information about significant problems relating to compliance with Community law which have been encountered in the

implementation of the operational programme and the measures taken to deal with them;

- g) where appropriate, the progress and financing of major projects;
- h) the use made of assistance released following cancellation as referred to in Article 98(2) to the managing authority or to another public authority during the period of implementation of the operational programme;
- i) cases where a substantial modification has been detected under Article 57.

## **6.9. EVALUATION**

The URBACT II programme will be subject to an evaluation during the programming period in accordance with Article 47 and 48 of the Regulation (EC) 1083/2006. An independent expert will be appointed to examine the implementation of the programme against its rationale, relevance, effectiveness, efficiency and impact. The mid-term evaluation will start with taking stock of the initial results of the programme, their relevance and the extent to which these results are in line with the Programme objectives. It will assess the adequacy of the system for the financial management and administration. The evaluation will provide recommendations for the remainder of the programme. Furthermore, the evaluation will take into account of the cross-cutting fields of equal opportunities and environment/sustainable development.

The Technical Secretariat will provide the evaluator with the required information and make sure that he/she can use all available information, e.g. from the monitoring and Annual Implementation Reports. The results of the evaluation will be forwarded to all members of the Monitoring Committee and the Commission. The Monitoring Committee will discuss and comment all recommendations of the evaluator. It will decide on the necessity of reprogramming, including reallocation of funding.

In Compliance with Art.49 of the Regulation (EC) 1083/2006, the ex-post evaluation is the responsibility of the Commission together with the Member States. It will also be carried out by an independent evaluator.

## **6.10. MONITORING**

The Managing Authority will use the PRESAGE web-based management system to monitor and assess operations. This system is compatible with the European baseline system, making it possible to provide the Commission and partner Member States with information concerning progress in the implementation of the Programme.

National authorities will have access to the web-based management system to consult the projects led by partners in their Member State.

## **CHAPTER SEVEN**

### **FINANCIAL PLAN**

#### **7.1. Programme Budget**

##### **7.1.1 General Structure**

##### **7.1.2 Thematic Priority Axes**

##### **7.1.3 Technical Assistance**

##### **7.1.4 Project Co-Financing**

#### **7.2. Joint Funding of URBACT II**

##### **7.2.1 National Contributions in URBACT II**

## CHAPTER 7 – FINANCIAL PLAN

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The eligible budget presented in the annex to this document is for a total of 67,81 M€, which represents an annual budget of 9.68 M€

### 7.1. PROGRAMME BUDGET

#### 7.1.1 General structure

The total budget for the URBACT II Programme in the period 2007 – 2013 is 68.890.739 €. The total eligible expenditure is 67.817.875 € made up of 53.319.170 € of ERDF, 5.173.880 € of national contribution (*ex ante*) and 9.324.825,00 € of local contribution. In addition to this, there is a non-eligible budget represented by the contribution from Norway corresponding to 350.000 € and the contribution from the Helvetic Confederation corresponding to 230.000 € .

The budget for the ERDF contribution corresponds exactly to the allocation provided by the European Commission to the URBACT II Programme.

Following the Programme's structure, the total budget has been divided into three priority axes: two thematic priority axes and Technical Assistance.

#### 7.1.2 Thematic Priority Axes

The total eligible budget of Priority Axe 1 is 28.882.993 € (corresponding to 42,59% of the total Programme budget), made up of 23.462.849 € of ERDF (corresponding to 44% of total ERDF), 1.238.299 € of national contribution (*ex ante*) and 4.181.845,00 € of local contribution. The non-eligible contribution of Norway for the involvement of Norwegian cities in the activities of Priority Axe 1 is 130.416 €. The non-eligible contribution of the Helvetic Confederation for the involvement of Swiss cities in the activities of Priority Axe 1 is 74.206 €.

Priority Axe 1 will finance a certain number of thematic networks, working groups and fast track networks. In addition to this, Priority Axe 1 will finance activities of expertise, capitalization and communication as core issues of the URBACT II Programme.

All the projects financed under Priority Axe 1 are linked to the theme: *Cities, Engines of Growth and Jobs*.

The total budget of Priority Axe 2 is 33.111.278 € (corresponding to 48,82% of the total Programme budget), made up of 26.657.170 € of ERDF (corresponding to 50% of total ERDF), 1.311.128 € of national contribution (*ex ante*) and 5.142.980,00 € of local contribution. The non-eligible contribution of Norway for the involvement of Norwegian cities in the activities of Priority Axe 2 is 186.118 €. The non-eligible contribution of Helvetic Confederation for the involvement of Swiss in the activities of Priority Axe 2 is 102.124 €.

Priority Axe 2 will finance a certain number of thematic networks, working groups and fast track networks. In addition to this, Priority Axe 2 will finance activities of expertise, capitalization and communication as core issues of the URBACT II Programme.

All the projects financed under Priority Axe 2 are linked to the theme: *Attractive and Cohesive Cities*.

### 7.1.3 Technical Assistance

The total eligible budget of Priority Axe 3 "Technical Assistance" is 5.823.604 € (corresponding to 8,59% of the total Programme budget), made up of 3.199.151,00 € of ERDF (corresponding to 6% of total ERDF) and 2.624.453 € of national contribution (*ex ante*). In addition to this, the total budget for technical assistance is incremented by the non-eligible national contributions (*ex ante*) of Norway corresponding to 33.466 € and of the Helvetic Confederation corresponding to 53.670 €.

The allocated ERDF in technical assistance corresponds exactly to the 6% of the total allocated ERDF in the URBACT II Programme (as required by art. 46, paragraph 1 letter b) of Reg. (CE) 1083/2006).

### 7.1.4 Project Co-financing

In Priority Axes 1 and 2 the partners from the Convergence objective of thematic networks, working groups and other projects will be financed at 80% maximum by ERDF; the partners from the non Convergence regions will be financed at 70% maximum by ERDF. Partners from Norway and from the Helvetic Confederation will be financed at 50% maximum by the respective national funds.

All the projects led by the Managing Authority in Priority Axes 1 and 2 will be financed at 90% maximum ERDF and 10% minimum national contribution (*ex ante*).

The URBACT II Programme budget will finance a certain number of fast-track networks in the period 2007-2013. They will be financed partly in Priority Axe 1 and partly in Priority Axe 2.

## **7.2. JOINT FUNDING OF URBACT II**

URBACT II is an exchange Programme that brings together cities in European countries; it is funded jointly by the European Union and the Member States of the European Union.

Local authorities, normally cities and regions, contribute to the budget of the URBACT II Programme, as do some other public authorities, depending on the extent of their involvement in the Programme.

Implementation of cities' projects (thematic networks, working groups) will begin once their proposals are approved by the Monitoring Committee of the Programme, and the corresponding contributions (contributions per project), estimated at 9,32 M€, will be made available at that time.

Their contributions will usually be in the form of financial contributions. In some cases, contributions in kind (provision of equipment, services, etc.) may be considered, in accordance with art. 56 paragraph 2 of Regulation (EC) 1083/06, art. 13 of Regulation (EC) 1080/06 and art. 51 of Regulation 1828/06.

### **7.2.1 National Contribution in URBACT II**

The total eligible national central contribution in the URBACT II Programme budget is 5.173.880 €. France, as Member State hosting the Managing Authority and the Technical Secretariat, will contribute with 2.100.000,00 € (corresponding to 40,59% of total national central contribution). In addition to this, Norway will contribute with 33.466 € and the Helvetic Confederation with 53.670 € as non-eligible funding in technical assistance.

The national contribution per Member State has been calculated on the basis of the population. Each Member State represents a percentage of population in the EU total population. This percentage has been used to calculate the national contribution of each Member State partner in URBACT II.



The total and annual amounts of national contribution per Member State for the URBACT II Programme are provided at Annex 4.

# Délégation Interministérielle à la Ville

## *Ex ante* evaluation of the URBACT 2 Programme

Draft summary note

### OBJECT AND CONTENT

This summary note presents the **initial conclusions of the *ex ante* evaluation of the URBACT II Operational Programme (OP)** (version dated 29 December 2006).

A final *ex ante* evaluation report will be submitted at a later date. The present summary draws on the report submitted by Ernst & Young on 15 December 2006 based on the first version of the Operational Programme (dated 4 November 2006) and presented to the Monitoring Committee on 17 November 2006. In view of the iterative nature of the *ex ante* evaluation, and because of the **major developments brought to this early version of the programming document**, a new version of the *ex ante* evaluation is currently being prepared.

### UPDATED SUMMARY OF INITIAL CONCLUSIONS AND RECOMMENDATIONS

*A strategy with a higher degree of relevance compared to the previous version of the Operational Programme (dated 4 November 2006)*

On the whole, the general strategy of the URBACT II Programme is marked by relative **continuity** with that of URBACT I, in that the Programme continues to be fundamentally a networking tool for European cities. Some changes have been made with respect to URBACT I to **take into account lessons learned from the previous Programme** (for instance, strengthening objectives such as dissemination and transferability of final products).

The **relevance and clarity of the Programme** have been improved in the new version by taking into account the recommendations of the *ex ante* evaluation based on the first version of the OP, and in particular by **structuring the Programme around objectives rather than around instruments** (networks, working groups, etc.).

Moreover, the version of the OP dated 29 December strengthens the capacity of the URBACT II Programme to adjust to profound changes in its intervention context resulting from the termination of the URBAN II initiative, the new community approach to urban action which focuses more on cities as conurbations and carriers of competitiveness rather than on disadvantaged neighbourhoods, and the inclusion of new Member States with new needs for their cities and their inhabitants (housing, access to public services dealing with commercial issues and health) by

- **introducing into the programming document an assessment** of the situation of European cities, which is based primarily on data provided by the Urban Audit - one of the key tools of the Commission in the area of urban affairs;
- **explicitly linking its strategy to European policy** on urban issues by clearly defining its overall objective: "to improve the effectiveness of integrated urban development projects and policies in Europe in the framework of the implementation of the Lisbon Strategy";
- **presenting itself as an operational instrument of the European "Regions for Economic Change"** initiative (and no longer - as was the case in the 4 November 2006 version of the Programme - as a tool among others in the operational programme); the implementation procedure of this system is described under the "Fast Track" option in greater detail than in the previous version of the OP;
- by creating a separate section of the programming document to address specifically the needs of the cities of new Member States;
- by opening **participation in the Programme to accession countries**, giving them the opportunity to take part in all the activities of the URBACT Programme except ERDF funding, using accession funds (Instrument for Pre-Accession).

The strategy has been made more relevant to the context and the needs of the cities thanks to the amendments made to the programming document and the integration of the recommendations of the evaluation report. There is room, however, for further improvement:

- the section dealing with the presentation of the Programme's strategy (Chapter 3) is still essentially an assessment which usefully completes the analysis of the situation of European cities (in Chapter 2), in particular concerning the specificity of a network such as URBACT and the expectations of cities with regard to networking projects. However, the section on "Strategy" should highlight more clearly **the stakes and the challenges for the Programme itself**, rather than for European cities in general, and outline ways in which URBACT II will be able to respond to these (possibly based on responses made in the past by the URBACT I Programme);

*Internal consistency has improved in some areas, but needs to address the issue of coordination between the Programme's Priorities and its Operations, and, more generally, to clarify the ties between specific strategic objectives and instruments.*

As regards the actual **presentation** of the OP document, clarity has improved thanks to:

- a new structure and organisation of the contents (assessment, strategy, priorities, and implementation procedures) has resulted in **greater overall clarity**;
- a clearer presentation and differentiation between exchange instruments (5.4), capitalisation instruments (5.5) and communication instruments (5.6). Compared to the 4 November version, the new presentation is more streamlined; different activities are summarised in a way that highlights the key tools of the Programme, while detailed implementation procedures are presented in a separate attached document.

Moreover, and in accordance with the recommendations of the evaluation report of 15 December 2006, the programming document dated 29 December 2006.

- **opens the Programme to the private sector**, thereby situating the Programme in the mainstream with regard both to the diversity of themes and players involved in integrated urban development and to the importance of competitiveness and growth. This is further bolstered by the more detailed explanations given in the Operational Programme as to the conditions of participation of various categories of actors involved in the Programme.

- **has been made more consistent by the suppression of measures** that are not specific actions but rather "budget lines", and in particular, projects that were identified in the 4 November version of the OP as items 1.3 (thematic experts) and 1.4 (guest cities).
- **has been made more explicit and structured thanks to a new organisation around one overall objective** (improving the effectiveness of integrated urban development policies) and **three specific objectives** (facilitating exchanges, diffusion of experience and good practice, and assistance to local representatives and practitioners).

Nevertheless, the evaluation concluded that the Operational Programme would benefit from continued efforts towards a more hierarchical organisation, **concretely strengthening the logical links between the specific objectives and the Programme's operational procedures** described in part 5 of the programming document, with a view to explaining explicitly in what ways and by what means the various tools and activities of the URBACT Programme contribute to the achievement of the specific objectives it has set for itself. In addition to coordination between various levels of objectives, the new version of the OP **distinguishes between Priorities** ("axes") based on priority intervention themes (competitiveness and growth, on the one hand, social cohesion and attractiveness on the other) and **Operations** (exchanges and learning, capitalisation, communication and dissemination). The budget is organised by Priorities, but the actual implementation of the Programme takes place at the level of Operations, i.e. of the instruments of the URBACT II Operational Programme; as a result, there is a danger that the **Priorities** will not be the actual strategic management framework, but merely a financial "attribution" system unrelated to the actual implementation of the Programme. For these reasons, the evaluation recommends that for each Priority, the OP should list Operations that will be implemented (naturally, the same operations can be listed under both priorities) as well as **the budget allocation to which each Operation will be debited**.

The nature of the "sub-themes" within each Priority (jobs and human capital, environmental issues, etc.) also needs to be clarified. Nowhere in the Programme is it specified whether these measures are to have their own budget allocations or whether they represent themes to which projects must be linked in order to be eligible. Evaluators feel that **sub-themes should be presented as eligibility criteria for projects**, and that the financial participation of each Priority should be at the Operational level.

Finally, the link between the sub-themes and the two Priorities (competitiveness and growth on the one hand, social cohesion and attractiveness on the other) should be clarified. For example, the sub-

theme "Urban governance" is included under the "Social cohesion and attractiveness" Priority, but the link between these is not clear.

*The external consistency of the Operational Programme, which was already quite strong, has been further clarified and enhanced by frequent and specific references to the broader principles on which the intervention is founded.*

As previously noted in the evaluation report of 15 December 2006, the strategy of the Operational Programme seeks to achieve a high level of consistency with Community Strategic Orientations and Community Regulations, in particular **by selecting as priority intervention themes most of the intervention areas selected as priorities by the structural funds for urban areas** (Article 8 of ERDF regulations). In addition, the Programme provides for **greater consistency with other European networks**, especially by means of partnerships.

Some improvements have been made with respect to the initial version of the OP dated 4 November. For instance, the relationship between the Programme and the "Region for Economic Change" initiative has been clarified and references are included to issues raised in the European Commission's Communication of 8 November on "Regions for Economic Change". The URBACT Programme is now presented as one of the tools of this initiative, and no longer as its intervention framework. Nevertheless, the evaluators feel that in view of the significance of this Communication in terms of the legal framework of the URBACT 2 Programme, it should be mentioned in the introduction to the document.

Finally, the evaluation shows that the allocation of funds by Priority favours Priority 2 (Social cohesion and attractiveness) with 51.8% of the total budget as compared to 39.6% for Priority 1 (Growth and employment). This distribution **does not accurately reflect the Lisbon strategy** which favours a pro-active approach based on competitiveness. The present distribution of the budget evidences a somewhat "curative" approach providing support to disadvantaged neighbourhoods - an approach that is more closely associated with the 2002-2006 strategy.

*Proposed indicators for results and impact assessments provide a solid base for the monitoring system which will however need to be adapted to the new thematic organisation of the Operational Programme.*

The most recent version of the programming document includes some of the implementation, achievement and impact indicators suggested in the *ex ante* evaluation report dated 15 December 2006.

In view of the reorganisation of the URBACT Operational Programme along thematic lines, new indicators will have to be selected, in particular to

facilitate **monitoring of the Programme's achievements on priority themes** listed in its Priorities.

However, target values of indicators will have to be quantified if they are to be used as references for monitoring and evaluating the Programme. Quantification of these indicators must rely in particular on the achievements and results of the URBACT I Programme and must take into account the increase in available ERDF funding.

*The implementation system can be improved by streamlining procedures for payment and control, focusing more clearly on production, and allocating precise amounts to the various activities of the Programme.*

As recommended by the evaluation report of 15 December 2006:

- The URBACT II Programme can draw on the significant accomplishments of URBACT I in the area of management, in particular as regards software systems (PRESAGE and URBACT PRESAGE which partners can access on the internet). However, payment procedures for expenses incurred by the Secretariat (as agent for the *Institut des Villes*) need to be streamlined, and the convention with the **Caisse des dépôts et Consignations** needs to be re-negotiated.
- **Controls under Article 4 could also be simplified.** On the one hand, the two-level system of certification of expenditure by partners and by lead partners could be simplified. On the other hand, the quality of expenditure certified to the European Commission by the Paying Authority could be guaranteed by means of selective checks by the Secretariat of project expenditures centralised by lead partners, and by implementing Article 10 checks more promptly in the new Programme.
- **The reprogramming of URBACT should be designed to ensure that the Programme is a tool for production through networking.** In this framework, its implementation system must strive to develop a strategy geared towards the production of final products that are transferable and operational with new methods (standard formats for reports, annual and quarterly work plans, terms of reference, tools for streamlining production, etc.).

The evaluation recommends that the authors of the Programme present the budget allocations **by Programme Priority, and include a table with a distribution of funds by measure** (or by instrument). A distribution of funds by measure will contribute to a better quantification of impact and to an improved day-to-day monitoring of Programme expenditure.

## URBACT II Operational Programme

### ANNEX 2 FINANCIAL TABLE GLOBAL BUDGET

Programme Budget in € (ERDF at 78,62%)	(a) Total Programme budget in € (b + c)	(b) Eligible expenditure				(c) Non eligible expenditure				
		(d) Total eligible expenditure in € (e + g)	(e) ERDF funding in €	(f) Average ERDF cofin. rates in %	(g) National contribution in €		(l) Norway's non eligible contribution in €		(m) Switzerland's non eligible contribution in €	
					(h) Central contr. in €	(i) Local contr. in €	(n) Central contr. in €	(o) Local contr. in €	(p) Central contr. in €	(q) Local contr. in €
AXE-PRIORITY 1 - Cities, Engines of Growth and Jobs	29 292 237	28 882 993	23 462 849	81,23%	1 238 299	4 181 845	130 416	130 416	74 206	74 206
AXE-PRIORITY 2 - Attractive and Cohesive Cities	33 687 762	33 111 278	26 657 170	80,51%	1 311 128	5 142 980	186 118	186 118	102 124	102 124
AXE-PRIORITY 3 - Technical Assistance	5 910 740	5 823 604	3 199 151	54,93%	2 624 453	0	33 466	0	53 670	0
<b>TOTAL</b>	<b>68 890 739</b>	<b>67 817 875</b>	<b>53 319 170</b>	<b>78,62%</b>	<b>5 173 880</b>	<b>9 324 825</b>	<b>350 000</b>	<b>316 534</b>	<b>230 000</b>	<b>176 330</b>



## URBACT II Operational Programme

### ANNEX 3 FINANCIAL ALLOCATIONS BY YEAR

Annual breakdown of ERDF contribution (in €)	Total ERDF contribution 2007-2013	2007	2008	2009	2010	2011	2012	2013
		PRIORITY AXE 1 - Cities, Engines of Growth and Jobs	23.462.849	2.287.641	2.544.291	2.581.036	3.172.798	4.092.428
PRIORITY AXE 2 - Attractive and Cohesive Cities	26.657.170	2.875.280	2.888.584	3.500.000	3.850.000	3.907.170	4.550.000	5.086.136
PRIORITY AXE 3 - Technical Assistance	3.199.151	399.151	500.000	500.000	500.000	500.000	500.000,00	300.000
<b>Total</b>	<b>53.319.170</b>	<b>5.562.072</b>	<b>5.932.875</b>	<b>6.581.036</b>	<b>7.522.798</b>	<b>8.499.598</b>	<b>9.231.504</b>	<b>9.989.287</b>



## URBACT II Operational Programme

### ANNEX 4 EX ANTE CONTRIBUTIONS BY MEMBER STATE

Total Budget: **67,81 millions of euros**

Percentage of ERDF: **78,62 %**

Ex ante contribution: **5,173880 millions of euros**

#### Ex ante contribution proportional to the number of inhabitants of each Member State (excluding France)

Ex ante contribution of France in millions of euros: **2,10**

Ex ante contribution of the Member States (excluding France) in millions of euros:

**3,07388**

Member States (UE 25)	Population in 2006* (in thousands of inhabitants)	% pop	Ex-ante contribution (in €)	Average annual contribution (in €) - to be finalized on the MoU
Allemagne	82 438,00	19,17%	589 359 €	84 194 €
Autriche	8 265,90	1,92%	59 094 €	8 442 €
Belgique	10 511,40	2,44%	75 147 €	10 735 €
Chypre	766,40	0,18%	5 479 €	783 €
Danemark	5 427,50	1,26%	38 802 €	5 543 €
Espagne	43 758,30	10,18%	312 833 €	44 690 €
Estonie	1 344,70	0,31%	9 613 €	1 373 €
Finlande	5 255,60	1,22%	37 573 €	5 368 €
Grèce	11 125,20	2,59%	79 535 €	11 362 €
Hongrie	10 076,60	2,34%	72 039 €	10 291 €
Irlande	4 209,00	0,98%	30 091 €	4 299 €
Italie	58 751,70	13,66%	420 023 €	60 003 €
Lettonie	2 294,60	0,53%	16 404 €	2 343 €

<b>Lituanie</b>	3 403,30	<b>0,79%</b>	24 331 €	3 476 €
<b>Luxembourg</b>	459,50	<b>0,11%</b>	3 285 €	469 €
<b>Malte</b>	404,30	<b>0,09%</b>	2 890 €	413 €
<b>Pays-bas</b>	16 334,20	<b>3,80%</b>	116 775 €	16 682 €
<b>Pologne</b>	38 157,10	<b>8,87%</b>	272 789 €	38 970 €
<b>Portugal</b>	10 569,60	<b>2,46%</b>	75 563 €	10 795 €
<b>Rep tchèque</b>	10 251,10	<b>2,38%</b>	73 286 €	10 469 €
<b>RU</b>	60 393,10	<b>14,05%</b>	431 757 €	61 680 €
<b>Slovaquie</b>	5 389,20	<b>1,25%</b>	38 528 €	5 504 €
<b>Slovénie</b>	2 003,40	<b>0,47%</b>	14 323 €	2 046 €
<b>Suède</b>	9 047,80	<b>2,10%</b>	64 684 €	9 241 €
<b>Bulgarie</b>	7 718,80	<b>1,80%</b>	55 183 €	7 883 €
<b>Roumanie</b>	21 610,20	<b>5,03%</b>	154 494 €	22 071 €
<b>TOTAL</b>	429 966,50	<b>100,00%</b>	3 073 880 €	
<b>France</b>	62 886,20		2 100 000 €	300 000 €

\* Information displayed at <http://epp.eurostat.ec.europa.eu>

<b>Partner States</b>	<b>Population in 2007 (in thousands of inhabitants)**</b>	<b>% pop</b>	<b>Ex-ante contribution (in €)</b>	<b>Average annual contribution (in €) - to be finalized on the MoU</b>
<b>Norway</b>	4 681,13	-	33 466 €	4 781 €
<b>Switzerland</b>	7 507,27	-	53 670 €	7 667 €

\*\* Information displayed at <http://epp.eurostat.ec.europa.eu>

## **URBACT II Operational Programme**

### **ANNEX 5 STRATEGIC ENVIRONMENTAL ASSESSMENT**

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#### **1. Introduction**

This exercise is carried out in accordance with the criteria defined by Art 3 (5) of the Strategic Environmental Assessment (SEA) Directive 2001/42/EC and its Annex II. Its objective is to determine if the URBACT II Draft Operational programme requires a strategic environmental assessment.

Following the Monitoring Committee of URBACT held on 17<sup>th</sup> November 2006 in Paris, the Managing Authority prepared a new version of the Draft Operational programme to be submitted and performed an examination of the likely significant environmental effects of URBACT II.

The findings of the present examination area based on the new version of the Draft Operational programme to be submitted to the Programming Committee on 18<sup>th</sup> January 2007 in Brussels.

#### **2. Reference Points**

##### **2.1 Legal basis, core mission and objective**

The legal basis for the URBACT II programme is Article 6 (3) of Council Regulation (EC) 1080/06 which is aiming at the *reinforcement of the effectiveness of regional policy by promoting ... (b) exchanges of experience concerning the identification, transfer and dissemination of best practice including on sustainable urban development as referred to in Article 8*. Its core mission is to improve the effectiveness of sustainable integrated urban development policies in Europe with a view to implementing the renewed Lisbon Strategy.

Accordingly, URBACT II aims to support European Territorial Cooperation co-funded by the European Regional Development Fund in the programming period 2007-2013 in providing services to target groups aiming at:

- Facilitating the exchange of experience in the field of sustainable urban development among local, regional and national authorities
- Disseminating widely the experiences and examples of good practices collected by cities

Target groups of URBACT II are the city policy makers and practitioners, regional and national authorities in charge of urban issues.

The Operational programme outlines two thematic priority axes in Chapter 4 (plus Priority 3 - Technical Assistance)

**Priority Axe 1** - Cities, Engines of Growth and Jobs – the main sub themes to be addressed include:

- Promoting entrepreneurship (including Financial Instruments)
- Improving Innovation and Knowledge Economy
- Employment and Human Capital (employability, qualification, access to labour market, education and training systems, target groups: older workers)

**Priority Axe 2** - Attractive and Cohesive Cities –the main sub themes include:

- Integrated Development of sectoral urban policies - housing, renewable energies, ICT, integrated transport policies, ...
- Integrated development of deprived areas – brownfields, inner cities, peripheral deprived areas
- Social integration: managing immigration, young people, health, security, culture
- Environmental issues: waste, improving monitoring of the environment, improving air quality; water quality and supply; moving to a recycling society ...
- Governance and Urban Planning: town planning, multi-level government, citizens' participation, territorial governance (horizontal and vertical)

The sub themes identified above cover the most important policy fields for integrated sustainable urban development and the current challenges faced by European cities, however, other sub themes may be considered appropriate and can be added as necessary. There are clearly many links to be made between priorities to allow for an integrated approach to sustainable urban development and in addition there are a number of cross cutting themes which should also be considered for all possible

URBACT actions – these include equal opportunities, gender issues, environmental sustainability and an integrated approach.

## **2.2 Aspects of examination in relation to the SEA Directive**

According to Directive 2001/42/EC certain programmes and plans that are likely to have significant environmental effects shall be subject of an environmental assessment. Article 3 provides for the scope of the SEA Directive, defining the type of plans and programmes that require such an environmental assessment.

Article 3 (2) provides a list of specific plans and programmes for which an SEA is obligatory, with the exception of cases in which Articles 3 (3), 3 (8), or 3 (9) are applicable. As far as any other plans and programmes are concerned, Member states are to determinate the likelihood of significant environmental effects through case-by-case examination (Art 3 (5)). The environmentally responsible authorities of the Member States shall be consulted concerning the result of the examination (Article 6 (3)). Following the final decision Article 3 (7) requires that the conclusions of the examination and the reasons for not requiring the full SEA are made available to the public.

## **3. Examination of the likely significant environmental effects of URBACT II in accordance with Article 3 (5) Directive 2001/42/EC**

### **3.1 Does URBACT II represent a plan or programme as per definition of Article 2 of Directive 2001/42/EC ?**

#### **Question**

Does URBACT II represent a plan or programme:

- Which is subject to preparation and/or adoption by an authority at national, regional, or local level or which is prepared by an authority for adoption, through a legislative procedure by Parliament or Government?
- Which is required by legislative, regulatory or administrative provisions?

#### **Answer**

URBACT II represents a “plan or programme” as per definition of Article 2 of Directive 2001/42/EC .

### **Comments:**

- Council Regulation (EC) n° 1083/06 laying down general provisions on the European Development Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) n°1260/99 (General Regulation) requires submission by Member States and adoption by the Commission of Operational Programmers as part of the strategic reference framework setting out a development strategy using a coherent set of priorities.
- The operational programme of URBACT II complies with this requirement. The need for the operational programme has been stated in Council Regulation (EC) 1080/06 on the European Regional Development Fund as part of the European territorial cooperation objective. Article 6 (3) aims at the *reinforcement of the effectiveness of regional policy by promoting ... (b) exchanges of experience concerning the identification, transfer and dissemination of best practice including on sustainable urban development as referred to in Article 8.*
- Following adoption by the Commission, the French Ministry in charge of Urban issues, on behalf of the Member States will, in line with the provisions of Council Regulation (EC) 1080/06 on the European Regional Development Fund (Article 14), act as the responsible Managing Authority of the programme.

### **3.2 Does URBACT II set the framework for future development consent of projects ?**

#### **Questions:**

- Has the present Operational programme been prepared for agriculture, forestry, fisheries, energy, industry, transport, waste management, water management, telecommunications, tourism, town and country planning or land use;
- Does the present Operational programme set the framework for future development consent of projects as listed in Annex I and II of Directive 85/337/EEC on Environmental Impact Assessment EIA?



### **1.1. Answer**

No.

### **1.2. Comments**

The URBACT II programme will bring together actors at local and regional level to exchange experience and learning in a wide range of urban policy themes which focus on achieving the main objective of improving the effectiveness and impact of such policies at urban level. The programme will include a strong capitalisation and dissemination element with a view to define actions plans that can be included in mainstream programmes and to communicate the results as widely and effectively as possible.

The overall objective can be broken down into a number of specific objectives for the URBACT II Programme.

The main challenges facing cities today include questions of sustainable development, accessibility, access to services, innovation, entrepreneurship, knowledge economy, support to SMEs, creating more and better jobs, social cohesion, equal opportunities, a safe city, governance, citizen participation, integrated approach to urban development. Most EU cities have policies in place to aim to meet these challenges but these policies vary considerably between Member States, hence the need to exchange experience and learn from good practice in these fields.

The activities of URBACT II aims to assist policy-makers and practitioners in the cities and managers of operational programmes under the Convergence and Competitiveness Objectives to define action plans on sustainable development in urban areas, which may be selected for Structural Funds programmes (Regions for Economic Change / Fast Track Option). But it does not directly set the framework for future development consent of projects.

Projects, in the strict sense of Directive 85/337/EEC on EIA are related to:

- The execution of construction works or of other installations or schemes
- Other interventions in the natural surroundings and landscape including those involving the extraction of mineral resources

The types of projects involving practical construction works and on-site development activities are listed in Annex I and II of the EIA Directive.

URBACT II does neither set the framework for the development consent of such projects, nor does it contain criteria or conditions which might guide the way a consenting authority decides on an application for development consent.

**3.3 Does URBACT II, in view with a potential effect on sites, require an assessment under Article 6 and 7 of the Directive 92/43/EEC ?**

**1.3. Answer**

No

**1.4. Comments**

**According to the Habitat Directive 92/43/EEC Member States are to establish special areas of conservation** (as part of a coherent European ecological network of protected sites, Natura 2000) for rare and vulnerable habitat types and species which occur in their territory.

According to Article 6 (3) any plan or project not directly connected with or necessary to the management of the site but likely to have a significant effect thereon, either individually or in combination with other plans or projects, shall be subject to appropriate assessment of its implication for the site in view of the site's conservation objectives.

URBACT II does not support projects or actions that are likely to affect sites in the Natura 2000 Network. It spreads systematic and standardized description of working practices mainly through exchanges , studies and dissemination of information.

**3.4 Is URBACT II likely to have significant environmental effects ?**

The "testing" of URBACT II against questions 3.1 to 3.3 above proves that the present programme does not represent one of the standard cases explicitly listed in Directive 2001/42/EC, which require a full environmental assessment. In such a situation, the SEA Directive foresees that Member States are to verify if the programme is still likely to have significant environmental effects (Article 3 (4°)).

The Member States shall take into account relevant criteria set out in Annex II of the SEA Directive in order to assess the nature of the plan or programme and its likely significant effects on the environment. An assessment has been included in the Annex of this examination report, which has been used to establish answers to the questions below.

### **1.5. Question**

Does URBACT II set the framework for future development consent of projects other than those under the EIA Directive?

### **1.6. Answer**

No

### **1.7. Comments**

- Development consent is not defined in the Directive, but according to the SEA guidance document it normally means that the plan or programme contains criteria or conditions which guide the way the consenting authority decide an application for development consent, for instance in placing limits on the type of activity or development which is to be permitted in a given area (section 3.23).
- The URBACT II Operational programme aims to develop exchanges among city policy makers and practitioners, and disseminate standardized information in order to develop appropriate and integrated solutions for urban policies. It does not set the framework for the development consent of projects

### **1.8. Question**

Is URBACT II likely to have a significant environmental effect ?

### **1.9. Answer**

Exchanges among policy makers and practitioners, and dissemination of appropriate and integrated solutions for urban policies is unlikely to have direct significant environmental effects.

### **1.10. Comments**

- URBACT II does not set a framework for future development consent of projects. Therefore the question if the programme has significant direct environmental impacts does not apply.

- Regarding Council Regulation (EC) 1080/2006 URBACT's main objective is to promote urban **sustainable development**. Environmental issues and sustainable development are the very pillars of URBACT II, in a much broader scale than in URBACT I. There is a clear will to influence urban policies towards a more sustainable development. But the influence of the URBACT II programme will more on the definition of new policies than a direct environmental effect.
- URBACT II is not an action programme, but an exchange programme. So it does not co-finance any investment programme. Eventual co-financing from ERDF will come from the Regional Operational programmes, which are required for full SEA.
- According to the guidance document for the SEA Directive, the use of the word "likely" suggest that the environmental effects to be considered are those which can be expected with a reasonable degree of probability (section 3.50). Since it is impossible to determine whether there is a reasonable degree in the case of the URBACT II Draft Operational programme, it can be assumed that the programme is unlikely to have significant environmental effects.

### **3.5 Conclusion**

The below provides an overview of the results of the examination of the URBACT II Operational programme against the likelihood of significant environmental effects in accordance with Article 3 (5) Directive 2001/42/EC.

<p>2.</p> <p>3. <b>SEA DIRECTIVE ARTICLE AND EXAMINATION QUESTION</b></p>	<p>4.</p> <p>5. <b>RESULT</b></p>
<p>6. <b>ARTICLE 2</b></p> <p>3.1 Does URBACT represent a plan or programme:</p> <ul style="list-style-type: none"> <li>• which is subject to preparation and/or adoption by an authority at national, regional, or local level or which is prepared by an authority for adoption, through a legislative procedure by Parliament or Government?</li> <li>• which is required by legislative, regulatory or administrative provisions?</li> </ul>	<p>Yes</p>
<p><b>Article 3 (2)</b></p> <p>3.2 Does URBACT II set the framework for future development consent of projects ?</p> <ul style="list-style-type: none"> <li>•Has the present Operational programme been prepared for agriculture, forestry, fisheries, energy, industry, transport, waste management, water management, telecommunications, tourism, town and country planning or land use; and</li> <li>•Does the present Operational programme set the framework for future development consent of projects as listed in Annex I and II of Directive 85/337/EEC on Environmental Impact Assessment EIA?</li> </ul>	<p>No</p> <p>No</p>
<p style="text-align: center;"><i>6.1.1. Article 2</i></p> <p>3.3 Does URBACT II, in view with a potential effect on sites, require an assessment under Article 6 and 7 of the Directive 92/43/EEC ?</p>	<p>No</p>
<p><b>Article 3 (4)</b></p> <p>3.4 Is URBACT II likely to have significant environmental effects ?</p>	

<ul style="list-style-type: none"> <li>Does URBACT II set the framework for future development consent of projects other than those under the EIA Directive?</li> </ul>	No
<ul style="list-style-type: none"> <li>Is URBACT II likely to have a significant environmental effect?</li> </ul>	Unlikely

Consequently, the Managing authority concludes that a detailed strategic environmental assessment in accordance with the SEA Directive is not required.

### 3.6 Next steps

The Managing Authority submits to the Member States (as authorities designated under Article 6(3) of the SEA Directive for comments in accordance with Article 3 (6) of the Directive) the present examination report accompanied by its decision that a detailed strategic environmental assessment in accordance with the SEA Directive is not required.

The present examination report is based on the draft of the operational programme submitted to the Member States 18<sup>th</sup> January 2007. The Managing Authority shall revisit the examination questions in case upcoming drafts of the programme undergo major adjustments.

## 6.2. ANNEX

Detailed assessment of URBACT II against criteria for determining the likely significance of environmental effects referred to in Article 3(5) of the SEA Directive

### 1. Characteristics of URBACT II, having regard, in particular, to:

6.2.1.1. Annex II/1 Criteria	Comments	Assessment
The degree to which URBACT II sets a framework for projects and other activities, either with regard to the location, nature,	The URBACT II Draft Operational programme does not set a framework for exchange operations in the strict sense of the given criteria, as it has no direct impact in relation to location, nature, size and operating conditions and does not allocate natural resources.	No direct impact

size and operating conditions or by allocating resources.		
The degree to which URBACT II influences other plans and programmes including those in a hierarchy	The URBACT II Draft Operational programme aims to develop exchanges among city policy makers and practitioners and disseminate standardized information. It may influence Regional Operational Programmes towards a more sustainable urban development.	Low direct impact  Degree of influence cannot be determined at this stage
The relevance of URBACT II for the integration of environmental considerations in particular with promoting sustainable development	The URBACT II Draft Operational programme is committed to paragraph (9) of the preambles Regulation (EC) n°1080/2006 integrating measures in the filed of sustainable development into operational programmes. Promoting urban sustainable development is a major aim of URBACT II	Low direct impact  Relevance cannot be determined at this stage
Environmental problems relevant to the plan or programme	As stated above, it is impossible to determine at this stage if the programme itself will directly encourage the integration of environmental considerations.	Low direct impact  Relevance cannot be determined at this stage
The relevance of the plan or programme for the implementation of community legislation on the Environment	Some of the projects of URBACT II may be relevant to activities related to environmental themes, but it cannot be determined whether such activity will be of relevance to the implementation of Community legislation on the environment.	Low direct impact  Relevance cannot be determined at this stage

**2. Characteristics of the effects and of the area likely to be affected, having regard, in particular, to:**

6.2.1.2. Annex II/2 Criteria	Comments	Assessment
<ul style="list-style-type: none"> <li>- the probability, duration, frequency and reversibility of the effects</li> <li>- the cumulative nature of the effects</li> <li>- the transboundary nature of the effects</li> <li>- the risks to human health or the environment (e.g. due to accidents)</li> <li>- the magnitude and spatial extent of the effect</li> <li>- the value and vulnerability of the area likely to be affected due to special natural characteristics or cultural heritage, exceeded environmental quality standards or limit values, intensive land-use</li> <li>- the effects on areas or landscapes which have a recognized national, Community or international protection status</li> </ul>	<p>Given the above assessment and taking into account that URBACT is an exchange programme on urban issues, it is expected that the environmental effects resulting directly from the programme will not be significant.</p>	<p>Not significant</p>



## URBACT II Operational Programme

### ANNEX 6 GLOSSARY OF TERMS

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**Operational Programme:** document submitted by a Member State and adopted by the Commission setting out a development strategy with a coherent set of priorities to be carried out with the aid of a Fund, or, in the case of the Convergence objective, with the aid of the Cohesion Fund and the ERDF;

(COUNCIL REGULATION (EC) No 1083/2006, *Article 2 (1)*)

**Beneficiary:** an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual project and receiving public aid;

(COUNCIL REGULATION (EC) No 1083/2006, *Article 2 (4)*)

**Priority Axe:** one of the priorities of the strategy in an operational programme comprising a group of operations which are related and have specific measurable goals;

(COUNCIL REGULATION (EC) No 1083/2006, *Article 2 (2)*)

**Operation:** a project or group of projects selected by the managing authority of the operational programme concerned or under its responsibility according to criteria laid down by the monitoring committee and implemented by one or more beneficiaries allowing achievement of the goals of the priority axe to which it relates;

(COUNCIL REGULATION (EC) No 1083/2006, *Article 2 (3)*)

**Tool:** a group of similar projects of the same operation e.g: the thematic networks are one of the tools of Operation 1 Exchange and Learning

**Project:** activity co-financed by the programme

**City:** Article 8 of the Regulations 1080 covers urban areas but does not define "city". In the framework of the present programme, the term city is understood in its broadest term: metropolitan areas, cities, towns, neighbourhoods and districts. A "city" can be beneficiary of the URBACT programme as long as it disposes of the legal competencies and frameworks to ensure effective management.



## THEMES FOR MODERNISATION

The themes for Regions For Economic Change and its fast track option can be grouped into specific policy fields, according to the three thematic sets of guidelines and the cross-cutting territorial dimension of the Community strategic guidelines, as set out below. Particular attention will be paid across all these themes to improved governance and to the involvement of the private sector.

- I. **Making Europe and its regions more attractive places to invest and work**
  - Increasing adaptability.** Globalisation requires constant adaptation to changing economic realities and increases the importance of foreseeing and accompanying change. The European Globalisation Adjustment Fund will assist with re-training and job search efforts for workers made redundant as a result of major structural changes in world trade patterns and the Structural Funds will continue as in the past to facilitate medium-term adjustment. Regions working on this theme will exchange experience on how to deal with short-term economic shocks and on the appropriate instruments to mitigate negative effects and take advantage of opportunities which arise. Regions will also share best practice on steps they can take to prepare for, and take advantage of, planned and predictable changes in the economic environment such as those stemming from increased liberalisation of trade and reductions in trade protection stemming from international trade agreements.
  - **Improving air quality.** Poor air quality is associated with a decrease in life expectancy of up to 3 years in some parts of EU, and is also linked to increased rates of respiratory disease and reduced productivity. Regions working on this theme will develop and share measures to reduce their measured levels of particulate matter, NO<sub>2</sub> and CO through integrated packages of measures.
  - **Moving to a low carbon economy.** Transforming our energy dependency will require higher energy efficiency to reduce demand and a lower dependence on fossil fuels. Regions working on this theme will develop actions and exchange experience on measures

which improve Kyoto performance and contribute to the 2010 national indicative EU-25 global target of 21% of electricity from renewable energy sources and of 5.75% for the market share of biofuels (for transport as well as the increased use of renewable energy sources for heating and cooling).

- **Improving quality of water supply and treatment.** The supply of sufficient clean water at reasonable cost is essential to households and businesses. The aim of this theme is to exchange experience on measures to help improve application of the principle of Integrated Water Resource Management and increase the efficiency of the drinking water supply. Regions working on this theme will develop measures, and share best practice, on assuring a better water quality and more efficient consumption.
- **Moving to a recycling society.** Measures promoting the prevention and recycling of waste are an essential element for sustainable use of natural resources and contribute to reducing emissions of greenhouse gases. It involves developing local economies, thereby creating jobs, and benefiting general industrial competitiveness. Regions working on this theme will develop measures, and share best practice, on assuring reduction of waste generation and recovering/recycling valuable resources embedded in waste.
- **Making healthy communities.** The Union's ageing population and declining labour force make it essential to take steps to increase the number of healthy life years for its population. However, major differences in health status and access to health care and delivering continuity of care persist between regions. Regions, cities and rural areas working on this theme will aim to improve the overall 'state of health' of inhabitants through extending healthy and active ageing and through measures to prevent health risks and fill gaps in health infrastructure including ICT-based tools.
- **Integrated policies on urban transport.** Urban transport is a key element in determining the attractiveness of cities to citizens and businesses. Cities in both old and new Member States face challenges in this regard, as manifested by urban congestion, access problems and transport infrastructures which do not meet the needs of all groups. Cities working on this theme will aim to improve quality of life of citizens through providing high quality public transport and better management of traffic as part of an integrated strategy to improve their transport system.
- **Developing sustainable and energy-efficient housing stock.** Many cities are confronted with housing stock of poor quality in terms of energy efficiency. This is costly for the citizens and detrimental to the local and national economy. Careful planning and

timing of building renovations (with properly dimensioned/selected heating systems, hot water supply systems and electricity supply) are also needed to ensure balancing of housing needs with demographic, regional/urban development and lifestyle trends. Cities and rural areas working on this theme will work to achieve a higher level of sustainable development and energy efficiency of housing stock.

- **Improving monitoring of environment and security by and for the regions.** It is important that regions can take full advantage of European investment in the development of information services to better support the global monitoring of environment and security (GMES). These pan-European services, which integrate space and ground/sea based geo-spatial data, should enable the development of downstream services to respond to regional users' needs. The aim of regions working on this scheme will be to overcome the problem of fragmented information systems and develop customised information services in various areas like cross border spatial planning (for transport infrastructure, tourism development, land monitoring) or emergency responses (focused on common risks areas such as alpine regions, cross border rivers or Mediterranean forest). As a result, they will promote the development of innovative firms in high tech services industries and the creation of cross border geospatial interoperable solutions.

## II. Improving knowledge and innovation for growth

- **Improving the capacity of regions for research and innovation.** It is important that regions emphasise the role of knowledge creation and innovation in their development strategies. Their strategy to invest in Research and Development should be based on a sound assessment of their research priorities and a management strategy, including the transfer of knowledge. The aim of regions working on this theme will be to develop measures to improve the proportion of their workforce employed in science, technology and high-tech manufacturing and the number of patent applications and licensing agreements. Under the fast track option, support could be given to regions to facilitate their participation in different EU-level activities such as the European Institute for Technology.
- **Bringing innovative ideas to the market more quickly.** SMEs operate more and more in international markets and also need to adapt more quickly to global developments. The capacity to adopt new technologies and methods (sometimes developed through

research) is key for competitiveness, yet is still hampered by a range of factors. The aim of regions working on this theme, which will be especially important in regions with strong SME sectors, will be to develop measures to increase awareness of the potential benefits of research for selected business sectors, including the possibilities which might flow from projects like GALILEO; to facilitate knowledge transfer from research to innovative products and services and to promote non-technological innovation, e.g. by providing counselling and networking measures. The exchange of best practice would include the use of risk capital to finance the proof-of-concept stage of the innovation process.

- **Training and retaining researchers.** The retention of highly qualified personnel in the Research and Development sector is crucial for the development of the knowledge economy. Equally, the mobility of such people between the academic and business worlds helps to build bridges between the two communities. Regions working on this theme will develop programmes to train students and researchers in local companies, to establish offices to facilitate the exchange of personnel and knowledge, to attract young people to research and scientific careers.
- **Helping to restructure regions most heavily dependent on traditional industries.** Some regions are still heavily dependent on traditional industries and vulnerable to relocation decisions, particularly by large employers. The aim of regions working on this theme will be to develop policy mechanisms on how best to anticipate, or respond to, closures through restructuring and diversification, or through retraining, business support, advice and financing and nurturing local clusters.
- **Bringing e-government to regions and businesses.** Companies already offer many products and services online. Governments, especially at a local level, are not always up to the same speed. Regions working on this theme will benefit from experiences in those which are more advanced in the provision of administrative, library and other services through electronic communications.
- **Better ICT connections between regions.** Citizens and businesses in Europe's remote, less-developed or sparsely-populated regions and in rural areas often face special challenges in accessing services and marketing and selling products and innovative ideas. Increasing the availability of ICT infrastructure and services will enable better access to public services and connect the social and economic actors of these regions to the global market with beneficial effects for businesses, employment and capacity building. Regions working on this theme will use broadband connections and digital ecosystems technologies to help retain and

establish new businesses, reduce out-migration, and enable global co-operation among the various socio-economic actors.

### III. More and better jobs

- **Improving qualifications for innovation.** Policies to support research, technology and innovation must go hand in hand with measures to promote a high level of education and training and a qualified work-force. The aim of regions working on this theme will be to address shortages of qualified workers for research, technology or innovation jobs, through actions to increase the education level of the population and to train both unemployed and those in employment (updating of skills, lifelong learning).
- **Promoting entrepreneurship.** 'Entrepreneurship' is considered one of the new basic skills necessary to live and work in a knowledge-based society. Business support and advice, financing and networking are vital to enabling potential entrepreneurs to realise their ambitions. Regions working on this theme will focus on measures to increase the number of start-ups and their survival, to encourage an entrepreneurial mindset in schools, provide business advice, mentoring, financing and support to innovation centres.
- **Meeting the demographic challenge.** Some regions and cities already face the negative economic effects of a radical change in demographic patterns. Increasingly, these will require a costly restructuring of social service facilities and care services for older people with knock-on effects to business. Regions working on this theme will pool their experience in dealing with the effects of demographic change and shape measures which could be applied elsewhere. Special attention will be paid to the inter-generational balance and the effects of immigration, both legal and illegal.
- **Promoting a healthy workforce in healthy workplaces.** Another challenge to the EU's productivity is the number of days' work lost through sickness-related absenteeism each year. Ill-health and absenteeism is extremely costly to employees, employers and insurance companies and has a direct impact on national economies, given the medical and social security costs and the loss of output resulting from a reduced labour force. Regions working on this theme will aim to reduce the number of working days lost to sickness through sharing best practice on health promotion, including health promotion in the workplace.
- **Integrating marginalised youth.** Despite the European Union's potential shortage of labour, many young people are neither in the education system nor do they work. Many face a lifetime of

unemployment. Cities and rural areas working on this theme will aim to strengthen the integration of unemployed and under-skilled young people by providing them with access to job opportunities through education, training, micro-credits, improved infrastructure and advisory services. Crime prevention measures could also be highlighted.

- **Managing migration and facilitating social integration.** Our cities are places where social disparities, migrant populations and ethnic minorities tend to be concentrated. Efforts should be made to exploit the huge potential of this cultural and social diversity. Cities and regions working on this theme will aim to strengthen their integration by providing these groups with access to job opportunities through education, training, micro-credits, improved infrastructure and advisory services.
- **Improving the adaptability of workers and enterprises.** Improving the anticipation and positive management of economic change can be done in a variety of ways – all necessary to gain the full benefits from economic change and technological developments. The changes require an increased flexibility and continuous learning by both employees and employers. Regions working on this theme will aim to strengthen their life-long learning performance and improve systems to promote better design and dissemination of innovative and more productive forms of work organisation.
- **Expanding and improving education and training systems.** The challenges of a knowledge-based society and globalisation place special demands on our education and training systems. Ensuring that schools and training centres have the right curricula and that teachers and trainers receive a continual updating of skills with a view to innovation and continuous change are essential in a number of ways: avoiding a skills gap, improving the employability of the young, older workers and those returning to the workplace, and helping those in employment to remain competitive. These investments are key for future growth and prosperity on national, regional and local levels. Regions working on this theme will aim to improve their education and training systems and curricula.
- **Increasing employment of older workers.** Increasing employment rates, in line with the Lisbon targets, implies increasing employment of older workers: investment in stimulating such employment constitutes an investment in the sustainability of the European social model and in particular in its pension system. Regions working on this theme will aim to increase the employment rate of older workers. A multitude of active and preventative



approaches could be followed, depending on national and regional particularities.

#### **IV. The territorial dimension of European cohesion policy Managing coastal zones.**

Investments in the environment help to ensure the longterm sustainability of economic growth, decrease external costs to the economy and stimulate innovation and job creation. Regions working on this theme will develop and share measures to prevent or reduce coastal pollution and to manage coastal erosion in a sustainable manner and mitigate the effects of sea level rise in view of a global strategy for adaptation to climate change.

- **Reaping the benefits of the sea.** Maritime regions offer considerable opportunities but they face economic difficulties and challenges. Regions working on this theme will exchange best practices on how the economies of maritime regions can benefit from growth in areas like transport, tourism, energy production, aquaculture, and emerging marine technologies. For instance, European off-shore areas already play an important role in energy production and will do so even more in the future if offshore aquaculture and sea-based renewable energy are further developed.
- **Achieving sustainable urban development.** Cities develop quickly, but often face a range of challenges, including the need to improve living conditions, promote job creation, avoid segregated housing estates, integrate disadvantaged populations into the education and training systems, develop environmentally-friendly public transport systems, promote use of renewable energies and ICT. Dealing with these challenges requires an integrated sustainable urban development approach [such as that promoted by the URBAN II Programmes] covering different policies – economic development, employment, environment, infrastructures, social – requiring participation at all levels of governance (from citizens to political stakeholders). Cities working on this theme will aim to share experience and benefit from the application of this integrated sustainable urban development approach.
- **Re-using brownfield and waste disposal sites.** Re-using urban brownfield and contaminated landfill sites for development is socially, economically, environmentally and culturally important for the development of our cities and regions and a valuable alternative to urban sprawl. Cities and regions working on this theme will aim to develop projects to re-use abandoned urban industrial, military or port sites.

- **Preventing and reducing floods.** Better water management, revitalisation of water courses and improvement in biodiversity and ecosystem services by restoring Europe's landscapes to their original function are essential to reducing flood events. Cities and regions working on this theme will aim to develop projects to restore river meanders, prepare dry-polders, carry out afforestation projects, and create wetland areas.
- **Supporting the economic diversification of rural areas.** Regions working on these themes will exchange best practices on how the economies of rural regions can be further diversified.