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**THE TERRITORIAL AND URBAN DIMENSION
IN THE NATIONAL STRATEGIC REFERENCE FRAMEWORKS
AND OPERATIONAL PROGRAMMES (2007-2013)**

A first assessment

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1. INTRODUCTION

The recent reform of cohesion policy has integrated the territorial and urban dimensions in the new legislative framework for the period 2007-2013 arguing that "*under the three objectives [...] assistance from the Funds shall, according to their nature, take into account specific economic and social features, on the one hand, and specific territorial features, on the other*". More precisely, Article 27(4) of the general regulation¹ indicates that the national strategic reference frameworks (NSRF) shall include:

- An analysis of development disparities, weaknesses and potential;
- thematic and territorial priorities where appropriate including actions relating to the diversification of rural economies;
- and, where appropriate, actions relating to sustainable urban development.

In addition, Article 37(4) of the same regulation indicates that Operational Programmes shall, where appropriate, contain information on the approach to sustainable urban development. In addition, interventions in distressed urban areas may cover a broader scope for assistance².

The Community Strategic Guidelines (CSGs) point out that one of the features of cohesion policy — in contrast to sectoral policies — lies in its capacity to adapt to the particular needs and characteristics of specific geographical challenges and opportunities. Accordingly, when developing their programmes and concentrating resources on key priorities, Member States and regions should pay particular attention to these specific territorial dimensions, with the double objective of avoiding that inequalities in regional development jeopardise their growth potential and of exploiting all existing competitive advantages of each territory.

The CSGs indicate that the contribution of cities to growth and jobs should take into account three key dimensions of urban policy: the role cities can play as motors of regional development and centres of innovation; the need to improve the internal cohesion of urban areas (tackling specific problems such as social exclusion, high and rising crime rates, and the general worsening of the quality of life in deprived urban areas); and promoting a more polycentric regional development and a balanced development of urban and metropolitan areas.

2. METHODOLOGY

This analysis is structured according to the territorial requirements of the regulations as set out in the introduction above. All 27 NSRFs were assessed. At the time of the analysis all but one of the NSRFs were in draft form. Ten of them were in the procedure of being approved.

¹ Council 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 repealing Regulation (EC) No 1260/1999.

² Article 8 of Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006.

For the territorial cohesion part the NSRFs are the essential documents giving the overview of how the territorial dimension has been taken into account. However, in order to see how the principles were applied in practice, a sample of eleven Operational Programmes (OPs) was examined covering key areas for territorial cohesion, such as transport. As regards the urban dimension, the OP-level tends to provide the detailed information necessary for a more in-depth assessment and a sample of 23 OPs has been analysed.

The selection of Operational Programmes includes regional as well as thematic programmes both under the convergence and the competitiveness objective. With a view to highlighting best practise, it includes mainly programmes with a significant urban or territorial dimension.

This document draws a first assessment of the way in which Member States and regions have integrated territorial and urban issues in the NSRFs and in a selection of OPs. In order to have a more complete picture it is planned to provide an update when all of the relevant OPs are available.

3. MAIN FINDINGS

3.1. The territorial dimension matters

The analysis of the territorial dimension focused (a) on the way in which Member States have addressed the territorial dimension from an analytical point of view; (b) on the main objectives and priorities, and (c) on the treatment in the NSRFs of the different territorial typologies and of territorial cooperation. Finally, a limited number of Operational Programmes were also examined.

Overall, all NSRFs address explicitly or implicitly the territorial aspects of development, although there are significant differences of approach. In the majority of Member States, the opportunity offered by the NSRF to develop a strategic vision at national level on territorial development has generally been taken up. The way in which Member States deal with the territorial dimension at strategic level can be summarised as follows:

- Most Member States present a basic account of territorial disparities and characteristics, though some go further by providing an in-depth territorial analysis and categorisation as a basis for determining territorial priorities and interventions. The less detailed analysis are sometimes the result of the institutional structure (inside the Member States) so that the responsibility for the analysis of the territorial dimension is delegated to the sub-national level (and therefore to the level of the Operational Programme).
- The majority of Member States set territorial priorities at the level of the NSRF. Some include territorial references even in the specification of the general NSRF objective, for example, regional competitiveness and attractive regions or balanced territorial development or territorial cohesion. Certain Member States include urban issues as a strategic priority. Territorial cooperation is a priority in three cases and rural development in one.
- Certain Member States address territorial issues as a horizontal matter, so that the territorial dimension is taken into account as a component of actions that are sectorally

focused (for example territorial consequences of proposed investments in transport networks). The majority, though, prefers to mainstream territorial priorities along with sectoral ones. Based on the NSRFs and some OPs, it seems that explicit consideration of the territorial dimension under sectoral policies is rare. Though in most cases accessibility is linked to territorial cohesion objectives, it remains to be seen how the operational levels will contribute to achieving these aims.

- Most of the NSRFs differentiate interventions between urban and rural areas, although some Member States provide a more detailed territorial typology. This may help to better address local needs at the level of programming and implementation. Among these Member States, a few set clear and explicit interventions for specific types of territories (i.e. mountainous, coastal, insular, sparsely populated areas).

In terms of content and focus of the territorial priorities and issues addressed in the NSRFs, the following emerges from the analysis of the NSRFs:

- Balanced territorial development is clearly an objective ranking highly among Member States' priorities and goals. In most cases, the NSRFs set out growth pole strategies (addressing competitiveness and territorial balance objectives at the same time).
- Problems of rural development are addressed in the majority of NSRFs although less emphasis and detail is given than for urban issues. The important complementary role of the EAFRD is taken into account. In the majority of the countries which explicitly address rural issues, attention is given to the relations between urban and rural areas, and in particular the role of towns in more remote rural areas as well as the city-suburban relation. Improving accessibility, ensuring effective service provision and supporting cooperation and networking are the most generally mentioned types of interventions. Thus, there are some examples of prioritising new forms of territorial governance arrangements and joint action of local authorities.
- Although the treatment of European Territorial Cooperation in the NSRFs was not a regulatory obligation, this is mentioned in some two thirds of the NSRFs, and one third provided a more or less comprehensive analysis of the problems and of the cooperation possibilities. However, the identification of specific fields of interventions is rare at this stage of the programming exercise.

3.2. The mainstreaming of the urban dimension

As regards the urban dimension, the analysis is summarised below. Further work should be based on a more complete analysis of OPs, including those financed by the European Social Fund, and should consider also the actions taken under nationally funded programmes.

Urban strategy in the NSRFs

- All NSRFs make reference to the urban dimension, although not all NSRFs include an urban development strategy and provide an analysis of the urban structure of the country.
- Certain NSRFs contain a clear urban development strategy consistent with national and regional development policies. These strategies, in their diversity, reflect well the

urban complexity and diversity in the European Union. They have a different focus and encompass priorities defined at sub-city, city or regional level.

- Even if not always developed in full and even if the relative importance of each theme varies, in general the NSRFs examine the urban dimension from three angles:
 - contribution of cities to growth and jobs;
 - social cohesion in deprived urban areas and neighbourhoods at risk;
 - contribution to balanced regional development.
- In general, the NSRFs reflect the increased awareness of urban issues and their importance in the new programming period. In certain cases, they explicitly indicate that the experience gained from the URBAN Community Initiative is being transferred into mainstream programming.

How the urban dimension is integrated in the OPs

- The urban strategies have been transposed into the OPs in different ways: as specific priority axes in regional programmes or in national programmes dedicated to regional development, as urban or territorial priorities in sectoral programmes (transport, environment, IT), or as a cross sectoral approach between different priorities.
- The issues vary between regions covered under the Convergence and Competitiveness objectives, respectively. In the former case, the emphasis of the Community funded intervention in urban areas is put on a wide set of operations aiming to improve the natural and physical environment, accessibility and mobility as well as promoting social inclusion and creation of SMEs. In the latter case, Community funding in urban areas is mostly concentrated on innovation and knowledge economy actions for SMEs, with, in many cases, an allocation dedicated to integrated operations targeting deprived neighbourhoods.

Financial allocation for urban development during the period 2007-2013

- On the basis of more than 300 programmes received so far by the Commission, financial investments clearly earmarked as urban amount to 6% of the total planned Community support. Around €3.3 billion is foreseen for the rehabilitation of industrial sites and contaminated land. Another €8.3 billion is earmarked for projects for urban and rural regeneration as well as €7 billion for the promotion of urban transport. Financial investments related to housing infrastructure amount to almost €900 million of the total planned Community support.
- In the 23 OPs examined in detail, the share of ERDF allocation per OP devoted to urban development is in the majority of cases between 10 and 30 %. Only in few cases is the share lower than 10%. No programme allocates less than 5% to urban development. The highest allocation in absolute value is found in highly urbanised regions in EU15 and some of the new Member States. It has to be taken into account, nevertheless, that the programmes examined were selected among those having a significant urban dimension.

- As regards the specific support available for new Member States to housing in the examined programmes, the allocation of the overall ERDF funding varies between 2 and 3 % in conformity with Article 7 of the ERDF Regulation.
- The real allocation to urban development is however substantially higher than accounted for above, through support for programmes and projects which are not specifically identified as urban.

Cities and the Lisbon strategy

- The NSRFs recognise the important role of cities in the realisation of the Lisbon strategy. All the NSRFs and most of the assessed programmes define urban strategic priorities that are well aligned with Lisbon goals and the Strategic Guidelines for Cohesion. The contribution of cities as engines of growth is generally emphasized although the means to combine growth and cohesion are not always indicated in a clear way. Nor is there in most cases any explicit mention of the need for integrated strategies based on a clear vision of the future of the city in question, for example to ensure sustainable growth.
- In several cases, integrated operations aimed at deprived urban areas are based on the Lisbon agenda for growth and jobs. This is reflected in the emphasis on entrepreneurship, innovation, support for SMEs and SME-related services.

Cohesion in the cities: deprived urban areas and areas at risk of deprivation

- The need to address the specific problems of deprived urban areas and areas at risk has been acknowledged in all NSRFs. Concerned areas vary according to the Member States: they might be inner cities, urban periphery or brownfield sites. In some cases the process of urban marginalization and segregation is advanced, in other cases, as for instance in most panel-built housing estates, the issue is to prevent it.
- The integrated approach, often based on the decentralisation of responsibilities to the urban authorities, is taken forward into the new generation of programmes by the Member States that benefited from programmes under the URBAN Community Initiative. Moreover, integrated operations to tackle the various problems of distressed urban areas according to Article 8 of the ERDF Regulation are foreseen. Reference is frequently made to the methodology developed within the URBAN Community Initiative. Also new Member States commit themselves to follow the integrated approach for urban development.
- An increase of spatial and social segregation in cities is defined as a threat in several SWOT analyses in the new Member States. Comprehensive strategies and integrated sustainable urban development plans are most frequently proposed, that encompass measures aiming to improve the physical infrastructures, the improvement of services of general interest for the citizens and the development of the business environment. The territorial scope of these operations varies and it is not always precisely defined.
- The new Member States propose operations aiming at the rehabilitation of panel-built housing estates and multifamily housing built in the 1970s and 1980s. These operations will include, according to the requirements of the Regulation, social,

economic and environmental measures within an integrated development plan for the interested areas.

Balanced development of urban areas and fostering polycentric urban structures

- Most NSRFs refer to the need to ensure a balanced and polycentric urban structure. If some Member States consider their urban structure well balanced and wish to build on it and to reinforce it, other Member States consider that an imbalance exists between the metropolitan areas surrounding their capital and other cities, which do not reach the critical mass allowing them to compete.
- Only a few Member States refer to measures aiming to combat the threat of urban sprawl and to the planning of a balanced development of metropolitan areas.
- The link between transport networks and a balanced and polycentric urban structure has been stressed in certain NSRFs.
- Support to sustainable urban transport features highly in most NSRFs and Operational Programmes. This includes upgrading and development of public transport infrastructure, the integration of different modes of traffic, actions to increase the accessibility and attractiveness of public transport, traffic management and transport planning including the creation of integrated transport systems.

EIB and financial engineering

- The EIB has played an increasingly important role in financing integrated urban development projects. Limited information is available in the NSRFs or at the level of available Operational Programmes on how the EIB will be involved in the next period. As regards the newly established financial engineering instrument for urban development, JESSICA, in the majority of cases, the NSRFs provide for the possibility to use this instrument. However, many Member States are in active discussion with the EIB on the possibility of having an evaluation carried out by the JESSICA team on how to introduce financial engineering into urban development, and some are expected shortly to set up holding funds to this end using the EIB.
- Few Member States mention the use of PPPs for urban development operations.

Governance and planning tools

- The inclusion of a wide range of urban actors and stakeholders in the management of Structural Funds on the basis of the partnership principle is foreseen in general.
- In certain cases, programme agreements between local, regional and national authorities are mentioned. As regards the management and implementation of programmes, reference is made to local/city authorities. However, in the majority of programmes examined, there is no clear reference to the delegation or sub-delegation to municipal, provincial or regional authorities. There is limited evidence of the involvement of the private and NGO sectors in the design and implementation of the programmes.
- In some cases planning tools have been put in place in order to ensure the global coherence of investments realised by the Structural Funds in urban and metropolitan

areas. But the way in which the interventions realised in urban areas can be linked to objectives of territorial development based on a clear vision of the future of the urban area, needs to be rendered more explicit.

- The need for cooperation between different levels of government is widely recognised as necessary, although the mechanism for this coordination has only been described in a few cases.

4. CONCLUDING REMARKS

In taking forward the urban and territorial agenda, possibly the most important observation emerging from the analysis concerns the necessity to ensure strong coordination between the different levels of government at national, regional and local level and a clear definition of responsibilities and competencies. In some cases, the necessary coordination and governance mechanisms are described in NSRFs and OPs.

Accordingly, the setting up of effective multi-level governance systems taking into account the best European experiences and the specific institutional context of the different European cities and regions represents a key challenge for the implementation of effective and integrated rural, urban and metropolitan development strategy.

4.1. NSRFs: an opportunity for setting a clear territorial strategic vision

Based on the analysis, the following good practices could be adopted more widely are made with a view to improving programme preparation and implementation:

Improving the consistency between actions to promote territorial development and the Lisbon strategy for growth and jobs

One approach is to seek to ensure that innovative growth poles are developed with a view to ensuring balanced development. This requires initiatives to provide development opportunities to territories with different characteristics on the basis of their individual potential (e.g. applying the growth pole concept at lower territorial scales; strengthening the role of small- and medium-sized towns and their network, or emphasising innovation in rural and/or peripheral areas).

Ensuring consistency between the NSRFs and the Operational Programmes

Thematic OPs covering key territorial matters such as accessibility (i.e. transport, ICT) should serve territorial cohesion objectives set at the NSRF level. Cross-sectoral, sectoral-regional as well as interregional coordination is important since different Operational Programmes may have different (possibly conflicting) impacts on certain territories or on wider territorial objectives.

Developing the link of urban areas with their immediate hinterland and with the surrounding rural areas

In general, Member States tend not to provide any indication on how more effective links between urban and rural areas could be promoted. At the operational level the urban-rural link could be reinforced and special attention could be devoted to new forms of governance based on a partnership approach (as developed in the Territorial Agenda).

Ensuring consistency of interventions in rural areas

Most NSRFs incorporate an urban development strategy. A similarly strategic approach is less clear in the case of rural development. One particular aspect to be ensured during the implementation is that of the consistency of the intervention in rural areas funded by the different Community instruments, in particular the ERDF and the EAFRD, with a view to improving overall effectiveness and avoiding overlaps.

4.2. Towards an effective approach to urban integrated and sustainable development

In this programming period European regions, and particularly the regions covered by the convergence objective, will have to define and implement substantial investment, largely co-financed by the Structural Funds. Economic development and investments will be concentrated in urban areas and past experience has shown the difficulties in realizing a sustainable urban development. Current and expected economic growth, particularly in the new Member States, is going to accelerate urban expansion. It is essential to manage urban development and the investments realised in the urban space in order to avoid negative effects and to ensure a harmonious future for our cities. It is important, at this stage of preparation of the programmes of the new planning period, to examine how these programmes measure up against the requirements of the new regulations and Community Strategic Guidelines on urban development.

Developing a strategic vision of the city's future and long term urban planning

Urban authorities should offer adequate services to their citizens, based on effective transport, communication, energy networks and to provide the adequate level of infrastructures. The appropriate geographic dimension for providing these services and for managing these infrastructures exceeds the boundaries of the administrative cities. The notion of functional urban area or metropolitan region is often referred to in this context. Urban authorities have at the same time to maintain and to develop the historic and cultural character of their cities and open them to the future. Most cities have to face demographic changes, due to issues such as rural exodus, emigration and immigration, and ageing of the population. Cities can be confronted with different and opposite evolutions: some of them can attract companies and inhabitants while others lose population and employment.

Coping with these challenges require a long term vision of the future of the urban or metropolitan area and the setting up of adequate planning tools and mechanisms. The Community Strategic Guidelines indicate that "*the preparation of a medium to long-term development plan for sustainable urban development is generally a precondition for success, as it ensures the coherence of investments.*"

The analysis of the programme documents received by the Commission shows that more progress could be made in order to introduce a clearer vision for urban development based on a shared understanding between the principal partners concerned. The preparation of a medium- to long-term development plan for sustainable development is generally a precondition for success as it ensures the coherence of investments and of their environmental quality.

Combating urban sprawl and managing urban spatial development

Many environmental problems in Europe are caused by rapidly expanding urban areas. Sprawling cities demand more energy supply, require more transport infrastructure and consume larger amounts of land. This damages the natural environment and increases greenhouse gas emissions, which in turn contribute to climate change, increased air and noise pollution. Urban sprawl impacts directly on the quality of life of people living in and around cities. It is not a localized phenomenon and is affecting almost all of Europe's cities.

Though some of the OPs highlight the sprawling cities process and the suburbanisation pressure in the hinterland of big cities, most OPs do not suggest any action or policy. Regions and Member States could implement policies and measures to face this issue. Drawing on some of the best examples, it is possible to identify concrete actions such as coordinated city-suburb management to counteract both inner-city decline and strong suburbanisation pressure.

In order to avoid or to control urban sprawl, integrated set of measures have to be undertaken as well as coordinated planning and cooperation, better and stricter regulations on land managing, etc.

The use of brownfield redevelopment is referred to in several OPs as an alternative to urban sprawl, able to impact on land use and to promote the concept of compact cities. Other measures such as improving inner-city renewal and functions or connecting the peripheries to the networks of higher education and research institutes can contribute to control this phenomenon.

Focusing on integrated urban operations in order to prevent and avoid urban segregation

Disparities between neighbourhoods remain a problem which confronts the Union's large and medium-sized cities and which may be a threat for their social equilibrium. Economic growth may even increase wealth differences. The better-off will leave neighbourhoods that are today socially mixed. This phenomenon can be wide and fast. Public actors may have to face, on one side, a demand for new services and infrastructures and on the other side the impoverishment of certain neighbourhoods, as housing becomes out of date compared to the new standards required. It is essential to avoid that cities, which are not yet confronted with segregation, have to face the same critical situation.

On the whole, the Operational Programmes have taken into account this risk and propose actions aiming to solve the problems of deprived neighbourhoods or preventive actions for neighbourhoods in danger of deprivation. The difficulties encountered by some cities in mastering this process of spatial and social segregation has led the Commission to draw the attention of the Member States to the need to prepare a coherent set of actions to be implemented with an integrated approach in order to tackle these problems.

The specific approach to urban development characteristic of the URBAN Community Initiative, where measures of social, economic and environmental character combined in a small area maximised the impact and the value for money has proven very successful. Equally important is the 'leverage effect' that comes from a mobilisation of public and private contribution. Moreover, the transparent selection of eligible areas, strong local

partnerships and high visibility for citizens and a focus on networking and exchange of experience are aspects should be carried forward into the new generation of programmes.

Using Brownfield reconversion for improving the quality of urban space

Many OPs take into account the preservation of the cultural heritage of cities. Relatively few of them clarify their intentions on the architectural and urban quality of the future urban developments. The reconversion of brownfields offers the opportunity to realise projects meeting the criteria of urban, architectural and environmental quality. They are in many cases polluted and can be former industrial, military or harbour grounds. Brownfield sites often cover wide areas in the heart of cities and their regeneration allows the realisation of town planning schemes having a real and strong impact on the city's structure. Brownfield reconversion offers the opportunity to private and public stakeholders to cooperate for the realisation of investment in infrastructure, housing cultural and leisure amenities and provide a great potential for PPP operations.

Many European cities have used the reconversion of brownfields as an opportunity for redraw, reshape, modernize and renovate the urban space and in some cases the very image of the city. Other European cities could benefit from these experiences and plan their renewal around these brownfields projects. There should be a prominent role of this kind of operations in the new Operational Programmes.

Reinforcing the emphasis on sustainable urban transport

Mobility within cities is characterized by the trend of ever-increasing car use that has aggravated congestion in both old and new Member States. Increased traffic and urban congestion go hand in hand with more accidents, as well as air and noise pollution.

A continued effort to promote sustainable urban transport can contribute to achieve objectives in many vital areas, such as climate change, energy efficiency, alternative fuels, modal split, road safety, industrial competitiveness, environment and health.

Shifting traffic in urban areas to sustainable modes requires an increased focus on strengthening public transport. It is important to underline the importance of its development and upgrading in order to become a viable alternative to the private car, not the least in new Member States. Good land use and spatial planning should accompany the definition and implementation of the urban transport network. The layout of our cities should become more compatible with environmentally friendly transport such as bicycles. The investment in infrastructures and in public transport should be accompanied by traffic management measures. In some cases dissuasive measures, such as congestion charging, can be appropriate.

By making all parts of our cities equally accessible, a well-functioning public transport system can contribute to the fight against urban sprawl and provide proper service also in deprived neighbourhoods where it may help to combat social exclusion.

There should be in the OPs an increased focus on a coherent set of investments and measures aiming to achieve the objectives of a sustainable mobility.

Exchange of experience, networking and technical assistance

Networking programmes, such as URBACT, should be used in order to identify best practice concerning urban and territorial integrated development and spread these

practices to other urban areas. Building on the great expertise existing in European cities, it should thereby be ensured that the most effective operations are integrated in the mainstream programmes. Mechanisms for effective exchange of best practices should be put in place.

This is particularly important for those urban areas which are furthest away from the Union's average performance. The mainstream programmes should more systematically refer to the integration in the programmes of the action plans resulting from the activities of these networks, as suggested in the Commission's communication "Regions for Economic Change".

In order to provide the local authorities with the management and technical skills necessary for defining and implementing effective urban development operations, Member States should launch technical assistance and capacity building measures addressed specifically to this level of government.

Increasing the leverage effect of structural Funds through financial engineering

Wide use should be made of new financial instruments that the new regulatory framework for cohesion policy puts at the disposal of Member States. These instruments add value through the development of innovative financing products tailored to investment needs and risk profiles in the urban context. JESSICA is such a ready-made tool, by which European Union public funds are converted into non-grant instruments for support of investments in urban areas, in the framework of integrated operations, and which may lever additional private and public investment.