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**COMMUNICATION FROM THE COMMISSION
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Cohesion Policy and cities: the urban contribution to growth and jobs in the regions

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1. SUSTAINABLE URBAN DEVELOPMENT IN EUROPEAN REGIONAL POLICY 2007 – 2013

In line with the objective fixed by the European Council in March 2005, the European Commission has proposed to strengthen the contribution of cohesion policy to growth and jobs in the course of the period 2007-2013.

The Community Strategic Guidelines 2007-2013 pay particular attention to specific needs of certain zones, such as urban and rural areas. The guidelines encourage an “integrated approach” to Cohesion Policy so that it encourages not only growth and jobs, but also pursues social and environmental objectives.

The importance of urban questions has been recognised under successive presidencies of the Union particularly at the informal Council in Rotterdam in November 2004 and in Bristol in December 2005 where this Communication was presented as a working paper.

In addition, in its report on the urban dimension in the context of enlargement¹, the European Parliament welcomed the incorporation of sustainable urban development in Cohesion Policy. Parliament also requested that Council ensure the follow up of this measure in the framework of the annual report on the implementation of the strategy, in line with Articles 29 and 30 laying down general provisions on the Structural Funds.

With the present Communication, the Commission seeks to meet these requests.

The Community Strategic Guidelines define the areas of intervention where it would be appropriate to give a priority to the preparation of Operational programmes for Cohesion Policy for 2007-2013. This Communication stresses certain specific aspects of the urban dimension which may be relevant in this context. It is complemented by a Commission staff working paper which develops the analyses and provides background to the suggestions for actions made in the present Communication.

These proposals for action are backed up by statistical data (especially the Urban Audit²) as well as the results registered in the implementation of urban actions in the framework of the Structural Funds and other programmes financed by the EU.

¹ Report on the urban dimension in the context of enlargement, rapporteur : Jean Marie Beaupuy, A6(2005) 0272 of 21.9.2005.

² The Urban Audit is the European Commission’s periodic collection of data on the quality of life in large and medium-sized cities across Europe. It currently covers 258 cities in the EU27 and it will cover almost 300 cities in 2006.

The policies and actions proposed in this Communication should always be seen in the framework of the institutional organisation of each Member State and in conformity with Community rules on State Aid³.

The national authorities concerned are invited to make use of the present Communication in their discussions with relevant partners, in particular local authorities and the regions. The proposals for actions cover a large number of areas and reflect the possibilities for intervention by the Structural Funds. These can vary according to whether the cities belong to the regions benefiting from the convergence Objective or regional competitiveness and employment Objective.

This text uses the concept of "cities" and "urban areas" in a generic sense.

2. URBAN REALITIES: WHY CITIES MATTER

The European Union will pursue its objectives of growth and jobs more successfully if all regions are able to play their part. Cities are particularly important in this context.

Cities are home to most jobs, firms and institutes of higher education and their action is decisive in bringing about social cohesion. Cities are home to change based on innovation, spirit of enterprise and economic growth.

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.

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.

3. ATTRACTIVE CITIES

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 contain many elements able to support these initiatives.

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

³ See in particular Commission staff working paper « State aid control and regeneration of deprived areas », 1.03.2006 : http://europa.eu.int/comm/competition/state_aid/others/vademecum.pdf

available land, traffic congestion, and overstretched public services. Other cities suffer from population loss, dereliction, too few jobs or low quality of life.

At least four key issues require attention: transport, accessibility and mobility; access to services and amenities; the natural and physical environment; the cultural sector.

3.1. Accessibility and mobility

Guidelines for action include:

- Sustainable urban mobility means making the best use of all the transport infrastructure, co-ordination between the various transport modes and the promotion of the least polluting modes.
- Cities in peripheral locations need good links to major airports and to the major axes of the Trans-European Transport Networks (TENs). For example, air accessibility is a particular issue in many new Member State capitals.
- Successful management of urban transport often requires the city and its surrounding region to coordinate transport planning, construction and land-use. New projects should form part of an integrated transport strategy for the urban area. Issues considered should include road safety and other public health concerns, including noise reduction and air quality.
- It is important to improve the affordability, efficiency and effectiveness of public transport, as well as linking the different transport modes. An issue for public transport in many cities is the need to reduce criminal behaviour and improve the safety of employees and users.
- Cities should, as part of an integrated approach and where possible, promote the use of cycling, walking and other alternative and “soft” forms of transport. This includes: demand management, regulated access to or even the pedestrianisation of the city’s sensitive zones; the construction of cycle and pedestrian paths; encouragement of energy efficient vehicles and alternative transport fuels, such as biofuels.
- Transport planning should take account of those without cars or those unable to drive (e.g. older people, young people and those with mobility impairments). The goal is to ensure access to jobs and services (healthcare, shopping) and to facilitate personal autonomy without reliance on the private car.

3.2. Access to service facilities

Guidelines for action include :

- A competitive city needs to invest in modern, efficient and affordable services with easy online access. Key services include healthcare, social services, training and public administration. These services must develop and adapt to current and future demographic changes, especially the aging population.
- One specific issue is the provision of childcare so that carers can participate in work or training. This is of particular importance in promoting gender equality.

- It is important to ensure that citizens from deprived areas have access to services. An innovative solution is to create a citywide amenity in such an area.
- Moreover, certain groups may need help in accessing healthcare and social services. Immigrant and disadvantaged populations may suffer from particular health and social service problems. They may also face barriers in accessing these services. An increased participation of persons with different backgrounds and of different ages, in the planning and delivery of these services should help prevent discrimination and ensure that the services take account of cultural barriers.
- Cities can use new technology to bring innovative and effective solutions to public services such as health, administration and training.

3.3. Natural and physical environment

Accordingly, the guidelines for action are:

- Rehabilitation of derelict brownfield sites and renovation of public spaces. This improves local services and the local area, as well as avoiding the use of greenfield sites.
- Co-ordination of 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.
- Investments to achieve compliance with EU laws on air quality, waste-water treatment, waste management, water supply and environmental noise.
- Active management of congestion, transport demand and public transport networks, with a view to improving air quality, reducing noise and encouraging physical activity. This is in line with the thematic strategy for the urban environment, set out in the 6th environmental framework programme⁴.
- Effective energy use in urban areas requires coherent investments and economical management of energy resources. Municipal authorities have an important role to play in the promotion of energy efficiency and renewable energies: in urban planning, municipal regulations and public procurement; by setting an example of and encouraging sustainable construction practices; by working with citizens.

3.4. Culture

Guidelines for action include:

- Cities – through a sustainable cultural policy - should promote a vibrant culture, based on the availability of facilities such as cultural and scientific centres, historic quarters, museums, libraries and the preservation of the architectural and cultural heritage. These facilities, along with a programme of cultural activities, including for young people, make the city more attractive to citizens, businesses, workers (especially mobile and highly qualified workers) and visitors, and strengthens the image of the city, local pride and identity. Moreover, culture – and cultural tourism - is in itself a rapidly growing industry.

⁴ COM(2005) 718 of 11.1.2006.

- An active cultural policy is a valuable tool for building bridges between communities and fostering the integration of immigrants and other newcomers to the city.

4. SUPPORTING INNOVATION, ENTREPRENEURSHIP AND THE KNOWLEDGE ECONOMY

Cities often naturally provide a stimulating environment for innovation and businesses to flourish and there are steps they can take to further foster this environment. The added value of city-level actions is that they have more information on the specificities of the business environment and are able to carry out smaller scale complex actions tackling multiple interlinked problems.

4.1. Actions for SMEs and micro-enterprises

Guidelines for action include:

- Promotion of business requires improvements to the economic infrastructure. This includes transport and accessibility to be integrated with regeneration and renewal of buildings, business parks and incubators, commercial centres.
- Providing advice and support services to business, including social enterprises. This includes assistance in the adoption and efficient use of new technologies, science parks, ICT communication centres and incubators. It also includes support and coaching in the areas of management, marketing, technical support, recruitment, and other professional and commercial services.
- The promotion of systems of cooperation between local partners – including business, trade unions, universities, NGOs, training institutes and the local community. New mechanisms for sharing knowledge and experience are helped by the existence of support networks. Organising workshops, networks and exhibitions is a good way of helping potential partners meet.
- Improving access to finance. In particular, partnerships between local authorities, funders, service providers and SMEs facilitate the bringing together of financial and non-financial instruments, to meet local needs. Packages may consist of grants; micro credit schemes; guarantee funds for sharing high risks; mezzanine funds, advice and training. Cities can be important initiators in this field in coordination with regional and national financial initiatives.
- Outreach to specific groups, such as young or female entrepreneurs or those from disadvantaged groups, including ethnic minorities. Access to finance can be a particular issue in deprived areas - public authorities and NGOs can play the role of facilitators, for example by guaranteeing the quality of projects.

4.2. Innovation and the knowledge economy promoting growth

Guidelines for action include:

- Cities should attract and retain knowledge workers and, more generally, an important share of tertiary educated residents. A key input to choice is the attractiveness of a city in terms of transport, services, environment and culture.

- Cities should take a leading role in preparing an innovation strategy for the broader region. They may also, where appropriate, take the initiative to support or undertake their own research.
- Cities are encouraged to be involved in European R&D activities (FP7) and should support the introduction of technological innovations.
- Cities should work to make regional RTD innovation and education supply more efficient and accessible to local firms, in particular SMEs and social enterprises.
- Cities can stimulate and co-ordinate partnerships and clusters of excellence with universities and other institutions of higher education, creating business incubators, joint ventures and science parks.
- Cities are encouraged to develop an integrated and balanced information society strategy. The aim being to tackle the digital divide, in line with the objectives of the new i2010⁵ initiative (in eGovernment, eBusiness, e-Learning, digital literacy, e-inclusion and e-accessibility) as well as with regional and national information society strategies.
- Cities should support early adoption of eco-innovations and environmental management systems⁶. Investing in this area now will give European businesses the opportunity to build a leading position in a future growth sector.

5. MORE AND BETTER JOBS

5.1. The Paradox of Cities: many jobs, yet high unemployment

The paradox is that cities concentrate both needs and opportunities. Highly qualified people are over-represented in cities, so are those with very low skills and levels of qualifications.

The guidelines for action are:

- The Structural Funds can in the framework of the convergence Objective support actions to strengthen institutional capacity efficiency at local and regional level and particularly in the provision of public and administrative services. In particular they can encourage the improvement of their capacities for analysis and action for example, cities should be able to use the systems and tools of analysis necessary for anticipating economic and social changes which will take base at local and regional level. They should also take measures to improve the efficiency of the administration with one-stop desk and regrouping different services.

⁵ "i2010: An information society for growth and jobs", COM(2005) 229 of 1.6.2005.

⁶ This is an area with a clear link to the Framework Programme for Competitiveness and Innovation.

- Action to create jobs and fight unemployment needs to be taken at the local level with the help of regions and Member States.
- Cities should build on their strengths. Notably, they can create partnerships and employment and innovation pacts, bringing together key players within an area – elected representatives, business leaders, NGOs, interest groups and universities – to engage in positive and dynamic social and economic development.
- Cities should tackle their weaknesses, boosting employability among those groups within the population which find it hardest to access employment e.g. women, young people, older workers, ethnic minorities, the long term unemployed, the homeless and the handicapped.

5.2. Improving employability by raising levels of educational achievement and training

Guidelines for action include:

- Cities can support education and training in many ways, such as supporting the development of coherent and comprehensive lifelong learning strategies, a better recognition and valorisation of non-formal and informal education, investing in attractive, accessible and high quality training provision at various levels, supporting the modernisation of systems (including modular and scalable ICT training and eLearning schemes), promoting the quality and attractiveness of vocational training, and improving investment in the learning infrastructure.
- Cities can target support at those groups which disproportionately suffer disadvantages in the labour market (e.g. early school leavers, low-skilled young people, older workers and certain groups of immigrants and ethnic minorities).
- To be competitive, cities need to attract and support people with a variety of skills. Workers in support services – including retail, hospitality, cleaning and construction – have a role to play.
- Local authorities need to offer ‘finely tuned’ training and integration programmes, which offer routes back into employment, as well as entrepreneurship. The long-term unemployed require specific support. Comprehensive ‘re-engagement’ packages are needed, covering work experience, training and confidence building with flexible arrangements for on the job training with local employers.

6. DISPARITIES WITHIN CITIES

The urban paradox is also reflected in disparities between neighbourhoods. 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.

6.1. Promoting social inclusion and equal opportunities⁷

Guidelines for promoting social inclusion include :

- Actions for breaking-up of patterns of segregation and the integration of migrants, including language and more general training. It is essential to involve the target community in planning and providing such training. The inclusion of immigrant women in training actions is one of the keys to successful integration.
- Co-operation between city authorities, schools and the local community in providing training for young people. Moreover, some cities have had very positive experiences in including young people in the conception and delivery of such programmes⁸.
- The improvement of social services to rise to the challenge of child poverty and prevent the emergence of street children in European cities.
- Measures to raise women's skills and qualifications, facilitating their return to the labour market after periods of absence, supporting single mothers and other women (including those from ethnic minorities) facing labour market obstacles, and also giving the opportunity to obtain knowledge and qualifications regarding entrepreneurship and self-employment. Specific training and encouragement is of particular benefit to women.
- The provision of childcare facilities for women returning to the labour market.

6.2. Increased security for citizens

The guidelines for action are as follows:

- Cities should adopt a joined-up and proactive approach to local crime reduction policies. For example, by improving the planning, design and maintenance of public spaces, cities can “plan out” crime, helping to create attractive streets, parks and open spaces which are safe and feel safe. Such planning requires quality information and statistics (including victimization surveys) to enable better targeting of policy.
- Focus on “youth at risk”. It is particularly important to catch young would-be criminals at an early stage in their “career”. This includes strategies to reduce truancy and offer other career options, such as vocational training opportunities.
- Creation and “professionalisation” of local safety-related jobs, co-operation between security services, involvement of local residents in a meaningful and sustainable way. This includes the creation of local mediators, community safety officers and street wardens who have emerged as key figures in tackling local crime in many cities. Improved and recognised training is a key here. It also includes neighbourhood watch schemes and projects to bring the police closer to local communities.

⁷ “2007: European year of equal opportunities for all: towards a fair society”, COM(2005) 225 final of 1.6.2005.

⁸ These experiences have been shared in the youth forums of the URBACT network.
Website: <http://urbact.eu>

7. GOVERNANCE

7.1. Cities and regions

What is required is flexible co-operation between the different territorial levels. Cities must find forms of governance which respect the institutional organisation of each Member State and which are able to manage all aspects of urban development.

Guidelines for action:

- Develop partnerships between cities, regions and the state, within the framework of an integrated and coherent approach to urban development.
- To rise to the challenge of global competition, it will often be necessary for European cities to elaborate strategies co-ordinated at the level of agglomerations or urban networks in order to achieve critical mass.
- Management of the urban-rural interface. This means co-ordination between urban authorities (both central and suburban) on the one hand and rural and regional authorities on the other. Both because urban areas provide a service to the wider region in terms of employment, public services, public spaces, social centres, sport and cultural facilities; and because in a similar way, rural areas provide services to wider society through the provision of rural amenities, recreational opportunities and environmental goods as reservoirs of natural resources and highly valued landscapes. Coordination is particularly important in peri-urban areas.
- Cities can make use of technical assistance from the Structural Funds. Cities need help in building and maintaining the relevant chain of skills to tackle all the aspects of urban development. Increasingly, Member States and the European Union are offering skills and resource centres as well as the opportunities to network and exchange experiences. Skills in new areas – often working across traditional professional boundaries – are particularly important⁹.
- In conformity with the General Regulation on Structural Funds¹⁰, the Member States have the possibility of delegating to cities funds addressing urban issues within Structural Fund Operational Programmes. To get the full benefits of partnership, cities must be responsible throughout the process. This includes responsibility for the design and implementation of the subdelegated portion of the programme.

7.2. The integrated approach to sustainable urban development

Urban development is a complex and long term process. Cities should integrate this development in a long term perspective in order to maximise the many factors of success.

⁹ The “Bristol accord” (informal ministerial on sustainable communities) of 6-7 December 2005 approved the UK presidency initiative for reflection and a symposium on the skills necessary to promote sustainable communities.

¹⁰ Regulation laying down general provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund, article 37(6) a)

The success of the URBAN Community Initiative¹¹ 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.

Guidelines for action include:

- Cities should have a long term, consistent plan for all the different factors promoting sustainable growth and jobs in urban areas. Actions in one field must be consistent with those in another. Notably, economic measures must be sustainable in social and environmental terms. Monitoring and evaluation systems should be in place to verify results on the ground.
- The key partners – the private sector, the community and NGOs, as well as local, regional and national government – should be mobilised in the planning, implementation and evaluation of urban development.

7.3. Citizen participation

Citizen participation is a democratic imperative - the engagement of local residents and civil society in urban policy can give legitimacy and effectiveness to government actions.

Because of the different historical, legal, political and social contexts in different cities, good practices do not always translate directly from one city to another. Nevertheless, guidelines include:

- It is important to involve local citizens, in particular young people, community groups and other NGOs in promoting environmentally and socially sustainable growth and jobs in cities. These actors bring new competences as well as promoting project legitimacy in the eyes of the community.
- A key common feature of successful citizen involvement is the availability of training and other forms of building the capacity and competence of local groups. e- government also has a role to play.
- There is a need to reduce the gap between “citizen time” and “political time” – actors from the local community often have difficulty understanding the delays induced by political and bureaucratic processes.

¹¹ 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.

7.4. Networks and exchange of experience

Accordingly, the guidelines for action are:

- Skills and knowledge are an important precondition for urban regeneration. Successful solutions often require specific competences, including cooperation across administrative or professional boundaries. Cities should therefore make use of the knowledge gained and collected under URBACT¹² as well as other European and national networks.
- For the period 2007-2013, the Commission is proposing a European framework programme for the exchange of experience and good practice. This will build on and extend the work of URBACT, which has so far concentrated on the experience of cities covered by the URBAN Community Initiative. The new framework programme would extend URBACT to cover cities in all Member States as well as the experience gained under national networks and resource centres for urban policy.

8. FINANCING URBAN RENEWAL

Urban renewal has been extensively supported by the EU Structural Funds.

In the framework of the new regulations for the European Regional Development Fund (ERDF), the Cohesion Fund and the European Social Fund (ESF) the managing authorities of operational programmes will be able to finance a wide range of urban development projects. Urban development may also be supported by the Initiatives JASPERS¹³, JEREMIE¹⁴ and JESSICA¹⁵. This will allow for an increase in the leverage of public resources by attracting contributions from the private sector.

Guidelines for further action include:

- Private financing is useful and often necessary to complement public resources. A clear legal framework must underpin the setting up of public-private partnerships.
- The private sector brings not just money but complementary skills and competences.
- An effective public-private partnership requires both a strategic and long term vision and technical and management competences on the part of local authorities.

¹² URBACT was created early in 2003 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 have become eligible to participate in the URBACT Programme. Website: <http://urbact.eu>

¹³ General Regulation, articles 36 and 45 (1) a)

¹⁴ General Regulation, articles 44 and 45 (1) c)

¹⁵ General Regulation, articles 44 and 78 (6) a)