



# REPORT

Monitoring the Urban  
Dimension in Cohesion  
Policy: EU 12 Perspective

Prague, 18-19 March 2009

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## 1. Introduction

**"Monitoring the Urban Dimension in EU Cohesion Policy: EU 12 "** was the title of the conference that QeC ERAN organized on the 18-19 March 2009 in Prague, Czech Republic. The conference forms part of a series of events on the theme of "urban dimension in EU cohesion policy" in different member states. The objective of these events is to feed the outcomes into the EU mid-term review of the new EU Cohesion Policy programming arrangements that will take place in 2009 and 2010.

Previous events include "[Monitoring the urban dimension in cohesion policy: Spanish and Portuguese perspectives](#)" (2-3 April 2008, Madrid, Spain) and "[Monitoring the urban dimension in cohesion policy: Dutch and Belgium perspectives](#)" (19 September 2007, Antwerp, Belgium).

These events are looking at three crucial questions as concerns the cohesion funds:

- Are member states making use of the greater decentralisation of decision making provided for in the Community Strategic Guidelines?
- Are Operational Programmes addressing urban disparities?
- Are we keeping an integrated approach to urban development?

More information on future events can be obtained from the QeC ERAN secretariat.

### The Prague conference

Coinciding with the Czech EU Presidency, the event took place in Prague on 18-19 March 2009 and aimed to highlight how the EU12 member states have addressed the "urban dimension" in their NSRFs and Operational

Programmes. The conference was organised with the active involvement of DG Regio as well as the EP Intergroup on Urban Policy and Housing who are both very interested in the current programming period and have already launched a discussion about the future programming period.



**Delegates at the Prague conference, 18-19 March 2009-04-18**

The conference brought together over 60 participants working in urban development/regeneration and speakers included representatives from DG Regio, the European Parliament, the European Investment Bank, Managing Authorities for Structural Funds from Czech Republic, Slovenia, Slovakia, Hungary, Romania, and Poland and city representatives from Poznan (Poland), Prague (Czech Republic), Gyor (Hungary) , Ljubljana (Slovenia) and Timisoara (Romania).

This conference report includes a detailed background to the policy context of urban policy at EU level in particular with view to Romania, the Czech Republic, Slovenia, Poland and Hungary, the conference proceedings, the main points/issue of debate that emerged from the meeting as well as the conference programme and the presentations that were made during the event.

## 2. Policy Context

### **THE URBAN DIMENSION IN THE PROGRAMMING PERIOD 2007-2013**

#### **Urban actions 2007-2013**

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. In addition, in its report on the urban dimension in the context of enlargement<sup>1</sup>, the European Parliament welcomed the incorporation of sustainable urban development in Cohesion Policy.

In the new programming period, the Commission intends to reinforce the place of urban issues in the programmes 2007-2013 which implies several things:

- to increase the importance of urban development in the programming process (NSRF and Ops);
- to promote the concept of integrated urban development;
- to valorise the URBAN *acquis*, but to open it to a broader range of actions;
- to fully include urban actors in the preparation and implementation of Operational Programmes.

#### **Instruments and tools**

**1.** URBACT II (2007-2013), the Urban Development Network Programme is a programme which aims to develop exchanges of experience between European cities within the new objective "Territorial Cooperation". It has enlarged the eligibility for cities comparing to URBAN II.

**2.** Regions for Economic Change is a proactive policy tool offered to Member States, regions and cities to help them implement the renewed Lisbon agenda through actions aimed at economic modernization.

**3.** JESSICA (Joint European Support for Sustainable Investment in City Areas) is a cooperation agreement between the Commission, the European Investment Bank and the European Bank for Reconstruction and Development on financial engineering for sustainable urban development.

**4.** Urban Development Interservice Group. Created in December 2005, it is led by DG REGIO Director General. DGs participating are REGIO, EAC, EMPL, ENV, ENTR, INFSO, JLS, RTD, SANCO and TREN.

**5.** Urban Audit may help to design an intelligent urban policy in Europe today with its almost 300 indicators and 258 cities covered.

#### **European Cities**

The "*State of European Cities 2007*" report explains that in the period 1996-2001, a third of cities grew at a rate in excess of 0.2% per year, a third saw their populations remain stable and a third experienced a notable decline in population. The strongest population growth rates were covered in Spain, where some urban areas saw average annual increases of 2% or more. Not just the natural growth of the population but also immigration has to do with this increase of population. Similarly, Portuguese cities have experienced high levels of foreign immigration, particularly from Portuguese-speaking Africa, Brazil and Eastern Europe. It is widely recognised that cities are "home to most jobs, firms and institutes of higher education and their action is decisive in

<sup>1</sup> A6(2005) 0272 of 21.9.2005

bringing about social cohesion"<sup>2</sup>. As stated in *State of European Cities 2007* "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".

Regarding the 3 main goals of the revised Lisbon Agenda, cities must face up different challenges:

*Making places attractive in which to work and invest:* it is not always easy to facilitate accessibility and mobility, nor the access to service facilities. The development of ICT situation, the natural and physical environment and culture are more and more taken into account in order to evaluate a city.

*Innovation and knowledge economy:* cities should aim to retain or attract highly skilled workers. Cities with a high share of tertiary-educated inhabitants must have interesting employment opportunities and be more attractive places in which to live, than the suburbs. Concerning the transition of new knowledge to new application, it could be facilitated through a strong network between universities and local businesses. On the other hand, cities include 9affluent neighbourhoods but also deprived ones which creates big disparities in cities, linked to unemployment, poverty and crime.

*More and better jobs:* We can not forget the Urban paradox in terms of employment. "European cities concentrate both jobs and the jobless."<sup>3</sup> The Lisbon Agenda sets the ambitious goal of increasing the European employment rate to 70%, by 2010. In 2001, only 10% of the Urban Audit cities had reached this level, with cities lagging behind

the national averages. For this reason, cities must work to increase employability but also the levels of education. The gender dimension of the labour market should also be noted: in Urban Audit cities, women's participation in the labour force appears to supplement, rather than replace, the traditionally higher levels of participation among men<sup>4</sup>.

### **Fostering the urban dimension in EU Cohesion Policy**

In November 2008, the European Commission prepared a working document analysing all 316 ERDF Operational Programmes of all three EU Cohesion Policy Objectives. The document draws the first picture of how different aspects of urban development have been taken up in the 2007-2013 programming period. The analysis is limited to programmes co-financed by the European Regional Development Fund (ERDF), and does not touch upon other European funds. It subsequently also does not capture all sectoral interventions which might have impact on cities and on urban development.

Building upon the analysis of the programming documents, the main findings are the following:

1. In the current programming period, questions related to urban development are an important, reoccurring topic in the strategy and implementation of ERDF Operational Programmes. More than half of the ERDF programmes have an identifiable urban dimension, and address challenges in urban areas.
2. A considerable number of regions and Member States have foreseen

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<sup>2</sup> COM(2006) 385 final, page 4.

<sup>3</sup> Cities and the Lisbon Agenda: assessing the performance of cities, page 16.

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<sup>4</sup> *State of European Cities 2007*, page 7.

urban actions in their Operational Programmes, also committing an increased financial share to urban development operations. This positive result is contrasted by a fairly strong focus on sectoral operations and presents an asymmetric picture when it comes to integrated strategies for urban development:

The analysis revealed a certain difference between old and new Member States when it comes to the programmed activities in cities and to governance provisions. A generally less strong emphasis on integrated urban development seems to be linked to the fact that many EU-12 Member States have little experience in integrated urban development and/or were unable to benefit from the URBAN Community Initiative in the past.

3. Good vertical and horizontal coordination of actions and strong local involvement into programming constitute key elements of the "*Acquis urbain*". As the programmes from the URBAN Community Initiative proved, the activation of local actors is crucial for the success of urban development operations. This local involvement is essential to reach a high degree of acceptance and visibility on the ground and concerns not only integrated operations, but also sector-oriented activities in cities. The programming documents for 2007-2013 generally show few signs of direct local involvement in the design and implementation of ERDF Operational Programmes. It remains to be seen if this can be improved throughout the implementation of the programmes.

4. The Working Document provides a first complete assessment of the urban strands of all Operational Programmes for 2007-2013. It describes several positive developments, but also identifies a series of challenges which are to be dealt with throughout the implementation phase of the Operational Programmes. Despite the possibility to make adjustments to existing programming documents within upcoming modifications in order to eliminate shortcomings, it might be sufficient in most cases to use the existing provisions and options in the Operational Programmes more intensively and extensively.<sup>5</sup>

## **The Urban dimension in five of the EU 12 Operational Programmes**

### **1 Czech Republic**

For the period 2007-13, the Czech Republic has been allocated €26.7 billion in total, €25.9 billion under the Convergence objective, €0.4 billion under the Regional Competitiveness and Employment objective, and €0.4 billion under the European Territorial Cooperation objective. To complement the EU investment under the National Strategic Reference Framework, the Czech Republic's contribution will be €4.6 billion over seven years.

All Czech Regional OPs include urban development either through a specific urban Priority Axis or through a mixed Axis that also includes regional and/or rural development. Urban development in regional centres is compulsorily carried out on the basis of an

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<sup>5</sup> "Fostering the urban dimension – analysis of the Operational Programmes co-financed by the European Regional Development Fund (2007-2013)", Working Document, November 2008, page 3-6

integrated urban development plan which may address two types of zones in cities:

- deprived zones
- zones with high growth potential

The Czech Government has issued a resolution (No 883 of 13 August 2007) on Guidelines for preparation, approval and evaluation of integrated urban development plans to be funded through Structural Funds programmes, including all Czech ERDF programmes. The resolution defines the concept of integrated urban development plans (IUDPs), clarifies their structure and contents, sets out the procedure of approval of IUDPs and provides guidance on their implementation.

IUDPs must concern themselves with benefits within the scope of at least 3 of 6 priority areas:

- Economic Development
- Social Integration
- The Environment
- Attractive Cities
- Accessibility and Mobility
- Public Affairs Governance

Total allocation for urban development makes up around 2,7 % of total EU funds.

For more information please go to presentation of the [Operational Programme>>](#)

## **2) Hungary**

Hungary has been allocated €25.3 billion for the 2007-13 programming period. The Hungarian contribution will be €4.4 billion.

The objectives and priorities of the NSRF will result in 15 operational programmes, two of

which are co-financed by the European Social Fund (ESF) and 13 by the European Regional Development Fund (ERDF) and Cohesion Fund (CF). The 15 operational programmes include seven regional and eight sectoral programmes.

The Hungarian Regional Operational Programmes require cities to elaborate integrated urban development strategies to substantiate urban development operations in the programming period. The programming documents foresee the support of two types of projects:

1) Function-enhancing urban rehabilitation projects aim at a balanced development of towns, at strengthening their regional economic roles, at enhancing their county level functions, tourism and culture potential and as knowledge centres.

2) Social urban regeneration projects aim to improve the circumstances and chances of life of inhabitants, to prevent the deepening of segregation and to reduce the concentration of the low-status population. Special target areas of social urban regeneration include blocks of high-rise buildings constructed with industrialized technology, urban residential areas of traditional construction and industrial colonies, and areas populated by Roma.

The development of an Integrated Urban Development Strategy (IUDS) consisting of a medium term strategy (7-8 years) to be revised every 2-3 years is a policy requirement for all cities with a complex structure. By January 2009 157 cities have prepared their IUDS.

For more information please go to presentation of the [Operational Programme>>](#)



### **3) Poland**

For the 2007-13 period, Poland has been allocated approximately €67.3 billion (the largest beneficiary of Cohesion policy for this period): €66.6 billion under the Convergence objective and €731 million under the European Territorial Cooperation objective. To complement EU investments, Poland's contribution (including private sources) should amount to €18.3 billion, bringing the total amount available for Cohesion policy activities in Poland to some €85.6 billion over the seven-year period.

Poland has translated the broad priorities in the NSRF into 21 operational programmes (OPs): five national programmes and 16 regional programmes for all 16 Polish regions.

The allocation for Urban and rural regeneration amounts to 1.7% of the total budget and will be realised within 3 areas of activity:

- Using the potential of the largest urban centres as a driver of regional development
- Strengthening the relationship between metropolis and urbanised areas and surrounding areas
- Promoting internal cohesion of urban areas, in order to reduce a high concentration of economic, environmental and social problems within major urban centres

Urban dimension is implemented mainly through 16 Regional OP. The policy towards cities is differently placed depending on ROP:

- A vast majority of regions dedicates relevant priority axes to „urban“ projects
- Some regions want support cities or some of their functions but consider these activities as elements of ROP complementary priorities e.g. in such areas as economic infrastructure or local development

Polish cities have show great interest in participation in the URBACT II projects. Currently there are 19 Polish partners cities out of 25 URBACT II projects indicating a strong demand for exchange of knowledge on the integrated urban development.

For more information please go to presentation of the [Operational Programme>>](#)

### **3) Slovenia**

For the 2007-13 period, Slovenia has been allocated €4.101 billion of Structural Fund and Cohesion Fund financing under the Convergence objective. To complement the EU investment, Slovenia's overall annual contribution is expected to reach €957 million.

The priorities of the National Strategic Reference Framework will be im plemented through three operational programmes. The first, the operational programme for Strengthening Regional Development Potentials will receive funding from the European Regional Development Fund (ERDF).

#### **4 Romania**

For the 2007-13 period, Romania has been allocated approximately €19.2 billion under the Convergence objective and €455 million under the European Territorial Cooperation objective. Romania's contribution (including private sources) to complement the EU investments will amount to at least €5.5 billion, bringing the total investments in structural and cohesion policy to approximately €25.2 billion over the next seven years.

The priorities of the National Strategic Reference Framework will be implemented through seven operational programmes (OPs).

As concerns the urban dimension in the operation programmes the overall objective is to increase the quality of life and to create new jobs in cities, by rehabilitating the urban infrastructure, improving services, including social services, as well as by developing business support structures and entrepreneurship.

#### **Key area of intervention:**

*Integrated Urban Development Plans* implemented through projects addressing the following issues :

- A. Rehabilitation of the urban infrastructure and improvement of urban services, including urban transport;
- B. Development of sustainable business environment;
- C. Rehabilitation of social infrastructure, including social housing and improvement of social services.

A total of 1.4 bill. Euro (30% in ROP financial allocation) has been allocated for these actions.

For more information please go to presentation of the [Operation Programme>>](#)



### 3. Conference proceedings

The conference was opened by **Ilda Curti**, Vice Mayor of the City of Turin (Italy) and President of the QeC ERAN network. During the morning session **Haroon Saad**, Director of QeC ERAN, was setting the policy context by providing an overview of urban regeneration issues at EU level. **Santiago García-Patrón Rivas**, Deputy Head of Territorial Cohesion and Urban Actions Unit, DG Regional Policy, European Commission presented a paper "Fostering the urban dimension" based on a working document prepared by DG Regional Policy which analyses the Operational Programmes co-financed by ERDF funding 2007-2013. (see policy context section, p. 4-5).

**Dirk Ahner**, Director-General DG Regional Policy, who was unfortunately unable to be in person at the conference, addressed conference speakers on a pre-recorded video speech. Speaking on the mainstreaming of the urban dimension he welcomed that it had allowed to "opened the cohesion policy for support to the integrated approach in many more cities than was previously possible under the URBAN Community Initiative." However, on a less positive note, he pointed out that some of the provisions introduced by the European Commission have not been taken up by the Member States in particular as concerns possibilities of cities to run their own urban development plans. The establishment of ring fenced budget for cities could be one way of addressing this issue in the future programming period."

"Another point of concern is the continuation of the integrated approach. Following the assessment of the 316 Regional Fund



Operational Programmes which the European Commission has carried out last year, it became evident that many Operational Programmes, particular in the new member states, tend to address local development through the sectoral approach. One way to address this deficit is to make the integrated approach compulsory in the future programming period."

Speaking on the first results of the Green Paper on Territorial Cohesion, he mentioned that the contributions made by stakeholder clearly link territorial cohesion with multi-level territorial governance, partnership and the integrated approach. Thus Territorial Cohesion provides a further opportunity to enhance the multilevel governance system. (The full video is available on our [website](#)).

Following the presentations from the EU level, delegates were presented the Operational Programmes from the Czech Republic by **Josef Postranecky**, Director of Regional Policy Strategy and Development Department, Ministry for Regional Development and the Operational Programmes for Hungary presented by **Andrea Ivan**, Head of Unit of Territorial Cooperation, Department of Regional Development, Ministry for National Development and Economy, Hungary. (see policy context section, page 5). This was followed by practical case studies on urban development from the city of Győr (Hungary) presented by **Réka Barabás** and the city of Prague presented by **Marketa Reedova**, Deputy Mayor for the City of Prague



**Josef Postranecky**

During the afternoon session **Gabriel Friptu**, General Director, Managing Authority for the Regional Operational Programmes presented the Romanian OP and **Josip Mihalic**, Head of the Unit for European Regional Development Fund, Government Office for Local Self-government and Regional Policy the Slovenian OP (see policy context section, page 7-8). This was followed by practical case studies from the city of Timisoara (Romania) presented by **Aurelia Junie**, Timisoara City Council and the city of Ljubljana (Slovenia) presented by **Ivan Stanič**, Ljubljana City Council.



*Aurelia Junie*

The next day participants heard from **Anne Baucz** from the Ministry for Regional Development about the Polish Operational Programmes (see policy context section, page 7) and **Katarzyna Kretkowska**, Councillor of the city of Poznan provided a practical case study from the city of Poznan (Poland).

**Rafal Rybacki** from the European Investment Bank presented the **JESSICA** programme which is an initiative developed by the European Commission and the European Investment Bank, in collaboration with the Council of Europe Development Bank (CEB). Under new procedures, Member States are being given the option of using some their Structural Funds to make repayable investments in projects forming part of an integrated plan for sustainable urban development.

These investments, which may take the form of equity, loans and/or guarantees, are delivered to projects via Urban Development Funds and, if required, Holding Funds.

EIB involvement in JESSICA is threefold:

- advising and assisting national, regional and local authorities in implementing JESSICA
- promoting the use of Urban Development Funds and best practice across Europe
- acting as a Holding Fund, when requested by Member States or Managing Authorities

Following the EC Council agreement (Leipzig Ministerial Informal meeting of 24/25 May 2007) to place urban regeneration as a major common policy, EIB will step up its involvement in the sector and will also examine the possibility of leveraging its own funding resources into urban development projects supported by JESSICA. (See full [presentation](#) on JESSICA.)

During the final session of the conference a debate took place between the European Commission, the European Parliament and conference participants on the implication of mainstreaming the urban dimension into cohesion policy. Some of the discussion points were transmitted through video recordings.

**Jean Marie Beaupuy**, MEP and President of the EP Intergroup on Urban Policy and Housing pointed out that EU 12 Member States, have been asked to use the "integrated approach", while never having been involved in the practice that generated this methodology. "There is a clear need to develop knowledge and information on the benefits of the integrated approach, which is essential in order to show to elected politicians and civil servants the interest of applying the integrated approach." One way to do this is through the ERASMUS programme for local and regional authorities which would allow



civil servants to become familiar with the integrated approach as well as bringing elected officials from different countries together to make them know each other better and build a Europe of realities.”



According to **Jan Olbrycht**, MEP and Vice President of the EP Intergroup on Urban Policy and Housing “mainstreaming the Community initiatives has resulted in the integrated approach disappearing. Member States have not taken up the integrated approach that has been developed by the urban initiative and the good experience of Urban are not being used by the Member States.”

Discussing the Green Paper on Territorial Cohesion, **Jean Marie Beaupuy** stressed that the concept of Governance is a key element. “Without a better system of governance, we will not be able to advance quickly enough and especially not good enough. The question is posed in terms of governance and calls for multiple responses. It seems necessary to improve the indicators, but also funding. The EP Intergroup on Urban Policy and Housing wants to focus on partnership governance: a governance that is shared between different actors (NGOs, associations, town halls, etc.). It is this kind of partnership that will improve governance in the coming years.”

“Due to the principles of subsidiarity we can not oblige Member States to use a ring fenced budget for cities” said **Jan Olbrycht** “however we will have to find ways to ensure that funds are delegated to the city level in the future programming period. Cities that are preparing an integrated urban development plan should have the guarantee of long term grants rather than applying for funds for individual project activities. This is the only way in which we can create a multi-

level governance system involving all actors at all levels”.

To hear the full text of Jean Marie Beaupuy and Jan Olbrycht please visit our [website>>](#).

A number of key issues and points emerged from these discussions which are listed below.

#### 4. Key issues emerging

These are the main issues that emerged from the conference discussions:

- There is a weaker emphasis on integrated urban development in the EU 12 Operational Programmes. This is linked to the fact that the EU 12 Member States have little experience in integrated urban development and/or were unable to benefit from the URBAN Community Initiative in the past.
- Urban development operations in EU-12 show a strong tendency towards sectoral investment, both financially and in their general approach. This not only concerns the infrastructural sector (i.e. transport, waste treatment), but also "mono-physical" rehabilitation measures in cities (i.e. town centre renewal, brownfield development), where integrated approaches would be required.
- This clearly shows the need for providing assistance and measures to cities from the EU 12 to develop integrated urban development plans thus ensuring that the lessons learned and experiences gained under the URBAN initiative of the previous funding periods are capitalised at the local and regional level.
- The issue of multi-level governance issue is fundamental in terms of the future programming period as this is key to active involvement of relevant stakeholders and for effective and extensive consultation. New forms of governance hold the key to a "more participatory, hands-on democracy" and thus narrowing the gap between Europe and its citizens.
- There is also a need to strengthen the concept of partnership within the urban dimension. There are two contrasting perspectives on the role of local partnerships in relation to policy development and implementation. Traditionally, local partnerships have often been seen as a delivery mechanism for national and international policy programmes in a hierarchical, top down model of policy. The alternative perspective, however, is of multi-level governance arrangements in which local partnerships contribute to both delivery and policy development in a process which is bottom up as much as top down.

#### Annexes

[Agenda](#)

[Presentations](#)

[Video presentations](#)