

OP
ACT

Options of Actions



**Interim Report:
Governance and new narratives
Social Inclusion**
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Annex

0. Introduction - content and scope of this paper

Op-Act is an URBACT II project that deals with demographic change and economic decline in small and medium-sized European cities.

Structural economic and demographic change are some of the main challenges which towns and cities all over Europe need to face. Declining birth rates and increasing life expectancy as well as outward migration are major causes for these new challenges. Especially smaller and medium sized cities are encountering difficulties due to these phenomena. Young and often well educated and trained people tend to move to metropolitan areas, and the number of retired people is growing steadily. Declining population figures and a major population change due to the new age structure are the results.

To find answers to these developments and to related challenges is the aim of the Op-Act project. Eleven partner cities from all over Europe are trying to find answers on how to deal with population decline, structural economic change and associated challenges.

In this context, the work of Op-Act has been divided into the following work packages (WP):

- WP 1 - Governance and new narratives: Stabilising the financial situation after the economic crisis, finding new branding and marketing ideas to promote city image.
- WP 2 - Social inclusion: Developing cooperation with local education facilities to obtain a skilled work force and further qualifications for disadvantaged groups.
- WP 3 - Economic growth: Attracting new companies, promoting entrepreneurship and improving framework conditions for existing companies as well as developing sustainable tourism concepts to boost the local economy.
- WP 4 - Living conditions: Re-urbanising and adapting social and technical infrastructure, public transport, supplying necessary goods and services, open spaces and recreation areas.
- WP 5 - Site advantages: Combining existing location advantages with new strategies and finding synergy effects with neighbouring - probably competing - cities.

This interim report summarises the results of work on WP 1 and 2. These results are based on the analysis of day-to-day practice case studies or examples from all over Europe, from Op-Act partner cities and in discussions during workshops dealing with issues in the respective WPs.

Chapter 1¹ deals with demographic and structural economic change in Europe and summarises the challenges cities are facing due to these changes.

Chapter 2 outlines the Op-Act work package approach and structure.

Chapters 3 and 4 summarise the results of WPs on governance and new narratives and on social inclusion.

Chapter 5 is - in a way - a summary of these summaries. It gives a short overview on two essential approaches for dealing with demographic change and shrinkage: integrated urban development and public participation.

¹ This chapter is partly based on a working paper on financial issues by Daniel Kampus.

1. Shrinking - a challenge for many small and medium sized cities

Since the beginning of industrialisation, growth has been seen as one of the comprehensive urban development patterns. As a result of the continuing influx of new residents and industries, cities expanded far beyond their historical boundaries. Industries were the nucleus of new urban settlements. Population, economy, prosperity and enterprises grew almost continuously.

But now it is becoming increasingly common that cities lose economic strength, jobs and residents. Shrinkage has become a world-wide phenomenon. However, shrinkage takes place regionally in very different ways. Northern America and Europe are particularly affected - and in this context it is mainly small and medium-sized cities which have to deal with stagnation and shrinking:

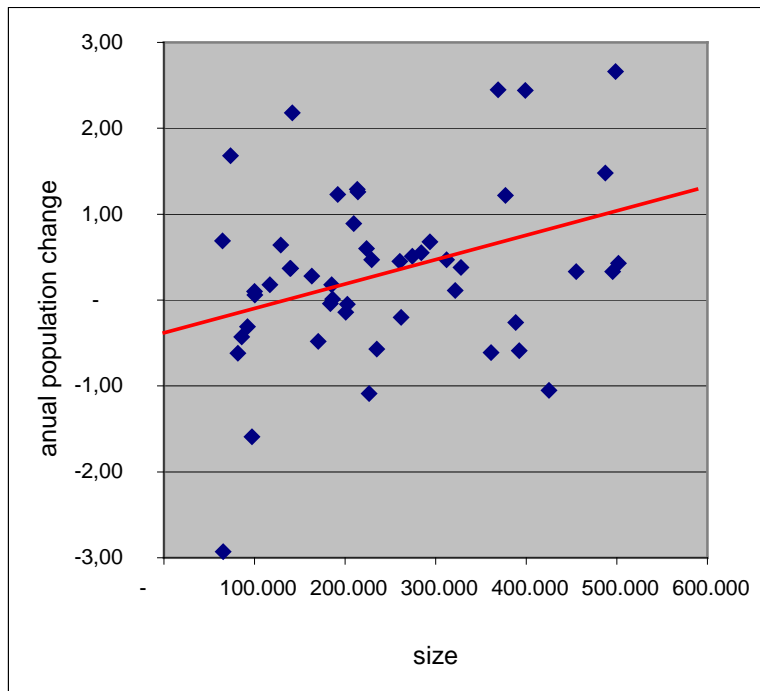


Fig. 1: Population change and city size

Source: Eurostat - Urban Audit (data: 2004, 5 years average; calculated by the author)

1.1 The rationale: demographic change, structural economic change and financial crisis

Small and medium sized cities around Europe encounter problems of declining population figures due to demographic change. Increasing life expectancy, declining birth rates and the tendency for young people to move to metropolitan areas are the main subjects confronting these cities. In addition, they not only suffer from a changing age structure but also from economical and financial challenges due to de-industrialisation and economic structural change. These long-term trends are aggravated by the present economic crisis. Reduced taxation income and lower funding allocation demand a review of cities' strategies.

1.1.1 Demographic change

The majority of EU member states' populations are stagnating or even shrinking for many years, and this process will continue. Even member states which still have a slight increase in population figures today will face - in some cases dramatically - population decline over the next four decades, due to reduced birth rates (figure 2).

Lower birth rates also mean fewer young people. At the same time the life expectancy of inhabitants is increasing. Whereas in the decade which has just ended the proportion of people over 65 years of age was on the EU average a good 15 per cent, by the year 2050 this figure will be more than 30 per cent

(figure 3). At the same time, the proportion of young people (under 18 years of age) will fall from 20 to 16 per cent.

Fig. 2: Population development

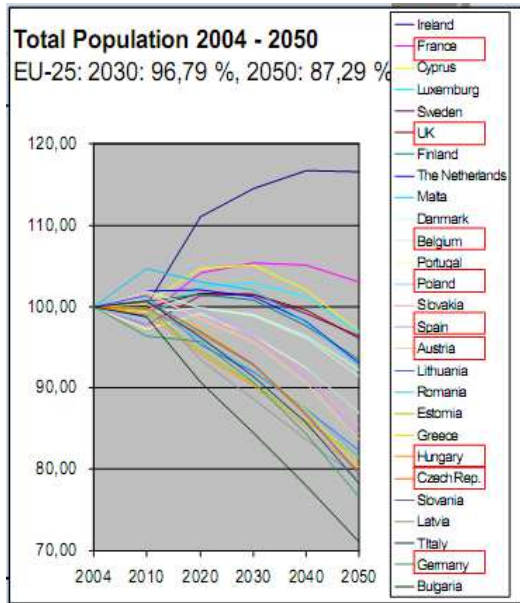
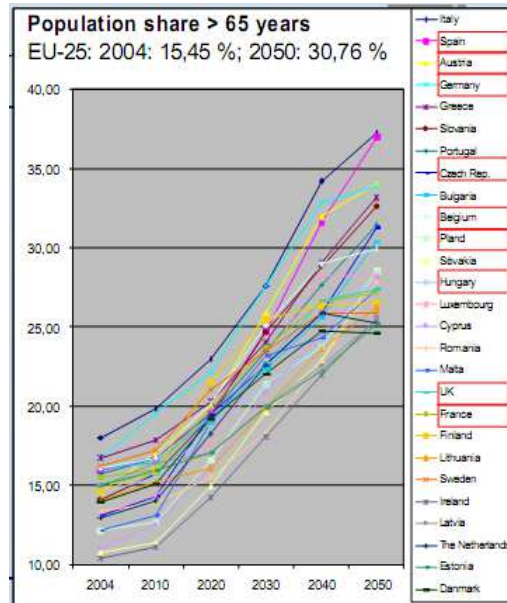


Fig. 3 Proportion of elderly people



Source: Eurostat 201 (calculated by the author)

EU member states will have to adapt to this development. This will be particularly challenging in those countries which are about to face a large increase in elderly people as well as a rapid decline in population figures. Central and southern Europe will have the biggest need to adapt to demographic change.²

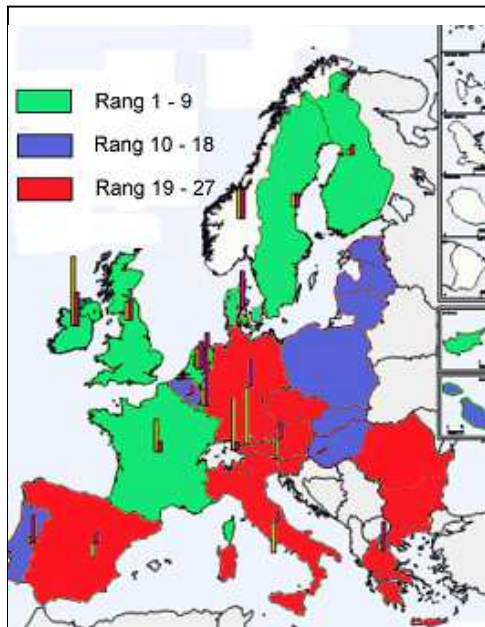


Fig. 4: The dynamic of population change : aging and shrinking in population figures

Source: Eurostat 2011, calculated by the author (growth figures of elderly people (65+) and the overall population were ranked by countries; from these ranks an average rank was calculated)

² The vast majority of Op-Act partner cities are from countries, that are and will be facing severe population dynamics (red, figure 4)

1.1.2 Economic structural change

Since the beginning of the 1980s, at the latest, the significance of industrial production in Europe has declined considerably in favour of service industry production (services). If in 1980 the European share of world value added by manufacturing industries was more or less one-half (50%), by 2008 this share had declined to approximately less than one third.³ In particular heavy industry (and related industries such as metal working and so on) have diminished dramatically. Other producing sectors too – such as for example textiles – have not been able to withstand the competition emanating from emerging and developing countries and have re-located to these regions.

The labour market has shown therefore corresponding transformation:

Table. 1: Labour force (15 - 74 years) by economic sectors (%)

	1990	1995	2000	2005
Agriculture, forestry, fishing	6,64	5,12	4,27	4,80
Industry, mining, construction	33,28	30,46	28,95	27,45
Services	60,08	64,42	66,79	67,74
Total	100,00	100,00	100,00	100,00

Source: Eurostat 2011

On a cursory glance these shifts of emphasis from some sectors to others may not seem to be really dramatic.⁴ However, small and medium-sized cities are frequently dependent in their economies on just a small number of enterprises. It is precisely in the case of businesses in traditional industries where there are often large-scale enterprises. If only one of these large-scale operations does close, it may have dramatic consequences for these cities.⁵

1.1.3 The present financial and economic crisis

The present crisis is not only causing severe economic and financial problems for national states, but for towns and cities, too. Higher interest rates for new state debts, reduced taxation income, higher spending for welfare transfer due to unemployment - these and other effects of the crisis affect the ability of national, regional and local governments to react to new challenges in an appropriate way.

This is, however, only one side of the coin. There are first signs, that demography is also affected by the financial and economic crisis. Some EU countries are facing bigger problems than others. State debts of more than a hundred percent of the GDP/year, unemployment rates of more than thirty percent among young people and other national economic data in some of these Member States are highlighting these differences. These differences seem to cause - as table 2 indicates - new population movements.

3 UNIDO (2010): Structural Change in the World Economy: Main Features and Trends.

4 Unfortunately the EUROSTAT database does not offer data for all economic sectors prior to 1990. If a comparison with data from the 1980s, these shifts would surely have been even more pronounced.

5 Structural change in the new EU member states is proceeding with a time lapse. In the next number of years it is anticipated that for example in the coalmining regions in these countries similar developments will occur as have already taken place in the Ruhr region of Germany or in the French region of Nord Pas-de-Calais.

Table 2: Migration to Germany (first half 2011)

	immigrants	comp. with 2010 (%)
Greece	8 890	184.5
Lithuania	4 371	154.1
Slovenia	1 210	150.5
Spain	7 257	149.1
Bulgaria	2 4369	138.5
Latvia	4 655	133.0
EU countries	247 146	129.4
Europe (without EU)	50 184	110.5
total	381 042	121.4

Source: Destatis, AFP

1.2 The dilemma of shrinking cities

The phenomenon of shrinking cities has three essential causes:

- low natural birth rate;
- structural economic change and loss of (traditional) key industries;
- people moving away, primarily as a result of reduced opportunities in the labour market.

Some academics, but also a few urban planners, argue that shrinking is not a problem in itself.⁶ This view needs to be firmly contradicted.

Shrinking has a number of direct and indirect negative consequences for cities affected. These may be summarised in a brief overview as follows:

- *Reduced communal revenues:* In most EU member states city incomes are comprised of support grants from regional or national government and from local tax revenues. Both of these are generally speaking dependent on the number of inhabitants. Falling populations therefore mean reduced incomes as well.
- *Rising costs for communal services of general interest:* Purely the per capita costs for services of general interest go up when population numbers decline. Costs per capita for social, educational and technical infrastructure and public transport - to name just a few - are higher in smaller towns or cities than in larger ones. In shrinking cities, in addition, these infrastructure elements were

"What it is you're looking for – a hotel? Here in Hagen?"
The shop assistant in the bakery called The Jolly Baker is suddenly curious as she looks at me across the counter...

I have been warned. Residents in shrinking cities, it is said, reveal strange behaviour habits. And Hagen is a shrinking city, *the* shrinking city in the Federal state of North-Rhine Westphalia, indeed, many people say it may even be the most shrinking city in Germany."

Berlin daily newspaper Tagesspiegel, 30 August 2004

"What is the greatest handicap in shrinking cities? Those who can manage it, leave and get away... Inhabitants left behind include unemployed people, elderly, poor people, immigrants. Being able to get away is a privilege, not a punishment. Deserted cities lose not only taxation income, they also have to look after all those people who did not have the opportunities to enable them to leave."

Daily paper Süddeutsche Zeitung, 13 / 14 January 2007

⁶ This assessment would only be correct if one were to abandon the goal of having equal or similar living conditions and opportunities everywhere in Europe, in towns and cities as well as in rural areas.

originally planned for a larger number of inhabitants. Maintaining or down-sizing them results in additional costs.

- *Reduced quantity and quality of communal services:* Faced with increasing costs and lower income many local authorities respond by reducing those services which they are not legally bound to provide. In many instances, the quality of legally binding services is also reduced. As a result, the quality of life in the municipalities concerned is lower. An added problem is that the nature and scope of local services need to be adapted to take account of changed age-composition in the population, at least in the medium term.
- *Outward migration:* In the majority of shrinking cities a process of selective emigration may be observed. As a rule it is the younger and well trained or educated people who leave shrinking or stagnating cities behind them. In this way the share of elderly and / or less qualified residents increases.⁷
- *Reduced consumer demand:* Demand for goods, services and housing space falls. In addition, frequently the remaining inhabitants demonstrate less purchasing power due to unemployment. This in turn leads to reduced businesses, to reduction in job opportunities in the sectors affected and to higher vacancy rates in commercial and residential property.
- *Reduced investment 1:* Lack of demand and / or lack of or of appropriately qualified⁸ employees lead to reduced investment. This applies both to expanding existing businesses as well as to new ones.
- *Reduced quality of life:* Reduced public investment projects, unattractive residential areas or local amenities (for example, due to vacant property), reduced range of opportunities in the labour market, reduced 'social life' as a result of less social, cultural or educational establishments reduce the quality of life in those towns and cities which are affected.
- *Spatial effects:* Shrinking has many and varied repercussions on the physical or spatial structure of a city. Problem or difficult areas are mostly located in the inner city which decay due to businesses closing down and residents moving away (vacant properties, low level of municipal investment projects). But other districts, too, often demonstrate unmistakable change. Thus, for example, due to selective moving out, an increase in socio-spatially problematic neighbourhoods may be observed. De-industrialisation - the most significant cause of moving away – often results in industrial or commercial locations falling derelict.
- *Reduced investment 2:* Decisions about location depend not only on hard factors, but increasingly also on 'soft' factors. The quality of life in a city, what it has to offer in social, cultural and educational establishments influence investment and residential (re-)location decisions to a considerable extent.
- *Negative city image:* Many shrinking cities have a negative image. This has an influence both on investment decisions as well as on decisions on choice of residential location. This image thus impedes political and planning efforts to combat shrinking or at least to mitigate impacts.
- *Socio-psychological effects and self-perception of inhabitants:* In many affected cities it is possible to detect a negative prevailing mood amongst residents. Resignation and frustration about one's own situation and reduced quality of life in the city are to a considerable extent the reasons. In addition, there is also in some instances disenchantment with politics ("They can't pull it off to improve our situation."). In any case, there is a prevailing lack of innovative thinking.

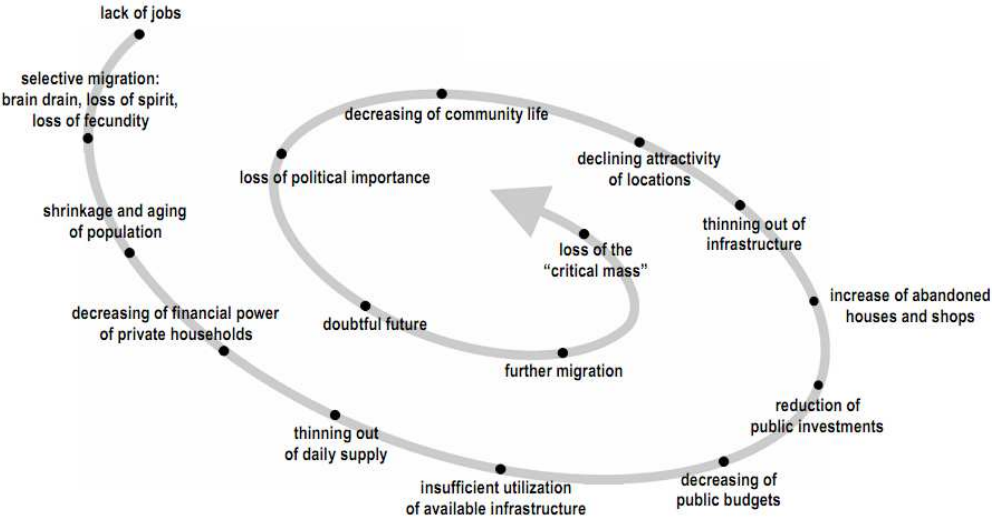
All these consequences and repercussions of shrinking are inter-connected, they both affect and strengthen effects usually on one another. Self-reinforcing processes such as these may easily lead to a

⁷ In the 'new' federal German states (Laender), this process is described in popular jargon as follows: "Those who are left behind are unqualified, stupid males." It is perfectly true that the proportion of the sexes in some regions is in fact nearing 60:40.

⁸ In a number of situations it can be observed that professional or trade education and training options predominate which are adapted to a traditional economic structure. However, due to structural change this has already become transformed.

vicious circle, to downward leading spirals, which culminate in yet more shrinking and loss of significance as a city. Self-reinforcing processes of this kind may be identified both for the entire process of shrinking, as well as for individual sectors of society. Figure 5 depicts the generic dynamic process which may be triggered by population decrease. Figure 6 on the other hand depicts processes which may be triggered in individual society sectors – in this instance the housing industry is added to exemplify the points being made.

Fig. 5: The reel of shrinkage⁹



Source: Gerlind Weber (2011): *Shrinkage - a Reassessment from the Viewpoint of Spatial Sciences. Presentation - OpAct workshop, 20 June 2011* (http://urbact.eu/fileadmin/Projects/OP_ACT/outputs_media/shrinkage_reassessment.pdf)

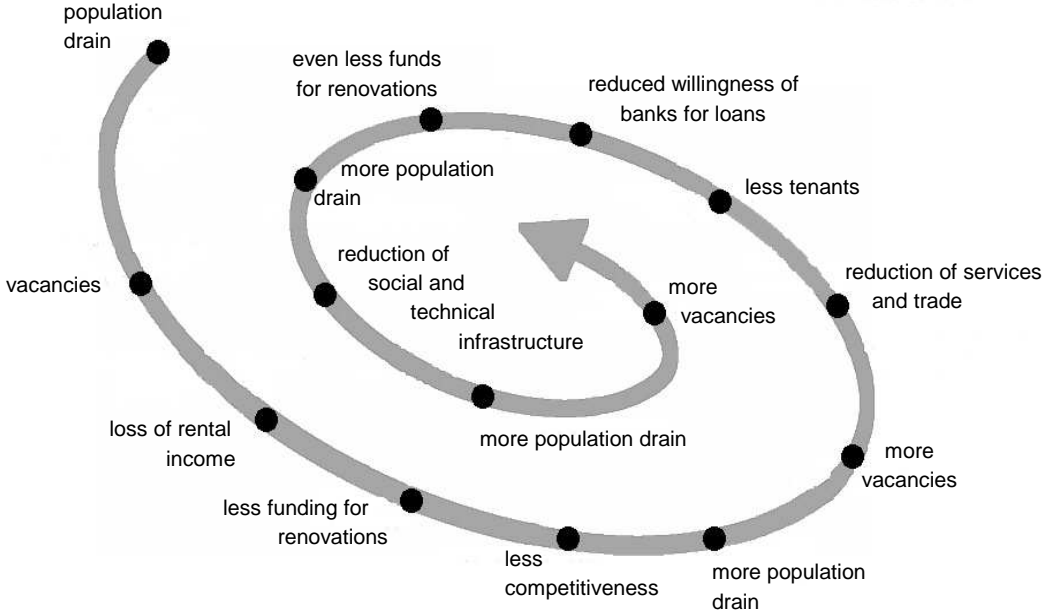


Fig. 6: The doom loop of vacancy

Klett Verlag (ed.; n.d.): *Schrumpfende Stadt. Chance oder Herausforderung für die Stadtplanung.* in: *Klett-Magazin Geographie* (adapted by the author)

⁹ Although this model was developed using case studies from rural areas / the countryside, it may well be applied to small and medium-sized cities.

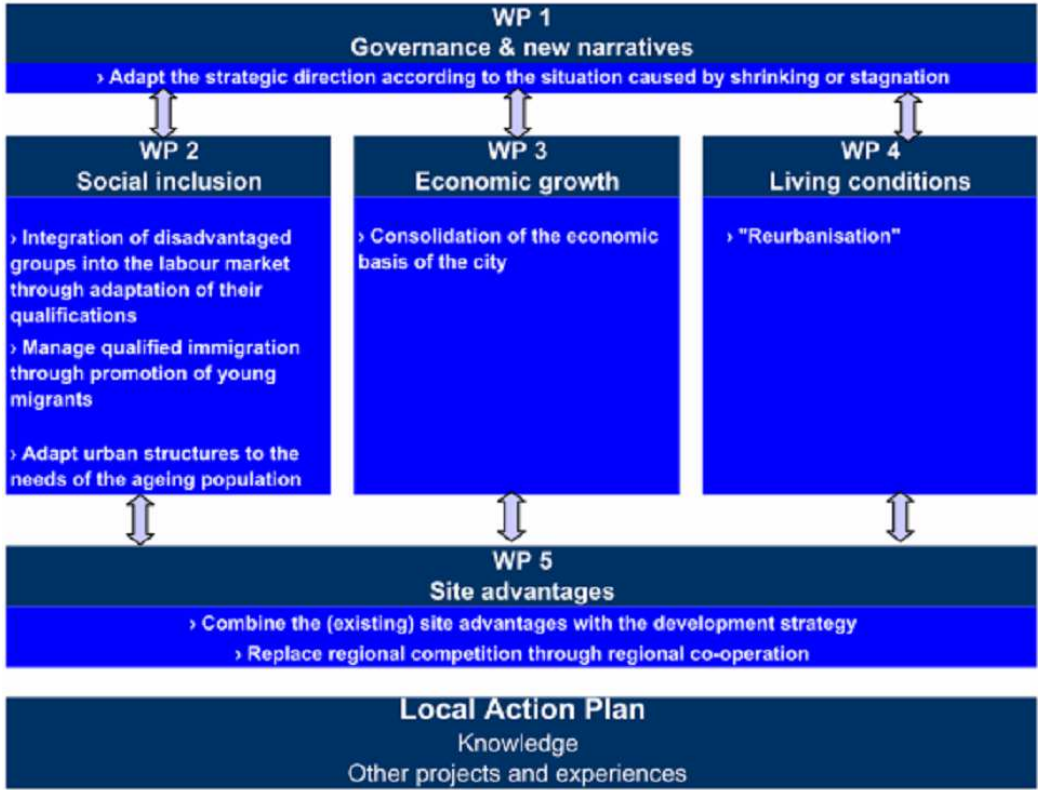
2. The Op-Act work structure

Any strategy to combat or adapt to shrinking needs to take these briefly outlined correlations into account. Measures which only address individual impacts do not usually have any permanent or lasting success. This is one of the crucial outcomes of the Op-Act project. This point will need to be addressed in greater detail in another section.

Nevertheless, the project partners took the decision to structure their tasks in separate topic-based work packages. This was done both for heuristic and technical working reasons. In order to guard against these interconnections between the individual WPs being overlooked, in WP1 there was so to speak an ‘over-arching’ working inter-connection created or institutionalised, in which in addition generic policy fields (such as for example finance questions) may be addressed.

In the other WPs, further issues were dealt with which arise from those repercussions and problems of shrinking which were discussed above in chapter 1.2. Overall, Op-Act work package structure may be portrayed as follows:

Fig. 7: The Op-Act work package structure



In the next number of sections, working outcomes achieved so far in WPs 1 and 2 will be depicted. The outcomes are based on an evaluation of European case studies derived from day-to-day practice and from case studies taken from Op-Act partner cities as well as on discussions held during Op-Act workshops which dealt with the respective WPs. The case studies themselves will not be described in detail. They are included in the annex.

3. Governance and new narratives

Work package 1 dealt with cross-cutting policy issues by focusing on the following needs of partner cities:

- to stabilise the financial situation in the city, to develop new financial strategies, to identify adapted funding structures;
- to enhance the city image through new branding and marketing ideas;
- to promote communication, co-operations and public-engagement.

3.1 Finance and cooperation

3.1.1 The need for adapted financial structures

Generally it can be stated that almost all of OP-ACT's partner cities suffer from declining financial resources. Due to the fact that demographic and economic change influence the financial situation of the cities, which is even made worse by the still perceptible consequences of the recent financial crisis, every city ascertains decreased municipal income because of a loss of tax revenues, less allocations of funds and declining investment activities. It is therefore getting more and more difficult for the cities to finance their local public tasks that still remained the same even if there are fewer inhabitants in the city.

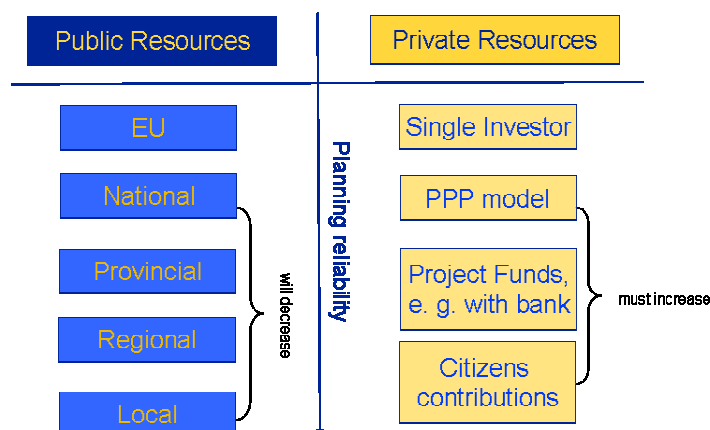
On-going residential and commercial suburbanisation is one more factor that weakens the communal income not only because of shrinking tax revenues but because these suburbanites continue using the infrastructure and facilities (e. g. transport links, education facilities, health care, etc.) that are primarily financed through municipal budget.

All partners admitted that social services are the sector that certainly suffers most from reduced municipal budget. Many planned projects that would have been important for the youth, the senior citizens and migrants had to be postponed or abandoned at all.

It is clear to all partners that a city confronted by population decline and demographic change needs restructuring, but the implementation of sustainable policies is only possible with stabilised municipal finances. The development of new financial strategies is therefore the most ardent challenge for the cities. The following criteria could contribute to reach this objective:

- Looking for synergies and cooperation with the region or other municipalities
- Developing new structures of subsidies and government aid
- Defining of new financial models

Fig. 8: Combining public and private resources



Based on the good practice examples that were presented by the partners during the workshop in Leoben, the results of the common work and discussions in working groups and the input of the thematic expert, this paper describes the current status of the municipal finances of the partners, offers some solutions for financing specific municipal tasks and gives recommendations for future actions.

3.1.2 Effects of the current financial situation

The following effects were described by the partners on the OP-ACT priorities:

Social inclusion

- Increasing number of unemployed people, less funds for retraining, reintegrating unemployed into the labour market
- A growing number of people who are in financial needs and are dependent of debt remission programs
- Municipalities struggles to maintain the quality of social services, even at the expense of other services
- EU funding results in competition between the municipality and the Labour Office in services for unemployed people (thus creating overlaps, reduced efficiency)
- Participation on community activities decreases because of income problems.

Economic growth

- Poland: with the use of EU funds, the municipality managed to counteract economic downturn (mainly through redirecting the majority of funds towards economic development purposes);
- Spain: the municipality reduced funding for infrastructure development, less money for infrastructure enabling economic development;
- Norway: decline in the number of taxpayers / workforce - bad for the economy;
- Hungary: with the relocation of the biggest company, the municipality becomes the biggest investor in town, as well as the biggest employer; the investments, though, are not revenue making investments;
- The Netherlands: Increase of entrepreneurs (without employees). Also companies are outsourcing their activities, which lead to an increase of the number of companies, but a reduction of the gross domestic product.

Living conditions

People have less money, they spend less to improve their immediate environment;

- Youth unemployment, long term unemployment and presence of immigrants can influence the quality of life in living areas and safety problems arise.
- Reduced funding results in postponing investments to improve the infrastructure of public services;
- While there is an improvement in living conditions as a result of investments from EU funds, people are getting poorer;

Site advantages

- Too few visitors
- Too high taxes for companies
- Often absence of an attraction of the cities (university, stabile housing market, knowledge based or creative industries, touristic hot spot, culture, etc.)

3.1.3 The scope of possible action

The possibility of towns and cities to solve financial constraints by more debts is not only limited due to sustainability considerations (debt for future generations), but also by factual and legal reasons. Therefore cities have to consider and to implement new innovative forms of budgeting and financial measures. Several of these have been evaluated (comp. annex). The following table gives an overview in a synoptic form:

Table 3: Forms of innovative financial approaches

Field / form of action	Practical example (comp. annex)
Utilising municipal property without selling it out	Leoben
New forms of accounting and equity holdings	Altena
Citizens loans	Quickborn Langen
Focusing and valuing budget lines	Eberswalde Leipzig
Revolving funds	Stuttgart
Contracting	Prague
Public private partnership	Dabrowa Gornizca Graz Porto Roubaix
Cooperation with other municipalities	Freistadt Oberhünigen and Zäziwil

Public private partnership is most frequently used as a tool to save money and to gain experience from outside the municipal administration. Public Private Partnership models have become increasingly important as financing models in the field of an exemplary way of implementing projects. They often were and are preferred to the financing variants exclusively based on private or public investments as being the “more intelligent” variant.

PPP models have the advantage that both, the public administration as well as the private company apply their individual strengths commonly to reach a greater aim. Winners in this model are both: The public authority can rely on private invested capital in times of shortened municipal budgets and the efficiency of privately operated planning, constructing and operating can be used. The private partner on the other hand enters a totally new field of activity with a high know-how demand. Additionally the capital market gains long-term and profitable possibilities for assets.

To conclude, PPP models have a series of potential advantages:

- using know-how in the private (business) sector and improved service delivery,
- improve cost effectiveness,
- reduced public sector risk,
- faster project delivery,
- improved budget certainty,

- better use of assets.

However, there are possible disadvantages, too.

- Private industry pursues commercial objectives and profit interests which generally speaking can only with difficulty be reconciled with holistic municipal objectives and the public or common good.
- Often PPP projects are not being carried out in the central fields of local authority tasks and day-to-day work. This leads to an information and know-how deficit for municipal compared with private sector players. Thus the result is an asymmetric partnership in which local authorities have difficulty in implementing their control and regulatory duties.
- In PPP projects the interests of other stakeholders apart from the immediate and contractually-stipulated partners are generally not taken into account. Thus a holistic approach is rendered more difficult and often prevented.

It follows that PPP can be a strong instrument for meeting financial challenges. It needs to be carefully arranged, however. In every case the final control and direction needs to be in the hands of the local authority.

3.1.4 Conclusions and recommendations

To overcome financial constrains and to mitigate the effects (comp. 3.1.2) of these constrains, the following conclusions and recommendations can be drawn from practice examples¹⁰ - not only from Op-Act partners, but also from other European towns and cities.

3.1.4.1 Conclusions

The main problems regarding finances and city budgets clearly lie in the fact that the cities have less income than in the previous years. On the one hand the national and regional governments have reduced their financial subventions for local authorities drastically and on the other hand cities suffer from a decrease in personal revenue and corporate tax payments, which again are consequences of the shrinking number of inhabitants. This local situation has even worsened in some of the partner cities by the economic crisis when many big companies had to downsize or to close down at all. The partners declared unanimously that cultural and social services had to be reduced the most because of the cut back in city finances. Many of these services had to be therefore taken over by volunteers without remunerations.

Innovative forms of financing are needed badly and some of the partner cities have already started to implement new solutions. There is a positive example from Poland, where an access road to an investment area was built through a public private partnership (Build – Operate – Maintain – Transfer concept) or some other cities cooperate with their neighbouring municipalities to share tasks and costs (e.g. Herleen shares its waste collection and waste management with eight other municipalities) or they also try to reduce costs by reorganising their local administration like Altena. Currently less people work there and the accounting system was reorganised. The city now is structured like a private company.

In The Netherlands the national government decided to pay a once only budget on shrinking areas (decentralization payment) in 2010. This regards an amount of 14.750.000 Euros and has the aim to prevent structural problems on empty housing/buildings and restructuring between 2010 and 2020 in the Parkstad Region. Some cities, as Heerlen, also use national and European subsidies like ERDF, but there the problem came up that they are not able to raise the necessary share of equity capital. This is why e. g. Heerlen has established a co-financing fund with an every year deposit of 5

¹⁰ comp. annex

million Euros. This fund is based on a multiplier aim and can be implemented on projects that fit within economic priorities of the city.

Partners also stressed that not only finding ways to saving costs is important but also to stimulate the local economy and to develop plans to keep the young people in town or make them come back after their education and training in other cities. Leoben, for example, tries to make the city interesting for young people by supporting “creative industries” and young entrepreneurs. Others offer incentives for students so that they live in town during their studies or even stay there after the completion of their education.

The success and the value of new financial instruments or the below recommended actions can be measured with these indicators:

- How many new businesses have settled in the city?
- How much was invested?
- How many new jobs were created in the municipality?
- Was there a reduction in the value of social grants?
- Has the income through local tax revenues increased?

3.1.4.2 Recommendations

Finally the following key success factors for the access to finances were commonly defined:

- Reduce your level of standards – settle for less
- Create win-win situations for all involved parties (either private partners or other municipalities) and define the roles of all partners in a contract
- Be more active on European level – look for funds and learn from others
- Use EU-funding to develop sustainable projects of common interest
- Cooperate rather than compete with neighbouring municipalities – indentify common interests, build up trust and create shared services / infrastructure – look for long-term cooperations
- Involve local stakeholders and businessmen more – be open to new ideas from them however strange they sound at first
- Involve citizens to support the local administration to help them conduct their tasks as government (e.g. care, cultural events...) to save money
- Find sponsoring from private companies for cultural activities
- Management skills are essential to run a municipality successfully

Municipal cooperation as a possibility to reduce costs

The strict dividing-lines between a core city and its surrounding municipalities are a thing of the past – the boundaries are becoming blurred. But the functional links between urban and rural areas are increasing. Co-operation between a city and its surrounding region or between some smaller municipalities is therefore one possible way of overcoming increasing costs and financial restrictions. Co-operations in city regions, in whatever form, will be one way to enable a concerted integrated "city-regional" development and thus react to the current challenges, such as conflicts of competences, overcoming common economic, ecological and social problems, and a fair distribution of burdens and finances. Transparency in the structures, broad information and equal rights for the involved parties are key success criteria for a municipal cooperation. Common objectives and projects can only be realised if all stakeholders are involved right from the beginning and communication is taken seriously.

(Practical examples for this approach are described in the annex.)

- Give guarantees and loans for companies that settle in your municipality
- Structure your communal administration like a private company or as a holding
- Invest on integrated projects on regional development
- Lobby at national government for extra investments in shrinkage region
- Establish a co-financing fund with the help of multipliers, local banks and investors

It is also very important to involve the relevant key stakeholder right from the beginning of the project development and discuss the financial situation and necessary cutbacks with them. Innovative ideas could be brought up by them, which could help to solve the financial problems of the municipality. The following key stakeholders should be involved when discussing new ways of financing the communal tasks:

- Local administration
- Relevant politicians
- Local businesses and external investors
- NGO-s in the area
- Local community
- Neighbouring municipalities
- European Union - Commission
- Financial institutions
- Higher education institutions
- Citizens

3.2 City image, branding and marketing

3.2.1 Pre-requisites for urban promotion

Although without any doubt, urban decision makers can learn from professional marketing campaigns in the commercial sector, city marketing is certainly quite different:

"Urban promotion involves the selling of a location not only for business but also as a place to live ... these images of lifestyle tend to be predominantly anchored around two things, culture and environment"¹¹.

In addition, there are several other basic differences:

- Whilst a motor car manufacturer is competing with a handful of other producers, town and cities are competing with thousands of other communities, towns or cities. This is particularly true in a globalising world.
- As the function and also often the 'product' of cities do not differ very greatly, any city marketing strategy has to close the gap between sameness and difference.
- As cities are people, in a way, city marketing means marketing people. They need to be incorporated - with their varying interests and opinions - into the city marketing process.

Merely as a result of these differences there arise a number of pre-requisites for successful city marketing:

¹¹ Bradley, A. and Hall, T. (2006): The festival phenomenon: festivals and events and the promotion of small urban areas; in Bell, D. and Jayne, M. (eds.) Small Cities: Urban Experience Beyond the Metropolis, London: Routledge)

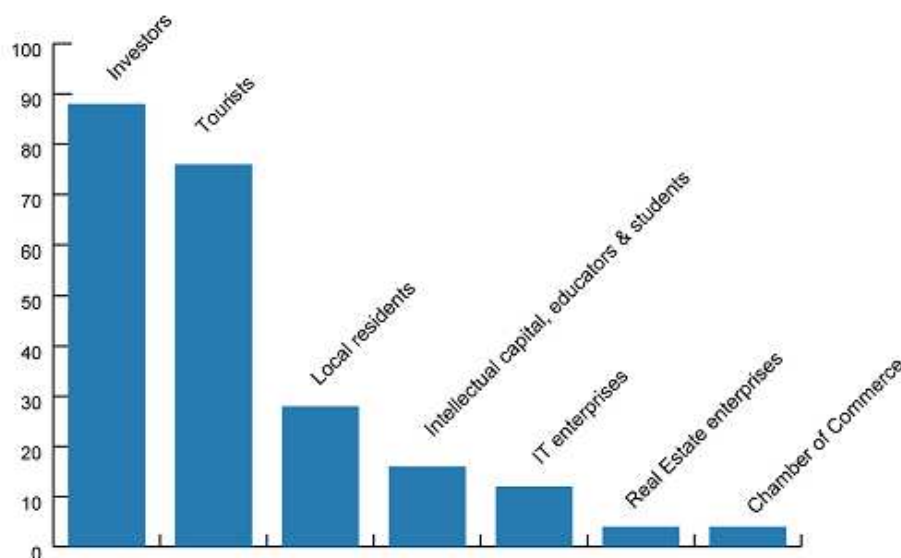
- an honest product that is accepted and shared by people (as is the overall marketing strategy itself)
- including all relevant stakeholders
- an integrated approach
- transparency
- no overall dominators in the process (i.e. not serving particular interests)
- secure resources (staff and money; many approaches often organised on a voluntary or semi-voluntary basis have failed)
- accountability
- key (initial) projects and activities (in order to bring more and more people on board)

3.2.2 Aims in city marketing - attracting money and people

Any city marketing aims to attract money and people. Investors, new residents, commuters, customers and tourists are thus the main target groups in any marketing strategy. In shrinking cities there is an additional, important target group: the inhabitants, in order to keep them 'in town'.

A study on city marketing in European cities¹² analysed target groups and aims in marketing strategies and came up with the following results:

Fig. 9: Target groups for city marketing



Source: Seisdedos (2006)

Thus city marketing has an 'internal' and an 'external' focus. In the case of promoting tourism, a third focus needs to be considered: a regional focus (this might be true in other fields, too, but in the case of tourism it seems to be a 'must'). With the exception of the German city of Rothenburg ob der Tauber (and similar cities which are in themselves a brand mark), promoting tourism is likely to fail if one does not succeed in developing a strategy for a tourism region. Here cooperation with other municipalities (etc.) is essential.

¹² G. Seisdedos(2006): State of the Art of City Marketing in European Cities

3.2.3 The process of city marketing

Case studies show that there is often a gap or even a diametrical contrast between the perception of a city by the 'outside world' and by inhabitants. Often there are additional disparities that may be described as 'incontemporaneities of views'. A city, for instance, is still seen by decision makers - but also by inhabitants - as an industrial city, whilst its main function has changed many years ago in the direction of trade and commerce, for example.¹³ Not only for this reason, a profound knowledge and reflecting on the perception of a city is essential in order to develop a successful marketing strategy.

The process of developing such a strategy can be summarised in an ideal typical way as follows:

Perception

- how the city is perceived by the 'outside world'
- how the city is seen by the inhabitants

Overall aims

These aims should be developed by all relevant stakeholders. More specific aims have to be developed in the course of the project.

Strength and weaknesses

Several successful cities used a SWOT analysis for developing their marketing strategies and to formulate overall aims: Besides the "SWOT questions" the following key questions seem to be essential:¹⁴

- What is already in place?
- What has to be changed?
- What has to be improved?
- What has to be invented / newly developed?

Branding

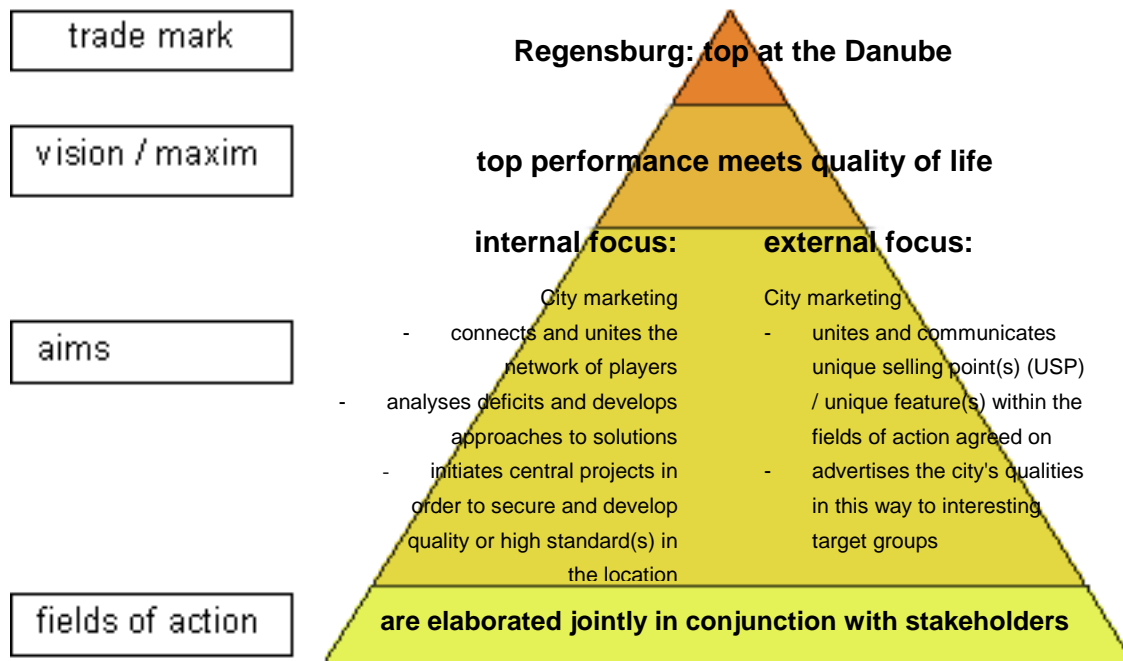
In the best case scenario, at the conclusion of the development phase a central or core idea has emerged, a brand or trademark, on the basis of which concrete projects may be elaborated. Many cities summarise the idea in a slogan. In this context it is not easy to strike a balance between 'narrowness' and 'breadth'. It is therefore helpful to adopt a participative approach. After all, the local residents need to accept this key idea or notion and stakeholders need to be able to identify with it.

The following scheme (derived from the city of Regensburg) summarises developing a marketing strategy, in which internal and external dimensions (cp. above) are also considered:

¹³ We find these 'incontemporaneities of views' (a-synchronicities) in several Op-Act cities. This is not at all surprising, as several of the cities used to depend on only a few major industries. Their decline is the main reason for shrinking in these cities.

¹⁴ cp. for instance (in German): Bayerisches Staatsministerium für Wirtschaft, Infrastruktur, Verkehr und Technologie (2009): Best-practice-Leitfaden Stadtmarketing

Fig. 10: City marketing in Regensburg - a model



Source: <http://www.stadtmarketing-regensburg.de> (translated by the author)

All this is not 'cast in stone'. Not only do these different steps and elements mentioned above interlink and overlap in a real world process. During the implementation phase in such a strategy (while implementing concrete projects), changes and feedback, additional views and altered priorities will most likely come into play. City marketing is thus a process rather than a product.

3.2.4 Organisational structure

In smaller cities and in the early stages in city marketing, the task is or was often taken on either on a voluntary basis (for example by business people) or by a number of staff members from the local authority as additional duties. Due to a lack of continuity this has frequently shown itself to be a false step.

Forms of organisation in successful city marketing may be very varied. What they have in common is that they are intended to be permanent or long-lasting. From an empirical point of view the following organisation forms predominate:

- a unit within the city administrative body or bodies
- tourist office
- joint venture organisations (not only PPP, but also PSPP (public-social private partnership) and joint ventures with citizens' groups etc.)
- new entities / companies set up by business umbrella organisations / associations
- new entities / companies set up by the municipality

All these forms of organisation have a variety of advantages and disadvantages, the most significant of which are listed in the following table:

Table 4: Organisation forms - advantages and disadvantages

<i>Organisation form</i>	<i>possible advantages</i>	<i>possible disadvantages</i>
(1) unit within the city administrative body	- can easily be set up - control exerted by (democratic) entities	- lack of knowledge of stakeholder needs - lack of stakeholder support - lack of continuity and accountability (new priorities, extra burdens)
(2) tourist office	- can easily be set up - using existing structure - using existing networks and working connections	- partial aims and priorities - lack of knowledge of stakeholder needs - lack of stakeholder support
(3) joint venture organisations	- including relevant stakeholders (if not pure PPP) - developing comprehensive (and accepted) aims, strategies projects (if not pure PPP)	- time-consuming in the beginning - need to set up a comprehensive financial structure
(4) new entities / companies set up by business umbrella organisations	- close to business sector needs (with possible quite fast positive effects as regards job creation) - fast and effective (in a narrow sense)	- partial aims and priorities - lack of acceptance by other stakeholder groups - city image dominated by business - lack of steering / control by democratic entities
(5) new entities / companies set up by the municipality	- can quite easily be set up - control exerted by (democratic) entities	- lack of knowledge of stakeholder needs - lack of stakeholder support

The most promising of these seem to be joint venture organisations. However, in this context frequently recourse is taken to pure PPP models. As far as efficiency and effectiveness (in a narrow sense) are concerned, these may provide a number of advantages, nevertheless, they also have significant disadvantages:

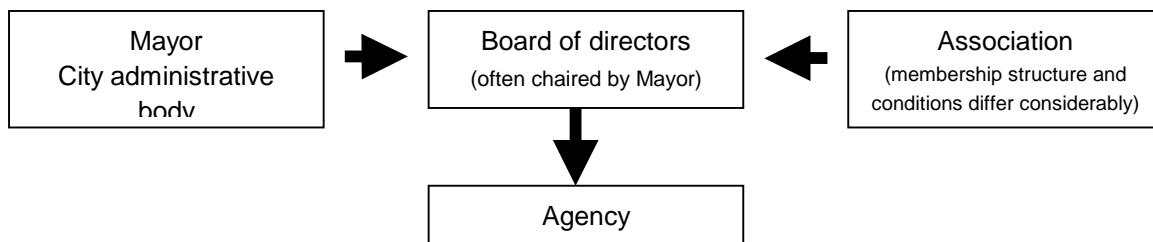
Table 5: PPP for city marketing - advantages and disadvantages

<i>possible advantages</i>	<i>possible disadvantages</i>
<ul style="list-style-type: none"> • know-how • interests / needs • improved cost effectiveness • reduced public sector risk • faster project delivery • improved budget certainty • better use of assets 	<ul style="list-style-type: none"> • differences between public and commercial interests • particular interests dominate the process • interests of other stakeholders are not taken into account • information and know-how deficits in the public sector

It is vitally important that, in any case, steps are taken to ensure that steering and control is kept in the hands of the city (authority).

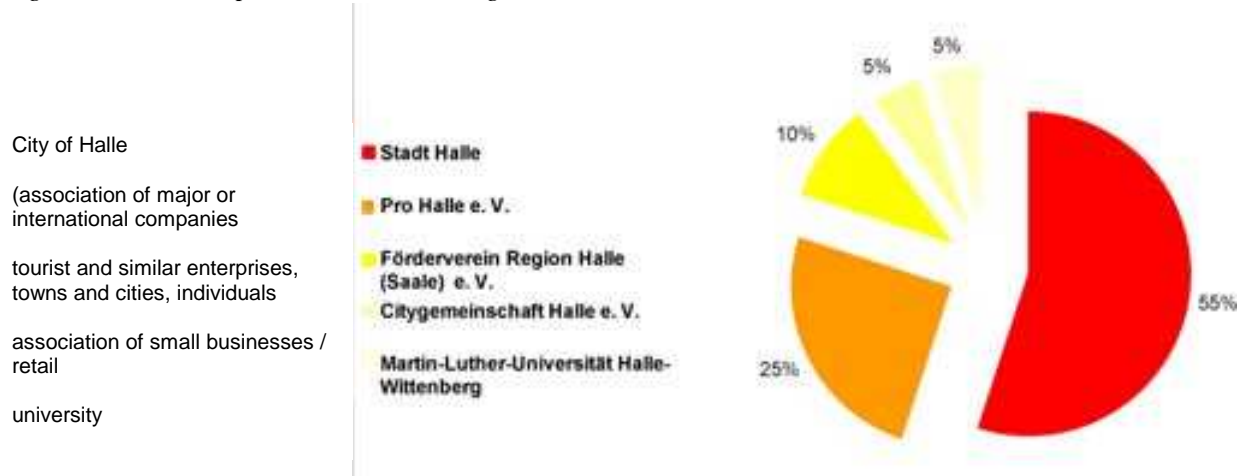
Whatever form of organisation is applied, it is important for permanence/sustainability in city marketing for both political decision makers as well as all the relevant stakeholder groups to be involved. The easiest way to do this successfully is to put in place an agency which is managed (controlled) by the municipal authorities and representatives of civil society and of commerce (businesses). Specific organisation depends on local and legal conditions. In general terms this may be represented as follows:

Fig. 11: A common structure in joint venture marketing agencies



The second pre-requisite for any successful form of organisation – i.e. involving all relevant stakeholders – may be exemplified here using the City of Halle on the Saale river in Germany. They were able to bring on board several existing institutions / associations as members of the organisation thus representing a wide spectrum of stakeholders.

Fig. 12: Membership structure - involving relevant stakeholders



(Source: <http://www.stadtmarketing-halle.de>)

3.2.5 Financing city marketing

City marketing is funded in a wide variety of ways. No indications have been found to suggest that particular financing patterns or models are more promising than others. However, in any event steps must be taken to ensure permanent / long-term finance support. After all, marketing and branding are not procedures which lead to success from one day to the next.

The following financing models are those to be found most frequently:

- city budget

- fees from members / co-owners
- independent income generation (for instance, through events)
- sponsoring

In the majority of cases there is a mix of these financing methods.

There is just as much difference as between financing models as there is in the costs of city marketing. For smaller and medium-sized towns and cities in Germany, costs in the region of between 3 and 4 € / inhabitant are indicated. A Europe-wide survey ascertained costs amounting to 4 € / inhabitant.

This may be exemplified by looking at budgets in two German towns:

Table 6: Budgets for city marketing organisations - two examples

	Karlstadt (16 000 inhabitants)	Schwabach (41 000 inhabitants)
members' fees	25 000 €	56 000 €
events	36 000 €	
city	8 000 €	64 000 €
total	69 000 €	120 000 €

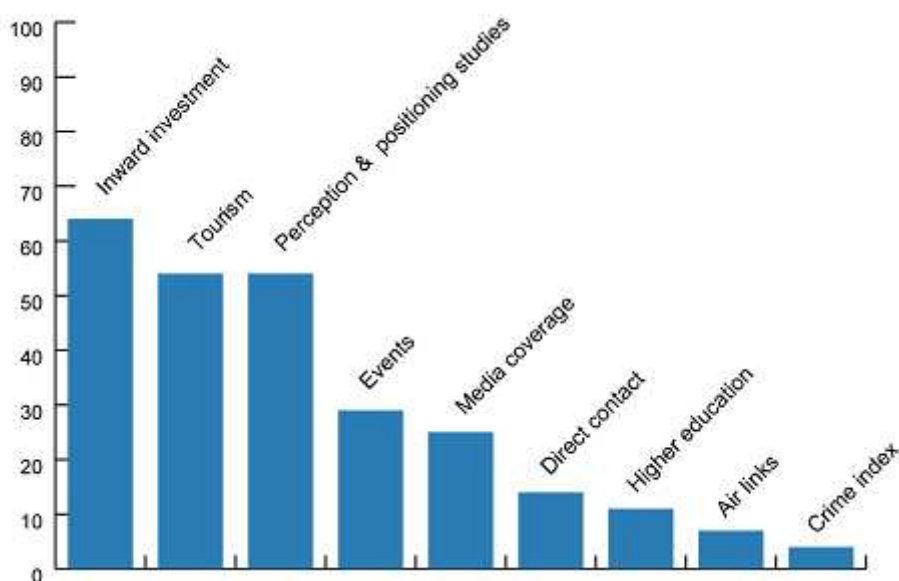
Source: Bayerisches Staatsministerium für Wirtschaft, Infrastruktur, Verkehr und Technologie (2009): Best-practice-Leitfaden Stadtmarketing

3.2.6 Monitoring and measurement

To ensure that marketing strategies are successful they need to keep on measuring, in tangible terms (for instance, increases in visitor numbers, inward investment, perception by the 'outside world' and by inhabitants, customer statistics and surveys etc.).

The following indicators (indicator fields) are most frequently applied:

Fig. 13: Key performance indicators



Source: Seisdedos (2006)

Both quantitative and qualitative indicators should be used. They depend to a major extent on the concrete strategy and on implementing this through projects. Many cities have monitoring and strategy meetings/ working groups already in existence, which are held on a regular basis.

3.2.7 Tools and means

Going into detail would certainly exceed the scope of this paper as many handbooks and similar guidance on tools and means are available.¹⁵ Nevertheless those most frequently used instruments in city marketing should be mentioned:

- printed and visual material (the latter is often overestimated)
- internet
- press / media campaigns
- events
- fairs, exhibitions etc.
- cooperative design, logo, slogan
- lobbying, competitions, awards etc.
- various actions / supportive actions
(depending on aims / concrete tasks / projects: citizens' bus, vouchers, ...)

3.2.8 Recommendations

Based on experiences in Op-Act partner cities¹⁶ the following recommendations were compiled:

Key conclusions:

- It is useful to have one specific symbol of the city, this could be a building, an institution, a work of art, an event, etc. - the more specific, the better. This symbol can then embody the city image (like the Eiffel Tower in Paris).
- Inhabitants need to believe in the city and in the image, if they don't - it is not an honest image and will not work in the long run.
- Do not have an unrealistic image, if there is a contradiction between the image and reality - it will very soon spoil the image!
- To have a positive image, it is important to have good living conditions (housing, public spaces, green areas, cultural opportunities, etc.)

Measures needed:

- Public participation: involving the local residents from the very beginning in creating and communicating the city image - if they believe and are committed to the image, they can become the best sales agents.
- Maintain traditional values and build on them: "don't forget where you come from". It is no use creating a trendy, hip image that is not in line with your values - it will always remain an artificial image without roots.

¹⁵ Detailed descriptions and case studies may be found for example in the following documents:

- (in English) <http://www.city-regiomarketing.nl/publicatie/pub10.pdf>
- (in German) <http://www.stmwivt.bayern.de/fileadmin/Web-Dateien/Dokumente/wirtschaft/Best-practice-Leitfaden.pdf>

¹⁶ comp. annex for more details

- Plan your image and image building / communication process carefully. Don't stop there, though! Each person has a drawer absolutely full of wonderful strategies. Put your plan into action - start to implement it!
- Use the tools of Web 2.0; whenever people look for information, a service or a product, they turn to the internet. So when you market your city, you can't avoid using Web 2.0 tools. When you do this, though:
 - take it seriously, plan, prepare for it
 - before you start, have a clear idea of your 'brand', 'brand promise(s)'
 - be patient: it takes time and a lot of work to get results
 - don't use just one tool, use various tools in an integrated way

As an overall result the following model of an ideal typical city marketing process has been developed. This model is seen as a blue print for a marketing a city.

Fig. 14: The process of city marketing



4. Social inclusion

4.1 The need for social action

Ageing together with outward migration of skilled and motivated young people are major challenges for Op-Act partner cities. As a result demographic and social structural changes occur and lead in some degree to social exclusion. In addition, partner cities have to deal with the challenge of keeping elderly people included in urban society.

Exclusion does not only harm affected groups but also the whole 'atmosphere' and living conditions within a city. It is against this background that one Op-Act work package is addressing social inclusion. And it is against this background that action in the social field is essential to cope with shrinkage and economic decline. This type of action has two basic objectives:

- to avoid social exclusion for the sake of social justice
- to utilise skills, knowledge and abilities of excluded groups for the sake of the city's development

Based on the experience of partners in their own context the following most vulnerable social groups were identified:

- young people in general, being in danger to be excluded due to the lack of job opportunities and/or to reduced social and/or educational facilities
- young people who are already excluded (for instance school drop-outs)
- young adults who intend to leave the city
- remaining young adults with insufficient skills
- unemployed people
- elderly people
- migrants who are in many cases among the first who are effected by a decline in the labour market
- population in disadvantaged neighbourhoods

Specific needs of these groups in partner cities can be derived from table 7.

4.2 The scope of possible actions - specific target groups, needs and aims

In order to derive recommendations several EU projects and practical examples from Op-Act partner cities were analysed and discussed. A detailed description of these examples are included in the annex.

Most of these projects are targeting several of the social groups mentioned above. For this and practical reason one can distinguish between projects that intend to reach young people, elderly people, migrants and population groups living in specific neighbourhoods. Some projects are targeting young and elderly people at the same time.

Table 7 gives an overview on projects derived from partner cities in a synoptic form.

Table 7: Case studies' overview¹⁷

<i>Project /city</i>	<i>Main target group</i>	<i>Overall / main aim(s)</i>	<i>Main actor</i>	<i>Main instrument(s)</i>	<i>Evaluation / monitoring</i>	<i>Integrated management approach</i>
Dabrowa Gornicza	disabled young people	providing education and ensuring proper physical and mental development	municipality, schools	training, physical / infrastructural measures	yes (statistical indicators)	no
Nagykallo	unskilled and unemployed young people	integration in city life and economy	national, regional government / institutions, municipality	action plan, physical / infrastructural measures, training	not stated	unclear
Legazpi (guided apartments)	elderly people	enable them to live on their own and to integrate in city social life	municipality	physical / infrastructural measures, social services	not stated	no
Graz (Points4action)	young and elderly people	link young and elderly inhabitants	municipality	awareness raising, bonus system for young people	in part	no
Rezekne	high or craft school graduates	prevent outward migration	municipality, school	physical / infrastructural measures, training	in part	no
Ancona	immigrants (2 nd generation)	promote intercultural dialogue, awareness raising for added value	municipality, NGO	workshops in schools, cultural / art exhibition	not stated	no

17 for more details: comp. annex

<i>Project /city</i>	<i>Main target group</i>	<i>Overall / main aim(s)</i>	<i>Main actor</i>	<i>Main instrument(s)</i>	<i>Evaluation / monitoring</i>	<i>Integrated management approach</i>
Medias	various age groups (mainly young people)	awareness raising for life long learning, include NGOs and local business in education	municipality, NGOs, cultural institutions schools local business	festival	not stated	no
Legazpi (business advisory senior citizen volunteers)	young entrepreneurs, SMEs, NGOs	advise on business and other issues	NGO	new institution (with voluntary work)	not stated	no
Leoben	women with migration background	increase health awareness	municipality	workshops inter-mediators	not stated	no
Berlin (neighbourhood mothers)	immigrants (women and families)	specific support awareness raising for health, nutrition and educational issues	municipality and urban districts	personal advice and home visits through trained inter-mediators	in part	no
Bremen	young people young immigrants	inclusion of immigrants dialogue between groups	municipality NGOs political parties national institutions	centre with activities in the following fields: culture ecology education	in part	yes

<i>Project /city</i>	<i>Main target group</i>	<i>Overall / main aim(s)</i>	<i>Main actor</i>	<i>Main instrument(s)</i>	<i>Evaluation / monitoring</i>	<i>Integrated management approach</i>
Berlin (neighbourhood management NM)	people in a neighbourhood (special emphasis on vulnerable groups)	neighbourhood improvement social and economic cohesion empowerment of disadvantaged groups	municipality and districts NGOs citizens' groups social and educational institutions	NM team NM council neighbourhoods funds	yes (monitoring system)	yes
Graz (Wir am Deggenhof)	people in a neighbourhood	Activities for senior citizens, for women, networking cultural facilities in the whole city, publishing a newspaper, improving a public park, etc.	municipality urban district council	LA21 project management team mixed advisory groups	in part	yes

All the EU projects having been analysed targeted social inclusion of young people, elderly people and migrants (comp. annex). Most projects targeting youth and migrants combine approaches and measures that aim to foster social and economic inclusion as well as capacity building. The overall lessons learnt from these projects are the following. Other - more specific - lessons are incorporated into the recommendations stated below.

- Projects targeting elderly people either aim to enhance infrastructure (for instance housing, homes for the elderly) or have very specific aims (reducing alcoholism).
- Except for projects dealing with neighbourhood management and enhancement, no project deals specifically with families and the population cohort between approx. 30 and 60 years.

Four parallel Op-Act working groups dealt with the four main challenges of social inclusion, target groups, core solutions and hindrances.

The following main target groups were identified on the basis of the situation in partner cities:

- *Young people*
Several partner cities are confronted with the fact that motivated and skilled young people move away. To find approaches for the young people remaining is an even more challenging task. Nevertheless, steps have to be taken at an early stage, as this phenomenon not only affects the image of a city but also the inhabitants' image of 'self-confidence'.
- *Elderly people*
Isolation among elderly (retired) people and the realisation that people lose knowledge and skills quite rapidly after retiring is a core problem in several partner cities.
- *Disadvantaged groups*
In addition to the groups mentioned above, there are other groups where action is needed for them to be included into urban society. These are, for instance, school drop-outs, handicapped people, or young people growing up in (jobless) families dependent on welfare transfer payments (the 'social heritage' phenomenon).
- *Migrants*
Migrants as a target group for approaches with regard to social inclusion were discussed in a two-fold way: several partner cities are facing challenges related to excluded and/or not integrated immigrants. On the other hand, inward migration has been identified as a solution to shrinking.

4.3 Recommendations

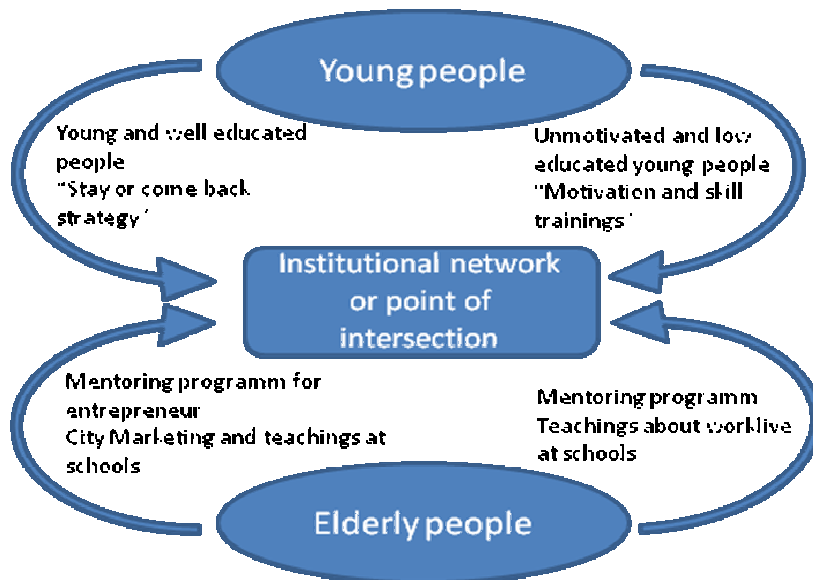
Based on these target groups the following main and overall aims and principles were identified:

- Social inclusion is nearly impossible without linking respective approaches and projects to economic development. Thus steps in the WP 2 field should be followed up and linked to actions relating to WP 3.
- As social exclusion as a 'mass phenomenon' affects the image (and self-image) of a city, approaches in the field of inclusion should be linked to WP 1 (new narratives, branding).
- As social inclusion needs to address living conditions and circumstances of the target group, holistic and integrated approaches are more promising than narrow, very objective-oriented approaches.
- Young skilled people should be motivated to stay in or even return to the city.
- Elderly people should be motivated to share their experience and skills for the sake of their urban society (social, economic, cultural).
- Immigrants should be motivated to integrate (language skills, knowledge of the legal and administrative 'culture' of the host society, for example).

- Immigrants (and commuters) should be motivated to move to the city.

In addition to several practical examples to achieve these aims (cp. short papers by working groups) synergetic approaches were discussed in order to link young and elderly people. One working group summarised these considerations (cp. fig. 15).

Fig. 15: Linking approaches for elderly and young people



Specific recommendations

Project management:

- *Life is a holistic matter:* Social inclusion needs to approach people in a holistic way. Integrated programmes and projects involving many disciplines (and views) are more likely successful than approaches that are organised in a traditional, single discipline oriented way.
- *Social inclusion does not happen overnight:* Projects and programmes aiming at social inclusion therefore need time and patience, lasting political support, reliable and secured (continuous) financial support. Policy making in accordance with the public purse of the day is inimical precisely in the case of social projects.
- *Social inclusion needs trust:* Building trust between municipal personnel and the target group is very important. Again, this needs time and patience. Building trust can be underpinned by commitments of inter-mediators who have similar social or cultural backgrounds to the target group. In larger projects it is helpful to have a project team on the spot. Some team members should also have the same background as the targeted population.
- *Social inclusion cannot be commanded, projects and programmes cannot be pulled like rabbits out of a hat:* Appropriate advance preparation for a project (technical and environmental conditions, social needs, education and capacity building) is therefore essential. Personnel selection should start simultaneously with operation plan development, because it takes time to acquire the right personnel. An overall (politically) accepted framework strategy / vision can guide individual projects and also supports successful implementation.
- *People are not only a target group, but are also stakeholders:* All the important stakeholders should be included from the very beginning. Most social projects also need involvement of stakeholders from the non-public sector. Their commitment can be essential for the success of a project. A project-oriented decision making body, in which these stakeholders are included, can encourage success. The body also helps to maintain political support for the project.

- *Creating a corporate identity / an image of the project can help:* Unification of elements such as group and central philosophy, objectives, internal communication and unified visual presentation are necessary for external communication and presentation. Developing a corporate identity leads to a high level of identification with the overall project, which brings positive results internally and externally.
- *Ongoing training and education not only for the target group:* Further job training is necessary to further develop and optimise all activities within the project, especially within administration and management areas. Further training has a motivating, revitalising effect on employees and therefore stabilises the internal management system. The system also becomes more professional. Training in public relations, management, organisational structure etc. create greater self-confidence within the social enterprise.
- *A city has many 'natural' resources:* Creativity and innovative thinking helps to overcome financial constraints. Using the knowledge of elderly people for training purposes is one example, linking young people with elderly people for social work in homes for the elderly is another. The same is true for self-help approaches or using unused / under-used public buildings for new purposes.
- *Social projects are not enough:* In order to be successful, social approaches need to be accompanied by other measures (improving overall living conditions in the city, labour market etc.). Even though a rather broad and integrated approach such as neighbourhood management has many positive results (strengthening self-reliance, leading to improved living conditions within a neighbourhood, strengthening social relationships, coherence and accountability of inhabitants), it has only limited effects in other fields (labour market, poverty for instance). It has to be accompanied by other, structural measures. Short-term or limited period (isolated) project activities can only be an initial step, activities should be repeated and supplemented or expanded by means of long(er)-term projects.

Communication management:

- *"When you do good work, don't hide your light under a bushel!":* Strategies with regard to publicity, marketing, PR and communication management are important to reach target groups, disseminators (trainers/multipliers) and decision makers. The strategies are also critical in presenting the project and engaging in dialogue with the local community. A public opinion survey should be launched, for instance, and an information campaign on the questions of project aims and benefits should be implemented. In many cases other social entities (such as schools, kindergartens, health centres) also benefited from a project. Communicating these synergy effects helps to get (political and public) support. Project activity information should be disseminated not only on the local but also on the regional and – if feasible – the national level.

Education and training for young people:

- *Formal education is not enough:* The formal educational system should be complemented by informal educational activities. Informal learning issues are becoming more and more important. Informal learning environments should be based on multi-actor collaboration. Combining the expertise of different organisations in the youth / education fields helps young people to make choices in education. There are, for instance, examples/case studies of good and very successful cooperation between schools and business in this field.
- *Actual knowledge is often underestimated:* Projects focusing on the interests and actual knowledge of young people are often more successful than projects that try to foster formal qualifications. On the other hand, it is important to raise knowledge and provide information about all the options in (formal and informal) educational systems and on possible routes to the labour market. In this context, learning how to choose and recognising talent is important.

- *Adult support is crucial:* Several successful projects use the skills, experience and knowledge of elderly people for training and educational purposes in young people. This at the same time opens up ways for social inclusion of elderly people.
- *Informal education has its limitations:* Structural changes in the education system are necessary (for instance, linking school curricula to the needs of the economy). In many countries, however, this does not fall in the mandate of towns and cities.

Social inclusion at neighbourhood level – additional recommendations

- Improve inclusion in all important fields of life.
- Proceed as comprehensively as possible.
- Include and motivate everybody who is able to contribute and give citizens an active role, also especially young people.
- Strengthen inhabitants' local networks and their feeling of being at home in the neighbourhood.
- Open up and adapt amenities and services to inhabitants' needs, so that disadvantaged persons also find access.
- Young people and children first - draw on their potentials and strengthen inter-generational understanding.
- Reduce segregation - develop inhabitants' quality of life and make efforts to overcome prejudice.
- Valuing the culture of immigrants as an added value to urban life in an 'official' way can help to overcome barriers.
- Focus on the positive contribution that international talent and migrants can make to city economies.
- Cultural activities support dialogue between different cultural groups.
- Improve neighbourhood connections to the whole city and boost the city's solidarity with the neighbourhood.

5. Selected tools and approaches

There are two core elements in most recommendations on dealing with demographic and economic structural change:

- plan and implement projects in a holistic manner, i.e. in most cases integrated projects are more adequate than sectoral projects are;
- involve the general public in the planning and implementation process and choose the right stakeholders.

5.1 Integrated projects

Implementing integrated projects is a management approach in its core. It concerns management of cross-cutting issues in policy making that transcend the boundaries of established policy fields. It requires

- holistic political strategies oriented more closely towards the complex sources of problems and towards inhabitants' conditions of life,
- political control in order to achieve overarching policy objectives,
- new decision making structures and institutional changes in municipal authority bodies,
- coordination between the separate specialised departments of municipal authorities,
- coordination between various levels of government and authorities (e.g. district or borough - municipality - region - country),
- including civil society and/or business in making and implementing decisions.

Thus, policy integrations refers to both horizontal integration between policy sectors (different departments) and vertical inter-governmental integration (between different tiers of government), as well as beyond administrative boundaries (in the double sense: city authorities - regional / national level administration and administration - civil society).

Answering the following questions can help to incorporate the right skills, departments and stakeholders into a 'site advantage' project:

Horizontal dimension (departments within a municipality, for instance):

- Which other departments and disciplines are affected by potential measures?
- Which other departments and disciplines can potentially contribute to the project?
- Which policies, which political/policy commissions, committees or councils are affected?
- **Vertical dimension** (other tiers of government, regional government, for instance):
- Is a government / an administrative body at a different level (region or district for instance) affected? Which departments at this level are affected?
- Can other government levels potentially contribute to a project?
- Are there legal regulations or mutual agreements requiring other levels to be involved?

Beyond administrative boundaries (other municipalities; private and business sector, civil society and social and community sector):

- Are other municipalities affected or can they potentially contribute to a project?
- Which stakeholders and stakeholder groups / representatives outside the public sector are affected?

- Which stakeholders and stakeholder groups / representatives outside the public sector can contribute to a project?

5.2 Stakeholder analysis

Stakeholder identification

Potential stakeholders in the non-public sector are

- individual people in an affected community or neighbourhood,
- spokespersons of a community,
- citizens' action groups and NGOs,
- non-profit associations and societies,
- commercial and business umbrella organisations,
- companies and firms.

The following questions can help to decide whether there is a potential contribution to the development of a project and the implementation of measures:

- To whose benefit will the potential outcomes of a project be?
- Which interests exist? Do these interests suggest the project will be welcomed/supported or will there be opposition/resistance?
- What information, knowledge and expertise is needed? Who has it?
- What other resources (financial or in-kind) are needed? Who has it?
- Whose decision/ approval is needed?
- Are there legal requirements for the inclusion of specific stakeholders?

In many cases it is not sensible to include all potential stakeholders into the development or implementation phase of a project. On the basis of the questions mentioned above, the following matrix can be a tool for making a decision as to who needs to be included:

Fig. 16: Influence-Interest-Matrix¹⁸

	<i>high influence</i>	<i>low influence</i>
<i>high stake</i>	most important stakeholders, inclusion is a 'must'	important stakeholders (in socio-spatial projects most important) stakeholders; need for empowerment in the course of a project
<i>low stake</i>	useful for opinion formulation and 'brokering'	lowest-priority stakeholders, informing them is sensible

The initial stakeholder analysis does not lead to results that are carved in stone. In many cases there will be a need to include additional stakeholders in the course of a project while others retreat. The basic principles and decision making tools for stakeholder inclusion, however, are relevant in a later phase of the project as well.

¹⁸ UN-Habitat (2001): Tools to Support Participatory Urban Decision Making. Nairobi, p. 24; supplemented by the author

An adequate project management needs to ensure balanced representation and that all relevant stakeholders are included. Relevance, however, refers not only to the questions mentioned above, it refers also to gender and social justice. There are, for instance, social groups and members of these groups whose power and ability to formulate their interests is constrained. Including them is certainly a task of good governance.

Stakeholder and residents' mobilisation

Mobilising the general public in deprived areas is often a very challenging task. Generally speaking classic-type public participation procedures reach those residents groups who have a special connection to the area or those who are dependent in a particular degree on capacity to function and quality of living locations. These are for example socially stable families with young children or those who are active in citizens' action groups or committees. In disadvantaged neighbourhoods, high levels of fluctuation, frustration about one's own situation, distrust of 'politics' or politicians and a proportion of residents who have, due to personal problems, retreated into an 'inward isolation', make activating residents to assume responsibility more difficult.

Stakeholder mobilisation needs communication: right at the outset the potential advantages and the anticipated outcomes of a project need to be communicated, opportunities for residents to influence development need to be made clear. Often it is a good idea here to include well-known and accepted figures in the community. In some instances small financial rewards have been made available as encouragement to become involved in the project.

Stakeholder mobilisation needs patience: frequently it will not be possible right at the beginning to include all the relevant stakeholders. That is why during the course of the project too not only the outcomes and interim results, but also difficulties arising, need to be communicated. Often some groups can be reached after some time has elapsed, when the first positive project results can be seen, fears of getting into contact can be appeased and it has become evident that residents really can exert some influence.

Stakeholder mobilisation needs transparency: motives and reasons for a project and for individual decisions in the course of the project need to be quite evident and comprehensible. Hardly anything is more damaging than an impression that a project in actual fact is (in addition) serving different purposes other than those which have been postulated, that specific interests of individual groups are being served and this is contrary to one's own interests.