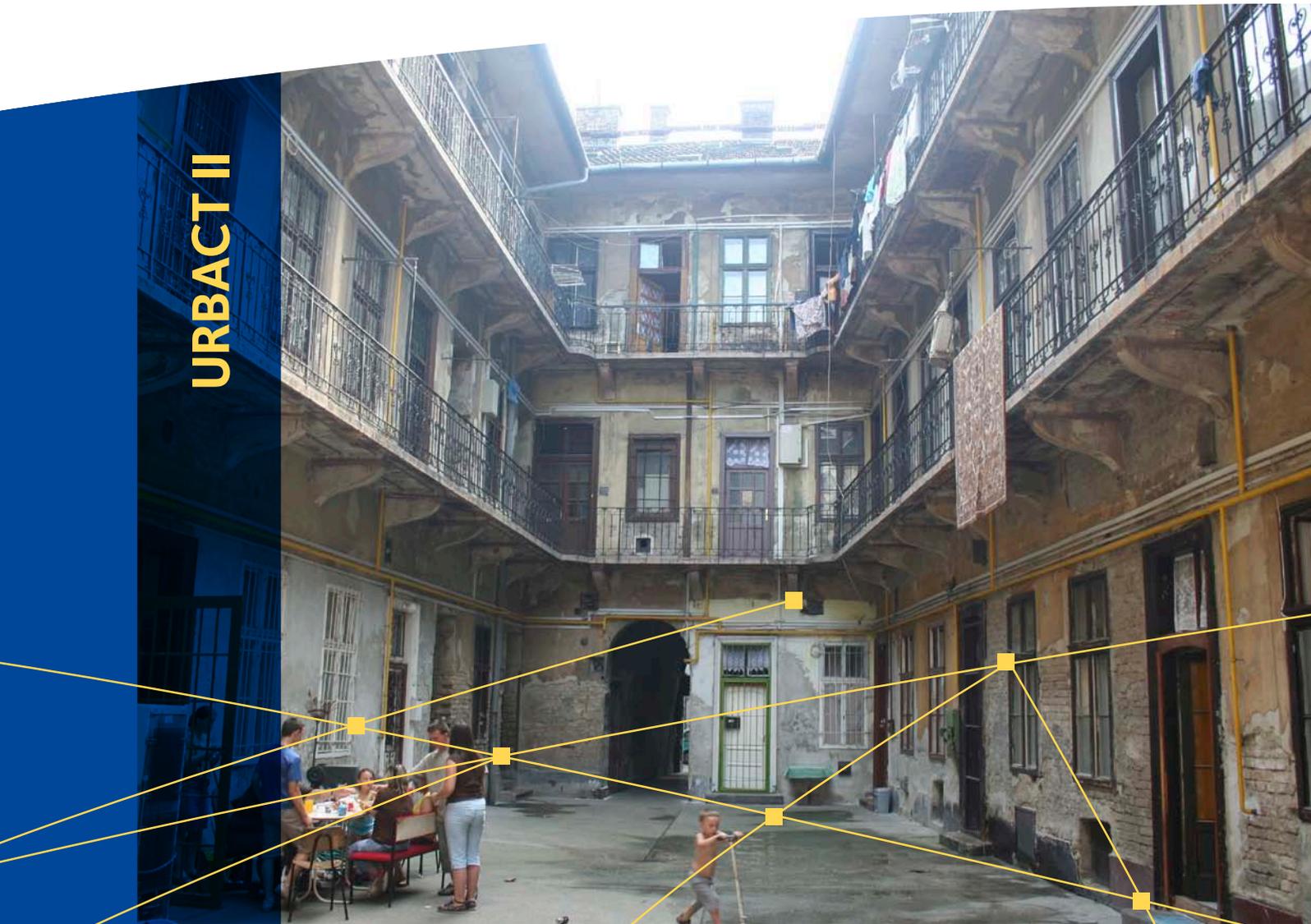


# Integrated regeneration of deprived areas and the new cohesion policy approach

An **URBACT** contribution to the European Urban Agenda

**URBACT II**



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# 1. Introduction

## The challenge and the URBACT initiative

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In 2012 every fourth European, i.e. 124 million people was at risk of poverty or social exclusion. “The Europe 2020 strategy aims to reduce the number of people at risk of poverty or social exclusion by 20 million relative to 2010 or to around 19.5% of the total population. ... Between 2008 and 2012 the number of people in the EU at risk of poverty or social exclusion increased by 6.5 million to almost a quarter (24.8%) of the population.” (EC, 2014:74, 77). Thus, despite the ambitious aims of the EU the situation worsened since the start of the financial crisis.

As a reaction on these trends urban poverty ‘came back’ again on the political agenda. Under the Greek Presidency urban poverty has been selected as the main topic of the informal ministerial meeting regarding the urban perspective.

As poverty is increasing also the concentration of urban poor into deprived areas is increasing. A substantial element of the urban poverty problem in Europe is to find policies and interventions to deal with such deprived neighbourhoods. The persistence of deprived areas threatens the sustainability of the European model of urban development and constitutes a social risk in Europe.

With regard to the growing threats of urban poverty and its spatial concentration, URBACT has launched an initiative to explore the existing national policies and practices of integrated regeneration of deprived areas. A background paper has been prepared and a questionnaire has been sent out to a group of member states<sup>(1)</sup> to collect information about their practices. Finally a high-level seminar has been organized for national authorities on 17 March 2015 in Brussels. This report provides a summary of all information collected during the initiative and can be considered as one of the contributions of URBACT to the European Urban Agenda.

(1) Taking into account the differences between countries according to their urban policies and the size of Article 7 funding, the following countries were approached and have answered the questionnaire: Belgium, Czech Republic, France, Germany, Italy, Lithuania, Netherlands, Poland, Portugal, Romania, Slovenia, United Kingdom.

## 2. The existing knowledge

The problems of deprived areas and the alternatives for interventions

### ■ THE STATE OF AFFAIRS: URBAN POVERTY AND SOCIO-SPATIAL POLARIZATION

According to the analysis of the Sixth Cohesion Policy Report there are significant differences among EU countries regarding the level of deprivation and the spatial patterns of deprived areas. Deprivation is lower in the more developed Member States and it concentrates mainly on cities. In contrast, the less developed Member States have higher deprivation levels, especially in rural areas, smaller towns and suburbs. (EC, 2014: 74-77)

Policies addressing poverty could benefit from a more detailed geographical breakdown of the prevailing situation and of the main determinants. Currently this information is missing, that is why the European Commission has launched an exercise together with ESPON and the World Bank to produce more detailed poverty Maps for each Member State.

### ■ UNDERSTANDING THE PROBLEM

When designing poverty alleviation programmes it is crucial to understand the factors behind poverty and its spatial distribution. According to URBACT European cities are "... threatened by the increase of social polarisation, which is a consequence of many

parallel processes: an increasing income polarisation since the 1980s, a decreasing security of employment (due to increased global competitiveness challenges) and a huge increase in migration to Europe and its cities (complemented by internal east-west migration within the EU)." (Colini et al, 2013:8) The main contributing factors to poverty are unemployment, low education, health inequalities, high housing costs and stigmatizing housing policies, and low level of participation in public life:"... inequalities are increasing in all those domains, and ... these domains are very much connected. ... the inter-connectedness of those inequalities leads to a vicious circle of poverty that is structural (and not only individual) and ... becomes very visible at the spatially concentrated levels of cities and neighbourhoods." (EUKN, 2014:25) The complex causes behind deprived areas make interventions difficult. In many cases spatially targeted urban policies fail to alleviate poverty in the worst areas. In other cases changes happen but renovated areas are becoming gentrified, problems and people are shifted to other areas thus not the poorest people get the advantages (keynote presentation by Corinne Hermant-de Callatay at the Deprived Areas Seminar) (<http://urbact.eu/files/urbact-deprived-areas-seminar-presentation-corinne-hermant>).

1. SHARE OF POPULATION LIVING IN HOUSEHOLDS AT RISK OF POVERTY BY DEGREE OF URBANISATION, 2008-2012  
SOURCE: EC, 2014A (P. 74)

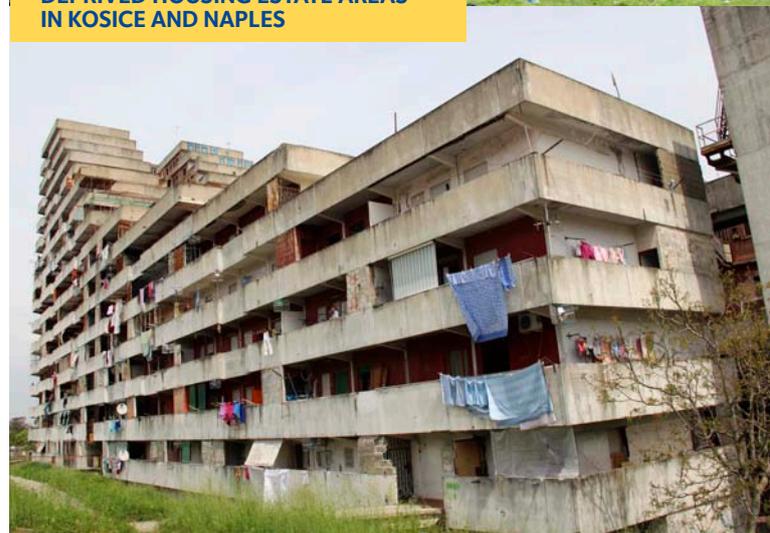




**DEPRIVED INNER CITY NEIGHBOURHOODS  
IN BUDAPEST AND BRISTOL**



**DEPRIVED HOUSING ESTATE AREAS  
IN KOSICE AND NAPLES**



In order to make the efforts to improve deprived areas more successful first the nature of socio-spatial segregation has to be clarified. As highlighted in the keynote presentation of Ivan Tosics ([http://urbact.eu/sites/default/files/urbact\\_seminar\\_deprived\\_areas\\_-ivan\\_tosics.pdf](http://urbact.eu/sites/default/files/urbact_seminar_deprived_areas_-ivan_tosics.pdf)) there are different types of segregation. Spatial segregation is the projection of the social structure on space (Hausserman-Siebel 2001) and it has different forms according to the factors which shape the social structure: we can observe economic, social, cultural, religious, ethnic segregation. It is very important to understand that segregation is a natural process and it is not at all always problematic. Socio-spatial segregation becomes problematic if it is a result of lack of choice and leads towards neighbourhoods which have no economic opportunities and weak institutions: bad schools, no employment, dirty streets, lot of criminality, bad housing, and bad connections to the rest of the city. From this it follows that public policies deal first and foremost with the spatial concentration of the most disadvantaged strata of society (although the spatial segregation of the rich could also be considered as

unhealthy, e.g. from the perspective of a mixed and balanced society). A further difficulty and usually misunderstood aspect of segregation is that it is not easy to interpret the level of concentration of disadvantaged groups. Research has proved that there is no 'tipping point' which identifies harmful segregation – the same concentration of unemployed or migrant population can be very problematic in one city while functioning smoothly as a poor/transitory



DEPRIVED AREAS (GHETTOS) AT THE PERIPHERY OF THE CITY IN SOFIA AND DUBLIN



area in another city. The level of concentration is an important piece of information but it is even more important to interpret this correctly, on the basis of the local context and qualitative research (Colini et al, 2013:13).

#### ■ ALTERNATIVES FOR INTERVENTIONS TO FIGHT PROBLEMATIC CONCENTRATIONS OF POVERTY

All efforts to manage poverty face the problem of how to deal with the interconnectedness of the major background factors. As URBACT research shows, theoretically it is possible to distinguish two main approaches: address the relevant policy sectors (employment, education, health, housing, etc.) or concentrate on specific geographic areas (Colini et al, 2013:26).

**Sectoral interventions**, constituting the ‘people-based approach’ are not linked to any particular spatial level, but focus on improving the situation of individuals or households with low incomes and specific needs with no regard where they live. Examples on such sectoral interventions are the following:

social housing policy that makes affordable housing available in all parts of the city; specific efforts to increase the lowest levels of public services provision; education and school policy that promotes equal quality of education and social mix of students in all schools; mobility policy that is guaranteeing equal opportunities of access by public transport from all parts of the city to the job market and major facilities. Such interventions may be applied at different geographical scales (e.g. national, regional or urban/local) depending on the organisation of the policy in that country. The underlying assumption is that the interventions do not affect directly the deprived areas but might have positive effect on them.

**Area-based interventions**, concentrating on specific (deprived) geographic areas, on the other hand, are essentially place-based policies. They do not focus on individuals but on a specific geographical unit, most often a neighbourhood. Typically, they include physical and social regeneration interventions: **‘hard’ measures**, such as physical restructuring or upgrading programmes in specific areas (e.g. demolition, new infrastructure, regeneration of housing, etc.) and **‘soft’ measures**, such as fostering skills, social capital and building capacity of people (e.g. work integration and training programmes, local festivals, etc.). The main goal of these interventions is to improve the situation of the people living in the given areas. Area-based policies rest on the assumption that by focusing on places with specific problems, the situation of the people living in these areas will improve. If it is true that large portion of the disadvantaged people live in such selected areas and that they continue to stay there also after improvements, the problem of urban poverty can be eased with area based policies.

It is important to note that in area-based regeneration there is a strong link between physical interventions and their social consequences. Consequently, is not possible to develop a ‘best’ renewal strategy for a given neighbourhood as there is always a contradiction and trade-off between the different aspects of the renewal.

The easiest illustration for that is the trade-off between the physical and social aims of urban renewal. Figure 2 illustrates the alternative choices for regeneration of a deteriorating neighbourhood. It is possible to aim for the highest physical standard of the renewal but in this case it is difficult to preserve the original social characteristics of the area (i.e. the poorest families are usually kicked out by high quality improvements). If the social aims are taken serious and the advantages of the improvements are meant to be given to the poor residents of the poor area, then the compromising A2 or A4 models have to be accomplished, which are more difficult than the others (Jacquier, 2005).

### ■ FROM INTERVENTIONS TOWARDS COMPLEX POLICIES: FACTORS TO CONSIDER

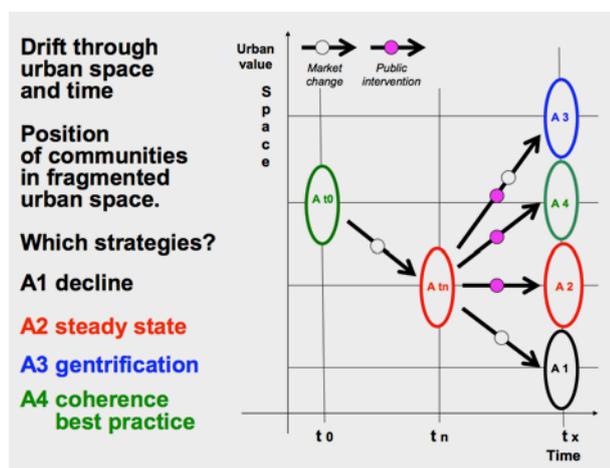
People vs area based interventions are two ideal-types which cannot be ranked according to importance or efficiency. Both have their merits and both have problems if applied alone. A sectoral policy will only influence some of the factors of poverty and it can even worsen the situation in regard of the other

factors (e.g. the regeneration/improvement of poor housing increases the rental and utility costs which increases the difficulties of the poor residents living on social benefit). An area-based initiative will only impact on the factors within the selected area, i.e. disadvantaged people who do not live in the targeted areas are neglected (Colini et al, 2013:31) Another frequent problem of area-based policies is that due to the improvements prices increase in the area and this leads to change of the population, pushing out the original disadvantaged residents to the next deprived area, replacing them by better off families.

The key for success in dealing with the spatial concentrations of poverty is to integrate the two types of intervention logic. This requires both horizontal and vertical integration. **Horizontal integration** is about organising and coordinating the policy fields in a specific area. **Vertical integration** is about bringing policies from different levels of government together ... the relationship between the policies from the national level, with the regional level ... and ... with the level of the cities and municipalities which are the locus of the problems being tackled."

## 2. ALTERNATIVES FOR AND CONSEQUENCES OF DIFFERENT TYPES OF REGENERATION INTERVENTIONS

SOURCE: JACQUIER, 2005





7-8. DEMOLITION OF BUILDINGS IN MARZAHN, ONE OF THE PREFABRICATED HOUSING ESTATES IN BERLIN

(Ramsden, 2011) Successful poverty alleviation programmes apply both types of integration and include both people-based and area-based interventions. While the latter might ensure integration of policy sectors in a local area that has to be embedded into higher (regional, national, EU) level policies and extended by sectoral interventions. Besides all these also a third type of integration is needed. **Territorial integration** should ensure that interventions should never be limited only to deprived neighbourhoods, but should be part of policies for the wider functional urban area. In this way the spatial externalities of the area-based interventions can be handled, i.e. the mobility of the disadvantaged households can be considered in the context of the local housing market.

#### ■ SOME OBSERVATIONS AND RECOMMENDATIONS FROM THE RESEARCH OF URBAN REGENERATION

Due to the complexity of the problem the process of urban regeneration has to be planned carefully. First a detailed analysis has to be carried out in transparent and participative way, to understand the types and problems of given areas (for example are they dead-end or transitory areas) and to understand the dynamism of the processes, in which direction are they heading, analysing also the reasons behind the dynamic mobility processes of population groups. Following that the interventions have to be designed as a cyclical process: analysis, understanding, deciding on actions, implementation and evaluation.

**Demolition of buildings** might be motivated by many reasons, such as to make the areas less dense, to create new public spaces/squares, to better connect neighborhoods to the city-center by creating

new roads or new tram/bus lanes, etc. Pictures 7-8 were taken in Marzahn, a large housing estate in the former eastern part of Berlin, where some panel buildings were demolished or „backbuilt“ to lower rise housing.

The urban regeneration practice of many European countries has shown that in the case of the poorest areas of cities demolition of buildings in itself does not solve alone the problems: if the reasons why a particular area became a ‘dead end space’ (no go zone) haven’t been changed fundamentally, soon after the demolition of the worst buildings the structural forces will create another dead-end space somewhere else (where the poor population has been moved out to).

There are many debates in Europe about **social mix strategies** which aim at changing the social composition of deprived areas (either through attracting better-off residents into deprived areas or transferring disadvantaged people into well-off areas). Picture 9 shows La Duchere housing estate in Lyon, just before the large building in the back has been demolished in order to decrease the concentration of social housing. Picture 10 was taken in The Hague, showing the empty space of a demolished low rise social housing building which will be replaced by private construction of higher quality housing.

Social mix is a mainstream policy but very controversial, the evidence on effects are inconclusive. Social mix is an essential piece of a fair and efficient metropolitan area, but alone, without a variety of social supports and institutional structural changes, it will not make a difference.

Successful urban regeneration cases show that **resident participation** is always a key element: it is impossible to achieve lasting results without working together with the inhabitants who have to

be involved in the development of the strategy and its implementation. Similarly important is the strong partnership with the **relevant stakeholders** (housing companies, private actors).

The concrete decisions on urban regeneration are usually taken by the local municipalities. The complexity of the problems, the many aspects to be taken into account and the many stakeholders to work with require **long-term policy-making**, independently of the electoral cycles. In many places in Europe this cannot be achieved without a total change in the mind-set of politicians.

Successful regeneration of deprived areas is a difficult and complex process which needs **optimal cooperation** between the national, regional and local levels of public actors. In this process national level policies (initiating and supporting local strategies) are of crucial importance. Such national policies have to assure the **appropriate level of financial means**, in good coordination of EU, national, regional and local resources, to be used along a consistent strategic approach.



**9-10. THE CREATION OF MORE SOCIAL MIX WITH DEMOLITION OF BUILDINGS IN LYON AND AMSTERDAM**

### 3. National strategies

to deal with the problems of deprived urban areas

Urban development does not belong to the areas of direct EU competence. As part of national responsibility in many EU countries (but not in all of them!) overarching national urban development policies can be identified. Such policies are obviously characterized by multi-level governance in which the national and the sub-national levels play different roles.

It is not easy to get a comparative overview about the national urban regeneration policies of the EU countries as these policies change in time, mostly connected to government changes which occur in different moments. To overcome this difficulty first we give a general overview about the national policies prevailing in the 2000s, designed in any case before the great financial crisis. In a retrospective view these policies represent the heydays (the 'maximum') of public policies for urban regeneration as since 2008 the financial conditions for all public policies worsened considerably and the state had to give up many of the earlier intervention ideas. In a second step overview will be given about the recent urban regeneration policies of 12 EU countries, based on their answers on the questionnaire sent out before the URBACT Seminar and on the presentations and discussions during this seminar.

#### N NATIONAL URBAN REGENERATION POLICIES IN THE 2000s (BEFORE THE CRISIS)

Appendix 1 includes a table with short summaries of the national urban regeneration policies of 9 EU countries (Belgium, Catalonia/Spain, Denmark, England/UK, France, Germany, Hungary, Netherlands, and Sweden) during the 2000s. With a few exceptions (e.g. France, Germany) these policies are not in place any more, either due to changes in government or/and as a consequence of the financial crisis. Even so, the brief comparative analysis of these policies allows to highlight the differences in national approaches to urban regeneration in a period of sufficient public finance background.

The table in the Appendix includes the most elaborated European examples of area-based national

urban regeneration programmes in the 2000s. In the rest of the countries urban regeneration was not considered such a high priority which would have deserved a national policy framework (or this task was transferred to the subnational level).

According to an overview of urban policies concentrating on deprived neighbourhoods (Gebhard, 2010) area-based programmes aim specifically at promoting inclusion and cohesion in disadvantaged areas in an integrated manner. In some countries (e.g. Belgium, Denmark, France, Germany, Netherlands, Sweden, UK) such programmes have long history. In other countries, with no strong tradition of overarching urban policies, the initiatives of the European Commission – Urban Pilot Projects (1989–1993), Community Initiatives POVERTY III (1989–1993), URBAN I (1994–1999) and URBAN II (2000–2006) – acted as a stimulus for policy development in this field. These EU initiatives, though financially very limited, triggered very successfully national urban policies towards an integrated approach, with the focus on selected small problem neighbourhoods.

There are many aspects along which the European urban regeneration programmes can be analysed to explore the interesting details of such national programmes. Some of the potential aspects of analysis are the following.

- Area-based national urban policies focussing on deprived neighbourhoods can be analysed according to **which level of government decides about the selection of action areas and about the content of interventions** (Tosics, 2011). There are examples on centralization, when intervention areas are selected by the national level, based usually on country-wide indicators, pin-pointing to the most deprived areas of the country. The French case and the programmes of Belgium, Denmark, England, Netherlands, Sweden (all terminated by now) belonged to this category, having had a list about local areas designated by the relevant ministry as intervention areas. There were differences between these countries to what extent was also the content of the interventions into these areas centrally

determined (in France, for example, this was largely locally determined). In another type of programmes the national level had only set up a framework of conditions and the intervention areas were selected on the basis of a bidding process. Catalonia and Hungary belonged to this category: the conditions of their programmes were announced by the national ministry time to time, giving a deadline for local governments to participate in the program through bidding with areas which satisfied the prescribed conditions (i.e. were deteriorated areas according to a list of indicators).

- The **monitoring and evaluation of the effects of urban regeneration interventions** is a very important issue, both on programme and on project level. One of the most developed monitoring approach on programme level has been applied in the New Deal for Communities programme in England (2000 to 2010). A substantial share of programme budget has been reserved for the measurement of change over time. The data-base included a biannual household survey and additional administrative data, on the basis of which a Composite Index of Relative Change was developed, based on 36 indicators that covered all six thematic areas of the programme. Efforts were also taken to assess impact and value for money. The outcomes were monetised through 'shadow pricing', identifying unit monetary value estimates for each core indicator, building also statistical relationships between indicators, quality of life and income resources (Colini et al, 2013 :40). Although the table and the analysis only covered a few EU countries, it is clear that there are big differences between countries in their approach to urban regeneration. Only about half of the EU countries have national urban policies at all and only a subset of these countries have put urban regeneration as one of the aims of these policies. The majority of those countries which had national urban regeneration policies followed an area-based approach – these countries have been listed in the table. Most of these countries applied a system of top-down assignment of deprived areas to which interventions concentrated while there were a few countries

where such areas were determined as the result of bottom-up bidding systems.

### ■ NOVELTIES IN NATIONAL URBAN REGENERATION POLICIES SINCE THE FINANCIAL CRISIS—A FEW EXAMPLES

The financial crisis and the subsequent restrictions in public budgets did not create positive circumstances for overarching urban regeneration. Although there is no comprehensive overview of recent changes in national policies available, the URBACT survey of 12 countries provides evidence that in some countries the political aims and/or the financial circumstances of such programmes have been restricted. In the lack of comprehensive background information the new tendencies in the recent urban regeneration policies of EU countries can only be illustrated on the basis of the answers of a few countries on the questionnaire. The answers are grouped into a decreasing order regarding the strengths of national policies.

In **France** the February 2014 new law for city and urban cohesion marks a new step in the long history of urban regeneration policy. 1,300 sensitive neighbourhoods are targeted through City Contracts [Contrat de ville] from June 2015 to be supported at the intercommunal scale by an approach based on three pillars: social cohesion, urban renewal, economic development and employment. These contracts will be developed with inhabitants allowing them to participate through citizen's councils which facilitate the local approach by placing them at the center of the process. Furthermore the law aims to integrate into these Contracts the actions supported by the European Funds in the framework of the 10% of the ERDF and ESF dedicated to the priority neighbourhoods. The Politique de la Ville will be implemented through the Plan Contracts between State and regions in which territorial axes are aiming at deprived neighbourhoods and their renewal. In parallel of this policy, the Law "Solidarité et Renouvellement Urbain – SRU" of 2000 has been reinforced in January 2013 in order to support the

social mix at the city level. The mandatory minimum threshold of social housing is now 25%. Cities which don't respect this threshold are financially penalized.

**Germany** continues with the programme Social City, which shows fluctuating levels of financing, with new financial impetus in recent years. Since its start in 1999 the budget from the federal level has increased from 50-70 million euro/year to 110 million euro/year for 2007 and 2008. In 2011 the budget decreased sharply to the lowest level of 28 million. Since then, however, the amount has been increased again, first to 40 million in 2012 and 2013 and recently to the record high 150 million in 2014 and in 2015. The federal level has set up basic targets for the programme, but does not use nationwide criteria to implement it as the specific situation in the different towns and cities in Germany vary. Local authorities select the areas based on preliminary investigations. This is also the basis if they want to apply for funds of the Social City programme for this area. The Länder that are responsible for the implementation of the funding programme decide which of the applications will be accepted for funding.

Germany is currently working on an inter-departmental strategy at Federal level in order to promote social urban development. The Social City programme will be the core element of this strategy. An important objective is also to include programmes of other policy areas at Federal level (e.g. youth work, education, health promotion etc.) in the social development of deprived neighbourhoods, alongside funding provided under the Social City programme. Moreover, this process should not be only driven by public institutions, but also by private partners and resources, for example foundations, private companies, but of course also community work and volunteer organisations. The goal is to advance pooling resources (funding from other programmes but also know-how) into areas with the greatest needs, using a common and integrated area-based approach.

In the **Netherlands** in 2007 the national government has selected 40 neighbourhoods as special

focus areas in the context of a national deprived areas policy. The national government used to have funds for these neighbourhoods linked to specific targets, but since a couple of years the government only has a supportive role through knowledge exchange and stimulating of cooperation between stakeholders within neighbourhoods. It was decided that urban regeneration didn't need a special national investment programme from 2014 onwards. Instead, the national government stimulates new forms of financing of urban regeneration (more public-private, citizen initiatives) through knowledge exchange and research. In the Netherlands the housing corporations have an important role in deprived neighbourhoods, because they own an important part, 31% of the total housing stock and are partly responsible for the liveability in the neighbourhoods. The national government is stimulating involvement of private actors through citizen participation and activating private actors like supermarket chains, which have an important role in neighbourhoods. The national government signed agreement with a supermarket chain to offer internships to the youth in deprived neighbourhoods where the chain had a supermarket.

The Dutch government is currently working on a national urban agenda, which will be published mid-2015. New financing forms of urban regeneration will probably be one of the issues on this agenda. It is not yet clear what actions will be taken in the framework of this initiative.

**Italy**, at the end of 2014, enacted a "National Plan for the Social and Cultural Requalification of Degraded Urban Areas". Cities are invited, by the 30th of June 2015, to submit requalification projects for reducing the urban blight and social decline and to improve the quality of cities and welfare. The local level can participate to the programmes and present the projects of the interventions depending on their needs. Thus cities identify deprived areas and then they present the projects to be financed with the national programmes

In **Poland** a National Plan of Revitalisation policy is currently being prepared and soon planned to

be implemented. It will be a government document implemented through national, regional and local levels of governments. At the same time, local authorities will be responsible for the preparation of their own local revitalisation programmes as a base to implement actions in this frame. The aim of the document will be concentrated on leading deprived areas out of the crisis. It will be supported through dedicated tools (also by EU programmes), national instruments, programs, or usage of preferences in different programmes, instruments and sectoral activities. In general, revitalisation is defined as self-government issue to conduct. It's worth mentioning that also a legal act dedicated to revitalisation was adopted by the Council of Ministers on 30th June 2015 and is currently being proceeded by the parliament. Finally there is another strategic document – National Urban Policy – planned to be implemented. It's main goal is to strengthen the capacity of cities and urban areas to create sustainable growth and jobs and improvement of quality of life of inhabitants. The document shows major challenges for the cities (no matter what size are they) respecting their right to self-government.

In the **UK** the approach is local – putting civic leaders, residents, local businesses, and civil society organisations in the driving seat and providing them with powers, flexibilities, options and incentives to drive local regeneration and growth and improve the social and physical quality of their area. Beyond that high-level definition, it is not for Government to define what regeneration is, what it should look like, or what measures should be used to drive it. That will depend on the place – the local characteristics, challenges and opportunities. It is for local people, not central Government, to identify which areas need regeneration, define what it should look like, and what measures should be used to drive it. The Central Government's role aims to be strategic and supportive.

Besides France and Germany which continue their policies to deal with deprived neighbourhoods and even increase their financial contributions, this short overview gives a quite mixed picture. On the one

hand Netherlands and UK are examples of countries where the central government stepped back from financing direct interventions into deprived neighbourhoods. On the other hand there are countries, like Italy, which are discussing and considering to introduce such policies in the near future and Poland, which is finalizing works on its policy.

In the first roundtable of the seminar three countries, which have overarching national policy on regeneration of deprived areas, got the opportunity to describe in more details their approaches. In **France** target areas are determined in a top-down way on the basis of detailed income data (checked against other variables). The selected areas get financial support and the tax levels are decreased in order to attract the middle class. Contracts are signed with these areas for 6 years in which specific goals are assigned (in active partnership with local stakeholders) in education, housing, job creation, social services, culture. The **German** approach is a framework policy in which the "Länder" and the cities get important roles to select the intervention areas and the policy mix. Local offices are established for neighbourhood management, to connect the different measures and in charge of the implementation of the local programme, as interface between the administration and citizens. The case of **Netherlands** is a new version of framework policy with a local approach dominated by soft interventions. An online national monitoring system provides information about the quality of life in neighbourhoods and is used in policy for identification of problems, for monitoring, evaluation and in-depth research. A special (and debated) law aims to avoid further concentration of poor people in the most deprived areas.

All countries emphasized the importance of education to handle the problems of deprived neighbourhoods. Approaches might be different according to the school-district regulations (to what extent the place of residence determines the school to attend) but it is always very important to give extra help and resources for the schools in the deprived areas. The second roundtable of the seminar involved three

countries which do not have specific national policies on regeneration of deprived areas. The representatives of these countries (Lithuania, Poland and Portugal) talked mainly about the use of the new Cohesion Policy tools for urban areas. Although each of the countries has a number of deprived areas in their large cities, this topic is not specifically prioritized in these countries (Poland is currently preparing such policies). As a concrete example the **Polish** city of Wroclaw was mentioned, where almost 300 million euro will be the total budget for the Integrated Territorial Investment (see the definition later) strategy of which 17,5 million goes to deprived areas in the functional urban area. In the regions of Poland the regional capital cities have to develop their ITI strategy together with the settlements of their metropolitan area. From this it follows that cross-border problems associated both with the city and its surrounding settlements get usually higher priority than the deprived areas. Out of the 17 ITI-s in the Polish regional capitals 8 will not have any allocation at all for the regeneration of deprived urban areas. Among the others Lodz and Bydgoszcz are those where high emphasis is given to interventions in deprived areas.

In **Lithuania**, in the lack of any national strategy on urban regeneration, the content of the ITI programmes (strategies) determines the use of the EU money and the share of this to be spent on deprived areas. In the 5 biggest cities the municipal councils make these decisions, while in the case of mid-size cities and small towns the influence of the national level is substantial. In many cases the creation of new public spaces, better living environment and enhancing the capacities of people to make their own businesses surpass the importance devoted to the improvement of deprived areas.

**Portugal** also lacks a national strategy on the regeneration of deprived areas, this has to be planned and managed at the municipal level. During the 2007–2013 period socioeconomic regeneration processes of deprived urban areas were tested in alignment with urban rehabilitation initiatives through the Urban Regeneration Partner-

ships. National level pilots have been deployed in that period, most notably the Critical Neighbourhoods Initiative, close to the bottom-up community development approach, but the second phase was cancelled due to financial constraints. In the post-2014 period the ITI-s will not focus specifically to deprived urban areas, but the Community Local Led Development-s will have an urban approach specifically directed towards deprived urban territories. In this way three main types of deprived areas will get some help: illegal settlements (some municipalities in Lisbon and Porto have half of their area covered by these), old inner city areas and social housing areas in the periphery.

From this short overview it seems that there are only a few countries in the EU which have consistent national policies for the regeneration of deprived neighbourhoods. Another group of countries had such policies in the past but these have been given up, either due to change in national political priorities or due to the financial crisis (or both, as these aspects are not totally independent from each other). A third group of countries had never had such national policies and use occasionally the EU Structural Funds for regeneration purposes. The approach of these countries to their deprived areas can strongly be influenced by the regulations of the Cohesion Policy (especially the rules for spending the Structural Funds). Besides that important role could be played by EU strategies on urban regeneration – however, there was no real development in the last decades in this regard: a well-phrased EU Urban Agenda is still missing.



## 4. The evolution of the EU Cohesion Policy approach

towards deprived urban areas

As already mentioned, neither poverty alleviation nor urban policy belong to the direct responsibilities of the European Union. Even so there is a quite long history in EU policy making regarding interventions in deprived areas of cities. Ramsden (2011:51) summarizes this history which started in 1989 with the Urban Pilot Projects (1989-1993). The development of the EU-level policy framework was gradual with the URBAN I (1994-1999) and URBAN II (2000-2006) Community Initiatives. These EU initiatives, though financially very limited, triggered a shift in national urban policies towards an integrated approach, with the focus on selecting small problem neighbourhoods.

Thus the efforts towards integrated urban development were originally linked to deprived urban neighbourhoods. The 'heydays' of this approach came in the 2000-2006 period with URBAN II. However, with the mainstreaming of URBAN in the 2007-2013 period this area-based integrated framework has largely been lost as only a few member states continued to apply it on any substantial scale within their mainstream ERDF programmes. It was not only the unwillingness of the national level which created barriers against integrated interventions in deprived areas, but also the very strict separation of the ERDF and ESF funds in separate programmes after 2007 which played an important role in the loss of integration at the local level.

After a temporary retreat the interest in urban areas in general and in integrated urban development in particular started to increase again towards the end of the decade. The starting point was the 2008 economic and financial crisis. The crisis focused attention on the multitude of challenges in Europe (climate, energy, ageing, social polarisation, mobility...). There was an emerging agreement that the many challenges and their complex interactions can only be handled by integrated approach. An important factor of change in the EU approach towards the revival of the area-based approach was the publication of the Barca report in 2009. "A place-based policy is a long-term strategy aimed at tackling persistent underutilisation of potential and reducing

persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes. ... In a place-based policy, public interventions rely on local knowledge and are verifiable and submitted to scrutiny, while linkages among places are taken into account." (Barca, 2009: VII)

The influential Barca report paved the way to the return of the EU framework for multi-level governance with the inclusion of area-based interventions as the way to horizontally integrate different sectoral policies. Also the positive heritage of the URBAN Community Initiative, further developed by the URBACT programme, indicated that cities – in broader sense urban areas – could be a good territorial level to foster the integration of policies. On a political level the principle of territorial cohesion – introduced by the Lisbon Treaty – has been considered as the main reference point for securing such a new type of urban policy (COR, 2009).

When the Cohesion Policy regulation for the 2014-2020 period has been approved, the vision was that the most important success factors of URBAN are included into the mainstream program as part of the compulsory urban dimension (Article 7). Important new tools, such as Integrated Territorial Investment (ITI)<sup>(1)</sup> and Community Led Local Development (CLLD)<sup>(2)</sup> have been developed with the hope to help the return of integrated urban development in the neighbourhoods and also in the broader urban areas.

Under the new regulation the compulsory urban dimension (Article 7) was ideally meant to be a multi-level governance structure in which a national/regional level policy framework would stimulate and regulate area-based interventions in selected cities. Thus the intention was broader as it was in the case of the URBAN Community Initiative: the integrated area-based interventions had to be part of city- (or even city-region)-wide development strategies.

The essence of the new tools in Cohesion Policy to initiate integrated actions for sustainable urban

development can be summarized as follows:

- Article 7 of the ERDF regulation: “At least 5% of the ERDF resources shall be allocated to the integrated actions for sustainable urban development ... to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas...” It should be undertaken through ITI, or through a specific operational programme or through a specific priority axis.
- The extension of Community Led Local Development (CLLD) to urban areas under the ESF for social inclusion, assuring that neither public nor private actors can dominate decision making. This would help to involve the population into the planning and implementation of area-based interventions in deprived neighbourhoods and into the control of people-based policies.

The new Cohesion Policy regulation and especially the new tools raised the hopes for better, more integrated urban development policies. ITI was considered potentially to handle territorial mismatch and make planning more strategic, while CLLD was considered to make planning more democratic.

(1) ITI is a tool to implement territorial strategies in an integrated way. It allows Member States to implement Operational Programmes in a cross-cutting way and to draw on funding from several priority axes of one or more Operational Programmes to ensure the implementation of an integrated strategy for a specific territory. ITIs can only be effectively used if the specific geographical area concerned has an integrated, cross-sectoral territorial strategy and there are also governance arrangements to manage the ITI. Source: EC, 2014b

(2) CLLD is a specific tool for use at sub-regional level (population coverage should be minimum 10,000 and maximum of 150,000). It is a single methodology which is community-led: based on local action groups composed of representatives of local public and private socio-economic interests, including also groups of citizens (minorities, senior citizens, youth, entrepreneurs, etc.). At least 50% of the votes in selection decisions should be cast by partners which are not public authorities and no single interest group should have more than 49% of the votes. Source: EC, 2014c

## 5. National approaches

to implement ERDF Article 7,  
Sustainable urban development

### ■ THE MAGNITUDE AND RELATIVE IMPORTANCE OF THE ERDF ARTICLE 7 (URBAN DIMENSION) RESOURCES

By the beginning of 2015 the member states had signed their Partnership Agreements with the European Commission. These documents include the national approach to the implementation of Article 7 of the ERDF regulation. The minimal amount is 5% of the ERDF allocation (9,4 bn euro) for the 28 countries across the whole programming period—in reality, however, this amount will be higher as many countries will spend more than the legally required minimum of 5%. According to other unofficial and preliminary estimates Member States plan to spend approximately 15 bn euro to the Article 7 category which is around 8% of the ERDF allocation.

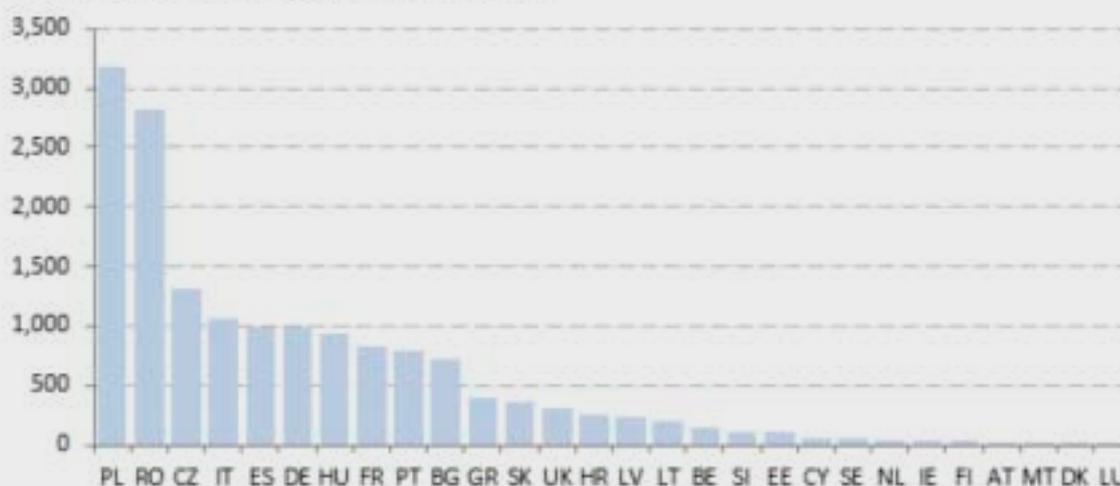
Although most of the Partnership Agreements are available (at least in national languages, see [\[en.htm\]\(#\)\) it is not easy to get an overarching picture about the state of affairs with Article 7. On the basis of preliminary information only a rough estimate can be prepared about the relative size of the Article 7 money, compared to the size of urban population. Such estimations show that regarding the relative amount of funding Article 7 is the most relevant in the east-central European and the poorer south European countries, while it is much less significant in the richer north-western countries. The cities in the poorer countries might get 10-20 times more per capita Article 7 resources than the cities in the richer countries. However, from the perspective of deprived neighbourhoods these differences might be much smaller, especially in the case of some countries \(notably France and Germany\), where the share of ERDF devoted to Article 7 has been increased and this money is fully used for the regeneration of deprived neighbourhoods.](http://ec.europa.eu/contracts_grants/agreements/index_</a></p></div><div data-bbox=)

### 3. ARTICLE 7 ERDF AMOUNTS ALLOCATED (ROUGH FIGURES)

SOURCE: EUROPEAN COMMISSION.

SINCE THE CHART HAS BEEN PREPARED, THE PLANNED ROMANIAN SPENDING HAS BEEN DECREASED SUBSTANTIALLY.

Amount allocated to Article 7 ERDF by MS. (EUR billion)



## ■ DIFFERENT NATIONAL ORGANIZATIONAL STRUCTURES TO IMPLEMENT ERDF ARTICLE 7

Regarding the **legal/organizational form** of the implementation of Article 7, according to estimates from the Commission, close to half of the countries will use the ITI form while a slightly larger part of the financial allocation is programmed via specific priority axis. During the seminar examples were mentioned for both models:

- In **Germany** there are 16 ERDF ROPs, one for each Land. The vast majority of Länder implement the urban dimension in the form of mixed axes using ERDF funding, only Baden-Württemberg and Schleswig-Holstein decided to set up a cross-axis ITI using funds from more than one priority.
- **Poland** will implement Article 7 through ITIs which are part of regional operational programmes. The 17 ITIs created for biggest cities will have founding from national level. Investment priorities were chosen by ITI Associations and the regional MAs. In the UK Article 7 will be implemented using ITIs targeting London and the eight Core City Regions in England. Each of these areas will develop an integrated Sustainable Urban Development strategy.

The **territorial scope** of the ITI strategies shows also variations: many (but not all) countries go for the widest possible solution, covering the functional urban area around the assigned cities, while the remainder focus on the administrative level of the city.

- In the **Czech Republic** intervention areas are functional urban areas defined by functional links to the core cities. The functional areas are identified by the core cities themselves, based on statistical data. The intervention areas cover the functional urban areas of the major Czech Cities. In Poland too, ITIs have to cover functional urban areas. The delimitation of functional urban areas of the 17 regional capitals is based on a ministerial document. The territories covered by a “regional ITI” must include the capital, all cities from the FUA core and other settlements from the functional area – at least half of the

settlements presented in the ministerial document. In Lithuania the functional areas of the 5 large cities have been selected.

- In **Germany** the strategies for integrated urban development vary from Land to Land, they can apply all kinds of territorial levels according to the respective regional strategy.

It is an important question of Article 7 related programmes to what extent they concentrate on **deprived areas**. This depends largely on the decision how much weight to give to the different Thematic Priorities.

- In **Germany** the partnership agreement emphasizes the special relevance of thematic objectives 6 (environment and resource efficiency) and 9 (social inclusion and poverty), but leaves final decisions on thematic objectives up to the Länder. Most will select projects by means of open calls (within relevant priorities), some of which have already been launched. The most important selection criterion is that the project is a truly integrated programme, with social, economic, environmental aspects (all pillars of integrated development). The biggest amount of ERDF funding in the urban dimension goes into TO 9 for the economic and social revitalisation of neighbourhoods, so deprived areas (mostly within administrative units) are really the focus of the OPs. The second largest amount goes into TO 6 for brownfield regeneration, and then into TO 4 (low carbon economy: energy efficiency, sustainable transport, etc.).
- In the **Czech Republic** deprived residential areas are not in the focus of programmes under Article 7. The core needs of the ITI cities are more related to building infrastructure for sustainable mobility, and providing good environment for businesses. It is compulsory to combine ERDF and ESF, which is sometimes quite hard (even though Brno has already done it successfully in in the previous period).
- In **Croatia** deprived areas are mostly former industrial abandoned sites or brownfields close or inside the city limits, thus these are not connected to social issues. The aim is to refurbish such areas with the

help of the ITIs and thereby boost economic activity. As Figure 4 shows, Article 7 spending is concentrated on three Thematic Objectives: TO 4 (low-carbon economy), TO 6 (protecting environment and promoting resources efficiency) and TO9 (social inclusion, combating poverty and discrimination). In total, around 85% of Article 7 spending is linked to TO 4, TO 6 and TO 9.

During the Deprived Areas Seminar it was emphasized by officials from the Urban unit of DG Regio that the present regulation of Article 7 tools, insofar they have to cover “at least two priorities”, is not enough strong condition to achieve fully integrated results. This was underpinned by the presentations of many countries, showing examples on mixing TO 4 and TO 6 while not drawing on TO 9, i.e. not including any social aspects.

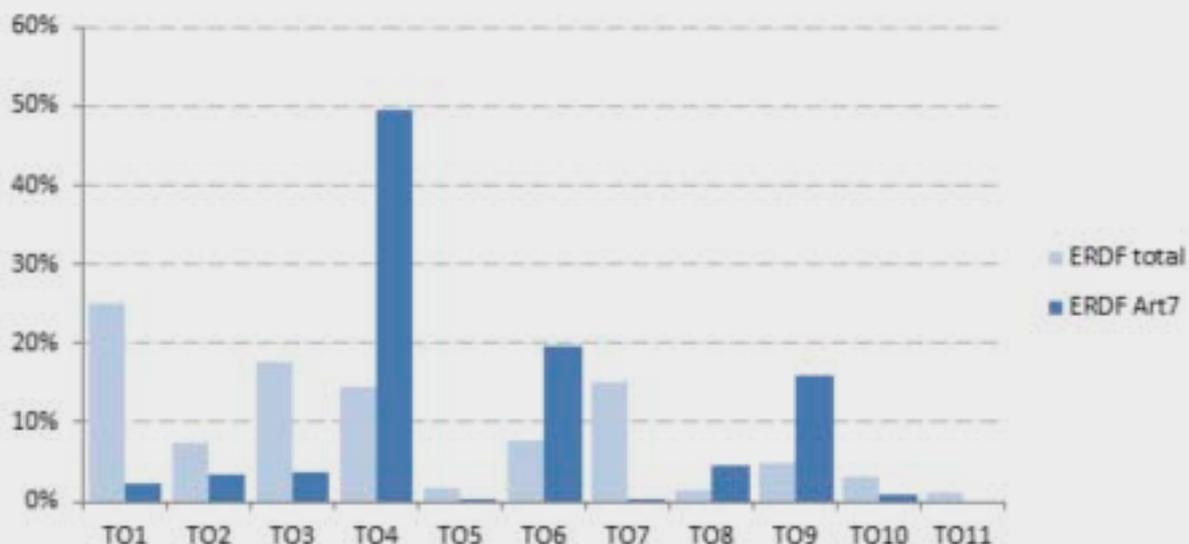
During 2014 a new expression ‘**delefobia**’ was coined, referring to the lack of delegation of the implementation of sustainable development strategies from the regional to the urban authority level.

In other words delefobia describes the hesitation of MA-s to share management and implementation functions with local authorities beyond the minimum required under Article 7 for the selection of operations. This would be an important aspect of integrated development: in order to really involve local actors, further meaningful roles and responsibilities should be delegated such as monitoring. Most of the member states and MA-s, however, are afraid from any kind of devolution/delegation of responsibilities, beyond project selection. According to the view of the MA-s local authorities are inexperienced in cohesion policy matters and potentially endanger the financial accountability of the programmes.

On the side of the cities three different strategies can be observed. Many cities are self-conscious and fight with the MA-s to get more delegated power from them (e.g. Italian Metropolitan Cities). Another group of cities would in principle be able to take over more power but refrain from doing so due to fiscal austerity (e.g. English cities, which have lost a very

**4. THEMATIC BREAKDOWN OF PLANNED ARTICLE 7 ERDF SPENDINGS**  
SOURCE: EUROPEAN COMMISSION

Comparison on thematic breakdown of planned expenditure for SUD and for total ERDF by TO (%)



substantial part, over 40% of their staff and budgets from the centre). Finally there are cities which do not want to become Intermediary Bodies, not even for the minimal task of project selection as they do not believe that they have the knowledge and capacity.

- In the **UK** cities will be established as Intermediary Bodies with delegated tasks linked to the selection of operations. (Except London which will have the powers of a Managing Authority).
- In **France** only the selection of operations will be under the responsibilities of the inter-municipal body.
- In **Portugal** the management of a Metropolitan ITI will be a responsibility of the Metropolitan Areas Administration (a municipality composed collegiate organ), and will include selection of operations, monitoring and payments.
- In **Poland** most ITI's will choose the minimal scope of delegation, i.e. the selection of operations. Bigger scope or even full delegation is also possible and could consist of call for proposal, evaluation, signing contracts, appeals, payment transferring, monitoring, conducting audits and controls.

The Article 7 regulation requires partnership with stakeholders and resident participation. Each country applies measures to achieve that—with varied degree of details, as shown in the examples below.

- In **Poland** documents define how to cooperate with local actors during the umbrella of a steering committee.
- In the **Czech Republic** stakeholders (NGOs, chamber of commerce, etc.) are involved in the definition of strategies and are invited to submit projects.
- In **Germany** participation is considered to be a key factor, a prerequisite for integrated strategies.
- In **Latvia** the national legislation foresees mandatory involvement of citizens and local stakeholders. All implementation documents, drafting criteria, etc. have to be published on website and roundtables of NGOs have to be involved.
- **France** decided to establish Citizen Councils (Conseils de citoyens) from randomly chosen inhabitants in the designated deprived areas. Such councils will

not be chaired by elected persons any more. There will be 5,000 euros given to each council of citizens to cover their expenses.

- In **Lithuania** the Article 7 programme focuses on 5 big cities in the range of 210 million euro, including 6m ESF (CLLD is obligatory for ESF).

## 6. Support to cities

### to implement the new Cohesion Policy approach

The appropriate spending of the Article 7 resources requires complex knowledge and experience as all aspects of integrated urban development have to be considered: horizontal integration between policy areas (in terms of policy management), vertical integration between different levels of government (multi-level governance) and territorial integration between neighbouring municipalities (cooperation in functional urban areas). Our estimate on the allocation of financial resources has shown the paradox that cities which will receive the most funds under Article 7 are the least experienced in the complex planning, governance and management mechanisms which are needed for the integrated implementation of these resources.

Taking a closer look on the topic of deprived urban areas, the German ministry prepared an overview on the policies in the different countries (Bundesministerium, 2012). This study developed a grouping of EU countries into three categories:

- Countries with **comprehensive national programmes** for integrated urban development of deprived neighbourhoods: Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Sweden, United Kingdom.
- Countries with **national or regional programmes or with national guidelines** for integrated urban development of deprived neighbourhoods: Austria, Bulgaria, Cyprus, Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovenia, Spain
- Countries with **predominantly local approaches** to integrated urban development of deprived neighbourhoods: Croatia, Estonia, Greece, Luxembourg, Slovakia.

Comparing this classification of the EU countries with the one about the amount of resources, it can be recognized that countries which get the highest amounts of Article 7 resources do not have strong national policy framework for interventions in deprived areas. On the other hand, countries with strong national policy framework for interventions in deprived areas do not get significant amounts of Article 7 resources. (The link between these two

variables might be less strong for those countries which spend significantly higher percentage on Article 7 than the required minimum of 5%.)

At the moment it is not totally clear which of the countries with the highest amounts of Article 7 resources will give high weight for interventions in deprived areas. Those countries which decide to do so have to establish a policy framework for that. They can rely as good practice on countries which already have comprehensive policy framework for interventions in deprived areas. These good practice countries, however, do not get substantial amounts of Article 7 resources.

#### ■ SUPPORT FOR CITIES: THE NEEDS, THE TOOLS AND THE FINANCING MECHANISMS

During the URBACT Seminar great importance was given to exploring the needs for knowledge transfer, the potential tools to deliver it and the alternative financing sources.

Regarding the **needs of Article 7** cities it has been clarified that in some countries these cities have already developed their functional urban area (or city wide) strategies or are close to finishing these. In some other countries these strategies won't be finished by the cities before the end of the year (and there might be problems with quality of the strategies – the the design of good city strategies with participation of local stakeholders can last up till 3 years).

Gradually the needs of the cities shift towards good practices in implementation: what do we understand in practice by integrated urban development, how to select integrated and territorially targeted projects, how to bring in private money, how to get the support of municipalities across the functional urban area... Municipalities that are becoming Intermediary Bodies for the first time need a lot of methodological help about how to generate a pipeline of quality projects, how to use selection criteria to ensure the quality of the programme, as well as management and control systems. An additional challenge

in the case of FUA level programmes is the creation of steering committees across the constituent settlements.

Although CLLD-s were not in the focus of the seminar, in the countries applying this tool (17 MS-s will apply CLLD in 40 OPs, in the magnitude of 2 bn euro, 2/3 linked to ERDF, 1/3 linked to ESF) the creation of Local Action Groups for urban CLLD will also raise the need for help to the coordinators of such groups.

It was strongly emphasized in the discussions that besides the cities also the Managing Authorities need help to increase their knowledge and capacities about integrated development, the Article 7 tools, the financing mechanisms, the new type of relationships with the different actors, the legal framework, the role of cities as Intermediary bodies and the separation of tasks.

Last but not least also local and regional level politicians need further development in these issues. Besides direct trainings to them also meetings on regional level could be organized which would increase the approval of integrated programmes by politicians. This could happen in the framework of multilevel exchange on national level which could also contribute to successful implementation.

Regarding the **potential tools** some countries reported about existing toolkits about integrated urban development. For example France has developed an interactive online toolkit about this, linked also to a national survey, including interviews with cities to identify their needs for support. Most countries emphasized the need to set up network of cities helping them in their preparation for the implementation of the integrated programmes with exchange of experiences, guidance notes, good practices, demonstrative projects. Organisers plan to include elected representatives in the work of national city networks. There will also be a role for the regional level in order to reach higher level politicians and change their mind-sets.

Regarding the **financing** of such activities at the national level a group of countries (e.g. France, Spain, Poland, Romania, UK, and Czech Republic)

already made decisions to use Technical Assistance resources to organize the work of the network of cities. Many countries emphasized the importance also of additional ways to organize and finance this work.

URBACT was mentioned as a primary 'learning platform' to bring knowledge from other member states, organize exchange at EU level, develop through capitalisation input on policies dealing with deprived urban areas. In this process the planned URBACT implementation networks could play an important role if Article 7 cities would be allowed as special groups into the call for proposals. URBACT was also called for organising seminars and trainings for selected groups of people, e.g. officers of Managing Authorities and politicians. An additional role of URBACT should be to issue policy recommendations to the Commission, especially in relation to the Urban Development Network, where findings could be disseminated. All these activities fit nicely to the URBACT III strategy on capacity building for the cities which implement integrated urban development.

#### ■ COUNTRY EXAMPLES ON NATIONAL STRUCTURES FOR THE SUPPORT TO CITIES

The seminar was a good occasion to get information about national level efforts and plans to support cities in the implementation of ERDF Article 7. Without going into the details and listing all the countries, below some extracts are to be found about a few interesting cases.

- In the **Czech Republic** the capacity of the urban authorities is being strengthened by the guidance provided from the institutions at the national level. In the future the number of officers dealing with this issue will be increased. From the national level cities are given methodological guidance and feedback on their strategies. It is expected that the Intermediary body will be funded from OP TP (Technical Assistance).
- **France** is now in the phase of establishing Contrats de ville, which will also be signed by the

regions. The ministry produced a guide for cities and inter-municipal political bodies explaining what is integrated sustainable urban development, what are the instruments available at EU level and how these instruments can be accessed, including ESF, URBACT, etc. and used to support the policy in favour of deprived neighborhoods. A national urban network will be launched soon to monitor and facilitate the implementation of the urban dimension of Cohesion Policy. It will be co-financed by the national technical assistance programme (with 250,000 euro/year) and will be piloted by the Commissariat Général à l'Égalité des Territoires (CGET) under the Prime Minister, in close association with the national representation of the regions. The involvement of regions is very important as they play now the role of Managing Authorities.

- In **Germany** it is considered as a special challenge how the cities will function as Intermediary bodies. There are various Länder (e.g. Northrhine-Westphalia) as well as national networks for exchange of experience and capacity-building, e.g. Social-City-networks on Länder level or the German-Austrian URBAN network on bi-national level. Networking opportunities are also offered in the framework of the National Urban Development Policy and research programmes.

- In **Italy** cities need a multi-level coordination with the EC initiatives and a coordination with other city initiatives with a good distribution of roles and responsibilities. National and regional authorities are steadily in touch with the municipalities or with their representative at national level, promoting the bottom-up method (promoting programs; creating and managing networking).

- **Lithuania** plans to increase the planning capacities, management capacities, integrated way of thinking of cities. Networking will be organized on national level for the 5 bigger cities, while on regional level for the others.

- In the **Netherlands** there is a network existing for cities implementing integrated neighbourhood policies. The ministry organises regular national workshops to exchange knowledge between municipa-

lities and to hear from municipalities what their concerns are.

- In **Poland** high importance is given to the ITI instrument as an opportunity for urban authorities to implement integrated actions on specific functional areas to tackle with defined problems. City practitioners should know how to cooperate with different stakeholders to solve problems in more effective and integrated way. For this specific capacities are required, such as skills in negotiating and listening, open-minded, creative and active approach in cooperation. The ministry assures financial support for the networking actions with partners from different regions, cities and countries, plus capacity-building, transfer and implementation of best practices.

- In **Portugal** the strategy and project management capacities, thematic specialization of human resources and innovation and economic development capacities are considered the most significant to be developed by urban authorities. A national framework and roadmap for cities during 2014-2020 is under development, although no governmental approval has been guaranteed yet. It includes the proposal of an array of analytic, networking, cooperation and capacity building tools.

- In **Romania** POCU—Operational Programme Human Resources—in the 2014-2020 period is funded by the European Social Fund and aims to invest in Romania about 5 billion, of which 4.3 billion euros come from the EU budget.

- **Slovenia** supports the cities with a constant territorial dialog on urban development; the possibilities of using financial support in 2014-2020 through Technical Assistance, URBACT programme, UDF and other will be available for the capacity building on local level.

- In the **UK** urban authorities will need to develop appraisal, secretariat and managing authority roles and maintain awareness of separation of functions as well as ERDF compliance, eligibility, management and control processes. Technical Assistance will be available to urban authorities established as Intermediary Bodies. The Core City forum exists to

facilitate networking and capacity building. Over the coming months the MA will be working closely with the cities to ensure they have the capacity to carry out their role. It will also be explored how wider European networking will assist them.

These national, regional, local level schemes for capacity building have to be mapped and taken into account when planning the EU-wide schemes, such as the Urban Development Network, URBACT, EIB (for financial instruments) and other programmes. In specific topics also other EU-wide initiatives could be taken into account, such as Eurocities, Covenant of mayors/Energy cities, Cecodhas (given the importance of energy and housing issues for deprived neighbourhoods) etc.

#### ■ **SOME CONCLUDING REMARKS: HOW TO SUPPORT ARTICLE 7 CITIES?**

There is a big need for capacity building in those countries which will receive relatively the most Article 7 resources (compared to the size of the urban population). The capacity building efforts should reach not only the cities but also the regional and national level, both in the public administration and in the EU-related institutions.

In the course of the capacity building efforts important role should be given to those cities, regions and countries which are the most experienced in integrated urban development. These cities will not necessarily be Article 7 cities due to the low amount of such resources in their countries. The capacity building efforts have to be performed in a relatively intensive way, accepting the tight time-schedules prescribed for the Article 7 cities (strategies have to be developed and adopted quickly, before the end of 2015, to allow enough time for the implementation).

The circumstances are very different country-by-country, depending on the one hand on the national framework for Article 7, and on the other hand on the history and 'culture' of integrated urban development in the given country. Thus the capacity building needs have to be explored on country level

and country-specific work seems to be the most helpful. In this the Commission can do a lot and European knowledge exchange programmes (e.g. URBACT) could and should also play an important role.

## 7. Summary and policy conclusions

The URBACT initiative has shown that the regeneration of deprived urban areas is one of the important tools to fight urban poverty. The best results can be achieved in combination of area-based and people-based interventions and the share of these two approaches should correspond to the specificities of the given country.

In most countries the financial crisis has reduced substantially the ability and the will of the public sector to spend on the regeneration of poor areas. Many countries, especially on the eastern and southern peripheries of the EU prefer to invest into opportunity areas, including urban brownfields, with the hope to achieve quicker economic development in that way.

EU policies towards the support of area-based interventions developed gradually during the decades, reaching good results with the URBAN community Initiative in the first half of the 2000s. After a retreat in the last financing period with the mainstreaming of URBAN, the opportunity for better integrated policies has been raised again in 2014 with the introduction of the dedicated support (Article 7 of ERDF) for Sustainable Urban Development.

The present URBACT initiative, with the background analysis, the survey and the seminar gave an overview about the state of affairs in the regeneration of deprived areas. Although the approaches of the EU countries are very different, it is an important sign that the two largest EU countries, Germany and France have recently introduced new policies towards deprived areas, with substantial increase of the financial support (partly in conjunction with the new Cohesion Policy tools) to regeneration interventions. As Myriam El Khomri, French Secretary of State in charge of Urban and Social Development emphasized in her closing speech at the seminar, France devotes high importance to interventions in the most deprived areas. The French approach combines the top-down selection of intervention areas with strong efforts to involve the residents into the decision-making on the most appropriate policy mix of sectoral (housing, education, social services,

entrepreneurship, mobility) interventions into the given neighbourhoods.

Normunds Popens, Deputy Director General of DG Regional and Urban Policy expressed his hope that the new Cohesion Policy approach will lead to increasing investments into urban strategies. With the Cities Forum and the meeting of the Urban Development Network in June 2015 the Commission aims to give a new impetus to the EU Urban Agenda, which will also be supported by a project team on urban issues, led by two vice presidents of the Commission. URBACT is an excellent tool to exchange good practices on urban and equality issues and the synergy between URBACT and the UDN has to be further developed.

For the moment it is unclear, when and with which content an EU Urban Agenda can be approved. Taken into account the share of responsibilities between the EU and the member states and also the large differences between the member states in the level of poverty and the types of urban problems, the Urban Agenda can most probably only be a framework document for national urban development policies. In any case, the regeneration of deprived areas — as a developing policy since the Leipzig Charter — should become an important part of the Urban Agenda, allowing and initiating member states to improve the situation of their most deprived urban areas and the poor people living there. If becoming part of an EU-wide strategy, the investments into these areas might easier become part of the general strategies towards a new urban renaissance.



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# Appendix 1

## Examples on area-based national programmes for urban development with social inclusion aspects in Europe by the end of the 2000s

### BELGIUM

#### *Politique des Grandes Villes*

#### **(Federal Big City Policy) 2000-**

Policy for integrated, area-based development that aims at strengthening the local economy and social social cohesion and to improve housing, public space and environmental conditions. The policy is implemented in a contractual partnership between the Federal State, the regions and municipalities that defines objectives on an annual basis. Between 2000 and 2012, 17 cities were supported in this programme with a total of 800 m Euros. In addition to the Big City Policy, there are different programmes in place at the regional level. For example in the Brussels Capital Region since 1994, in the framework of the *Contrats de quartiers*, each year four-year long contracts are signed with four neighbourhoods. Housing supply, public space, social and cultural infrastructure are the usual topics of these contracts which also intend citizen mobilization.

### CATALONIA/ SPAIN

#### ***Neighbourhood Urban Rehabilitation*** **2004-2010**

The Programme was based on Law 2/2004: Neighbourhood Act in Catalonia stating that good integrated plans submitted by mayors will get 50-75% financial support from Catalonia. A Catalan regional URBAN fund was created in the period 2004-2010 with 7 calls, 141 projects, 1 million people benefited (13% of Catalan pop), 1,33 bill eur investment generated, actual investment 523 mill eur by December 2010. Cross-cutting actions: public space 45%, public services 22%, housing 10%, social improvement 9%. Administrative cooperation: the Catalan Regional Government led the programme, the municipal councils had to design their ideas, executing and part-financing it, include the residents. The region had the task to select, fund, monitor and evaluate the projects. Citizen participation: in each neighbourhood Evaluation and Monitoring Committees have been established, with representative of the different departments of the

municipality, the regional government and the representatives of citizens.

### DENMARK

#### ***Kvarterloft (1997-2007)***

#### ***Ghetto Strategy (since 2010)***

The *kvarterloft* initiative was an approach to integrated urban regeneration in 12 Danish urban areas with a total of 110.000 inhabitants. It built on a strong citizen involvement and public-private partnerships and was jointly governed by several national ministries. The inter-level relationships were framed with contracts that were renegotiated each year based on evaluations. The programme received a total funding of 175 m €. After the end of the programme in 2007, parts of the *kvarterloft* concept have been taken over by urban renewal legislation and social housing programmes (Ministry of Refugees, Immigration and Integration Affairs 2007). The new *Ghetto Strategy* initiative aims to achieve greater diversity in the social structure of the 29 programme areas with socially fair assignment policies, greater mix of different housing forms and decreasing allocations of immigrants to deprived areas (Bundesministerium, 2012).

### ENGLAND/UK

#### ***New Deal for Communities, 2001-2011***

#### ***Big Society, 2011-***

The programme was launched in 1998 with the aim to reduce gaps between deprived urban neighbourhoods, in which decades of classic regeneration policy had not showed many effects, and the rest of the country. The core budget for the ten year period was 2 bn for 39 programme areas. Key fields of intervention were work, security, education and training, housing and the physical environment. There were also Local Strategic Partnerships (in basically all Local Authority areas) to promote cooperation across relevant public, non-governmental and private actors. In the 88 most deprived LSP areas, a Neighbourhood Renewal Fund was made available.

There was also the Neighbourhood Management Pathfinder Programme that operated in more than 35 areas.

After the change of national government in 2010, a new approach was introduced, based on the “Localism bill” and the “Big Society” concept, supported by the Big Society Capital financial institution (480 mill eur) and contribution of four large banks (290 mill eur).

## FRANCE

### ***Politique de la ville (City Policy) Since 1981 PNRU National Programme for Urban Renovation Since 2005***

The *Politique de la Ville* aims to tackle the socio-economic and territorial difficulties of deprived neighbourhoods. It is implemented in partnership of national, regional and local authorities, public organizations, firms, NGO's, inhabitants. The policy that was initiated in 1981 and targetted in the 2000s roughly 500 “zones urbaines sensibles”. Its objectives and instruments are set between the state, the region and the agglomeration/city in *contrats urbains de cohésion sociale* (until 2006: *contrats de ville*). The *politique de la ville* covers the areas of habitat and environment, access to employment and economic development, educational success, health, citizenship and crime prevention (DIV 2007). The PNRU has over the period 2005–2015 a total investment of €40 billion. It is implemented through the agency ANRU, but also through the network of the 100 offices of the Ministry of Environment, and the cities. Another agency, ACSE, was created later to deal with the ‘soft factors’ of urban renewal.

Parallel to this policy the Law “*Solidarité et Renouvellement Urbain—SRU*” of 2000 prevailed in order to support the social mix at the city level. There was a 20% mandatory minimum threshold of social housing determined which has been reinforced in January 2013 with a mandatory minimum threshold of social housing of 25%. Cities which don't respect this threshold are financially penalized.

## GERMANY

### ***Stadtumbau Ost, Stadtumbau West (urban restructuring programmes in the eastern and in the western parts of the country) Since 2002/2004 Soziale Stadt (Socially Integrative City) Since 1999***

In Germany both “*Stadtumbau*” und “*Soziale Stadt*” are urban development assistance programmes. They are set up by the Federal Government and the Länder and are managed in a rather decentralized manner (via the regional level, i.e. the Ländern).

The “*Stadtumbau*” program, first introduced for the Eastern regions, later extended also to the western part of the country, aims to tackle the problems of urban development caused by demographic and economic structural changes that have led to shrinking cities and municipalities. The need for urban restructuring became apparent at the end of the 1990s. A report by a commission of experts carried out on behalf of the German Government (on “Residential Structural Change within the New Federal States”) for the first time showed that the eastern federal states have regions with severe and permanent residential vacancies; as a result of a dwindling population. The shrinking process of cities is handled by complex urban restructuring interventions, based on over-arching and long-term strategies, in the framework of which in particular disfunctional housing estates could be “back-built”, i.e. partly demolished, partly renovated.

Through the *Soziale Stadt* programme the improvement of housing and social infrastructure, employment, migrant integration, security, environment, mobility and culture are supported in some 620 neighbourhoods “with special development needs”. The annual budget of the Federal government for the programme is 150 m Euros. This volume is generally cofinanced by the Lander and the local authorities by two-thirds (thus the overall annual budget is 450 m Euros). Moreover, the funding is usually pooled with other resources (e.g. ESF projects). The programme focuses on upgrading and stabilising critical urban areas, preventing a downward spiral

of social exclusion and segregation by inviting the neighbourhood's inhabitants to participate in the development, prioritisation and implementation of locally based bottom-up actions.

*Socially Integrative City in North Rhein-Westphalia* (NRW) was one of the first area-based initiatives, and formed part of urban development funding started in that Land in 1993. Its approach is one of the most comprehensive examples of integrated urban regeneration at neighbourhood level in Europe. Eighty city neighbourhoods have created and implemented local action plans.

## HUNGARY

### **Integrated Urban Development Strategy 2008-**

Hungary introduced for the EU budgetary period 2007-2013 the requirement towards the cities to prepare Integrated Urban Development Strategies. Only those cities could apply for subsidies for any kind (opportunity-raising 'main-street' or deprived area-focussed 'social') of area-based urban renewal program with EU funds that have prepared an Integrated Urban Development Strategy for the whole settlement. This Strategy also had to include a so-called Anti-segregation Plan within which segregated areas of the cities had to be identified, exploring their basic conditions. Furthermore, the guidelines of a program had to be laid down what the local government was willing to carry out on a mid-term basis in order to mitigate the effects of segregation. In 2008 altogether 157 Hungarian cities prepared an Integrated Urban Development Strategy and if relevant, an Anti-segregation Plan. The number of municipalities launching social renewal interventions was around 50 with a total budget of 46 bn HUF (roughly 200 mill eur).

## NETHERLANDS

### **Grote Steden Beleid (Big Cities Policy) 1994-2009**

The major Dutch integrated area-based programme on social inclusion is the *Grote Steden beleid* (Big Cities Policy). The programme was kicked off in 1994 and its third programming period was between 2005-2009. It targeted the fields employment and economic development, urban development, social development, security, migrant integration and naturalization. The programme was implemented on the basis of agreements between the central government and municipalities, long term strategies, regular meetings and evaluations. The area-based integrated local action plans were the foundation for the programme interventions. The area-based programme was funded by different ministries.

## SWEDEN

### **storstadspolitiken (Metropolitan Development Initiative) 1998-2010**

The Swedish *stostadspolitiken* targeted socio-economically disadvantaged neighbourhoods, predominantly with a high share of immigrants. The programme was coordinated by an interministerial board and implemented by city and district administrations. Specificities of the Swedish programme were a focus on transferability of successful measures to other neighbourhoods and an area-based monitoring of the social outcomes based on a set of common indicators. Between 1999 and 2003, 24 neighbourhoods received 220 m Euros. Between 2004-2008 the local programmes had to acquire their budgets through other sources. For 2008-2010 the approach of development agreements was resumed. In this period 38 deprived areas from 21 municipalities took part in the programme.

Source: Gebhard, 2010; Franke, 2007, Bundesministerium, 2012, updated and extended (DE Stadtbau, Soziale Stadt, CAT, HU) on the basis of Colini et al, 2013 and Tosics, 2011.

## Appendix 2. URBACT seminar

### INTEGRATED REGENERATION OF DEPRIVED URBAN AREAS & THE NEW COHESION POLICY APPROACH

Brussels, 17 march 2015

**Objectives:** To allow Member States to share and exchange on national policy frameworks and how these will articulate/embed the EU instruments, focusing on the regeneration of deprived urban areas

**Target Audience:** High-level working seminar for national authorities

#### AGENDA

9:00 – 9:30	Registration and Welcome
9:30 – 9:45	Opening Raphaël Le Méhauté, <i>Deputy General Commissioner and Director of Cities and Urban Cohesion for Territorial Equality (France), Managing Authority of the URBACT Programme</i>
9:45 – 10:00	Background for urban regeneration policies on deprived urban areas in Europe Ivan Tosics, <i>URBACT Thematic Pole Manager &amp; Director of Metropolitan Research Institute (Hungary)</i>
10:00 – 10:15	Potentials of the new Cohesion Policy approach and the new instruments Corinne Hermant-de Callatay, <i>Senior Policy Officer, Directorate General for Regional and Urban Policy</i>
10:15 – 10:45	Coffee Break
10:45 – 13:15	Regeneration of deprived urban areas 2014–2020: what policy instruments at national level? • <i>Roundtable 1:</i> Dedicated national policies embedding the new instruments of the Cohesion Policy • <i>Roundtable 2:</i> Other national approaches for the implementation of the new instruments of the Cohesion Policy
13:15 – 14:15	Lunch
14:15 – 15:30	The potentials and problems to implement the new EU Cohesion policy approach in deprived urban areas <i>Group Discussions</i>
15:30 – 16:00	Coffee Break
16:00 – 17:00	National approaches for the support to cities implementing integrated urban policies (networking, capacity-building, etc.)
17:00 – 17:30	Closing remarks by Normund Popens, <i>Deputy Director General for Implementation, Directorate General for Regional and Urban Policy</i> and Myriam El Khomri, <i>Secretary of State in charge of Urban and Social Development (France)</i>

## Appendix 3.

### **URBACT SEMINAR**

#### **DEPRIVED AREAS PRESENTATION BY IVAN TOSICS**

[http://urbact.eu/sites/default/files/urbact\\_seminar\\_deprived\\_areas\\_-ivan\\_tosics.pdf](http://urbact.eu/sites/default/files/urbact_seminar_deprived_areas_-ivan_tosics.pdf)

### **URBACT SEMINAR**

#### **DEPRIVED AREAS PRESENTATION BY CORINNE HERMANT-DE CALLATAÏ:**

<http://urbact.eu/files/urbact-deprived-areas-seminar-presentation-corinne-hermant>

## URBACT II

**URBACT** is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions.

It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 550 cities, 29 countries, and 7,000 active participants.

[www.urbact.eu](http://www.urbact.eu)

