



## STATE OF THE ART

# NEW IMPLEMENTATION SOLUTIONS TO REDUCE POVERTY IN DEPRIVED URBAN AREAS

**URBinclusion**

# TABLE OF CONTENT

## 1. INTRODUCTION

## 2. THE POLICY CHALLENGES SHARED BY THE URBINCLUSION CITIES

## 3. IMPLEMENTING URBAN POLICIES AND STRATEGIES TO FACE POVERTY AND SOCIAL EXCLUSION: THE MAIN CHALLENGES

3.1. Fostering the integrated approach.

3.2. Maintaining involvement of local stakeholders and organizing decision-making for delivery

3.3. Setting up efficient indicators and monitoring systems to measure performance

3.4. Moving from strategy to operational action-plan

3.5. Enhancing funding of urban development policies through financial innovation

3.6 Setting up Public Private Partnerships for delivery

3.7. Setting up smart public procurement

## 4. PROVISIONAL CONCLUSIONS

## 5. REFERENCES

# 1. Introduction

URBinclusion is focused on the implementation of new solutions to address poverty and social exclusion challenges in the partner cities.

The nine cities belonging to the URBinclusion network: Glasgow, Trikala, Naples, Krakow, Lyon, Turin, Timisoara, Copenhagen and Barcelona as lead partner, share the idea that, in a context of social change and the emergence of new phenomena of social exclusion, new ways and new procedures to achieve an inclusive city are needed. Reducing poverty and urban segregation becomes a key political issue for our local authorities.

Poverty has grown as a structural phenomenon in our cities, affecting new social sectors and socio demographic groups where different factors interrelate and result in intensifying poverty situations. Not all the cities are focusing the same dimensions of poverty, like homelessness, low education, low income, discrimination, low access to health, unemployment, etc., but all of them are engaged with breaking the vicious circle of poverty through the integration of different policies and measures.

Implementing effective and efficient policies and strategies that allow the reduction of poverty, include different dimensions: participation of users in the services delivery, new partnerships with the third and the private sector, new arrangements with the regional and national authorities in the field of the welfare policies, and the horizontal integration of social services in the most deprived and segregated urban areas, where poverty and social exclusion are concentrated.

Indeed, what brought together cities to launch the URBinclusion network is their conviction that *a new model of delivering public policies in the field of social inclusion*, should be adopted. Basically, it has to include innovative solutions, new agreements between private, public and community sectors, new processes of decision-making and co-creation and co-management of public services.

This document is divided in two sections.

The first one is focused in those policy challenges tackling social exclusion and poverty. First, it includes an analysis of the main and recent tendencies that explain the different dimensions of urban poverty. Second, it analyses urban segregation and how poverty tends to concentrate in some parts of the city.

The second section analyses the implementation challenges and the bonds between them and the topics tackled by cities of the URBinclusion network. The three ones established as key challenges are the most relevant for the network thematic field: integrated approach, participation of stakeholders, and evaluation). Likewise, URBinclusion will address other two challenges: moving from strategy to operational action-plan, and enhancing funding of urban development policies through financial innovation.

## 2. The policy challenges shared by the URB-INCLUSION cities.

### 2.1. Better understanding urban poverty and social exclusion

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Socioeconomic disparities and other forms of inequalities are a major issue in European cities, which hinder citizens from achieving a decent quality of life. The economic and financial crisis has further intensified the concentration of poverty and social exclusion in cities. The AROPE (at risk of poverty and social exclusion) rate increased between 2008 and 2011 by 1 percentage point in European cities, compared to an increase of 0.5 percentage point outside cities.

Challenges with which the cities are confronted and with which they will even face more in the years to come, lie beyond the powers of cities and national states altogether. Massive immigration, the increase of poverty and other forms of social exclusion, the lack of means to invest in the younger generations -- if they aren't already doomed to become a burden to society instead of human capital -- the pronounced increase in child poverty which will lead to a permanent reproduction of such a lost generation, the increasing gap between rich and poor and the dwindling of the middle class, the loss of social cohesion and civil responsibilities, are shaping nowadays our European cities.

The economic crisis will perhaps turn into a period of economic growth, but this will not immediately reduce the number of people in poverty and the seriousness of their condition. The longer people are in poverty, the more difficult it is to escape poverty -- and this is also the case with respect to unemployment, which is one of the important production lines of poverty. Long-term unemployment is increasing; but there is another development that is even more threatening in the long term and that is the high level of youth unemployment.

In many European countries there have been severe cut-backs in public spending in public sectors such as social protection schemes or educational programmes. Especially in countries hit hardest by the crisis, the forced adoption of austerity measures has a negative social impact that exacerbates the situation for vulnerable population groups. In many cities and metropolitan areas, local programmes are being cut to the most basic services.

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, an increasingly volatile employment (due to increased global competitiveness challenges) and a huge recent increase in migration to Europe and its cities (complemented by internal east-west migration within the EU). These factors are complemented by a progressively retreating welfare state and privatisation of services in several countries leading to higher costs for basic needs. Demographic changes also play a pivotal role in shaping the urban landscape.

It is not surprising indeed that urban poverty (along with the strictly correlated inclusion of migrants and refugees) is one of the Priority Themes identified by the Urban Agenda for the EU recently established by the "Pact of Amsterdam" agreed at the Informal Meeting of EU Ministers Responsible for Urban Matters last 30th of May 2016.

The Europe 2020 Strategy for smart, sustainable and inclusive growth sets targets to lift at least 20 million people out of poverty and social exclusion and increase employment of the population aged 20-64 to 75%. The flagship initiatives of the Europe 2020 Strategy, including the European Platform against Poverty and Social Exclusion and the Agenda for New Skills and Jobs, support efforts to reach these targets. (...) Member States are urged to strengthen the involvement of relevant stakeholders at all levels, most notably social partners and civil society organisations, in the modernisation of social policy as part of the Europe 2020 Strategy.

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0083&from=EN>

The at-risk-of-poverty rate (AROP) indicates the share of people with a disposable income below 60 per cent of the country's median income. It is one of the most commonly used social indicators in the European Union. More recently it has become an essential component of the Europe2020 target on reducing poverty and social exclusion. In June 2010, the European Union agreed to reduce poverty and social exclusion by at least 20 million people by 2020. The target group includes people at-risk-of-poverty, severely materially deprived people, and people living in households with very low work intensity.<sup>1</sup>

The main contributing factors to determine poverty levels 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.

Therefore, we should consider the interaction between different policies and their links with general socio economic processes, as well as the need to pay attention to the perpetuation of spatial disparities. Due to the accumulative and multidimensional nature of social exclusion, always is the combination of the different dimensions of social exclusion what increases vulnerability.

Though poverty and social exclusion are often coexistent or concurrent, reflecting the same underlying processes, they should be seen as different concepts. Although there is no universally agreed upon definition of social exclusion, there is widespread agreement that whereas poverty is defined based on income and distributional issues, the concept of social exclusion calls for a process-related, relational and multidimensional understanding.

Social exclusion is about non-participation versus participation and thus relates to different spheres of integration, such as employment, housing, education, political voice and social participation, besides income. Poverty is frequently defined at the individual level, whereas social exclusion often relates to population groups. Income-related poverty and social exclusion are strongly linked, and they may be

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<sup>1</sup> The Europe 2020 indicator of “at risk of poverty or social exclusion” consists of the union of three indicators):

a) The number of people living in an income poor household, i.e. persons with an equivalised household disposable income below the poverty risk threshold (which is set at 60% of the national median equivalised household disposable income [including social transfers]); b) the number of people living in a severely materially deprived household, i.e. a household that experiences at least four out of the nine following deprivation items – the household cannot afford (i) to pay rent or utility bills, (ii) to keep home adequately warm, (iii) to face unexpected expenses, (iv) to eat meat, fish or a protein equivalent every second day, (v) to have a week holiday away from home during the year, (vi) to have access to a car, (vii) to have a washing machine, (viii) to have a colour TV, or (ix) to have a telephone; and c) the number of people aged 0-59 living in a (quasi-)jobless household, i.e. people aged 0-59 who are not students and live in households where, on average, the adults work less than 20% of their total work potential during the income reference year (i.e. the year prior to the survey).

(geographically) co-located but not necessarily, because other contexts such as socio-cultural ones can compensate for, and mitigate, experiences of poverty and social exclusion.

Nowadays in the EU the income definition is regularly complemented by measures of material deprivation. The materially deprived are those households that score 'badly' on at least three of nine items, and 'severe' material deprivation is when they score on four or more items.

Poverty is characterised in the modern society by *temporalisation* and *dispersion*. The first one refers to the duration of poverty, be it short or long term or recurrent. It alludes to the depth or severity of poverty. The second one implies that poverty is no longer confined to the members of the lower socioeconomic classes or some marginalised groups, but reaches many more people – if only momentarily. In other words, social risks are shared by a wider population, but time may be the key to understand the experience

## 2.2. Poverty and urban segregation

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It has been increasingly observed that poverty does not only create social differences between people and groups; it also leads to spatial differences. Social divisions and segregation are increasing in many cities and pose a major challenge to people living in urban areas. The widening gap between rich and poor is leading to segregation in more and more European cities. The rich and the poor are living at increasing distance from each other, and this can be disastrous for the social stability and competitive power of cities.

Poverty tends to cluster in certain urban neighbourhoods, through a number of selection and causation processes. In the selection process, an important role is played by the functioning of the housing market, both with respect to social housing and private housing. In the causation process, a concentration of poverty in turn exacerbates the effects of poverty, a phenomenon that is indicated by neighbourhood effects. The causal pathways behind these effects are linked with the social composition, the infrastructure level and the location of the neighbourhood.

Segregation is the last step on the road towards the development of a divided city. It refers to the erecting of social and spatial walls between the different parts of the city, which renders them inaccessible and which reduces opportunities for social or/and spatial mobility.

The present development, in a context of increasing inequality and polarisation, seems to be towards more urban spatial segregation. In other words, the spatial distribution of poverty, although very much related to socio-economic factors, is driven by a number of independent forces.

It is not only an issue of labour markets, productivity, incentives, human capital and choice (economists) of social status and relations, behaviour, and culture or of power and access to collective resources. Features such as urban structure, the spatial position of neighbourhoods or neighbourhood accessibility by (the provision of) transport are very important matters when trying to understand the urban dimension and spatial distribution of poverty.

As a consequence, new strategies to reinforce social cohesion should be implemented in order to stem the tide of the increasing segmentation of society. The spatial concentration of poverty in deprived urban neighbourhood requires a comprehensive approach following the principles of non-segregation and desegregation, upgrading the physical environment, strengthening the local economy, proactive education and training policies, and efficient, affordable urban transport.

However, the adequate policy response should not be directed at the disadvantaged neighbourhood only. Musterd (2005) argues that “Societies (states), cities, neighbourhoods, and citizens are interrelated systems and policy responses to neighbourhood problems, therefore, should take these various units and levels into account simultaneously: (1) the welfare state at the national level; (2) the labour market, and economy at the regional and global levels (3) the social networks, socialization, and stigmatization processes at the local levels; and, (4) personal characteristics at the individual level”. This means that we need some form of urban governance.

As it was pointed in the final rapport of the URBACT NODUS<sup>2</sup> project: “The causes, forces behind segregation processes, which result in physical decline and the concentration of deprived population within certain areas, are to a large extent determined at supra-local level. The evolution of real estate and land markets and their demographic and economic impacts, having strong effects on the inequalities, are metropolitan and regional area level processes. Despite these wide-spread negative territorial effects, public interventions against social exclusion and urban deprivation usually concentrate exclusively on the worst areas. There is very little understanding regarding the need for supra local (metropolitan or regional) planning as co-ordination mechanism above the localised area-based interventions, aiming to steer and regulate local urban development processes”.

(...) “Urban renewal interventions should never be exclusively area-based – even in cases when most types of interventions concentrate on a selected deprived area, it has to be acknowledged that some types of problems (e.g. employment, education, health care) cannot be handled exclusively on the basis of the small area and need therefore interventions beyond the area, on a much broader territorial scale”.

The complex causes behind deprived areas make interventions difficult since they consist of a plurality of combined and mutually reinforcing disadvantages that affect the population of those neighbourhoods with different degree of intensity. In the UN “New Urban Agenda” zero draft, the international community recognizes that the “growing inequality and the persistence of multiple forms and dimensions of poverty is affecting both developed and developing countries and that spatial organization, accessibility and design of urban space with development policies can promote or hinder social cohesion, equity, and inclusion”.

Putting the spotlight on “interconnectedness” of policy measures implies a deep rethinking of decision making processes as well as an open-minded approach to organisational change management. Leaving behind the “working in silos” mentality and building collaborative bridges between the municipality and the other authorities involved as well as among different branches of the municipality itself is in most cases challenging.

On the other hand, responsibilities in those deprived urban areas, do not lie only in the hands of politicians and urban practitioners. Civil society organizations and their associations should actively participate in the preparation, implementation and monitoring of urban and territorial plans, help local authorities and “make space for, encourage and enable all sectors of society, particularly poor people and vulnerable groups of all ages and gender, to engage in community forums and community planning initiatives and to partner with local authorities in neighbourhood improvement programmes.

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:

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<sup>2</sup> **NODUS**. Linking urban renewal and regional spatial planning. Final rapport of the Working Group. URBACT II May 2010.

*Sectorial 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 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.

*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.

Area-based approaches have proven to be effective in initiating positive outcomes in some areas. Area-based programmes often serve as “laboratories” in which new forms of interventions and governance have been developed and tested, such as resident participation, cross-sectorial cooperation and planning within a strategic framework. The scope of area-based programmes is limited by the geographic boundaries of programme areas.

This raises concerns that problems are simply displaced, rather than solved (i.e. disadvantaged people moving out of the areas that are undergoing a regeneration process). Sometimes the effectiveness of the programme is limited by that fact that the real causes of problems are situated outside the neighbourhood. It has been argued that it is difficult to break long-lasting cycles of deprivation with these comparatively small programmes which operate with small budgets and in relatively short time-frames.

Combining an area-based approach with a people based approach remains a challenge in many cities, not least because the relevant funding instruments are often incompatible. Nevertheless, to achieve real integrated urban development, both must be implemented together

## 3. Implementing urban policies and strategies to face poverty and social exclusion: the main challenges.

The different challenges associated to the implementation of social inclusion policies not always can be identified separately. There are diverse links between them and there is an overlapping between the different challenges. As we can observe in this section there are issues that affect more than one. Thus, for example, the implementation of the integrated approach not always can be differentiated of the stakeholder involvement neither of the decision making process. Likewise, social innovation and the reshaping of public social policies fitting the new phenomena of urban poverty and social exclusion, is a cross-cutting issue affecting different challenges. In other words, a clear delimitation between the different implementation challenges does not always exist.

### 3.1. Fostering the integrated approach.

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#### 3.1.1. Linking the URBInclusion topic with the challenge.

Cities have to move towards a more holistic model of sustainable city development, in which they overcome seemingly conflicting and contradictory objectives. Economic growth has to be reconciled with the sustainable use of natural resources, global competitiveness must be inclusive and favour a local economy, and attractiveness to the global social and economic elite must not exclude less favoured groups.

We should assume that actions and projects interrelated and combined within an urban strategy will produce more effective and efficient outcomes allowing to break the above mentioned vicious circle of poverty and exclusion.

Even though integration is usually incorporated into urban strategies, plans and projects as a key feature of the implementation methodology, it often remains a formal declaration of political intents and does not find any concrete application or impact in the real life. Cities belonging to URB-Inclusion Network are aware that integrated approach has to be converted into an “operational” challenge that should drive the practical implementation and management of urban sustainable development. Moreover, integrated approach has different dimensions: horizontal, vertical and territorial. All of them should be captured.

## **Applied cohesion policy—integrated social urban development**

### **Neighbourhood Management Scheme, Berlin. An example of horizontal and vertical integration.**

“Districts with Special Development Needs—Socially Integrative City Programme” to revitalise disadvantaged neighbourhoods and foster social integration.

Following the reunification of the city, social segregation has increased and the inhabitants in the concerned areas have suffered from unemployment, dependence on state aid and further issues arising from a lack of social and ethnical integration. Currently 34 neighbourhoods are included (originally 15). Neighbourhood management is at the heart of this strategy.

- On-site-offices: neighbourhood management teams are contracted

- Integrative Action Plan: every programme area is elaborated on and regularly up-dated

- Structured participation, Neighbourhood Councils, empowerment, “helping people to help themselves”

- Neighbourhood fund, intensive involvement of citizens participating in neighbourhood juries

- A multitude of small and middle-sized projects within the different focus areas

- Networking embedded in cross-departmental work, administrative steering groups.

A monitoring system was launched in 1998 and since that time it has been refined and improved.

More than € 200 m have been invested since 1999, by ERDF funds, the federal programme Socially Integrative City and the state programme Socially Integrative City and the state of Berlin.

[http://ec.europa.eu/regional\\_policy/en/projects/germany/berlins-neighbourhood-management-project-brings-decision-making-on-social-development-to-the-local-level](http://ec.europa.eu/regional_policy/en/projects/germany/berlins-neighbourhood-management-project-brings-decision-making-on-social-development-to-the-local-level)

Considering that cities should focus their strategies of combating poverty at neighbourhood level, the analysis of the urban area has to be made taking into account its interrelations with the whole city and with the metropolitan area.

This territorial dimension of the integrated approach requires a clear understanding of the territorial links and the allocation of urban functions between the deprived neighbourhood and the whole urban agglomeration. This is what is called the “territorial integration”. It has a special significance when we are dealing with urban concentration of social exclusion.

Ensuring the integrated approach is a huge effort due to the extension and diversity of the involved stakeholders. Likewise, the integrated approach is expressed in the fact that different city council departments should participate actively in the strategy design and in its implementation.

Without concerted efforts and incentives to bring the policy ‘silos’ together, the departments might retreat back into their own professional domains. Central governments often exacerbate departmentalism by passing funding and policies down through a vertical delivery system so that at local level one department or one agency ‘owns’ the funding. This happens in nearly all of the policy fields. The Structural Funds are also culpable through having a separate ‘regional fund’ and a ‘social fund’ which operate independently of each other and are managed by different managing authorities often at different levels of government. It is much harder to achieve policy coordination when funds are operated independently in this way.

In the social cohesion and anti-poverty policies vertical integration becomes very relevant considering that the main policies and resources are located in central and regional governments.

All the involved cities agree that implementing the integrated approach is a very complex issue within the local authority. People work usually in departments with a sectorial vision. The adoption of an integrated approach requires a huge effort of sharing and cooperation that needs at the same time a radical shift in mental models and in professional culture. Regarding social inclusion and combatting poverty the need for an integrated approach is based on the assumption that the factors producing exclusion should be tackled simultaneously, to produce synergies and complementarities.

Actions plans fostered by some cities encourage the development of social solutions enabling to produce both social and economic impact at local level. Urban regeneration is in itself an integrated issue. Social solutions imply economic solutions and revitalization of public spaces and buildings.

Externalities and indirect outcomes produced by a specific policy in other domains is a particular and relevant issue that requires the adoption of an integrated approach. Several policies can generate positive or negative impacts in social cohesion in the cities.

The integrated approach is also related with the *urban commons* concept. Commoning, the collective ownership and management of resources, is currently being reimagined across social, political and economic debates as a response to the challenges faced by all European cities today.<sup>3</sup>

At the same time, the area-based approach is often articulated, both with a sectorial approach regarding different dimensions related with poverty like employability, education, health care, housing, citizens' empowerment, social economy, and with a demographic approach, regarding different social groups like ethnic minorities, migrants, women, youth, older people, long term unemployed, Roma people, etc. Some cities include physical regeneration actions or economic initiatives linked to social inclusion measures, for instance dealing with the recovery of public spaces and public buildings allocating social and cultural activities.

As it was already mentioned the integrated approach have to 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.

### 3.1.2. Regarding the implementation challenge, the following issues should be faced by the URBinclusion partners.

- > Improving horizontal coordination between different sectors in local administrations, who work together and pool sectorial budgets to achieve objectives that have been defined together. Integration between welfare departments and between them and other sectors as economic development, culture, environment, mobility and so on.
- > Finding ways to better coordinate and integrate area-based and people-based policies
- > Addressing vertical integration taking into account that several welfare policies and resources are controlled by the national and the regional governments.

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<sup>3</sup> Bologna, a Laboratory for Urban Commoning. <http://bollier.org/blog/bologna-laboratory-urban-commoning>.  
Designing the Urban Commons (London) <http://designingtheurbancommons.org/>

- > Analysing and understanding the impact of several urban policies like economic development, mobility, physical regeneration, environment, etc. in social inclusion. Forecasting and integrating externalities.
- > Addressing the territorial integration of policy challenges faced by municipalities within metropolitan areas, taking into account the relevance of the functional areas to tackle social inclusion challenges. The integration between the deprived neighbourhoods and the whole cities is an important challenge too.

## 3.2. Maintaining involvement of local stakeholders and organizing decision-making for delivery

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### 3.2.1 Linking the URBinclusion topic to the challenge

Organizing and ensuring effectiveness of participatory public policies becomes a real challenge for local government. Partner cities want to discuss and to develop operational tools addressing several aspects linked to stakeholder's involvement: communication and dialogue, solving conflicts, enlarging participation to those people that usually don't participate, building capacities to participate in public life, developing accountability and responsibility, etc.

Securing and fostering co-creation, so that ownership of the solution lies with the citizens involved and living in the area. The goal is that the solutions are integrative in themselves, i.e. the spaces developed have multiple uses and are frequented by many of the groups and individuals who live in the neighbourhood. The solutions have to incorporate the groups' initiatives and proposals.

Changing posture from doing for citizens to doing with them, at the same time moving from a management to a coordination role, seems to be a key point to foster a new participative approach.

It requires a strong impulse from the municipal administration to change from a dominant posture to a more nuanced partnership with citizens and to share responsibility. A faith in citizens' power of initiative and letting them be an integral part of the implementation of city policies, should be ensured. And civil servants should assume a new role as connectors within the city, demonstrating empathy and the capacity to understand all the other stakeholders.<sup>4</sup>

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<sup>4</sup> François JEGOU. Social Innovation in Cities. URBACT. April 2015. [www.urbact.eu](http://www.urbact.eu)

### **AMERSFOORT. Rethinking civic participation with citizen driven initiatives.**

The city leaders acknowledged that the municipality could no longer provide the level of services seen in the past city administration, citizen-driven initiatives were blooming. Amersfoort's leaders started to see this social empowerment as a new asset, and envisaged the possibility of re-engaging the administration in delivering public services in collaboration with citizens. As a good example, a new collaboration between the city administration and citizens started around a new street market in 2011 for local food products. After the success of this initiative, the citizens involved in the market formed a group together with other food activists and bid for the Dutch Capital of Taste Award inspired by popular empowerment and engagement in unusual citizen-driven projects, Amersfoort city leaders saw an opportunity to develop a new model of collaboration with the population. In 2013 they promoted *Samen-Foort*, ('Forward Together'). The success of these kind of initiatives and the growing recognition of the interest that all stakeholders in the city showed in them pushed Amersfoort's city leaders to declare 2014 as the Year of Change. The Year of Change is a year of collective rethinking and preparation of the reorganisation of the city administration's practices and management structure, which is being implemented progressively from 2015 onwards in order to facilitate this new model of collaboration between the city's population and its administration.

In short, the role of a city council is to provide the adequate incentives for the development of effective collaborations among all stakeholders in the urban policies and specifically in the social inclusion domain, that is, to set the conditions for an "inclusive" approach to the identification of policy priorities. But cities do not have control over many of the deep-rooted causes of poverty and social exclusion, as these are set out at the national and international level (i.e. global macro-economic trends). Cities have limited control over the structure of welfare policies, which are typically set at national level. Therefore, a strong cooperation and coordination with national governments becomes a key issue for good partnerships.

But cities can contribute by promoting better policy coordination between city departments dealing with different issues, building partnerships with NGOs, the private sector, local communities and citizens.

In some countries and in relation to aspects of poverty and exclusion, NGOs are integrated in new governance regimes; in some cases they may even situate at the core of new governance arrangements. This seems to be the case where emphasis is laid on governing through (self-governing) networks, on openness and 'pluri-formity' in making and implementing policy, on the virtues of client participation in service delivery (co-creation and co-production) and on the interplay between formal and operational policies.

Some cities are already moving towards tailor-made approaches, offering more integrated and personalised services and support (i.e. bringing services closer to communities and the creation of *one-stop-shop type centres*)<sup>5</sup>. This model contributes to the efficiency and effectiveness of social protection systems. 'One-stop shops' simplify the organisation, enhance delivery and increase take-up of services. This approach improves accessibility of user-friendly information, coordination among different levels of government and capacity that could reduce the administrative burden on both customer and provider.

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<sup>5</sup> The Liverpool City Council is a good example of one-stop-shops:  
<https://www.thelivewelldirectory.com/Services/2294/Liverpool-City-Council>

The new form of delivering social policies contrasts with the traditional welfare approach based on a passive and top-down way of delivering social services. On that respect, it deals with the adaptation of the 'active inclusion' strategy for an urban sustainable development.

Cities should foster for the production of collaborative services. In order to optimize or to integrate the supply of public services or in order to meet new emerging social needs, through the direct involvement of the final-user of a service in the process of planning, infrastructuring and provisioning.

To create services that are more personal with less funding available will require delivery models that embrace citizens more actively. Engaging citizens in public services is about unlocking their knowledge, skills and personal experience. When combined with the training and expertise of professionals, volunteers can create better experiences for service users. Successful public services will increasingly find their role as creating connections between people, rather than reinforcing divisions.

We should consider that poverty undermines people's skills to engage with and participate in policy making. If life becomes a day to day struggle to survive, there is no energy left to engage with democratic processes. The democratic processes often seem very remote and irrelevant for the poor and they think that their concerns and voices will not be listened.

### **French Cities in the Making: the "Habitat Participatif" Movement**

Over the last fifteen years, France has witnessed a resurgence of interest in residents-led housing projects as a response to the difficulties that a growing number of households encountered in getting access to housing due to the economic, financial, and real estate crisis. In particular, middle-income households – until then protected by their level of education and social integration – have seen their chances to get access to decent and affordable housing, especially in major cities and towns, seriously undermined. Grown out from the mobilisation of groups of residents, the *habitat participatif* movement has also acquired a national and institutional dimension due to the creation of national networks and the involvement of social housing promoters and other institutional players. The dialogue among the different stakeholders culminated, after a long process of public consultation and discussion, in the legal recognition of the *habitat participatif* in the *Loi ALUR*. On the one hand, the law defined *habitat participatif* as a "citizens-based initiative that allows individuals to associate, if necessary with legal persons, in order to participate in the definition and design of their individual dwellings and common spaces. Emphasis is placed on sharing and solidarity, since the *habitat participatif* is meant to promote "the construction and the supply of housing, as well as the development of collective spaces, under a logic of sharing and solidarity between inhabitants. *Habitat participatif* represents more than a means to get access to housing by way of sharing common spaces and services; rather, the values it promotes and its structure deeply affect the role individuals play within the community and in the city.

<http://www.urbanisme-puca.gouv.fr/seminaire-l-habitat-participatif-les-derniers-a1048.html>

Modernisation of social policies requires systematic introduction of ex-ante result orientation in financing decisions and a systematic approach of the role social policies play in the different stages in life: from education via work/unemployment to sickness and old-age. In particular, the modernisation

of social policies entails giving activation measures a more prominent role. This enables people to actively participate to the best of their abilities in society and the economy.

Resources for social policies are not limited to those from the public sector. A non-negligible part comes from people and families. In addition, non-profit organisations provide social services on a substantial scale. These range from homeless shelters, support for the elderly, people with disabilities, to advice centres on social benefits in general. Social enterprises can complement public sector efforts, and be pioneers in developing new markets, but they need more support than they are receiving now

Accessible information, such as on job search services, unemployment benefits, child allowances, healthcare, or student grants, is essential for equal opportunities and citizens' participation in the economy and society. New forms of delivery should facilitate citizens' access to such information, including persons with disabilities and the elderly. Further, local authorities should provide people with more accessible information on their social rights.

Social innovation is another key ingredient of the new ways of delivering social policies. It takes place really when the mobilisation of the institutional and social forces reach the human needs and at the same time increase the power of the especially excluded groups.

New capacities and changes in the social relations towards a new system of more inclusive and democratic governance is needed. It is expected that previously passive and silent social groups, arise awareness of the social nature of their needs and rights achieving new capacities to articulate collectively their needs.

Local authorities and their local partners should boost the creation of capacity for social innovation backing new organisations and adapting the already existent, including the support to the independent organisms of the third sector as well as the creation of units in the public sector. Social innovation also contemplates new mechanisms in the domain of social exclusion and poverty through renovated procedures to establish new rapports between the public sector and people experiencing poverty. For instance, understanding the behaviour of those people affected by poverty in the daily life and what initiatives would they will like to develop joining other people and local organisations.

We should have access to a better and deeper understanding of the motivations, values, and expectations of those people experiencing poverty and exclusion. It deals with building a new narrative of transformation associating people's resources with those of the community and the public sector.

### **Experts by Experience in Poverty and in Social Exclusion. Innovation Players in the Belgian Federal Public Services**

Experts by experience in poverty and social exclusion are social inclusion professionals that have experienced different forms of poverty and exclusion. It deals with including people living in poverty in the management of the policies which concern them. They are at the heart of a new and inspiring methodology. Among other things, they contribute to better frontline reception and better identification of the needs and sources of misunderstandings between administrations and people living in poverty. Participation is the true origin of this new function, because, regardless of our level of responsibility, we have to understand that the fight against poverty is not possible without the direct and constructive involvement of people who, themselves, actually live in situations of poverty. It is a matter of principle, but also, a question of effectiveness. Innovation, participation and commitment are the keywords for this project, which is unique of its kind in Europe. The experts by experience are recruited on the basis of a full-time employment contract in the FPPS Social Integration, The general objectives laid down for this project were: the integration of the human dimension of poverty within the federal public services, Improvement of accessibility to the federal public services for all citizens, in particular for those people who were in a poverty situation, in order to contribute to the realization of fundamental social rights for all.

[http://www.mi-is.be/sites/default/files/documents/goede\\_praktijkenboek\\_engels\\_def.pdf](http://www.mi-is.be/sites/default/files/documents/goede_praktijkenboek_engels_def.pdf)

Social Innovation is an essential element of social investment policy since social policies require constant adaptation to new challenges. This means developing and implementing new products, services and models, testing them, and favouring the most efficient and effective. “Social policy innovators” need an enabling framework for testing and promoting new finance mechanisms, for instance, and measuring and evaluating the impact of their activities.

#### 3.2.2. Regarding the implementation challenge, the following should be faced by the URBinclusion partners.

- > The city leaders should adopt a new role for their administration in which it behaves as a broker, ensuring that all parties are around the table, encouraging them to take part and sharing with them the burdens of public action.
- > Boosting a user approach, experimenting with new forms of collaboration with citizens, taking risks by giving them assignments and so on. Municipalities should reconnect with citizens, restarting from users’ needs and finds to achieve a better position to think up more appropriate administrative mechanisms and design more user-friendly and cost-efficient public services, introducing a co-creation and co-production approach in the field of social policies.
- > New arrangements of cooperation with community groups, with social economy organizations and with inhabitants to deliver social services in a shared way.
- > Searching for new ways to identify social needs and for a new understanding on how people experience poverty

## 3.3. Setting up efficient indicators and monitoring systems to measure performance

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### 3.3.1. Linking the URBinclusion topic with the challenge.

Measuring results in the field of social inclusion and poverty is particularly complex due to the combination of factors that are influencing both the problem and the result. It doesn't deal only with performance indicators. Many will say that they already have 'key performance indicators'. But performance indicators are efficiency indicators (measuring the output per input ratio) and as we know from history being more efficient about doing the wrong actions does not always produce a good result. We are less comfortable in framing the objectives that we are trying to achieve and specifying what result would constitute success.

Cities have to reflect on: 'What is the changed situation in the future that we wish to achieve? How will we measure that we have achieved it?' Indicators have to refer to a future desirable neighbourhood configuration based on a set of results and outputs that we can control and manage.

It deals, so, with decision making in the public sector. Cities need to identify which results were caused by their own actions and which by those of others. Measuring the reduction of social exclusion and poverty in specific urban areas needs a strong evaluation framework to measure impacts and outcomes. We should be able to identify how social policies addressing the multiple dimensions of poverty work in reducing poverty. It is essential to get a preliminary understanding at city level of:

- 1) How low income, unemployment, health, education ethnic background, public spaces, social housing, etc., explain poverty; and, consequently,
- 2) How cities interpret and analyse the causality relations when poverty factors are clustered and interrelated.
- 3) The existing monitoring systems of our cities only track statistical data, and lack indicators to capture qualitative results.

Cities consider that it is inherently difficult to measure the impact of integrated interventions in deprived urban areas specifically due to the diversity of the local community. Increasing poverty levels have determined an extremely variable and multifaceted reality and monitoring mechanisms currently in place in many cities do not fit for purpose.

Usually, the lack of credibility of public policies in the field of social exclusion can be understood because public programs implementing social policy show a lack of credible evidence on what really works and what doesn't, without demonstration of the causal relations between policies and results. Social innovation especially in the form of social experimentation could become a very strong tool in this domain.

A coherent set of indicators to measure situations and monitor developments of urban poverty (which means including specific spatial items), comparable to the AROPE--indicator at the level of the general population should be adopted. To steer the national policies and actions on a European scale, the key indicators to monitor the progress towards the five targets of the European 2020 strategy should be used.

Indicators should be developed at the lowest appropriate level. The discussion around indicators should be introduced in the local groups, composed by neighbourhood associations, private stakeholders and the local authority, participating in the implementation of urban sustainable development strategies. Indicators exclusively owned by their users have to be re-formulated and co-produced in a logic of inclusiveness. In any case, we should not forget that appropriate indicators at a very local level are not always available.

There is also a lack of understanding of the timescales of measurability – for some people experiencing poverty, it is a much longer process of moving from intervention to impact. Once the policy is terminated, it can be updated and used to document lessons learned about what really happened.

Likewise, cities agree that the introduction of an integrated, horizontal management system, in particular for the coordination of the cooperative effort of local stakeholders, can contribute as a source of data and information for the evaluation process.

Lastly, even though adaptation to local variables and determinants is key for the effectiveness of any evaluation system. Cities should work together on this issue continuously exchanging views and trying, as much as possible, to identify indicators and evaluation protocols that can make the heterogeneous reality of deprived neighbourhoods in Europe somehow comparable and facilitate the delivery of cross-city, cross-regional and cross-countries studies. Universities and research centres can provide a valuable contribution in this direction.

## The New Deal for Communities Programme

The New Deal for Communities (NDC) Programme is one of the most important Area Based Initiatives (ABI s) ever launched in England. Announced in 1998 as part of the government's National Strategy for Neighbourhood Renewal the programme's primary purpose was to 'reduce the gaps between some of the poorest neighbourhoods and the rest of the country'. The NDC Programme is delivered in 39 defined neighbourhoods. In order to moderate these cumulative, inter-related, problems NDC Partnerships were therefore set up to:

- Design and implement strategies to help regenerate these areas over ten year
- Achieve change across the Programme's six outcomes, three primarily relating to place (crime, community and housing and the physical environment) and three people (education, health and unemployment)
- Maximise the positive synergies across outcomes, which might, for example, arise for worklessness and crime as a result of major housing refurbishment schemes
- Engage intensively with local residents in order to improve the quality of decision making

The Programme was premised on, and the evaluation therefore informed by, a particular theory of change. This theory of change, had implications for the design of the national evaluation. In order to assess the success of the Programme, the evaluation analyses change data across these 39 areas and to benchmark that change against what was happening elsewhere. Moreover, in order to highlight and explain change across the Programme, it was also important to ensure that consistent data was obtained from each, of what was a relatively small 'population', of 39 neighbourhoods. In addition as the Programme was seeking to create change in relation to six defined outcomes, the evaluation explores and helps explain, change with regard to each of these and also to identify inter-relationships across outcomes. And finally the design of the Programme meant that the evaluation would need to examine the effectiveness of a delivery model based on close partnership working with other agencies, and a strong commitment to community engagement.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/414648/NDCevaluationphase2\\_0315.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414648/NDCevaluationphase2_0315.pdf)

### 3.3.2. Regarding the implementation challenge, the following issues should be faced by the URBinclusion partners.

- > Improving a monitoring system that should capture the complexity of an area based approach where different policies, services and stakeholders are involved.
- > Differentiating between output and outcome evaluation, measuring the complex process from exclusion to inclusion.
- > Ensure the participation in the monitoring and evaluation process of the different stakeholders involved in social inclusion issues.
- > Defining new monitoring procedures including innovative and creative actions with inhabitants and local organizations, beyond the traditional bureaucratic and administrative monitoring of the public sector.
- > Measuring achievements that could be associated to the implementation of the integrated approach and to the involvement of local stakeholders. How to measure their added value.

## 3.4. Moving from strategy to operational action-plan

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### 3.4.1. Linking the URBinclusion topic with the challenge.

This challenge has a strong dependency of other challenges, for instance, with the integrated approach and with involving stakeholders. The depth of those challenges has made it difficult to move to operations. Likewise, the diverse nature of the community, the continual flux in populations, people moving around and how poverty is affecting different social groups in the community, makes operational aspects of any strategy more difficult to implement.

It deals with engagement of stakeholders from inside and outside the local authority in the extent that an action plan needs that those compromises become operational responsibilities, including decisions, management and monitoring of actions.

The challenge is shaped by a combination of the magnitude of complex relations, the different levels of public authority, professional and personal skills and the construction of viable organizations with necessary decision power.

We should not forget that urban poverty is crossed by different public policies where diverse public and private stakeholders are involved. Often, poverty has to be faced not only by a municipality but a set of local authorities sharing the same problem in a functional urban area. This makes the operationalization of strategies even more complex.

In fact, the strategic approach has to be “translated” into operational language of projects and continuous tasks and services carried out by several units (departments) of a local authority and external entities representing different approaches. That requires implementing suitable structures and information system (“common language”) to develop proper coordination and complementarity of activities in an open, transparent participatory sequence of actions.

On the other hand, the participatory approach demands prior educational and promotional activities to ensure the participation of the widest possible range of stakeholders in the implementation process and to reduce the traditional aversion and resistance to changes in the public sector. This leads to developing integrated procedures for public-private partnerships in the implementation processes.

The long-term view has to be real framework of the operational actions to be implemented. Coherence between strategic goals and practical operations and projects to be implemented should be ensured. Not always these links are clear showing that the implemented actions really contribute to the strategic goals and the expected results.

A huge effort to endow local managers with the strategic vision becomes one of the core elements that should be reinforced. Usually local managers and civil society volunteers are more concerned with short term results and with managing specific activities and services and not with sustainability and long term strategies.

Moving from operational action plans to strategy is the other side of the coin that should also be considered. Often, local agencies and services deliver several services and implement diverse activities without having a general strategy that encloses them in a coherent way.

Achieving a real success in the long term requires very effective and efficient structures, organizations and procedures of decision making, within the municipal institution and beyond. In short, new

approaches, mobilizing users, boosting proactive methods, are needed to ensure that people experiencing poverty become real participants in building their own solutions.

### **SucceS: Sustainable Uplifting Client Centred Employment Support. Kortrijk (Belgium)**

The very nature of the project is to reach out into the local community of jobless and disadvantaged people. The SucceS approach represents an important effort to transform the way in which job creation, employment and welfare agencies deal with this problem in an attempt to turn around a chronic condition. The methods adopted to break through barriers to employment shall provide valuable information and experience for local authorities and service providers. This happens literally by targeted knocking on doors, but also by using existing social events and community entry points to make contact with key client groups and individuals. The project organises both fringe and formal events and activities to draw people in to develop a new relationship towards job opportunities and (re)engagement with the labour market. Basic premise of the project - to take support services designed to help access employment into the communities and to client groups with most needs – is a new practice for the city. The ongoing work of static services represented by welfare centres, job centres, citizens advice offices, interim offices are so complemented by an active approach to engage with their missing target groups. Outreach, activation and ongoing accompaniment are for the partner's innovative ways of connecting with an excluded sometimes self-excluded population. The main challenge for the project was to make contact with and actively involve people who did not necessarily wish to be approached by authority or who had mentally and physically disengaged from the day to day rhythm of work and even social contact. In this the option to visit households was a major and essential step.

One of the main challenges is associated to the participation in an urban integrated strategy of a myriad of delivery partners that are engaged with particular actions and services and that are far of a clear understanding of the whole and long term strategy. When NGOs, community organizations and external structures of the municipality are delivering different interventions, bridging and linking all these activities becomes a crucial challenge. Different delivery partners have to deal with different issues, different schedules and organizational culture.

Identifying possible legal restrictions could be an important issue when strategies become operational. Legal restrictions could avoid social innovation measures linked with new forms of management, when local people is going to be included in monitoring and evaluation or when the implementation of actions require the organization of a public call for grants.

#### **3.4.2. Regarding the implementation challenge, the following issues should be faced by the URBinclusion partners.**

- > Designing and boosting new kind of organizations and agencies within the municipality with decision and management integrating different policies, strategies and departments to intervene in disfavoured urban areas. .
- > Assuring the involvement of all kind of stakeholder in the implementation process facilitating the capacity building of inhabitant's participating in the projects.
- > Linking strategies, programs and operation in a coherent and balanced way.

- > Assuring the contribution of the implemented actions to the strategic objectives through performance indicators.
- > Managing flexibility to introduce those changes that are needed due to the complexity of social issues and changes taking place in the local context. Changes and updates should be introduced avoiding contradictions with the strategic goals. Tools of reprogramming are needed.
- > Managing in an integrated and coherent way different rhythms, schedules and financial requirements of each action included in the integrated strategy, taking into account the dependence of regional, national and European funds on poverty issues.
- > Managing conflicts between the different organizations involved in the operational management.
- > Towards new innovative procedures to ensure that the foreseen beneficiaries are the real ones. Searching new ways to identify needs and capacities of the different social sectors experiencing exclusion and ensuring that they actively participate in the implemented actions.

## 3.5. Enhancing funding of urban development policies through financial innovation

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### 3.5.1. Linking the URBinclusion topic with the challenge.

Cities acknowledge that the traditional grants culture is changing and want to understand and to foster some of the new financing mechanisms which are being developed and introduced. Sustained austerity within public finances means that cities need to think differently about how to fund their activities. This is in part driven by a need to do more with less but is also in recognition of the fact that a grants culture can create dependency whereas other more innovative financing methods may lead to greater and more sustainable impact. The challenge is related to the ability to use diverse and complex instruments for financing projects in the current budgetary situation, dealing with high levels of debt and limitations in formal and legal tools posed by the public finance system.

Nevertheless, the challenge is not only explained by the economic crisis. Funding for direct service delivery is limited, often favouring knowledge exchange, transfer etc. The rigidity of many funding options does not complement the challenging projects that may arise from new strategies.

Delivery of plans requires funding that is: flexible, medium to long-term, allows service delivery as well as exchange of practice. The challenge is also related to the capacity of local authorities to establish new cooperation links with the third sector organizations and social economy, designing and fostering new financial tools like community funds, crowd funding mechanisms, mobilizing local people and local networks.

Micro-finances supporting new community services and activities is a crucial dimension. Often, the pursuit of funding is reactive rather than proactive. During the formulation of strategies, they should include tracks on how they can be funded. We need to think more innovatively on how funding can be sourced but also on how services and projects can be delivered.

Some cities have established strategies and good practice of using co-operative models and social enterprises as a different way to deliver service. Cities are interested in exploring new funding options that will support their strategies in this way.

Some European cities are also studying and analysing the implementation of a local/social currency to be tested in some areas of the city. The experiences of local or complementary currencies are increasing across Europe, as we can see for example in Bristol, Nantes, and Toulouse, Sardinia or the REGIOGELD currencies in Germany. Local currencies aim to enforce their communities promoting local activities and facilitating access to credit to microenterprises. A local currency can also be used to pay social aids to the most vulnerable population.

### **SOCIAL CURRENCY. THE BRISTOL POUND**

The Bristol Pound is one of the many local, alternative and complementary currencies that have emerged across Europe. With the growing problems with the financial and monetary system, doubts and mistrust increase as well as their negative, local effects. Local money, complementary to our current currencies, can contribute to a strong and resilient local economy and “has the potential to strengthen local communities, by enhancing relationships, and offering an alternative reward for services, and by enhancing a local identity” (Boonstra et al. 2013: 5). However, implementing and maintaining a complementary currency requires a lot of work, as the example of the Bristol Pound shows. The Bristol Pound was launched in September 2012 and both individuals and organisations can exchange GBP sterling for Bristol Pounds at a rate of 1-1. The resulting Bristol Pounds can be either a digital deposit or paper pounds issued by various cash point traders across the city. The social impacts have also been very positive. The act of using Bristol Pounds typically makes people feel more connected to their community and the city.

At European level Member States still make insufficient use of more innovative approaches to financing, including by using participation of the private sector and financial engineering through instruments such as micro-finance, policy based guarantees and Social Investment Bonds which should strive for budgetary savings.

As laid out in the Social Business Initiative<sup>6</sup>, social entrepreneurs play a crucial role in promoting social inclusion and investment in human capital. Social businesses need however easier access to private finance, to help support their activities and allowing them to expand. The Social Business Initiative launched by the European Commission in 2011 identified three strands of action to make a real difference and improve the situation on the ground for social enterprises:

1. Improve the access to finance
2. Give more visibility to social enterprises
3. Optimise the legal environment

In addition to proposing a support fund for social enterprises as part of the Programme for Social Change and Innovation starting in 2014, the Commission has also proposed a regulation setting out a European Social Entrepreneurship Fund label to help investors easily identify funds that support European social businesses and access key information about the social entrepreneurship funds.

Social Impact Bonds, which incentivise private investors to finance social programmes by offering returns from the public sector if the programmes achieve positive social outcomes, are amongst other avenues to be explored.

<sup>6</sup> [http://ec.europa.eu/internal\\_market/publications/docs/sbi-brochure/sbi-brochure-web\\_en.pdf](http://ec.europa.eu/internal_market/publications/docs/sbi-brochure/sbi-brochure-web_en.pdf)

### **SOCIAL IMPACT BONDS in ROTTERDAM**

In December 2013, the municipality of Rotterdam signed a social impact bond worth €680 000 with investors ABN Amro and Start Foundation and provider Buzzinezzclub. Investors will be paid returns up to 12% per year if Buzzinezzclub is successful in helping 160 unemployed young people without basic qualifications to find work or go back to school.

To raise money for the implementation of initiatives promoted by citizens, associations, enterprises, to solve specific local urban problems some cities plan to coordinate local task forces in order to analyse if and how to launch a crowd funding and crowd sourcing platform. For the success of the platform it would be critical to sign previously an agreement with the third sector and main local stakeholder's committing to promote urban development so that to have good chances that platform will be used by all local actors to collect resources and engage citizens.

Crowd funding helps communities to come together to invest in their own spaces and places and /or to improve the environment where they live. This is often called 'civic crowd funding'. Civic crowd funding appears to be the ideal antidote to diminishing municipal budgets. Like conventional crowd funding, civic crowd funding provides a web-based venue for project designers who solicit donations from individuals and organizations. It focuses on community-development rather than product-based proposals. It describes "collective cooperation, attention and trust by people who network and pool their money together, often via the Internet, in order to support efforts initiated by other people or organisations.

### **CIVIC CROWD FUNDING: The Future of Paying for Community Projects**

Civic crowd funding, is a joint venture between citizens and the local government to benefit their town or city. Sites like [Citizinvestor](#), [Neighbor.ly](#) and [IOBY](#) are providing a platform for governments and citizens to suggest community projects for the town and then raise the money to fund it. The process is simple. Like ordinary crowd funding, an idea is posted to one of the sites by either the government or an individual. People can then donate funds to the project online, assisting the government with the cost. Civic crowd funding has been operating on a small scale, but nonetheless, it has been executed with great success. Between 2010 and 2014 there were 1,224 civic campaigns with a total of \$10.74 million raised averaging about \$6,357 per project. The greatest success though is that on Kickstarter, a popular crowd funding website, 81 percent of projects labelled "civic" were fully funded.

<http://nationswell.com/civic-crowdfunding-community-projects-citizens-governments/#ixzz4Xqrib4LN>

3.5.2. Regarding the implementation challenge, the following issues should be faced by the URBinclusion partners.

- > Designing and boosting civic crowd funding platforms involving municipalities, third sector organizations and citizens to collect new financial resources for the community projects.

- > Lobby funders to reduce the short-term nature of funding which often stifles innovation and real change in poverty reduction and in deprived neighborhoods.
- > Looking for innovative solutions to diversify financial resources. Establishing new agreements with the private sector to address social goals, particularly considering the ISB (Impact Social Bonds) approach.

## 3.6. Setting up Public Private Partnerships for delivery

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### 3.6.1. Linking the URBinclusion topic with the challenge.

The rise of impact investing, the growth of social enterprises, the professionalization (concerning forms of governance, management and ways of production) of third sector organizations and a growing community of traditional businesses committed to making a positive difference to their social and environmental surroundings has led to the creation of a complex ecosystem of actors committed to using their different skills and networks to overcome entrenched social issues.

Over the years some private organizations and groups have proved to be very effective in supplementing the roles played by the public sector. NGOs and community groups have in many instances demonstrated their capacities in reaching the poor and disadvantaged with a variety of services, ranging from motivational to educational and health-related activities.

Even private businesses and corporations have established reputations in providing quality services that respond to market needs in several welfare services. In some cases, they have co-operated with governments in providing effective and efficient management of government-financed or subsidized services. In other cases, the private sector (both for-profit and non-profit) has addressed market needs by providing services that supplement government services. Under appropriate circumstances, forming partnerships between the public and private sectors can open up opportunities for additional resources, improved service coverage, and enhanced quality in services

In applying the concept of public-private partnerships, we look for public and private collaborations that can provide quality welfare services more efficiently, effectively and equitably. Through appropriate arrangements, partnerships are expected to utilize and explore the combined strengths of the partners that are involved. This is not to diminish the respective role of either public or private sector.

The role of the government is important, but the function of the private players that are also involved in financing and providing the services cannot be excluded in the overall development strategy to improve welfare services.

The fact that welfare services as health, education, employment, social housing, are generally classified as public goods means that the exclusive reliance on market and community initiatives will not result in social efficiency and equity. To protect the needs of all, governments have a unique role to play and they need to work closely with all committed players, profit-oriented organizations, NGOs, to assure that no one is left out of the process. To this end, the local government needs to create an enabling environment and establish an appropriate mechanism to control quality, and ensure transparency and accountability for the delivery of the required services.

There is no single institution or policy that can effectively address social ills, which is why a collaborative and systemic approach is needed. The starting point is the recognition that citizens –as well as private organizations and institutions -are both a depository of collective common wealth (or assets) and of common liabilities (current and future), and that both are largely quantifiable in terms of current and future value and related costs, savings and returns.

Mapping the different issues affecting a specific community, their various components and often interdependent relations, the stakeholders concerned and the possible solutions which can be put in place, means organizing new inter-sectorial and inter-organisational partnerships, developed around shared outcomes linked with social inclusion issues. It deals with assessing the value of available goods and services of public interest for all the stakeholders involved in the partnership, as well as the costs associated to maintaining, scaling -up, adjusting or replacing those same goods/services as required by a changing situation. As well it allows -us to build new funding and action models to drive systemic change.

### **Re-Vive: the Ekla project**

In Brussels, the Ekla project aims to decontaminate and redevelop a 6,200sqm former industrial zone in Molenbeek, next to the city's West station, to become one of the three most important intermodal hubs for public transportation in Brussels. Belgian company Re-Vive, specialized on urban brownfield sites development, has allocated €32m to build 53 apartments for affordable housing (to be built by the public local supplier Citydev), 40 apartments for social housing, 50 student housing units suited for students in need of financial support, a primary school, day nursery, retail spaces and a social innovation hub and offices. Once completed, the buildings will be sold to end investors (impact investors or social funds). To this end, Re-Vive has been working together with regional investment agencies and funds such as Citydev (Brussels) on the affordable housing front, or for the school. The neighbourhood is characterized by both poverty and unemployment, with a large immigrant community; however, its inhabitants are also young and very entrepreneurial: the social innovation hub will build on this potential by offering not only office space, but also business support. The use of the building as a hub for cultural events and exhibitions before the opening of the construction -site allowed Re-Vive to establish a trusted relationship with local artists, who acted as intermediaries with the local community, which was instrumental to attract the attention and support of local authorities.

## 3.7. Setting up smart public procurement

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### 3.7.1. Linking the URBinclusion topic with the challenge.

The new EU public procurement system<sup>7</sup> allows public bodies to pursue socially responsible public procurement and set a positive example to encourage enterprises to make wider use of social standards in the management, production and provision of services. This includes the following:

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<sup>7</sup> More details on the EU procurement and concessions directives can be found here: [http://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/index\\_en.htm](http://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/index_en.htm)

- > The awarding of a contract will no longer be dependent on price alone if a company commits to helping integrate disadvantaged persons

Public purchasers can choose the tenders that provide more social advantages, such as a company employing the greatest number of long-term unemployed or disadvantaged persons to perform the contract. The awarding of a contract can also take into consideration if the employee working conditions of a contract go beyond legal requirements, are intended to favour the promotion of equality between women and men at work, increase participation of women in the labour market, and/or help better reconcile employees work and private lives.

Under a new 'social clause', public authorities will need to ensure the respect of obligations in all public procurement procedures. These include national or EU social and labour rules, applicable collective agreements and/or international law. Tenders may be excluded if they do not comply with social or labour law obligations.

- > Reserved tendering procedures for companies that promote the integration of disadvantaged persons

Under the new rules, contracting authorities will be able to restrict some tendering procedures for all types of work, services and supplies to 'sheltered workshops' and social enterprises. To participate in reserved procurement procedures, 30% of the company's employees must be disadvantaged.

Contracting authorities will also be able to reserve the right to participate in award procedures for social services for a period of up to three years. These include certain health and social services; certain education and training services; library, archive, museum and other cultural services; sporting services; and services for private households and non-profit companies with a public service remit based on employee participation.

The opportunities to promote social inclusion within the public procurement system can be included in a public contract at four different stages of the procedure, during:

- the definition of the subject-matter of the contract and technical specifications
- the qualitative selection of the undertaking (exclusion clause or selection criterion)
- the choice of the most advantageous tender (award criteria)
- the performance of the contract (conditions of performance)

The new public procurement rules provide a 'light touch regime' with a higher threshold to social services, health services, cultural services, educational services, certain legal services, and hotel and restaurant services. For these services, the EU public procurement rules will only apply to contracts above €750 000 (compared with €209 000 for other services).

In some instances, the traditional procurement process has been opened up and moved away from a purely monetary approach (getting the cheapest service) to focus increasingly on quality criteria (purchasing innovative products and services) (Adams 2014).

This has been the focus of a Danish pilot project, [Innovation on the shopping list](#), coordinated by Mind Lab and the Business Innovation Fund. Based on the experience of civil servants, it is presenting the long-term benefits of using public procurement differently in order to reorient the way municipalities and regions purchase services in the welfare sector. It has developed a practical tool to enable cities to envisage how they could transform their public procurement procedures.

Purchasing power can also stimulate new economies, as in the example of open data collaborations, but this raises particular issues in a complex regulatory world of procurement. Cities will need to find new ways to allow experimentation and innovation prior to committing to final purchases, but without giving privileged advantage to particular companies.

#### **United Welsh Housing Association: Splitting contracts to enable SMEs to participate**

In two housing refurbishments in Cardiff, United Welsh piloted a direct management approach – purchasing the materials and procuring local SMEs on a labour-only basis. The value of each contract was therefore much smaller and viable for local SMEs to bid for. This maximised opportunities for local businesses and workers, provided the client with better control of the development process, and produced a 20% cost saving. There is a widely accepted approach for including social/community benefits within contract conditions. Where an appropriate policy has been adopted these requirements can form part of the subject of the contract and be used in awarding the contract. This method is more robust than using a voluntary charter or corporate social responsibility approach where the contractor, rather than the client, decides what to deliver and what information on outcomes to provide.

<https://www.jrf.org.uk/report/tackling-poverty-through-public-procurement>

## 4. Provisional Conclusions

- > A new context of social exclusion and poverty is challenging our European cities. Social and urban cohesion are at stake because poverty is growing or, at least not reducing, despite the financial crisis is decreasing. Poverty affects new social sectors and produces urban segregation.
- > At the same time, and as this document shows, a myriad of initiatives, projects, local networks and new stakeholders are creating an ecosystem of innovation in the field of social exclusion with new answers to the mentioned problems: associations and community groups at neighbourhood level, firms, urban authorities, NGOs, and individual citizens, are creating a new scenario responding positively to social exclusion and poverty in cities.
- > European cities are committed in findings new models, approaches and methods that allow the delivery of new welfare services in a more efficient and effective way. Likewise, they share the idea that a “democratization” of the services delivery is needed, through an active involvement of people experiencing poverty.
- > Strategies and local plans of cities are usually focused in different social exclusion fields: employment, education, poverty, homelessness, social housing, etc. Most of them focusing their actions in specific urban areas where poverty is clustered, while others are more oriented to a people approach.
- > One of the main challenges that cities should face is the integration of social inclusion and poverty policies with other urban development dimensions. Social inclusion is linked with physical regeneration of deprived areas, with economic development, with mobility, with environmental issues. Impacts in all these dimensions will have positive or negative impacts in social inclusion.

- > New forms of partnerships and cooperation with civil society organizations, with community groups and with private sector, are needed for a shared delivery of welfare services. It deals with innovative procedures to identify emergent social needs and to create solid bonds with people experiencing poverty and exclusion. Monitoring and performance measurement are, as well, key ingredient of this new approach.
- > Cities have to transform their strategies in operational interventions, searching for new organizational structures and networks, coordination and shared management with community and institutional stakeholders, assuring coherent links between strategies and operational actions.
- > Financial alternatives to boost community projects, beyond the traditional financial sources and structures becomes a key dimension of the new social policies at local level.

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