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Towards an urban agenda in the European Union

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INTRODUCTION

Europe's towns and cities remain its primary source of wealth creation and the centre of its social and cultural development. However, there are rising problems relating to rapid economic adjustments, unemployment, environmental conditions and traffic congestion but also poverty, poor housing, crime and drug abuse.

Policy efforts in Europe already address many of the problems affecting European cities; but these efforts have often been piecemeal, reactive and lacking in vision. It is clear that new efforts are necessary to strengthen or restore the role of Europe's cities as places of social and cultural integration, as sources of economic prosperity and sustainable development, and as the bases of democracy.

At the European level, the European Parliament and the Committee of Regions have supported a more active intervention from the Union in urban development, and the Member States and the European Commission acknowledged their common concern about the future sustainable development of cities at the recent UN Conference on Sustainable Urban Development (Habitat II).

This Communication examines possibilities for improving urban development and for increasing the effectiveness of existing Community intervention in urban areas. The intention is not to develop Europe wide urban policies for matters which are best dealt with at a local or regional scale. However, since it is clear that cities in the European Union are facing a number of common problems, there are also opportunities at the European scale to share and facilitate potential solutions. This would not require additional powers at the European level. Rather, much can be achieved through a more focused approach using existing instruments at national and Community level and enhanced co-operation and co-ordination at all levels.

There are two further elements which should be taken into account when discussing urban issues at EU level. First, the challenges related to urban development provide an opportunity for the EU to become a more meaningful body for its citizens by bringing tangible benefits to daily lives. It also requires a more explicit recognition of the importance of local democracies, the level of political authority closest to the citizen. Second, cities play a crucial role in underpinning a European model of society, based on equal opportunities regardless of gender and ethnic origin. Whilst urban authorities cannot be the sole agencies to act on these large issues, they should be fully involved in the policies related to these matters, as there can be no effective solutions on the ground without their active participation.

This Communication is structured into four parts. The first part sets out the key challenges which affect all cities to a greater or lesser degree. The second part takes stock of existing EU policies which have an impact, directly or indirectly, on cities. The third part proposes some directions for future actions and the approach which urban policy in Europe could take as a starting point for debate. Finally, fourth part proposes a follow-up of this communication, in particular the organisation of an Urban Forum in 1998.

1. CHALLENGES FACING EUROPE'S CITIES

Some 80% of the European population lives in towns or cities, making Europe the most urbanised continent in the world. Although there is a great variety in European urban areas, they face common features which are briefly summarised in this first section.

1.1 Cities in a changing context

Around 20% of Europeans live in larger conurbations of more than 250,000 inhabitants, a further 20% in medium sized cities and 40% in towns of 10-50,000 inhabitants. London and Paris are the only two European agglomerations with approximately 10 million inhabitants.

Demographic data confirm that the urbanisation of European society is continuing, although at a slower rate than in previous decades.

The population growth of cities is a result of natural growth rates, inflows from rural or less prosperous areas and from migration especially from third countries. At the international level, the EU has been an important destination for immigrants and this has helped to offset the trend of population decline. In 1990 for instance, an estimated 2,1 million persons entered into the Member States from abroad, while almost 1 million people left the EU. Apart from Ireland, all Member States nowadays are experiencing net immigration. Estimates for the period 1987-1991 suggest that two thirds of immigrants have moved into large industrial agglomerations and capital cities.

Other cities, however, have experienced declining population during the 1980s. The disappearance or relocation of traditional employers and suburbanisation are the main causes for this decline. Brussels, London, Paris, Lille, Porto, Hannover, Torino, Barcelona, and the Randstad cities in the Netherlands are all examples where the centres of the city have lost population compared to their periphery. This dispersal of home, work and leisure facilities entails, *inter alia*, an increasing need to travel.

In terms of economic performance, larger cities remain the main source of prosperity, and they contribute disproportionately more to regional or national GDP compared to their population, reflecting the higher productivity of cities. However, GDP growth has often been of a 'jobless' nature. For instance, the urban regions of Brussels, Rhine Ruhr and London had annual GDP growth figures of 5% to 6%, while annual employment creation over the same period was +0,2 (Brussels), +0,1 (Rhine-Ruhr), and -0,2 (London). Similarly, some medium-sized cities, such as Parma, Rennes, Cambridge, Braga and Volos, have continued to grow on the basis of economic success.

In most cities, total employment increased during the period since the mid-1980s due to the significant expansion of the service sector, which represents today some 60% to 80% of all jobs in cities and which in most cases compensated for the loss of industrial employment. Roughly one third of service jobs is situated in the non-market sector of services, which includes public administration, education, health, community and social services, as seen for example in cities such as Brussels, Rome, Helsinki, Stockholm and Copenhagen. In many cities, however, the growth of non-market services is limited by constraints on public expenditure. As far as the other 2/3 of service jobs are concerned, they are mainly in financial services, insurance, transport and communications, retail trade, and hotels and restaurants.

The cities which have had the greatest difficulty adjusting to changing circumstances are those formerly dependent on resource based industries or situated in regional economies which depend on a traditional agricultural sector. Cities in the east of Germany have specific difficulties, especially as they are undergoing the rapid restructuring which lasted for decades in other EU cities.

It is clear that the future development of cities will be structured by different elements than in the past. An increased importance will be gained by service activities, such as telecommunications and transport, biotechnology, high-tech business, international trade and retailing, and by the development of the information society¹ as well as education and research. Also, the environment and broader quality of life conditions are becoming increasingly important factors which influence the location of new activities. Cities therefore face the challenge of adapting themselves continuously to rapid changes in economic sectors and in other fields. This new mode of development implies the risk of a further dualisation of urban societies, and raises the challenge for retraining the labour force on a continuous basis.

1.2 Cities, unemployment and social exclusion

While problems of data availability are considerable, estimates tend to confirm that urban unemployment is above the EU average. The densely populated zones of the EU had an unemployment rate of 11,9% in 1995, compared to 10,8% for the rural areas, and 9,0% for the areas which have semi-urbanised characteristics, and which are often situated close to highly urbanised centres². The EU average in 1994 amounted to 10,8%. The average numbers hide different realities. Some cities have relatively low unemployment rates (e.g. Milan, Frankfurt), while others exceed the national and European averages by at least a fifth (e.g. Brussels, Birmingham, Köln, Copenhagen, Naples, Palermo, etc.).

The present development of new economic opportunities in many cities is widening social and economic disparities. While the better qualified part of the labour force is able to compete in an open economy, a more vulnerable group has emerged which lives in permanent or semi-permanent exclusion. Educational attainment and access to the labour market have become major factors dividing the urban population. Important in this respect is that half of the EU unemployed are long term unemployed, whereas in densely populated areas, long-term unemployment amounts to 56,1% of total unemployment. In cities, multiple deprivation is expressed in rising poverty and homelessness, by social isolation, bad housing conditions, drug abuse, and criminal behaviour.

In many European cities, exclusion has led to the spatial segregation of social groups in neighbourhoods with poor facilities. This pattern has long been present in Northern European cities, and it is growing as well in cities of Southern Europe. Some urban neighbourhoods within bigger cities have unemployment rates above 30% (see annex I), and very low educational attainment rates. Also, social exclusion in many cities overlaps with the cultural and linguistic diversity of many neighbourhoods, where the educational system faces specific demands. It is by now increasingly recognised that spatial segregation is not only a social problem in terms of employment, education and low quality of housing, but that the socially deviant behaviour which results from segregation harms the general economic attractiveness of the city.

¹ See also COM(96)607 of 27.11.96: 'Europe at the forefront of the Global Information Society: Rolling Action Plan'.

² Data from the Labour Force Survey for 11 EU countries (not for Luxembourg, Austria, Sweden, Finland). Densely populated zones have more than 500 inhabitants per km², and cover 50% of the EU population. Rural areas have less than 100 inhabitants per km², and cover 22% of the population. 28% of the population lives in intermediate zones, which have between 100 and 500 inhabitants per km².

1.3 Imbalances in the European urban system

Globalisation and the shift from industries to services have not diminished the importance of space for economic development. In particular, metropolitan areas located at strategic and well equipped nodal points are likely to gain considerable influence at the expense of more peripheral and less well equipped towns and cities. The dominance of such areas can especially be seen in transport connections. In 1993, the London-Paris airline link carried twice as many passengers as any other route in Europe. Crucial for the spatial balance of urban development is the equipment of cities with services which allows them to attract modern market activities. Peripheral gateway cities such as Athens, Valencia, Palermo, Thessaloniki, Belfast, Lisbon and Seville, and industrial cities such as Turin, Glasgow, and Bilbao, face disadvantages in this respect compared to central gateway cities such as Antwerp, Bremen, Rotterdam, and cities such as Hannover, Lyon, and Vienna, which all have a more diversified range of activities and good accessibility.

The medium cities which are well connected to highly performant economies have also an obvious advantage compared to others. Medium cities in the core of the Union's territory are expected to profit more from the benefits of European integration than cities in the periphery.

1.4 Urban Environment

People in urban areas are more and more concerned about the quality of their natural and physical environment. Despite considerable efforts, many problems remain. A 1995 survey by the European Environment Agency showed that 70 to 80% of European cities with more than 500,000 inhabitants do not meet the World Health Organisation's quality standards for air. Also, the concentration of 'winter smog' affects around 70 million EU citizens in cities. In Milan, Turin, Stuttgart, Belfast, Dublin and Berlin, for instance, 'winter smog' indicators are sometimes twice above the quality standard ceiling. Finally, ozone concentrations affect around 80% of the EU population at least once a year.

Besides industry and domestic heating, urban transport is a major source of pollution. The use of the private car has grown more rapidly than any other transport means, and is predicted to rise further in the near future. The rising concentration of cars in the city diminishes the positive effects on the environment which results from cleaner car technologies. The urban environment also faces other serious problems such as the treatment of solid waste and of urban wastewater.

Apart from its negative effect on the quality of the urban environment, including noise pollution, traffic congestion reduces the mobility in and accessibility of cities, and increases the production costs of the urban economy. In London and Paris, the average speed of transport by car or by truck has been reduced to the speed that was reached at the beginning of this century with more primitive means.

Besides the very important aspects above, the physical and cultural heritage of buildings, public spaces and urban design are also important elements in the quality of life for inhabitants of urban areas.

Environmental issues are common to all urban areas but there are, of course, significant differences in the experience in different towns and cities. For example, the quality and quantity of green space that is offered: some cities such as Hannover, Evora and Brussels

devote more than 20% of their surface to green spaces, while Rotterdam and Madrid have 5% or less.

In the wider environment, urban planning in the past has not always contributed to the potential of cities and of neighbourhoods to provide various functions simultaneously. Monofunctional areas have emerged, related to specific elements of human life (work, shopping, leisure, living). Such areas reduce the potential of cities to become a space where people can develop their lives to the fullest. Change is needed to urban planning policy to allow for greater sustainability, mix and diversity, to bring back the city as a lively meeting place for all activities at all times of the day.

1.5 Fragmentation of power and integration of urban society

The principle factors of integration in urban society go beyond those of the economy and the labour market. Apart from offering work, prosperity and commerce, cities also offer opportunities for leisure, learning, and cultural development. Cities should provide a "living space" and an identity to their inhabitants.

There is a weakening sense of identity in cities, which is often demonstrated by the low level of participation in the local democratic process. Such participation is particularly poor in the most marginalised areas within cities, where the problems can be exacerbated by the presence of established immigrant communities which do not always exercise voting rights. Apart from the problem of identity, the low level of participation in elections in deprived urban areas diminishes the pressure on the administration to ensure the delivery of services in such areas.

In terms of an institutional response, cities are operating in different legal, institutional and financial systems in the various Member States. As local authorities react to challenges with the policy resources at their disposal, it is only natural that their efforts in the field of urban development will differ. According to a 1996 study, some local authorities, for instance, operate within a greater tradition of local autonomy, and wield a larger spending power compared to other local authorities in the European Union (see Annex II).

Many local authorities face the difficulty of reconciling their responsibility for resolving urban problems with their lack of institutional and financial capacity. Urban authorities are increasingly financing services which benefit the surrounding area, related to the fact that administrative borders no longer coincide with the real space of the urban area. This allows surrounding localities to benefit from efforts that are carried out by the often less prosperous population of the central city. Also, real income of urban authorities has declined over the last decade due to general restraints on government spending. In most cases, and especially in cases where social welfare spending of urban authorities has increased, this has led to a decrease in local investment.

City management is further complicated by a multiplicity of public authorities with responsibilities at varying levels, from local, regional, national to European, which can both create difficulties for the successful implementation of policy on the ground and affect the perception of citizens as to who is really responsible for their city. This fragmentation is, therefore, an obstacle to responsible citizenship.

At the same time, citizens are demanding more control over decisions affecting their lives. It is therefore becoming more important to engage the participation of local participants to

ensure their needs are addressed in implementing legislation or programmes. Also, the needs and views of women in urban development require greater attention.

However, these are only partial responses. The vital question to be answered is "Why are people no longer happy to live all their lives in the city?". The city is, in many parts of Europe, no longer a desirable place to bring up children, to spend leisure time, or to live. This erosion of the role of the city is perhaps the greatest threat to the European model of development and society and one which needs the widest debate.

2. CURRENT ACTIONS AT EU LEVEL RELATED TO URBAN DEVELOPMENT

All of the policies of the European Union have an impact in some way on Europe's cities, although this impact is not always easy to measure. The following highlights the quantitative and qualitative impact of some key actions in four policy areas which have a particular bearing on the growth and development of Europe's cities:

- policies which promote economic competitiveness and employment;
- policy in favour of economic and social cohesion;
- policies which help the insertion of cities into trans-European networks;
- policies promoting sustainable development and the quality of life in cities.

2.1 Promoting competitiveness and employment

The European Union faces the challenge of improving its competitive position in a context of liberalisation of world trade. Part of the reaction to this global challenge has been to create the Single Market, which was designed to increase the Union's competitiveness by abolishing obstacles to trade, investments, and labour mobility, and by creating an integrated economy which offers advantages of scale. In this respect, the Single Market has been the most far-reaching factor for change in recent years, and it has given a major incentive to economic performance. Within the same context of a global liberalisation and the creation of the Single Market, the EU has also decided to liberalise markets where national monopolies were dominating up until now, as in the case of telecommunications and transport.

Cities find themselves more directly exposed to global economic changes than before. This evolution has reinforced the potential of cities as autonomous creators of prosperity, and has made them less dependent on national economic developments. Much of both the external investment coming into the Union and the internal investment flows select the largest cities. This is especially true for specialist services such as banking (as in London, Frankfurt and Amsterdam). Meanwhile, international firms have generally established their European head offices in a few selected cities such as Brussels, Paris, London, Amsterdam, and for Japanese firms, Düsseldorf. The area around Amsterdam has been a major location for European-wide centres of distribution. Spain, Portugal and Ireland have received a relatively large share of the investment flows following the introduction of the Single Market, which is reflected in the good economic performance of the Madrid region and of the major urban areas of the Spanish eastern coast, and in the strong growth of the Lisbon and Dublin regions.

However, only those cities which are capable of delivering top quality services and which have good infrastructural endowments can profit from the autonomy to attract activities which have a viable future and great added value. Therefore, the Single Market and the

liberalisation of world trade has a highly differentiated spatial effect. The negative result of this can already be seen in the widening of regional disparities within some Member States. For weaker cities, global liberalisation can imply considerable adjustment costs.

The capacity of cities to innovate tends to lie at the heart of a region's economic success. Some of the more successful regions are dominated by urban areas with clusters of top quality Research and Technological Development facilities - both public and private - interlinked to an enterprise culture wedded to innovation. The Cohesion Report³ has established that there is a limited number of cities responsible for most of the RTD effort in the European Union.

The most fundamental problem facing the Union today is that of unemployment, reflecting the failure to create sufficient jobs for Europe's expanding work force. Despite efforts in the field of human resource and employment policy, the Union remains at present relatively powerless in the face of this major challenge. While increasing competitiveness especially of SMEs in internationally traded goods and services including tourism is important in terms of expanding employment opportunities, it is equally important to note that cities can also benefit from local employment initiatives which are not subject to a global logic. The Commission's Communication "A European strategy for encouraging local development and employment initiatives"⁴ has explored new opportunities for job creation, generally outside the activities where the constraints of international competition are the most pressing, both in the public and private sector (e.g. home help services and social services, environment, local public transport, security, housing, local commerce, tourism and cultural heritage).

2.2 Policy in favour of economic and social cohesion

The Structural Funds and the Cohesion Fund are the main financial instruments of the EU in the context of its regional and cohesion policy. Together, these funds amount to some 170 bn ECU (1995 prices) for the period 1994-1999, or just under 0.5% of the annual Union GDP. The Union's structural policies address directly the problems of competitiveness, restructuring and under-development affecting the regions as well as the situation of disadvantaged social groups, especially with regard to unemployment.

For Objective 1 regions - regions where development is lagging behind - the success of urban areas is crucial to their overall growth and development. Actions relating to urban development are currently estimated to absorb around 30 to 40% of total programme allocations (see annex III). Objective 2 addresses the restructuring problems of industrial areas. These generally have a highly urban character and urban development projects tend to occupy a large share of structural policies support. In some cases, more than 80% of the total support is spent on urban development actions (see annex III).

³ COM(96)542 - First Report on Economic and Social Cohesion - 1996 This Report has highlighted the existence of the so-called 'Archipelago Europe': London, Amsterdam/Rotterdam, Paris, the Ruhr, Frankfurt, Stuttgart, Munich, Lyon/Grenoble, Turin, Milan. Nearly half of all the resources under the Second and Third Framework Programmes have gone to the regions containing these urban areas which are the European centres of excellence.

⁴ O.J.E.C. No C265/3 - 12.10.1995

The Structural Funds and Cohesion Fund actions also help to improve the functioning of conurbations as a whole. Investments in public transport schemes, in the reclamation of derelict urban land, and in the treatment of urban waste water are only three examples of actions which contribute both to the growth of wider regional economies and to sustainable development in cities.

In the new context of a global economy, the educational attainment of cities is becoming increasingly important as a factor for creating economic prosperity. In this respect, actions of the European Social Fund under objectives 3 and 4, which are of a horizontal nature and therefore concern all EU cities, can complement local efforts for improving human resources. Apart from actions which focus on long-term unemployed and young unemployed, specific operational programmes under objective 3 often aim at reintegrating disadvantaged social groups into the labour market, which is particularly relevant for urban areas. Also, the Commission has stressed the importance of the learning society and the role of multicultural education in preventing social exclusion.

The Social Policy Forum, established in 1994 under the Commission's White Paper on social policy, brings together representatives of non-governmental organisations and social partners with the aim of offering citizens in Europe a means of maintaining a dialogue with the Commission. The convergence between the social dimension and citizenship in the European model of society is particularly evident in the report by the "Comité des Sages" about basic social rights which are constrained by the living and employment conditions in many urban areas.

In this context mention should be made that 1997 has been declared "European Year against Racism" which is an important statement of support for actions in urban areas characterised by significant numbers of immigrants.

Over recent years, increasing attention under EU structural policies has been paid to the socio-economic effects of spatial segregation in urban areas. In a first stage, Urban Pilot Projects (Article 10 of the ERDF regulation) have been used at the initiative of the Commission for innovative approaches in cities. The Antwerp project, for instance, established a strong neighbourhood-based partnership between community groups, various authorities and the private sector, and it succeeded in leveraging additional resources from various origins for the implementation of an operational plan with economic, social and environmental actions. The Dublin project was an innovative regeneration project, which demonstrated how the development of arts and culture can form the foundation for the regeneration of a deprived inner city district.

It was this experience which convinced the Commission in 1994 to launch the Community Initiative URBAN under the Structural Funds. URBAN is aimed at establishing neighbourhood-based partnerships in deprived urban districts to tackle development problems through integrated programmes. The Commission has also reinforced the possibilities to intervene in deprived urban areas by allowing additional state aids to small enterprises which operate at the local scale, so as to encourage investment and job creation⁵.

⁵ See 'Guidelines on state aid for undertakings in deprived urban areas', SEC(96)1706. Furthermore, aid to such enterprises can also be awarded under the so-called 'de minimis' rule, under the guidelines for aid to SMEs, and following the rules related to aid to employment.

Since the reform of the Union's structural policies in 1989, there has been a change in perceptions reflected in a growing awareness that actions to tackle social segregation in cities should also be integrated within the mainstream policy for regional development. More and more, the actions under Objectives 1 and 2 of the Structural Funds have sought to address the problems of deprived urban neighbourhoods and to ensure that new opportunities created in the wider region are also of benefit to them. In Portugal, for example, actions target the improvement of living conditions for residents in the 'barracas' of Lisbon and Porto. The Italian programmes, meanwhile, include actions aimed at improving the socio-economic development of the Pianura district of Naples. In UK, 'Community Economic Development' has been identified as a specific programme priority to concentrate resources on pockets of exceptional urban deprivation. A similar priority exists within the Objective 1 programme for French Hainaut.

Within the sphere of horizontal actions for human resource development, the Commission launched INTEGRA as part of the Employment Community Initiative of the European Social Fund. INTEGRA finances actions in deprived urban neighbourhoods combining a local approach to neighbourhood regeneration with employment initiatives. These actions aim at raising the awareness of the beneficiaries towards an integrated approach, which should simultaneously tackle the multiple problems that face people who are excluded from the labour market, such as housing, health, social protection, mobility, access to justice and to public services.

2.3 Transport and transEuropean Networks

TransEuropean Transport Networks and, more generally, the efficient provision of transport services are crucial for urban development and urban policies. In particular, a good transport system is a determining factor in the competitiveness of the urban economy and in the quality of life of city-dwellers. The notion of 'sustainable mobility' has become the central goal of the common transport policy which aims at reconciling the demand for mobility (by both business and people) while at the same time recognising the limits on resources and impact of transport operations on the environment. The common transport policy also addresses issues such as the integration of spatial planning priorities into transport infrastructure planning and the promotion of intermodal transport.

Given existing imbalances in the urban system and in urban areas, transport policy must be designed to contribute to solving congestion and environmental problems. Moreover, transport policy aims to alleviate the problems of peripheral areas by linking them to the core of the Community as well as linking these areas together through improved infrastructure and with the establishment of a regulatory framework that ensures the provision of effective high quality transport services; either through the market or, where required, through the provision of public services.

Public Transport has an important contribution to make to local transport networks and to social cohesion, notably in urban areas where people without cars, in particular low income groups or younger or elderly people, need to have access to economic and social activities. Traffic patterns in medium sized and large cities are usually well suited to reinforcing public transport. To benefit all urban dwellers, these transport services should ideally be accessible in terms of coverage of services, physical accessibility (notably to older people and people with reduced mobility) and affordability. Urban transport policies should also promote other alternatives to the use of the private car, such as cycling and walking. Therefore, a well targeted urban transport policy brings clear benefits to cities. It ensures a

more efficient transport system which should reduce congestion and therefore costs, reduce the number of accidents and impact less on the environment. The Commission's Green paper 'the Citizen's Network'⁶ sets out the benefits of public transport and the main action areas at a Community level to encourage and promote an integrated, intermodal transport system which fully exploits the potential of public transport.

Such policies have to be complemented by appropriate pricing policies which ensure a more rational allocation of resources in the urban transport system. Cities should benefit from the implementation of this approach (described in the Commission's Green Paper on fair and efficient pricing in transport) with the reduction of congestion, environmental damage and accidents and the final result of a more effective and efficient transport system.

TransEuropean Transport Networks (TETNs) are also instrumental in terms of improving access to cities, generating employment and allowing exchanges between cities and regions. More generally the TETNs have the potential to open up the Community territory, generating new opportunities for cities connected to the network. A continuing challenge for transport and structural policies will be to ensure that investments in TETNs are fully integrated with local networks so as to enable peripheral areas and local populations to benefit fully from the long distance links. Cities themselves form the nodal point which connects modal networks and are therefore essential elements of the TETNs, notably in allowing the development of seamless passenger and freight intermodal transport operations.

The progressive integration of European transport markets has brought major benefits to the consumers in terms of greater choice and lower prices. Cities are obviously well placed to benefit from this liberalisation process. In cases where there is insufficient demand for market forces to provide regular and affordable services, Community legislation makes provision for public service obligation requirements to be applied by public authorities.

Public service obligation requirements are also essential in the context of telecommunication networks, in order to avoid an opportunity gap between cities in the emerging liberalised environment. Specific less favoured urban areas or user groups may require accompanying measures to help accelerating the development of networks. The expansion of an efficient telecommunications network should also help to overcome mobility and urban congestion problems by widening locational choices for companies and allowing for a more flexible organisation of work.

2.4 Promoting sustainable development and the quality of life in cities

Sustainable development has increasingly gained legitimacy with the citizens in Europe as a determinant aspect of the quality of life for the present and future generations. The Green Paper on the urban environment of 1990 and the Sustainable Cities Report of 1996 both promote an integrated approach to urban problems encompassing social, economic, and environmental factors. The Sustainable Cities project, started in 1993, aims at encouraging and assisting cities and towns to establish and implement local agenda 21 or similar sustainability plans through policy reports, exchange of experience, networking and dissemination of good practices cases.

⁶ European Commission, The Citizens' network. Fulfilling the potential of public passenger transport in Europe. Green Paper, Brussels- Luxembourg, 1996.

In the specific context of environmental policy, a more bottom-up approach is now being adopted by the Union. Better implementation in a partnership approach and the use of alternative instruments in environmental policy, are priorities where the urban dimension plays an important role. The 'greening of the Structural Funds' has also become a central concern, as explained in the Communication on 'Cohesion and Environment'.

In the field of RTD, the Commission has been investigating ways of easing urban traffic congestion, through measures to control traffic and promote public transport, including the use of new technologies for road pricing, integrated payment, travel information, etc. Important research in the treatment of urban wastewater and solid waste, noise, the protection of cultural heritage, urban air quality and its effects on human health as well as other environmental issues and socio-economic research related to urban issues is in progress. Other issues related to urban management that receive attention in the RTD programmes concern telematics, information society, energy, transport as well as new technologies for the building/construction industry, architecture, urban design and urban planning. A number of projects within the Telematics Application Programme focus on socially excluded communities within cities, such as unemployed and immigrants. Furthermore, the SAVE II programme supports the setting up of local agencies to help local authorities to formulate their energy policies.

Within the context of sustainable development, the role of urban tourism for the growth of the local economy also deserves attention.

3. DIRECTIONS FOR THE FUTURE

The starting point for future urban development must be to recognise the role of the cities as motors for regional, national and European economic progress. At the same time, it also has to be taken into account that urban areas, especially the depressed districts of medium-sized and larger cities, have borne many of the social costs of past changes in terms of industrial adjustment and dereliction, inadequate housing, long-term unemployment, crime, and social exclusion.

The twin challenge facing European urban policy is therefore one of maintaining its cities at the forefront of an increasingly globalised and competitive economy while addressing the cumulative legacy of urban deprivation. These two aspects of urban policy are complementary. Economic progress which undermines the cohesiveness of urban areas is unlikely to be sustainable over the longer-term:

- urban society will pay a heavy price in terms of crime and anti-social behaviour if development is accompanied by major inequalities of access to the rewards of economic progress;
- Europe as a whole will pay through disaffection of its citizens and the loss of support for the European model of society;
- finally, the European economy will suffer because adjustment to rapid change, to maintain the competitiveness of Europe's cities, is only likely to succeed where it commands the widest consensus.

Member States have primary responsibility in developing the urban policy for the next century. Issues related to the reinforcement of local democracy, citizenship, migration,

employment, cultural development, education, social exclusion, urban crime, which have been discussed in part 1 of this document, need the involvement of policy instruments which are in the hands of national administrations.

Nevertheless, as has been discussed in 1.5 above, there is a multiplicity of bodies involved in urban management. It will be essential to engage all levels - which start from the district level to the conurbation level up to the European urban system - within a framework of interlinking relationships and shared responsibility and achieve better policy integration.

The various actions at the EU level should be assessed from the viewpoint of a coherent and sustainable development of cities. The Commission therefore invites comments in relation to an improved integration of Community policies relevant to urban development, in order to ensure that they fully correspond to actions at other levels and in particular to the needs of cities and towns. In the light of the outcome of the debate on this Communication, the Commission will examine how it can adapt its internal co-ordination to contribute to urban development. Special attention should be given to at least the following directions.

3.1 The need for an urban perspective in European Union policies

The EU should play a complementary role in addressing urban issues as it has responsibility for policies in a number of sectors which have a direct bearing on the development and quality of life in urban areas. Possibilities for adapting these policies to improve their contribution to urban development need to be more exhaustively explored. Among the areas for further reflection are :

- the development of clear targets for improvement of the urban environment with specified timescales, and the improvement of EU sectoral policies from the viewpoint of sustainability. This may involve the development of voluntary tools for urban planning aimed at sustainable development;
- the development of the TETNs in particular to ensure efficient access to the networks from regional and local systems, and to ensure that resources are used to produce the maximum benefit in terms of environmental, employment and industrial objectives;
- the reinforcement of intermodal freight and passenger transport, both for facilitating access to the city and mobility within the city. Special emphasis should be placed on promoting public passenger transport;
- the targeting of RTD activities on the main problems facing the cities of tomorrow, namely integrated transport, energy, sustainable construction technology, information networks, technology for the protection of cultural heritage, urban sustainable development, environmental technologies and new urban vehicles, as presented in the key action "The city of tomorrow" in the Commission's formal proposal for the Vth Framework-Programme⁷;

⁷ COM(97)142 of 09.04.1997

- telecommunications policies, including Universal Service obligations, to ensure the earliest provision of links to the information highway involving depressed urban neighbourhoods and smaller urban areas;
- the strengthening of the commercial function of cities⁸ and neighbourhoods and of their role in the development of tourism;
- the issues of migration, police and judicial co-operation, and crime which are dealt with under Title VI of the Treaty of the European Union;
- the fight against social and economic exclusion, which is an explicit goal of the European employment strategy, as well as the fight against racism in the framework of the 1997 European Year against Racism. The actions of the European Year should help to mobilise public opinion on the danger that racism constitutes for urban democracies in particular. Also, the reflections of the Social Policy Forum⁹ on fundamental social rights could pay increasing attention to social aspects of urban development problems;
- public health policy and in particular health concerns related to urban deprivation and poverty (drug abuse, bad housing conditions, etc.);
- the need for creating trust based relationships between various actors at the local level, in order to promote local empowerment, responsibility and initiative, and to reinforce employment policies, which is the Commission's aim with the Territorial Employment Pacts;

Some of these issues are explored in the European Spatial Development Perspective¹⁰ which should play an important role in organising the debate at the European level on areas of common interest and which have a spatial effect beyond the scope of single urban areas, regions or countries.

3.2 Services of public interest and urban development

The role of the public sector and city management is increasingly less that of direct provider of services. Member States have very different approaches to this issue. While recognising this diversity of organisational set-ups, the Commission highlighted in a recent communication that services of general interest are part of shared values in Europe. These services are at the heart of the European model of society, since they further fundamental objectives of the European societies such as solidarity and equal treatment within an open and dynamic market. These shared values translate into different ways of organising such services, from one region to another and from one sector to another. For economic services such as telecommunications, post, transport, energy or broadcasting, adjustments have had to be made in response to technological change, the globalization of the economy and user's expectations and needs. The Commission has underlined that, although Member States are

⁸ COM(96)530 of 20.11.1996 - Commission Green Paper on Commerce

⁹ See § 2.2

¹⁰ The ESDP, launched in the Ministerial Meeting for Regional Policy and Spatial Planning (Liège, November 1993), is an exercise of the 15 Member States with the support of the Commission which aims at developing a strategic view on the spatial development of the Union's territory.

free to define their own policies in this matter and that it has no interest in who specifically provides the services, it is clear that the services must serve society as a whole, ensuring continuity, equality of access, universality and transparency.

In non market services, such as education, training, and health care, public authorities are still the most important providers. Also here, serving society as a whole becomes increasingly important in the context of the dualisation of societies which is expressed most clearly in urban areas. The Commission's White Paper 'Teaching and Learning: Towards the Learning Society' emphasised this. Actions such as the 'second chance schools' in deprived urban areas and European networks have aimed at promoting cities which are capable of overcoming unequal access to educational resources.

3.3 Contribution of the Structural Funds

It is becoming more and more evident that cities play a crucial role for structural policies. A greater attention to urban development in future strategy building and programmes could result in an integrated strategy between actions in urban areas and in their wider regions, as well as in terms of economic and human resource development. To achieve such coherence, it is important that local authorities participate closely in the preparation and implementation of regional development programmes. Local authorities can also often bring in necessary expertise and knowledge on the local economy and labour market.

For the present programming period, the following actions could already be undertaken:

- the focusing of Structural Fund activities including labour market measures on pockets of high unemployment in the inner cities, or on the densely populated urban periphery, and a targeting of the special needs of immigrant groups;
- the mainstreaming of experiences under the URBAN and INTEGRA programmes and the reinforcement of urban community development as a priority axis, including the notion of sustainable local communities with the active participation of the local population;
- greater emphasis on transport issues to improve infrastructure and public transport systems rendering the peripheral regions more accessible and contributing to the resolution of congestion and environmental problems in urban areas;
- the transfer of accumulated experience and best-practices on urban development.

These actions will contribute towards focusing further attention on :

- the role of cities as growth poles for regional development;
- social inclusion and the alleviation of urban deprivation;
- integrated and sustainable urban development that combines multisectoral solutions and involves investment in human as well as physical capital.

3.4 Raising knowledge and promoting exchange of experience between cities

There is an increasing need for significant and comparable information about cities, particularly amongst local and other public authorities in charge of urban policy. To ensure a solid base for improved decisions on common issues related to urban development, the Commission proposes to develop a two-step approach.

In the short term, an "Urban Audit" to assess strengths and weaknesses of European cities will be launched. This Urban Audit will measure the quality of life in our towns and cities through the use of a simple set of urban indicators and a common methodology.

The Commission will seek to establish a set of indicators which are simple to use and update to encourage the participation of local authorities both in the compilation and future use of the information in developing their urban policies.

This tool could also, as a second stage, enable a better assessment of the impact of various national as well as European policies, on the development of urban areas.

Building on the experience gained with the "Urban Audit", the Commission is considering setting up tools for measuring and monitoring sustainability.

In parallel to this bottom-up action, the Statistical Office of the European Communities - Eurostat - will process the local level information already available in its databases to produce basic statistical information on cities and urban agglomerations. In the medium term, efforts already undertaken by Eurostat, in co-operation with the national statistical institutes to develop a harmonised information system, including standardised definitions of cities, have to be continued.

Within the EU, numerous fora and networks exist where cities exchange experiences and co-operate on specific topics. The Sustainable Cities Campaign gathers local authorities with a specific concern to implement Local Agenda 21. In the context of article 10 of the ERDF regulation, the Commission proposed recently to support a number of networks related to particular topics such as economic development, SMEs, technology, environmental improvement, and equal opportunities for women in the economy¹¹. Other topics around which co-operation is actively promoted concern telematics, energy, transport, education, culture and research. Incentives are also given to EU local authorities to engage in decentralised co-operation with cities in other continents of the world in order to assist these cities in their development, strengthen the EU relations with third countries, and support the participation of local actors from the EU in the process of global integration (e.g. Med-Urbs, Asia-Urbs, URB-AL).

During the coming years, the Commission will intensify its efforts for the transnational exchange of experience between cities, with the objectives of collecting and compiling all relevant experience in urban regeneration and sustainable urban development, including the results of research in the socio-economic field.

4. FOLLOW UP OF THE COMMUNICATION

In conclusion, it is clear that the number and scale of challenges facing cities and towns today and in the years to come do not lend themselves to easy solutions. It is recognised that many of the external pressures for change, including demographic and global economic trends, are not only out of reach of regional and national policies, but are also beyond the scope of European actions.

¹¹ Call for Proposals for internal interregional co-operation (O.J.E.C. C 386, 31.10.96), and Ecos-Ouverture II (O.J.E.C. C 125, 22.04.97)

The European Union, however, can react more effectively to urban needs and in many instances could set a more positive agenda which would go toward meeting at least some of these challenges. Leading factors should be greater cohesion within the Union and sustainable development leading to a lasting improvement in the quality of life of citizens. This agenda will require active participation at all levels of public authorities and should also seek to engage key actors from other sectors who have a contribution to make toward making European cities better places to be, which would contribute to realising the fundamental goals of the European Union as laid down in article 2 of the Treaty.

The Commission does not underestimate the difficulties of this task. The participation of European citizens in the future development of their towns and cities may need new mechanisms which can offer better access and feedback to decision making. This will take time and considerable effort from all those involved.

As a starting point the Commission seeks to engage in a wider debate on urban issues on the basis of this Communication. A dialogue will be sought between the Commission and other institutions, including the Council, the European Parliament, the Economic and Social Committee, the Committee of the Regions, local authority organisations and other interested parties.

The outcome of this dialogue will be brought to an Urban Forum which the Commission intends to convene in 1998.

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ANNEXES

Annex I:
Urban areas in difficulty :
characteristics of the populations involved

Disadvantaged urban areas suffer from a combination of economic, social and urban problems.

In order to define more accurately the populations affected, we have selected 29 URBAN Community Initiative programmes and have developed the following table. It shows similarities and differences among the 29 areas by indicating :

- the unemployment rate among the active population;
- the widespread breakdown of family structures (single parent families) increased by poverty and lack of opportunity;
- the foreign population when this leads to dysfunctions.

The following table allows us to assess the seriousness of the situation in each of these cities of the Community.

COUNTRY	City/town - Area	Population covered by URBAN	Unemployment rate (%)	Households receiving state benefits	Single parent families	Foreign population	Total cost of the programme in MECU	European Community contribution in MECU
Austria	Wien-Gürtel	130,000	11.30			34 %	31.926	9.770
Belgium	Antwerp-North-East	66,324	18.40			30 %	15.234	4.574
Denmark	Aalborg-North Jutland	4,000	11.90				3.042	1.521
Finland	Joensuu-Rantakylä-Utra	12,500	40	28			5.279	3.958
France	Amiens-North and Etouvie	33,000	28			16.5 % foreigners	20.478	7
France	Marseille-Centre	31,306	26.5				17.583	7
France	Roubaix-Tourcoing	50,000	34		9 % of children		17.613	7
Germany	Rostock	19,000	>19				16.016	12
Germany	Saarbrücken-Unteres Malstatt, Leipziger Str., Jenneweg, Hochstr., Ottstr., Füllengarten	34,656	23	12			22.572	8
Greece	Patras	77,000	15 a 17					
Greece	Peristeri	~34,300	>14				12.417	8.613
Ireland	Cork	55,624	39		36 % of inhabitants		6.651	4.988
Ireland	Dublin-Ballymun-Finglas-Darndale	84,000	40				6.651	4.988
Italy	Cagliari-Pirri	30,000	>43				19.323	9.188
Italy	Cosenza-Core of the historic centre	22,500	>33				18.555	9.188
Italy	Siracuse-Ortigia	5,500	>31				22.510	9.188
Luxembourg	Dudelange-Differdange	2,154	>2.14				1.033	0.507
Netherlands	Amsterdam-Bijlmermeer	51,585	32.3				19.683	4.65
Portugal	Lisbonne-Casal Ventoso	4,200	Very high				24.387	18.290
Portugal	Porto-Vale de Campanha	23,000	20				18.261	12.793
Spain	Badajoz-Estramadure-Historic centre, plaza Alta	12,114	25.18				14.286	10
Spain	Badalona-Serra d'en Mena	76,168	22				6.582	3.291
Spain	Malaga-Historic centre	46,889	35.8				14.285	10
Sweden	Malmö	22,000	18	30		150 nationalities	11.92	4.97
United Kingdom	Glasgow	19,198	38.8	55			16.235	8.036
United Kingdom	London-Park Royal	25,665	22.2		11.25 % of families	34% ethnic minorities	16.326	7.653
United Kingdom	Manchester-Moss Side, Hulme	28,000	23.9	44	46 % of children		17.743	8.036
United Kingdom	Nottingham	21,000	40	70% of families			14.890	6.786
United Kingdom North. Irl.	Belfast-Subprogramme I	37,134	<46				16.580	11.3

Data on benefits, single parent families and foreign population are not available for all neighbourhoods.

Annex II: Local expenditure in the EU Member States¹

Public expenditure by level of government (% of GDP)²

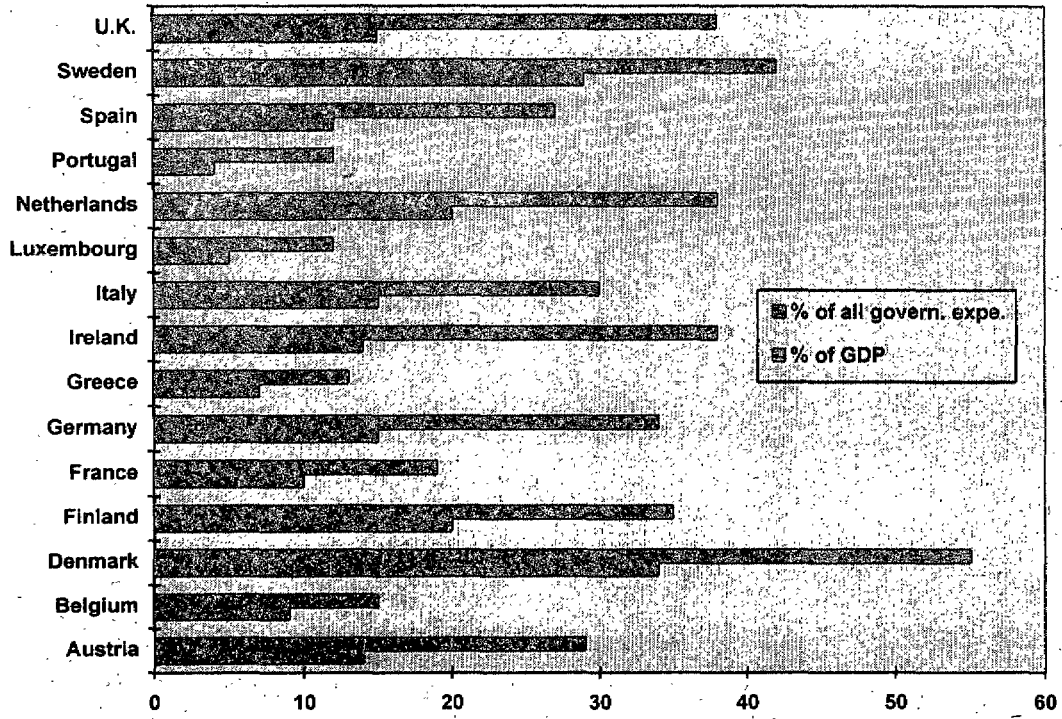
Countries	Public expenditures	Central government	Intermediate and local government	Social security funds
Austria	48.4	17.9	13.8	16.7
Belgium	55.2	25.3	8.3	21.6
Denmark	61.1	18.8	33.3	9.0
Finland	59.0	15.7	20.1	23.3
France	50.9	16.4	9.5	25.1
Germany³	45.5	10.8	15.2	19.5
Greece	51.2	27.0	6.4	17.9
Ireland	38.7	19.6	14.5	4.6
Italy	52.9	23.2	15.3	14.4
Luxembourg	40.7	16.1	4.5	20.1
Netherlands	55.9	15.6	20.5	19.7
Portugal	34.7	21.7	3.8	9.3
Spain	40.7	10.6	10.6	19.4
Sweden	67.3	26.2	28.1	13.0
UK	42.7	21.2	16.0	5.6

¹ Source of the data : European Commission - DG XXI - Studies on European local government finance. The outcome of the Comparative study of the 15 countries - December 1996

² Source : OECD National Accounts, 1995

³ Include only West Germany

Local government spending as a share of national income and total government spending⁴



⁴ Source : OECD National Accounts, 1995

Annex III:

Estimate of the financial impact of the European Regional Development Fund and the Cohesion Fund on Cities

The ERDF and the Cohesion Fund support various measures that are important for the economic development of backward areas. The measures are traditionally presented in regional or national programmes, which tend to make the significant impact on urban development less visible. Strategy-building for regional development is also a process that mostly takes place at national or regional level, which runs the danger of underestimating the contribution that cities make to regional and national growth.

In order to contribute to a debate on the importance of cities for regional development, the Commission has attempted to estimate the magnitude of the present financial impact of ERDF and Cohesion Fund actions on urban areas. The exercise under consideration concerns the ERDF part of the objective 1 and 2 programmes (excluding the Community Initiatives), and the Cohesion Fund. Cities are defined as urban areas with at least 100,000 inhabitants⁵.

1. ERDF

The global ERDF budget under consideration for this exercise amounts to approximately 60 bn ECU⁶. Around 21 bn ECU of this has been identified as being spent in cities. Therefore, it is estimated that approximately 40 % of the total ERDF budget for objectives 1 and 2 is spent on urban development. As could be expected, a clear distinction in urban impact appears between the programmes in objectives 1 and 2, which are therefore treated separately.

1.1 Objective 1

Figures on the urban impact in Greece, Spain, Portugal, and Ireland are of a comparable magnitude, and amount to approximately 40 %. Other objective 1 regions are of a somewhat different nature, and the Operational Programmes show also a different impact on urban development. Merseyside and the former East-Berlin, for instance, are extremely urbanised areas, where programmes show a high impact in terms of urban development actions.

⁵ This exercise has no scientific pretensions. The financial impact on urban development has been reconstructed mainly through the privileged knowledge of the Commission's desk officers on their regions. The aim was to arrive at a general idea on the importance of regional and cohesion policy for bigger cities in each Member State. The decision to limit the cities under consideration to 100,000 inhabitants is somewhat arbitrary, and has been treated flexibly where this seemed necessary. The actions that have been included for consideration relate to urban development in a narrow sense. For instance, transport infrastructure to connect cities has an obvious impact on urban development, but it has not been included in this exercise, due to the fact that its impact goes also far beyond cities.

⁶ The figure concerns almost all of the ERDF part for objective 1 1994-1999 and objective 2 1994-1996.

The total ERDF support to the CSF-Portugal amounts to 8.724 MECU. 47 % of this (4,082 MECU) has been identified as "urban". Around 1,200 MECU of the OP "modernisation of the economic structure" is allocated to support for industries in urban areas. Other measures that are financially important for cities concern the improvement of transport infrastructure (estimation of 836 MECU) and education (estimation of 500 MECU). Apart from these measures which are sectoral in nature, there is also a special OP for "environment and urban renovation". The subprogramme for urban renovation (ERDF support of 299 MECU) aims at improving the living conditions in the "barracas" of Lisbon and Porto (see 3.1 of this annex).

In Greece, 34 % has been identified as being urban, i.e. 3,207 MECU out of a total of 9,489 MECU. Around 70% of this is situated in Athens (approx. a quarter of the total ERDF allocation for Greece goes to Athens, which corresponds to approx. 2,200 MECU). The investment in the Athens metro (ERDF contribution of 783 MECU) is the most important project in financial terms for all EU urban areas. Amongst other things, important benefits for Greek cities concern the measures for research and technology (approx. 250 MECU), of which more than 50 % is situated in Athens, and urban environmental improvement (approx. 150 MECU).

In Ireland, around 35 % (i.e. around 900 MECU out of a total of 2,562 MECU) has been identified as "urban". Important individual projects in Ireland concern the redevelopment of Temple Bar area in Dublin (20 MECU), and the investment in the Light Rail Transport System in Dublin (154 MECU). Also, a specific "urban and rural development OP" promotes local enterprise support measures, employment, investment in the physical renewal and economic regeneration of urban areas. Particular attention is paid to the assistance of enterprise and employment in disadvantaged areas of the country. The total ERDF support for this OP amounts to 180 MECU.

The total ERDF support for Northern-Ireland amounts to almost 677 MECU, of which approx. 19 % (126 MECU) has been identified as urban. Important projects concern the physical redevelopment of the Belfast Docks in the city centre (16,5 MECU) and a sewage treatment plant for Belfast (20 MECU).

In Eastern Germany, the situation is obviously exceptional for East-Berlin, where the Structural Funds are heavily involved in the redevelopment of numerous sites, both in the heart of the city as well as in some more industrial zones. The construction of the eastern part of the new German capital happens with the support of 530 MECU of ERDF money (100% of ERDF support). For the other Länder, figures amount to 20 and 25 %. The combined figure for ERDF support to urban redevelopment in Eastern Germany is approx. 1,670 MECU, or 24% of the total ERDF support.

In Spain, 15,944 MECU has been foreseen for the period 1994-1999, of which 5,984 MECU is estimated to benefit urban development. The actions that are supported relate to the extension of high quality digital telecommunications networks in all urban areas, to the equipment of industrial land in cities in order to centralise economic activities in certain zones, to the improvement of the urban environment by investments in green areas and parks, to research and development, and to urban transport. Examples of important urban transport projects concern roads, railroad transport in the metropolitan area of Valencia, and the renovation of the areas around train stations in various cities.

In Italy, important contributions to urban development concern especially Naples, Bari, and Palermo. An estimation of the financial impact on urban areas for most regions

(Abruzzo, Calabria, Campania, Puglia, Sardegna, Sicilia) shows that around 30% is spent in urban areas, which corresponds to approx. 1,000 MECU.

For France, objective 1 concerns Corsica, French Hainaut, and the DOMs. Of the total ERDF budget which amounts to 1,335 MECU, approx. 750 MECU (56%) is spent on urban development.

The case in French Hainaut is particular, as it concerns one of the objective 1 areas which are characterised by industrial decline. Actions in such areas relate very much to urban regeneration. In French Hainaut, for instance, one of the quantified objectives of the programme is to reach 35,000 people in depressed urban areas, which is around 1/3 of the total population that lives in distressed urban areas in the region. At the level of the whole region, the programme foresees important measures to stimulate economic activity and employment opportunities in the urban centres of the region.

In Merseyside, approximately 90 % of ERDF support goes to urban redevelopment. The equipment of sites and premises for business development, and incentives for local businesses are important measures herein. As in the case of French Hainaut, special measures are taken for reaching particularly vulnerable groups through what is called 'Community Economic Development' (see point 3.2 of this annex). Part of the programme targets the most depressed urban areas, where the ERDF allows more socially oriented measures in order to reintegrate difficult categories of unemployed into the labour market.

Another objective 1 region characterised by industrial decline is the province of Hainaut in Belgium, which receives 515,92 MECU of ERDF support. Important actions take place in Charleroi, Mons, La Louvière and in some other medium-sized cities.

Finally, in Flevoland (the Netherlands), an estimated 37% out of a budget of 80 MECU is spent on urban development, mainly in Lelystad and Almere.

1.2 Objective 2

The estimations on the financial impact of objective 2 programmes on larger urban areas show very high figures for Britain and Germany, and also for the region around Liège in Belgium. In some of these cases, figures go beyond 80%. For Britain, there is considerable differentiation amongst the objective 2 areas. In less densely populated zones (Eastern Scotland, Western Scotland, and Industrial South Wales), the financial impact on greater urban areas of the ERDF is less outspoken (approx. 40 to 50 %) than in the English objective 2 zones. The situation in English objective 2 zones, where percentages tend to be around 80 to 90 %, is comparable to the one in Merseyside described above. A high proportion of the total Structural Fund expenditure in Britain is accounted for by the densely populated industrial belts from Merseyside to the Humber across central Scotland through Glasgow. The area around Birmingham, the UK's second city, is also eligible.

Compared to Britain, there are less variations between German objective 2 regions. Percentages concerning the financial impact on urban areas range from 80 to 100 %.

In the Netherlands, France, and Spain, objective 2 programmes have also an outspoken effect on urban development. The financial impact of the ERDF on bigger cities is mostly situated around 50 to 60 % of the total ERDF support. In French regions, values range

from approximately 30 % in some cases (Centre, Auvergne, Languedoc-Roussillon) to 75 % in others (Basse-Normandie, Champagne-Ardenne, Franche-Comté, Pays de Loire, Poitou-Charentes). In the Netherlands, especially Arnhem-Nijmegen stands out as the whole area is "urban" in character. In Spain, examples of important projects in objective 2 areas related to urban development are the public transport system in Bilbao and Barcelona, and the recuperation of historic buildings for social, educational or economic purposes. In Italy, the estimations on the financial impact on cities vary from 15% (Lazio) to 70% (Liguria).

A different picture emerges for the objective 2 programmes in the Nordic countries and in Austria. Objective 2 areas in these countries have no cities with more than 100,000 inhabitants, the criterion that was used for this exercise. In this sense, an exercise which only focuses on larger cities does not do justice to the situation in these countries, where the economic development policy is concentrated on smaller towns, which serve as economic growth poles for bigger geographical areas.

The considerable variation between the Member States seems to correspond partly to a different structural reality, related to different patterns of industrialisation and urbanisation. One important structural indicator to interpret the given figures on the financial impact on cities concerns the population density in the objective 2 areas. The following table gives the national average density (population per km²) of the objective 2 areas for each country:

Country	Average inhabitants/km ² in objective 2 areas
Belgium	484
Denmark	88
Germany ⁷	911
Spain	349
Italy	256
France	167
Luxembourg	389
Netherlands	472
Austria	73
Finland	46
Sweden	26
UK	650
Total EU	245

The densities (population per km²) in objective 2 areas are remarkably lower in Austria, Denmark, Finland and Sweden, compared to the European average of 245 (the previous EUR 12 average population density in objective 2 areas was 313 inhabitants per km²). This shows that these areas had a different industrialisation pattern than other countries, and that industrial decline is more expressed in "semi-countryside areas". For the Scandinavian countries, the importance of the wood and forest industry, which developed in a process of "countryside industrialisation", could partially account for this.

⁷ There is a small underestimation of the density figures for Germany.

For UK, Germany and Wallonia in Belgium, the figures show that industrial decline is mainly a phenomenon of highly urbanised areas, and that therefore, objective 2 policies in these countries are mainly concerned with urban redevelopment. In Germany, densities are extremely high, related to the small surface of some zones with high population figures (e.g. Berlin West, Bremen and Bremerhaven, Ruhrgebiet). The projects supported in these countries are on the one hand mostly typical economic regeneration projects directly related to productive activities (physical investment, enterprise support measures, technology), and on the other hand measures which are more of a facilitating nature (e.g. urban transport in some cities, intermodal transport facilities).

2. COHESION FUND

For the Cohesion Fund, there is a 50/50 division between transport and environment projects. Transport concerns mainly roads and rail (respectively 71 % and 21 % of all transport projects). These projects are always connected to the Transeuropean Networks (TENs), or they should feed the TENs. Therefore, there is an important indirect impact on urban areas. The reduction of travel time between cities, and the connection of the periphery of the EU with the core, should decrease production and distribution costs of enterprises in peripheral cities. Nevertheless, a quantification of the financial benefits that these transport projects bring to cities is difficult.

As far as the environment is concerned, 72 % of the Cohesion Fund projects concern water (water supply, or wastewater treatment), and 4 % concerns waste treatment. Most of these projects aim at improving the functioning of urban areas.

3. STRUCTURAL FUNDS MEASURES FOR DEPRIVED URBAN AREAS

On the demand of the European Parliament, the Commission decided to launch the Community Initiative URBAN in 1994, hereby calling specific attention for the problem of spatial segregation in cities. Indeed, the concentration of unemployed and other socially vulnerable groups in specific neighbourhoods has been rising to worrying proportions over the recent years in many EU cities.

The CI URBAN has a budget of around 850 MECU for the period 1994-1999, with which programmes will be implemented in approximately 115 cities. Besides of a positive contribution in socio-economic terms, URBAN wants to act as a catalyst in attracting the attention to the problem of social exclusion and segregation in cities, and it wants to enable the understanding of the best methods of intervention.

Apart from the Community Initiative URBAN that was launched by the Commission, more and more actions in the Community Support Frameworks/Single Programming Documents of the Structural Funds, which are proposed by the Member States themselves, relate to actions that generate sustainable economic development, employment opportunities, and good general living conditions in deprived urban areas. The following are some illustrations.

3.1 The Operational Programme for Environment and Urban Renovation in Portugal

On the proposal of the Portuguese authorities, the Commission adopted an Operational Programme for "Environment and Urban Renovation". This subprogramme on Urban Renovation contains three measures:

- the renovation of neighbourhoods characterised by bad housing conditions;
- the rehabilitation of these zones with new activities;
- the renovation of the area for the Expo '98 in Lisbon.

The programme wants to improve the living conditions of the Portuguese urban "underclass", and contributes to the social cohesion in the two metropolitan areas of Lisbon and Porto. Both cities contain neighbourhoods with "barracas", which lack basic amenities and which are characterised by an increasing marginalisation of the population. In quantitative terms, the programme aims at eliminating 200 neighbourhoods that are composed of barracas over the course of the programming period. This operation involves around 25,000 families. The ERDF does not co-finance the housing aspects of the programme, but it supports other investments in the area that contribute to better living conditions and to the creation of employment opportunities (establishment of services, commerce, small industries, social equipment, infrastructure).

The subprogramme on Urban Renovation contains also a measure that aims at the rehabilitation of the derelict land in Lisbon where the Expo '98 will take place. The reconversion of an area of 310 hectares and the equipment of the area with modern infrastructure will be a major contribution to the development of the whole Lisbon area, and to the conditions in this specific part of the city, which is situated in the communes of Lisbon and Loures.

The total cost of this subprogramme on Urban Renovation amounts to 487 MECU, to which the ERDF contributes 299 MECU. 234 MECU of the total cost is allocated to the renovation of the poor neighbourhoods, while 245 MECU goes to the reconversion of the area for the Expo '98⁸.

3.2 Community Economic Development in Great Britain

An important innovation is occurring in the British programmes under the label of "Community Economic Development" (CED). Within Merseyside and the objective 2 areas, the CED priority concentrates resources on pockets of exceptional deprivation (which is called "spatial targeting"). The disadvantages in terms of social exclusion and long-term unemployment in these areas are so considerable that they face the prospect of exclusion from the mainstream actions. CED seeks to involve local communities and businesses in the process of regeneration. An essential aspect of the priority concerns capacity building measures, which attempt to strengthen individuals and local organisations to implement local development actions. Efforts are also done to create linkages between the deprived communities.

It is important to note that CED allows to focus resources in accordance with desires and needs of the communities themselves. Therefore, actions related to CED can be more

⁸ The remaining 8 Mecu is allocated to technical assistance.

social in nature, the reason being that such measures are an indispensable intermediate to bring individuals in deprived communities back into productive activities. In attempting to reintroduce the most vulnerable groups into the regular economy, CED can make a positive contribution to the wider aims of improving regional economic development.

The total ERDF support to the CED priority amounts to 271 MECU for the period 1994-1996 (objective 2) and 1994-1999 (objective 1).

3.3 The socio-economic development of the Pianura neighbourhood in Naples (objective 1)

In the framework of the CSF objective 1 for Italy, the Commission included a reference to the importance of local development actions in urban areas in order to improve the urban environment and to combat social exclusion. Following this, the Italian authorities recently proposed a programme to the Commission which aims at stimulating the socio-economic development and improving the environment of Pianura, a neighbourhood of approximately 54,000 inhabitants in Naples. The neighbourhood of Pianura has been characterised by a rapid urbanisation. It grew from around 10,000 inhabitants in 1951 to approximately 54,000 in 1991. A third of the active population is employed in the agricultural sector compared to 4% for the whole city of Naples.

The proposed programme amounts to 55 MECU (27 MECU ERDF, 24 MECU from the Commune of Naples, and the remaining part from the national government and the private sector). The ambition of the programme is to create 910 jobs in the Pianura neighbourhood. Apart from actions which are classically supported by the ERDF (creation of new enterprises, business support measures, ...), the measures that are proposed relate also to the creation of an active associational life, and the establishment of the identity of the Pianura neighbourhood. Through the CSF for Objective 1 in Italy, the Commission has also expressed its intention to launch similar actions in Catania and Palermo, which should be made operational by the Member State in the near future.

3.4 Distressed urban areas in the CSF for French Hainaut (objective 1)

Within the framework of the objective 1 programme for French Hainaut, the Single Programming Document foresees almost 40% of the resources for the 'local regeneration' measure. The Structural Fund support to this measure amounts to 165 MECU out of a total support of 440 MECU. Important submeasures concerning local regeneration are the reconversion of disused industrial and urban areas, urban development and restructuring, support measures for depressed areas, and measures to combat exclusion through occupational integration. Together, these submeasures account for around 75 MECU of Structural Fund support.

Annex IV: Some relevant forthcoming events

The debate on urban development at European level will benefit from various events such as :

- the Summit of Regions and Cities, organised in Amsterdam by the Committee of Regions in May 1997. This Summit will especially focus on the Intergovernmental Conference;
- the Informal Meeting of Ministers on Regional Policy and Spatial Planning under the Dutch Presidency (Noordwijk, 9-10 June 1997);
- the second Social Policy Forum at the end of 1997, which will concentrate on issues related to exclusion;
- a Third Sustainable Cities Conference prepared by several regional conferences, envisaged for 2000.

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