ESPON Action 2.2.3: Territorial Effects Of the Structural Funds In Urban Areas

A Final Report to the ESPON Coordination Unit

ECOTEC Research and Consulting Ltd

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1.0 INTRODUCTION

ECOTEC Research and Consulting is the Lead Partner for ESPON study 2.2.3: The Territorial Effects of Structural Funds in Urban Areas. The following report is the final report of this project. It summarises the results of the work undertaken to date as agreed with the managing Authority, on behalf of the Monitoring Committee, at the meeting in Luxembourg on 11th March 2004.

The objectives for the study, as set out in the Terms of Reference, are very broad. There are 9 key objectives:

1. To develop methods for the territorial impact assessment of the policies;

2. To develop territorial indicators, typologies as well as new methodologies to consider territorial information and concepts and establishing a database and map-making facilities and to sustain the project by empirical, statistical and/or data analysis to gain concrete and applicable information on the EU wide effects of spatially relevant development trends and their underlying determinates;

3. Special attention to detection of territories most negatively and positively affected by the identified trends with special reference to regions in terms of accessibility, polycentric development, environment, urban areas, territorial impact assessment; particular attention will be paid to areas exposed to extreme structural economic and social conditions (mainly due to structural re-conversion of vital economic sectors) and geographical positions and natural handicaps such as mountain areas, islands, ultra-peripheral regions;

4. To analysis (sic) of the territorial trends, potentials and problems deriving from the policy, at different scales, and in different parts of an enlarged European territory,

5. To show the territorial influence of the policies on spatial development at relevant scales;

6. To show the interplay between EU and sub-EU spatial policies and best examples for implementation;

7. To recommend further policy developments in support of territorial cohesion and a polycentric and better balanced EU territory and to refer to the three fundamental objectives within the ESDP with regard to balanced and sustainable spatial development: the economic and social cohesion, the conservation of

natural resources and cultural heritage and more balanced competitiveness of the European territory;

8. To develop possible orientations for policy responses considering institutional, instrumental and procedural aspects;

9. To consider the provisions made and to provide input for the achievement of the horizontal projects under priority 3 such as tools for diagnosis and observation and long term scenarios, as well as evaluation and assessment procedures.

In practice, not all these objectives have been accorded equal weight and much of the study's resources have been directed towards addressing Objectives 2 and 3[1]. In the efforts to meet these objectives it was intended that the project should make best use of existing research and relevant studies. In practice much of the study has focused on seeking urban level data sets across the EU, neighbouring and Accession Countries. It was also intended that the project should explore four research issues – in co-operation with 1.1.1, 2.2.1 and 2.2.2. They are set out below as they appear in the Terms of Reference:

- Identification, gathering of existing and proposition of new territorial indicators and data to measure and display the state, trends and impacts of the developments referred to above for urban areas. Compilation of national studies with European focus;
- Operationalisation of the policy options developed in the ESDP relevant for a territorial impact analysis of the Structural Funds in urban areas. Development of a methodology for an impact analysis at EU scale;
- More specific territorial questions in the framework of urban affairs with as regards the variety of regions in Europe are:
    - How far do Structural Funds address the process of metropolisation in relation to accelerated greenhouse effects and climate change?
    - In which respect do Structural Funds address the question of control of urban sprawl and the links between urban and rural areas?
    - Metropolisation increases socio-spatial segregation and inequity of access to public services such as education, health, transport, culture. Furthermore, there are claims that the European social model is endangered. Which kind of territorial effects derive from these problems?
- These issues imply the necessity of good urban governance, which could be promoted at the European level. The effects of Structural Funds in urban areas

[1] As reflected in Minutes of meeting between DG Regional Policy, European Commission and ECOTEC 4th June 2003

should be evaluated and assessed in the sense of how far important urban functions are, in fact, strengthened.

There has been very strong co-operation with projects 1.1.1 and 2.2.1 throughout this study. Co-operation with 2.2.2 has been less strong owing to the later start of this project.

The following report draws together the findings of the study in the following sections:

- Section 2 provides an assessment of urban issues and the extent to which the Structural Funds are targeted on urban areas and the problems of urban areas. This draws on a wideranging literature review undertaking for this study and sets the context for later analysis.
- Section 3 reports on the quality and extent of data availability for urban areas across the study area. It also takes this data and provides an indication of the results that can be obtained from analysis of this data. A database containing all the available data accompanies this report. This covers objectives 2, 3 and 4.
- Section 4 examines the use of the Structural Funds in urban areas. This is largely based upon the case study analysis undertaken for the study owing to limitations in the amount of information available at the national and European scale. This covers objectives 5and 6.
- Section 5 takes the results of the work undertaken and combines this with thinking on Territorial Impact Analysis methodologies to provide a methodology for assessing the territorial impacts of Structural Fund policies in urban areas. This covers objective 1.
- Section 6 provides conclusions on the project, including a reflection on some of the lessons learnt from this work. This covers objectives 7 and 8.

Throughout the study we have considered the provisions of TPG 3.1 and made inputs where requested (Objective 9 of the study).

2.0 CONTEXT

The following section summarises current perspectives on the development of urban areas, the trends and problems that they are facing and how these issues are commonly measured. It then goes onto consider how urban mattes are typically addressed by the Structural Funds. The analysis was undertaken through a review of secondary sources and a full bibliography is set out in Annex 1. This work formed an initial input into the study, providing a base for subsequent work in data analysis and considering the effects of the Structural Funds in urban areas – reported in Sections 3 and 4 respectively.

2.1 Urban areas in the EU

2.1.1 Urban development trends

All cities are different and it is difficult to pick out general trends as to why some cities succeed and others fail. Indeed, drawing upon a range of evidence from earlier studies Cheshire (1999) concludes that the rate of growth of territorial economies is largely the result of factors over which local agencies have little control. The density of development, the concentration of R&D facilities and the aggregate volume of university students are the only variables in the models considered over which policy makers could have a measure of control.

The urban areas of Europe have experienced different patterns of development, depending upon historical circumstance, their location, industrial base, general economic fortunes and national context. However, some broad patterns have been discerned by writers on these topics (Hall, Cheshire and Hay, Lever). The reasons why some urban areas thrive whilst others suffer decline are complex and subject to much debate. Cheshire and Hay have identified three broad urban problems affecting major cities in the EU.

- Decentralization: the outward diffusion of both economic activity and population from large, usually older, urban cores to contiguous and non-contiguous new developments and smaller, satellite sub-centres (Cheshire and Hay)
- Deindustrialization – the shift in the composition of employment from manufacturing to service and the loss of manufacturing employment (often affecting total employment) (Cheshire and Hay)
- European integration and peripheralization:
  - there has been an increase in mobility of capital, labour, and tourism
  - the creation of a common internal market and the elimination of barriers to the movement of goods, capital, and people remains a major goal of the EU (Cheshire and Hay)

- the diminishing importance of national frontiers in western Europe has intensified competition between cities for mobile investment , multi-national enterprises, European institutions, and "Hallmark" events such as major sporting events, cultural festivals, and trade fairs which have considerable multiplier effects (Lever)

- some cities are, by virtue of their location, on the periphery of European economic activity, however, the degree of peripherality of a city can change over time as it adjusts or fails to adjust to the forces of change (Cheshire and Hay)

- the creation of a common market has been a factor in the adaptive capacity of urban economies (Cheshire and Hay)

Decentralization and deindustrialization are significant contributors to urban decline (the spatial concentration in large cities of social, economic, and environmental problems such as high levels of unemployment and poverty, housing deterioration, and decay of urban infrastructure (Cheshire and Hay). In addition, forces such as immigration are contributing to intra-urban problems such as social segregation and increasing disparities in social and economic well-being, both is less affluent and more affluent urban areas.

The problems of growth are also leading to urban problems. Urban sprawl and transport congestion are both factors that are increasingly recognised as unwanted side effects of uncontrolled growth. To counter these disbenefits many are now advocating development based on the principles of 'Smart Growth'.

In considering the development of urban areas of Europe some additional features can be added to those identified above, most notably the different development experience of urban areas in the Acceding and Candidate Countries. Work undertaken by the Danube Space Study for the European Commission identified the following situation:

- A decline in the population of large cities in the 1990s, coupled with an increase in the population of small urban areas
- Strong pressures for sub-urban development
- A decline in the quality of the housing stock
- Investment in large cities in the 1990s, in contrast to the disinvestments experienced by smaller urban areas
- An increase in levels of social and economic segregation
- Weak endowment of infrastructure and public service provision, particularly in small urban areas
- A very heterogeneous experience for medium-sized urban areas
- The dynamic development of those urban areas closest to the European Union

Taking the different experiences into account we can identify a number of issues that appertain to urban areas. These are summarised in the Table 2.1 below.

Table 2.1 Typical urban issues

Urban issues	*Urban trends*	*Consequences*
Urban sprawl	Growth of urban area due to development pressures	Loss of green space, expansion of urban area
Congestion	Increase in transport movements, often by private car, beyond network capacity	Longer journey times, higher costs to firms and individuals, increased pollution, less attractive urban environment
Out-migration	Loss of population to alternative locations, often to smaller urban areas or rural areas	Population loss, often more affluent or skilled. Can lead to increase in commuting into urban area for work
In-migration	Increase in population though movement from other areas	Population increase.
Immigration	Increase in population though movement from other countries	Population increase, can lead to social problems, especially if migrants are unable to find employment
Population change	Some urban areas experiencing net increase in population. Other urban areas experiencing a net decrease in population	Decrease in population can lead to redundant land and buildings, increase in population can lead to pressure on existing accommodation or increased development.
Demographic change	Relative increase (or decrease) in the numbers of particular age cohorts. General trend towards ageing of population.	Ageing of population, and consequent reduction in available workforce. Increase in demand for care and leisure facilities.
Economic restructuring	Shift from one economic sector to another, broadly from industrial production to services	Redundant/derelict land and buildings, change in skills mix required
Growth of the knowledge economy	Some urban areas have proved to be successful at capturing knowledge functions. Internet connectivity tends to be	Increase in employment, wages but potential for exclusion of those without access to the Information Society

	highest in urban areas	
Industrial decline	Loss of one or more sectors and failure for an alternative sector to take up spare capacity	Unemployment, derelict land and buildings
Concentrations of deprivation	Tendency for poverty and deprivation to be concentrated in identifiable neighbourhoods	Concentrations of poverty, low incomes, poor health, poor housing and environmental conditions.
Air quality	Emissions to air from industry and transport increasing and so affecting air quality, trend is towards improvement in some urban areas.	Health and well-being of urban population is adversely affected. Production of greenhouse gases can affect overall trends of global warming.
Waste disposal	Increasing amount of household waste being produced. Move from landfill towards recycling and incineration	Increase in the capacity of waste disposal facilities required.

2.1.2 Factors underpinning the success of urban areas

Much of the work which has been directed at demonstrating potential routes to success has been based upon the impact of one or two high profile sectors or attributes of the urban economy, such as the potential offered by the creative industries, cities as the centre of a new leisure economy or the potential offered by the IT revolution. Whilst these studies have rarely, if ever, claimed that here lies the solution to urban problems it is important that a complete perspective is maintained.

The success of a place depends upon the productivity, innovativeness and market orientation of all sectors of the local economy, not simply those which are most extensively traded (Gordon 1999). There is a strong temptation to overlook this fact in debates addressing issues as to why some cities succeed and others fail. Even global cities, Gordon argues, contain a layering of functions serving different markets with different spatial ranges. This complex pattern is a strong factor in explaining the differential performance of cities such as London which have highly competitive higher order functions juxtaposed with other less competitive functions.

However, an examination of some 'more successful' cities does throw up valuable pointers. Successful regions seem to be those with access to knowledge, a good

communications network (including air and telecommunications) (Vartiainen 1999), well educated workforce and a supportive cultural milieu. For example work by Soldatos (1989) identified the following factors as important for the development of 'International' cities:

- strength in the banking and finance sector
- the presence of an airport - as a logistics hub
- the presence of business services
- innovative potential
- the hosting of international conferences and fairs
- the presence of University facilities
- the existence of cultural and tourist functions
- industrial specializations, particularly growth in high value added activities

whilst others, such as Begg, have added the following:

- innovative urban governance
- 'high road' manufacturing systems
- polynucleated urban systems

However, this ignores the effects which civic leaders (public and private) can affect on some of the factors which underlie competitiveness, and, indeed, some of the remarkable, albeit not always sustained, transformations of individual cities. Whilst Cheshire argues for the ability of policy to have "some influence on local economic development" citing as evidence those cities which consistently outperformed or underperformed their characteristics, he does not believe that this is sustained over time (p855).

One of the few people who have explicitly considered the issue of urban competitiveness is Kresl (1995). He cites six attributes which signal a competitive economy, including both qualitative and quantitative targets;

- The jobs created should be high-skill, high income jobs
- Production should evolve towards environmentally benign goods and services
- Production should be concentrated in goods and services with desirable characteristics, such as high income elasticity of demand
- The rate of economic growth should be appropriate to achieve full employment without generating the negative aspects of overstressed markets
- The city should specialise in activities that will enable it to gain control over its future, that is, to choose among alternative futures rather than passively accepting its lot
- The city should be able to enhance its position in the urban hierarchy

(Source: Kresl 1995, p51 quoted in Begg 1999 p800.)

In inner city areas Porter (1995) argues that cities should build up four factors in which these areas can offer a comparative advantage: their strategic location, local market demand, integration with regional clusters and human resources. He goes on to give examples of where this approach has been moderately successful and argues that seven disadvantages of inner city locations need to be overcome, namely:

- Fragmented land ownership and small plot sizes;
- Higher building costs;
- Security concerns;
- Inadequate infrastructure;
- Low levels of management skills;
- Poor access to capital; and
- General anti-business attitudes

The success of cities then is intrinsically tied up with their perceived ability to meet the needs of society and business. For example a successful city offers a sufficient density and mix of employment options, good quality education, leisure and childcare facilities to be able to cater for lifestyles, culture, jobs and the needs of dual-career families (such as diversity of opportunity). Urban areas which are reliant upon factor costs as the main basis for competitiveness are likely to struggle.

Whilst economic structure is clearly an important determinant of the economic performance of a city the nature of the industrial base does vary. For instance in London the financial services sector is the critical driver, whilst in the Randstat it is the logistics industry. This variation has very different consequences for labour markets, social lifestyles and for demands on governance. Care is also needed not to associate economic structure too closely with competitiveness. Competitive cities can successfully sustain thriving industries in declining sectors whilst expanding sectors may grow sub-optimally in non-competitive cities.

The role of property and land markets in stimulating, or contributing to urban competitiveness is currently poorly understood, partly owing to a limited knowledge of the relationship between property markets and the urban economy (D'Arcy and Keogh 1999).

The size of a city is also seen by some authors as a factor of competitiveness, with larger cities viewed as being more competitive. The shrinking of distance with the advent of High Speed Trains, for example, is argued to be contributing to the decline of small and medium-sized cities which are excluded from the new network. However, the better quality of life which smaller towns and cities may offer may act as a counter-weight to this process. Equally, it is not clear how the economics of agglomeration will apply. Just

how large a city needs to be to act as a 'media centre', or as a centre for telecentre working is unclear. Whether smaller urban areas can in future compete on equal terms with the larger cities in terms of capacity for communications is equally unclear.

Important questions are being raised about the role and nature of governance in the promotion of territorial development. Its tasks are seen as ranging from maintaining 'competitiveness' to developing innovative milieux and managing development within environmental capacity limits. Major change is towards wider partnership, across sectoral and administrative borders, including private and voluntary sectors. The significance of networking, which is recognised as being crucial for entrepreneurs, is also increasing amongst localities. Cities which consistently underperform Cheshire argues, not only have specifically unfavourable characteristics but also "have had either no effective policy or policies favouring particular groups or interests".

Summarising factors influencing the development of urban areas it seems that trends provide both threats and opportunities. Urban areas that are the most able to take advantage of new circumstances will thrive (with attendant pressures of development), whilst those that are less well-endowed will suffer problems of decline. The propensity of an urban area to be positively or negatively affected by the drivers influencing urban development are influenced by a number of factors over and above those identified above. Chief amongst these appear to be:

- The skills base of the resident population
- The accessibility of the urban area
- The existing economic base of the urban area
- The 'attractiveness' of the urban area (to businesses, tourists, migrants etc)
- The overall size of the urban area

A further factor is also now being considered important in the development of urban areas. That is institutional factors. Urban areas with stronger institutions and a higher level of co-ordinated 'governance' are, it is argued, more able to take advantage of available opportunities, and overcome negative trends, than those that are less well endowed.

2.1.3 The focus of urban policy

For the past two decades it has generally been accepted that urban policy should deal with the issues of urban decline. In recent years however a new approach is beginning to emerge; one in which the competitiveness of urban areas is the focus of attention. Proponents of the latter perspective argue that the competitiveness of a place determines whether an area is in decline or is successful. Tackling issues of decline, it is argued, is merely tackling the symptoms of the problem, rather than focusing on the root cause of

the issue. Depending upon which point of focus is taken slightly different sets of indicators are generally used to discuss the prevailing issues.

The EU does not itself have a competency for the urban areas of Europe, however, it's policy towards urban areas is laid down in several documents and, broadly, focuses on four policy aims[2]:

- Strengthening economic prosperity and employment in towns and cities
- Promoting equality, social inclusion and regeneration in urban areas
- Protecting and improving the urban environment: towards local and global sustainability
- Contributing towards good urban governance and local empowerment

In the absence of other indications of the future direction of EU policies towards urban areas we have taken these four themes as indicative of the potential role of Structural Funds in urban areas.

Whilst urban policy might be focused on supporting urban areas that perform poorly against agreed measures of urban competitiveness it also seeks to take into account the problems that urban areas face, whether this is at the urban level as a whole or focused on certain parts of a city. In short the issues addressed in relation to urban policies can be divided into two major fields: (i) socio-economic issues of urban areas themselves, and (ii) balanced or polycentric development focusing on the position and role of urban areas in the regional and national spatial system. At the request of the client group, expressed by the European Commission, this work has focused on the former.

2.1.4 Policy approaches to tackling urban issues

The range of policy tools available to urban areas is quite wide-ranging although fragmented between a number of different responsible bodies. The impact which these 'levers' can have on the overall competitiveness of a city is, however, modest, owing to the strength of external factors over which policy makers have little or no control. The level of available resources is also modest in comparison to the problems which many urban areas are trying to counter. Consequently an approach which attempts to create the broad conditions for competitiveness and ensures the capacity exists to respond flexibly, and in a pro-active manner, to changing needs and demands is crucial.

The potential strategies open to policy makers depend substantially on what are perceived to be the key factors which underlie competitiveness and which policy levers might then be applied. From our preceding analysis it is clear that there is no real consensus on the first point. This carries the danger that a broad brush strategy will be adopted which may

[2] CEC 2003 Partnership with the Cities p.50

try to tackle too much too quickly. This emphasises the need to take a long-term strategic approach to promoting the competitiveness of urban areas, based upon a realistic assessment of the potential development paths available.

In considering policy responses it is perhaps useful to examine some of the more accepted facets of competitiveness and consider the potential response. This does not draw upon the range of policy tools currently available as a key issue must be the ability of policy makers to combine different tools in innovative ways to meet the needs of their local areas. The list is indicative only, generalised and certainly not exhaustive but offers some first thoughts. Many potential responses can have cross-over benefits to other areas. For example, the pursuit of eco-efficient industries can improve qualities of urban living, promote business growth and supply consultancy opportunities through first-mover advantage.

Table 2.2 Typical urban issues

Influences on competitiveness	*Objective of local policy*	*Potential policy response*
Attributes of the workforce	Develop a highly skilled workforce Improve overall skills of workforce	Develop appropriate skills (qualifications or competence) Attract and retain a highly skilled workforce Promote the development of appropriate learning infrastructure
Demand conditions Economic structure Company attributes Sectoral trends	Develop a more diverse business base Support the development of future sectors assist the evolution of existing sectors attract inward investment promote innovation	Support for SMEs Targeting of specific sectors eg - Tourism - Creative industries - Culture and leisure Support the diversification of the economic base eg tele-cottaging image marketing develop innovation strategies
Accessibility	Improve access to markets (air, road, rail, sea) Reduce congestion within urban areas	Support for primary connections to Trans-European Networks Support the development of secondary connections Promote traffic management
Quality of life	Access to cultural resources Establish a thriving leisure economy Promote a pleasant	Promote town centre management Support the development of the leisure and the cultural sectors Encourage good urban design

	environment	Develop eco-efficient industries
Land and property	Provide appropriate development sites Link development of sites to economically disadvantaged	Use of compulsory purchase powers Linking planning and economic development activities Designation of regeneration zones
Governance and networking	To develop flexible, responsive and proactive modes of governance involving all partners To develop a culture of innovation throughout the city	Capacity building Partnership development Promotion of networks Ensuring that key personnel have the support and confidence to act
Developing a more inclusive society	Improving housing conditions Overcoming housing market failure Reducing disparities in income and employment opportunities	Encouraging a mix of housing tenure to attract and retain residents Targeted area regeneration programmes Promoting enterprise development

In both Barcelona and Lille success has been attributed to the benefits of forceful and dynamic leadership, as well as public and private investment. In the latter city the Mayor played a crucial role in organising a rail link to the Channel Tunnel which has reinvigorated Lille's economy. In Rotterdam efforts were invested to secure service sector employment, particularly in the financial sector, to offset the expected decline in port-related activities. Public sector investment has also been critical in Dublin and Hamburg.

However, whilst detailed case examples of what works for particular aspects of competitiveness exist from a variety of sources there is less evidence as to why these work or the impact such examples have on the overall competitiveness of a city.

A long-term strategic approach, such as that adopted by Barcelona is generally regarded as crucial for success. Husband (1999), for one, is critical of the "responsive politics of chasing European funding and short-term national competitive project monies", which preclude strategic development and encourage ad hoc opportunistic approaches. Recent publicity around the successful regeneration of Barcelona highlighted the following aspects as contributing to its success:

- Listen to the people
- Seize opportunities such as exhibitions or fairs

- Make the most of existing historical assets
- Build public transport
- Encourage good and adventurous design
- Be 'pedestrian-friendly'
- Develop on a small scale basis to start with

Most of the approaches taken by cities are based upon identified projects which tackle one aspect of competitiveness. Whether these contribute to an agreed strategic vision designed to enhance the overall competitiveness of the city is not always clear, although to the extent that they overcome specific weaknesses or market failures that purpose will be served. We provide some selected examples below although they are necessarily selective.

Urban areas need to respond to structural economic changes if they are to remain competitive. This may require accommodating new demands for space, pro-actively developing new service sector activities, and ensuring that urban areas offer a quality of life associated with emergent knowledge based industries. Temple Bar in Dublin offers a successful example of the redevelopment of a neglected part of the city centre, which now has international recognition as a thriving cultural and commercial area. In Stoke the town has built upon its tradition in ceramics manufacturing by creating a vibrant 'design quarter' to stimulate links between the cultural industries, museums and the ceramics sector.

Projects providing residents with the benefits of new information technologies are also beginning to be promoted in a number of cities, including Manchester and Newcastle in England. In Naples a network of 'telematic piazzas' are being developed offering terminals connected to the internet to people in peripheral urban areas who would not normally have access. The impact of these projects are not yet known.

Many cities have turned to the promotion of the cultural and creative industries as a mechanism for increasing employment growth and regenerating disadvantaged areas of the inner city – often creating cultural quarters. The strong links between the cultural industries and tourism and new leisure economies are believed to underpin aspects of the renaissance of inner cities. However, evidence for the strength of these effects on the overall competitive performance of cities is not strong as yet.

Overcoming the disadvantages of the housing estates developed in the post-war period is a common concern of many European cities. Often hastily planned and built at low costs these estates often house those most disadvantaged in society and are characterised by high unemployment, lack of local amenities, few employment opportunities and a high incidence of crime and drug abuse. The UK is well-advanced in developing approaches to tackling these problems. In Lyon, France, a new Scientific Discovery Centre has been

established in a peripheral housing estate. This now attracts visitors from throughout the city and is encouraging the reintegration of the neighbourhood into the wider urban area.

Improving the transport infrastructure of cities is often viewed as a crucial component in regenerating depressed economic areas and contributing to the overall competitiveness of the city. Examples of approaches include the development of regional airports, the construction of rapid transit and light rails schemes and the introduction of improved bus services, such as dedicated bus lanes. In the UK the development of the Glasgow airport has had a substantial impact upon the city economy, through improving accessibility to wider markets, but has also displaced some businesses from the city towards the airport environs. A similar outcome has been supported in Charleroi by the Structural Funds, as illustrated in the case study work for this project.

Traffic management measures can also bring a wide range of benefits to an area, particularly when combined with other actions in an overall strategy aimed to to improve accessibility of an area, or to open up a neighbourhood to other more affluent parts of the city. The SWANS (Sustainable West Athens Novelty Scheme) project in West Athens aims to combat the particular transport problems experienced by a densely populated metropolitan agglomeration. These include high levels of commuting, heavy pollution and the absence of safe pedestrian areas. The project uses new technologies and renewable energy sources to improve the public transport system and to relieve congestion in the area.

A number of cities, most notably Glasgow, have been exceptionally successful in overcoming a negative image through extensive marketing campaigns and event promotion. For example in the 1980s Glasgow marketed itself as 'Glasgows miles better', it was European City of Culture in 1990 and the City of Architecture and Design 1999. It has adopted a systematic approach to improving its image in order to attract and retain investment and skilled employees.

A key challenge which many cities face is how to unlock the latent potential of a redundant sites and premises. Here, finding appropriate uses is the key factor. Whilst London's Docklands may be one of the most famous examples, other cities have equally good stories to tell. Often such sites offer the only potential for developing new employment uses within congested urban areas and projects can have an impact not only on the local area but also on the wider city and region.

As Lever and Turok (1999) recognise governments probably need to pay less attention to the cost and availability of basic inputs and more to softer assets, such as the innovative milieu, relationships between firms, civic vision, institutional capabilities and the quality of schools and research centres. What they actually do however will depend upon their analysis of the particular needs of the urban economy and their objectives and visions for the future.

2.1.5 Measuring urban conditions

Approaches to measuring urban conditions generally divide into those that examine the competitiveness of cities and those which examine urban 'problems'. Some of the indicators cross over between both approaches.

Measuring urban competitiveness is beset with difficulties. There is no agreed measure as to what constitutes competitiveness, nor are many of the indicators adequately measurable at a city level. There is also the question of the appropriate scale at which to measure. In our networked economy, with overlapping spatial areas which bear little resemblance to artificial political-administrative boundaries it is difficult to discern what constitutes 'the city' for the purpose of competitiveness. Often the surrounding districts contribute as much to a city's competitiveness as does the city itself, even where its economic performance may be 'de-linked' from the wider regional economy. Finally, the relative importance of the different qualitative factors underlying competitiveness are difficult to agree, let alone capture by potential indicators.

Yet in simply measuring the indicators of social, economic and environmental problems, such as levels of crime, unemployment or the amount of derelict land, there is no guarantee that policy makers will be tackling the causes of urban problems rather than simply their symptoms. Simply reclaiming derelict land and establishing new advanced factory units, for example, is rarely an effective policy response as many evaluations of such activities have demonstrated. Thus whilst recognizing the real problems faced by many urban areas observers have tended to focus on establishing the performance of cities using indicators of competitiveness.

As a consequence of these difficulties many writers have turned to the outcomes of competitiveness to highlight change and measure success. Kresl and Singh (1999) for example argue that urban competitiveness is a function of the change in manufacturing value added, change in retail sales and change in business service receipts.

Recent work by Professor Michael Parkinson on behalf of the UK Government is one example of an approach that is based on measures of urban competitiveness. In his study comparing the UK's 'core cities' with a selection of European cities he examines a selection of indicators at the regional level and then a slightly longer list of indicators at the urban level. At the regional scale he references two sources, firstly the 3 indicators used by Business Strategies Ltd to measure regional competitiveness, namely:

- GDP per head of working age population
- Employment rates
- Productivity

And secondly the 7 indicators measured by the European Innovation Scoreboard, namely levels of:

- Tertiary education
- Participation in lifelong learning
- Employment in medium and high tech manufacturing
- Employment in high tech services
- Public R&D expenditure
- Business R&D expenditure
- High-tech patent applications

At an urban level, the following measures are used:

- Population change
- Population dependency
- Employment rate
- ILO unemployment rate
- Accessibility as measured by scheduled flights and overall air passenger numbers
- Private sector perception of different urban locations, using Healey and Baker survey results.

Similarly, work by Seppo Laakso, on behalf of the Helsinki City Urban Facts office, comparing Helsinki to selected European cities has adopted a similar approach using the following indicators:

- Population and population change
- Employment by broad NACE sector
- Employment rate and employment growth
- Productivity (GVA per capita) and productivity change

In contrast to this are measures of urban performance solely using indicators of urban 'problems', such as unemployment, poverty, derelict land etc. Comparative studies of this nature are more difficult to identify from the literature, although there is a history of using such indicators in several Member States as a means of allocating funds to urban areas. An example of indicators used in this respect can be seen in the EU URBAN II Community Initiative:

- High level of long-term unemployment
- Low level of economic activity
- High level of poverty and exclusion
- Specific need for conversion, due to local economic and social difficulties
- High number of immigrants, ethnic and minority groups or refugees
- Low level of education, significant skills deficiencies and high drop-out rates from school
- Precarious demographic trends
- Particular rundown environment

Most studies though take an approach that seeks to identify both the 'assets' and the 'liabilities' of urban areas, rather than focusing upon any single facet. Deas and Giordano [3](2001) for example, identify the following for the UK:

Table 2.3 Asset and liability approach

Category	*Asset indicator*	*Liability indicator*
Economic environment	% of pupils with 5 or more A*-C GCSEs % of 16-19 year olds in full-time education % of all working age receiving job-related training % of all employment in management, administrative and professional occupations % of all employed in craft and related occupations Average Research Assessment Exercise scores in key sectors	% of 15 year olds with no or low GCSEs % of all employment in unskilled occupations
Policy or institutional environment	EU grant funding per capita Single Regeneration Budget Challenge Fund grant funding per capita	
Physical environment	Road network density	% of area derelict % of house sales at <£30,000
Social environment	% electoral turnout Average house prices/average gross yearly full-time earnings	% unemployed % of households on Council Tax Benefits Standardised Mortality Rate 0-64

Source: Deas and Giordano 2001 p. 1417

2.2 The Structural Funds in urban areas

Urban development and management is increasingly becoming part of European policies. Müller-Zick (2001) argues that although there is no formal EU competence in the field of

[3] Deas, I and Giordano, B (2001) Conceptualising and measuring urban competitiveness in major English Cities: an exploratory approach Environment and Planning A Vol 33 p.1411 -1429

urban development, structural policies influence urban development considerably. As the ESDP identifies, approximately 30%-40% (CEC 1999 p16) of subsidies from the regional fund in Objective 1 areas were spent in urban areas, and in many Member States measures in Objective 2 areas are often urban in nature. Given the fact that the majority of the EU's population resides in urban areas this should not, perhaps, come as too great a surprise.

However, Müller-Zick's review also illustrates that the Structural Funds are applied to the development of comprehensive urban development strategies principally when combined with other funding sources which show an explicit urban focus. Accordingly Structural Funds can be used for urban management and cross-sectoral development strategies but do not primarily stress this aspect. There is a divergence then in what the Structural Funds can be used for and what they are used for in practice. In essence the Structural Funds provide a financial framework, from which eligible bodies can draw down support for their own priorities, so long as these are within the range of eligible actions. In considering the role of Structural Funds in urban areas it is valuable to examine the manner in which the funds have tended to be used in practice within urban areas.

Despite the assertions of the ESDP, gaining an appreciation of the urban dimension of the Structural Funds is complicated by the simple fact that few programmes focus solely on urban areas, and, equally, few measures take an explicit urban focus. The exception to this is the Urban Community Initiative. However in comparison to Objectives 1, 2 and 3 of the Structural Funds the Urban Community Initiative is extremely modest in the number of urban areas covered and the scale of funding involved. It also takes a very specific focus on tackling problems at the urban neighbourhood level, focusing particularly on issues of economic and social exclusion.

The strongest analysis of the urban dimension of the Structural Funds has been undertaken for all Objective 1 and Objective 2 programmes by the European Policies Research Centre (EPRC) on behalf of DG Regional Policy. To our knowledge this is the only research that has explicitly examined all regional programmes to assess the urban dimension of approved Structural Fund programmes. The focus of the work was on the programmes for the period 2000-2006. In undertaking the assessment the EPRC examined the consistency of the programmes with the aims of the ESDP and the Urban Framework for Action. In this respect they analysed the potential for the programmes to deliver urban-centred outcomes. The broad aims of these two documents are set out below in Table 2.4.

Table 2.4 Broad aims of UFA and ESDP

UFA aims	***ESDP aims***
1.Economic prosperity and employment in towns and cities.	1.Polycentric spatial development and a new urban-rural partnership
2.Equal opportunities, social integration and the rehabilitation of run-down areas	2.Parity of access to infrastructure and knowledge
3.Urban environment (management of transport, waste etc)	3.Wise management of the natural and cultural heritage
4.Good urban governance and increased participation of local actors and citizens	

Within the Structural Fund Guidelines, urban development is addressed as one of the aspects of balanced territorial development. Three urban focused actions are highlighted within the Guidelines as being particularly relevant for consideration within the programme strategies:

- Action 1. Explicit urban programming for SF support
- Action 8. SF support to area-based action for urban regeneration
- Action 18. EU SF support for protecting and improving the urban environment.

The first report looked at the Objective 1 programming documents across the EU, and found that the inclusion of urban elements within the documents varied considerably. This ranged from a 'strong' inclusion of urban elements by Italy, to no inclusion at all by Austria, Finland and Sweden. This latter is thought to be due to the predominantly rural nature of the Objective 1 regions in Austria, Finland and Sweden. The second report found that the inclusion of the Urban Framework for Action policy aims within Objective 2 programming also varies considerable from country to country. Inclusion (Table 2.5) ranges from 'strong' in Belgium to none in Denmark and Sweden. Again this is explained as the fact that in some cases the programming covers predominantly rural areas and urban development is not an issue. Additionally, in other cases the programmes incorporate urban areas but the strategies do not encompass any policy response to urban development needs because these are addressed by other means.

Table 2.5 Inclusion of Urban Framework for Action elements

	Objective 1	**Objective 2**
Strong	Ireland Italy	Spain
Mixed	Belgium France Portugal Germany Greece Spain UK	France Germany Luxembourg Netherlands UK
Weak		Austria Belgium, Finland Italy
None	Austria Finland Sweden	Denmark Sweden

As the reports highlight, it is not always easy to identify specific interventions for urban areas from programming document and strategies, as interventions used to tackle urban issues may be generic in design, and it is not always clear where the line of division lie between interventions aimed at different types of areas. To overcome this the authors examine the broad themes addressed in the programmes. In practice the programmes were more likely to stress broad aims, such as those set out in the ESDP, rather than specifically urban focused objectives. This is illustrated in Figure 2.1 above. In tandem with this, the twin aims of the UFA of equal opportunities and economic prosperity received broadly equal consideration, whilst issues of governance featured much less both in the analysis and the strategy of programmes.

The research also examined the nature of the actions proposed in urban areas in Objective 1 and 2 programmes. There was a strong degree of consistency in this list, which is set out in Table 2.6. However, it is important to add the caveat that this is based on those actions that were identifiably targeted on urban areas within the programmes, it says nothing about the range of other actions that might be applied in urban areas if eligible bodies so decided.

Table 2.6: Identified actions in urban areas

	Urban focused actions
Business support	▪ Developing innovative infrastructure
	▪ Supporting SME entrepreneurship
Education & training	▪ Tertiary sector support
Regeneration & exclusion	▪ Support for socially excluded groups
	▪ Development of city centres
Infrastructure	▪ Improving city public transport
	▪ Developing business parks
Environmental issues	▪ Tackling urban pollution
	▪ Waste management

Clearly, the emphasis on urban areas, and more specifically urban-centred issues, is not significant within Structural Fund programming documents. We have therefore also examined the range of actions which, potentially, might be applied in urban areas. This provides a basis for the later assessment as to how Structural Funds are being used in urban areas in practice. We have organised the material according to the principal themes of European urban policy, which, *inter alia*, reflects the aims of the UFA, namely:

- Strengthening economic prosperity and employment in towns and cities
- Promoting equality, social inclusion and regeneration in urban areas
- Protecting and improving the urban environment: towards local and global sustainability

- Contributing to good urban governance and local empowerment

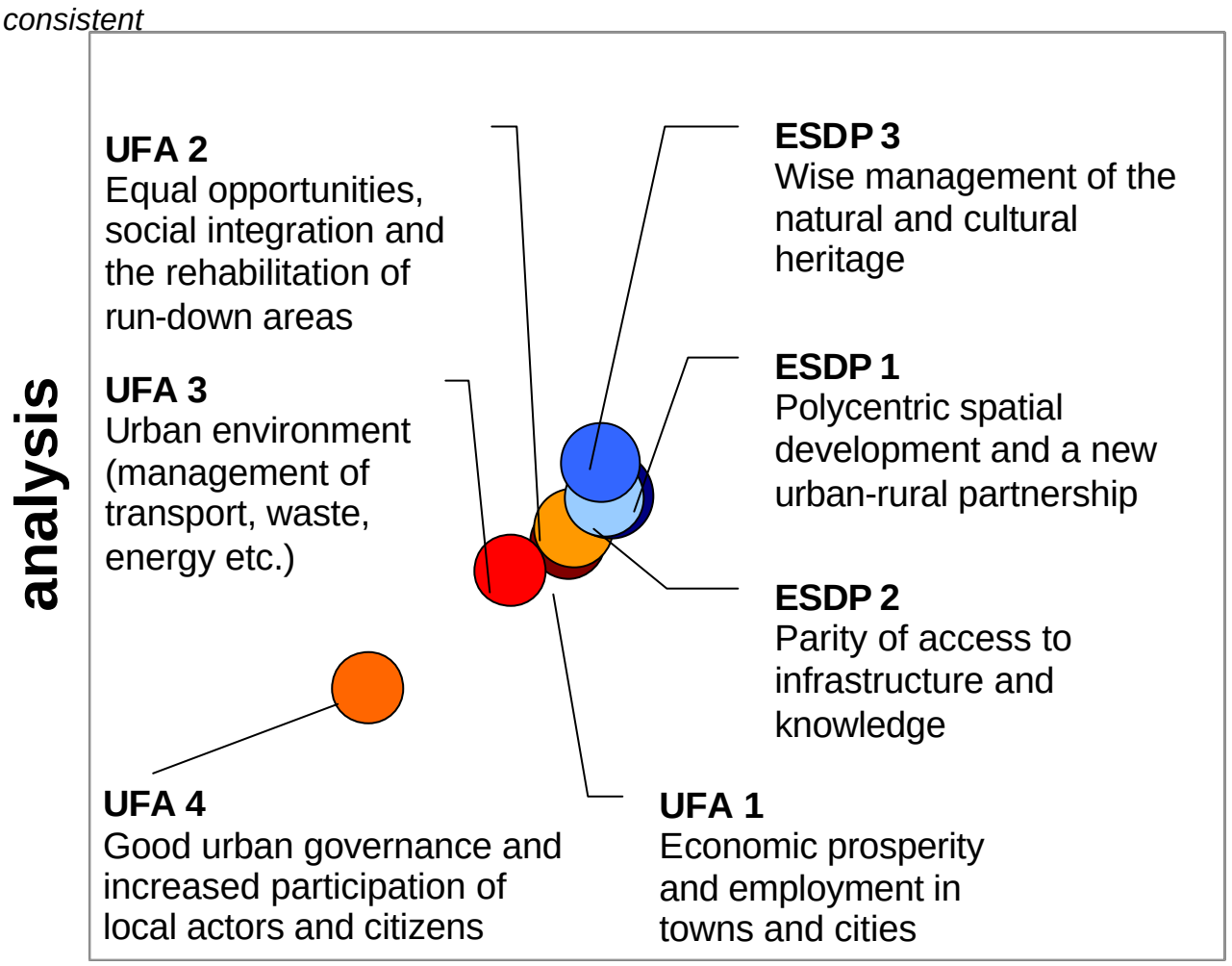
Strengthening economic prosperity and employment in towns and cities

Literature in this area demonstrates both a strong focus of actions under this theme but also a very implicit focus on urban specific actions. Actions carried out centre mainly around the promoting dynamic, attractive and competitive cites and urbanised regions. Where there is an urban focus the main emphasis is on inner-urban problems rather than on urban co-operation and urban systems.

Actions carried out focus on increasing diversification of the economic activities, strengthening research and development activities in a urban region, supporting enterprises by providing innovation infrastructure and supporting the development of sites and premises.

- *Diversification*: Increased diversification of economic activities is considered and important factor in improving the economic viability in urban areas, for example by measures encouraging entrepreneurship, the development of SME's, support of tourism and cultural industries etc. This is one of the principle areas of activity of the Structural Funds.
- *Strengthening the firm base*: A strong proportion of Structural Fund activity is dedicated towards strengthening the enterprise base of the programme area, through supporting new start-ups, supporting the development of existing firms and through assisting in the development of a suitably-skilled labour force.
- *Research and development and innovation*: R&D is an important factor in the development of competitive regional economies. Structural Funds are actively supporting the development of R&D activity and infrastructure. Programmes are also promoting the development of a more innovative enterprise base.
- *Developing sites and premise*: Ensuring an adequate supply of sites and premises is a common feature of Structural Fund programmes. This ranges from the development of new, green-field sites through to the reclamation and re-use of derelict sites and buildings.

Figure 2.1 Spatial & Urban Dimension in the 2000-6 Structural Funds Programmes



Nordregio (2002)

Based on the study on the spatial and urban dimension in the 2000-06 Structural Funds programmes carried out by the European Policies Research Centre (EPRC) in co-operation with Nordregio .

Promoting equality, social inclusion and regeneration in urban areas

In the UFA the Commission advocates an area-based approach to the regeneration of deprived urban areas under the Structural Funds, integrating economic, social, cultural, environmental, transport and security aspects. Linkages between urban areas in difficulty and the wider social and economic strategies in order to avoid urban segregation are equally important. Special emphasis is placed on aspects such as second chance education and training. Given the policy focus of social cohesion, actions carried out focus on deprived areas, and issues such as social integration, training and education and equality aspects.

- *Social integration:* Inhabitants in deprived urban areas facing declining economic performance, high unemployment, lack of opportunities, inferior housing, outward migration etc, run the risk increased isolation and social exclusion from society.
- *Training and education:* Accessibility to training and education is in many regions regarded as a valuable factor in improving the economic prosperity of deprived urban areas and enhancing social integration. The focus of measures and objectives can vary between areas, as some are directed at training of employees to increase competitiveness of firms, others focus on unemployed people to increase their job opportunities and yet another are aimed at training for those who want to start their own company.
- *Improving the image of deprived areas*: To improve the image of deprived areas is regarded as an important aspect in trying to attract businesses, create new employment opportunities and enhance the general living condition of the inhabitants, for example by improving the physical appearance of the area in the form of urban centres development, recycling of vacant and derelict land, refurbishing old building (old industrial sites, harbour areas, run-down centres etc.).

Protecting and improving the urban environment: towards local and global sustainability

The UFA highlights environmental actions most likely to lead to demonstrable improvements in urban areas, and draws together a wide range of Community initiatives that affect the quality of the urban environment, including urban energy management, transport, waste, air quality, water, noise and contaminated land. Emphasis is placed on integrated environmental management approaches and on how the Structural Funds can contribute to a more sustainable urban environment.

Environmental issues have featured more prominently in EU objectives and regulations in recent years. Efforts to integrate these objective date back several decades, with an emphasis on the improvement of vacant and derelict land.

Despite a wide range of problems when it comes to environmental aspects and sustainable development within the Structural Funds programmes (See Clement, Bachelor and Turok), issues such as improving public transport, environmental improvement of urban areas and infrastructure for pollution management are covered.

- *Improving city public transport:* Growing concerns, both locally and globally, over increased traffic in cities and resulting pollution has led to projects to support development of public transportation networks. The probably most famous example is the extension of the Athens metro, which was completed in 2000, partly financed by the Structural Funds.
- *Urban green space and environmental improvement in urban areas:* Improving the urban green space, for example by planting trees, can be a part of measures aimed at enhancing the general appearance of deprived neighbourhoods.
- *Promote environmental awareness*: To reach the goal of a more sustainable urban development, measures in promoting environmental awareness among both citizens and firms are important. Improving the environmental performance of production can also open up new markets and increase the competitiveness of firms.
- *Infrastructure for pollution management:* Integral part of plans to improve the environment, both local and global, in order to move towards sustainable development are measures related to the treatment of waste in all forms.

Contributing to good urban governance and local empowerment

The importance of governance processes is reflected in different aspects of the Structural Funds system. In the context of Structural Funds in urban areas, aspects such as urban management and participation processes seem to be the key mechanism through which the Funds contribute to urban governance and local empowerment. There are small examples of community capacity building but this is not a significant nor explicit element of most Structural Fund programmes.

- *Good urban management:* The wide dimension of problems many urban areas are facing today are such that they have to be tackled through many policy areas, creating the need for an integrated approach involving several sectors. The establishment of partnerships between different levels of government (local, regional, national, European) and also between various actors active in the same area are considered an integral part of good urban management.
- *Public participation in developing processes:* Active involvement of local citizens affected by Structural Fund interventions, in the development and implementation of projects of neighbourhood renewal for example, is considered as contributing to the success of such intervention.

- *Community capacity building:* Within the Urban Community Initiative and some other specific programmes good examples can be found of Structural Fund activities explicitly targeted on developing community capacity and strengthening local empowerment. This is not a mainstream activity though.

3.0 MEASURING URBAN CONDITIONS

This section reports on the work undertaken to identify and analyse the nature and distribution of urban trends and urban problems across the study area. In this respect the work was directed towards the following three objectives of the study:

- To develop territorial indicators, typologies as well as new methodologies to consider territorial information and concepts and establishing a database and map- making facilities and to sustain the project by empirical, statistical and/or data analysis to gain concrete and applicable information on the EU wide effects of spatially relevant development trends and their underlying determinates;

- Special attention to detection of territories most negatively and positively affected by the identified trends with special reference to regions in terms of accessibility, polycentric development, environment, urban areas, territorial impact assessment; particular attention will be paid to areas exposed to extreme structural economic and social conditions (mainly due to structural re-conversion of vital economic sectors) and geographical positions and natural handicaps such as mountain areas, islands, ultra-peripheral regions;

- To analysis (sic) of the territorial trends, potentials and problems deriving from the policy, at different scales, and in different parts of an enlarged European territory,

In considering the development of typologies of urban areas the study was directed towards complementing the typology work of ESPON TPG 1.1.1 and, in June 2003, towards identifying urban areas that have been, or are, in urban decline or those in transformation to a service economy.

Amongst the different objectives for this study the Commission has argued that the study must concentrate on identifying consistent indicators and methods for identifying those urban areas that might be eligible for Objective 2 style programmes in the future. This has significantly influenced the approach undertaken by ECOTEC in delivering this study.

We have been forced to make assumptions as to what might constitute Objective 2 style programmes in the future, as well as identifying indicators that might be consistently applied across Europe to identify eligible urban areas.

Our assumptions as to what the focus of urban-centred objective 2 style programmes might consist of have been governed by the actions that are currently supported in urban areas by the existing Structural Funds. These assumptions have also been influenced by Commission writings on urban policy issues, starting from the publication of the Urban Framework for Action. Our assumptions have also been influenced by the instruction by the Commission that we should only consider those

actions that are typically undertaken by urban authorities, rather than actions that might take place in urban areas but supported by regional or national authorities. As a practical example we were instructed not to consider major infrastructure projects (such as the Athens Metro), unless they were undertaken by the local authority.

The approach adopted by ECOTEC to the identification of indicators for determining which urban areas might be eligible for objective 2 style programmes has been influenced by the assumed objectives of the Structural Funds in the future. These assumed objectives are:

- Strengthening economic prosperity and employment in towns and cities
- Promoting equality, social inclusion and regeneration in urban areas
- Protecting and improving the urban environment
- Contributing to good urban governance and local empowerment

We have sought indicators for each of these four dimensions. However, the availability of consistent data has limited the range of indictors that can be used to identify those areas that might be eligible for Objective 2 style programmes in the future, unless one is willing to accept non-comparable datasets. We have tried to avoid this scenario as the Commission explained that one of the reasons for their focus on comparable data was due to their dissatisfaction with the current means of identifying eligible areas under the so-called 'Urban' strand of Objective 2.

Identifying consistent indicators has been made more complex by the requirement that the study must cover all 27 countries of the EU and Accession and Candidate Countries. We have also been instructed that the indicators must apply to all functional urban areas in these 27 countries. These are defined as any urban area with a population of more than 50,000 persons and, in some cases, 20,000 persons.

The minimum level at which data can usefully be applied to urban areas is NUTS 3. However, as any NUTS 3 area will often include more than one functional urban area data will ideally be collected for NUTS 4 or even NUTS 5 administrative areas. Naturally, the smaller the scale for which data is sought the fewer datasets are available. Inter alia, reasons of confidentiality, survey error and cost all serve to limit the number of indicators available at levels below NUTS 3. Yet using data at the NUTS 3 level can prove equally misleading as a mechanism for identifying small urban areas that might be eligible for Objective 2 style programmes in the future.

3.1 Data availability

The following section provides a short summary of the approach taken to collecting data for the study. The selection of indicators for which data was sought was based upon:

- The nature of urban problems identified through the initial analysis of literature on this topic (Section 2 of this report);

- The focus of the Structural Funds in urban areas, based on initial desk research (Section 2 of this report);
- An initial assessment of potential data availaibility

At the outset of the study it was recognised that data availability was going to be a concern for the study. According to an OECD analysis from 1998[4] OECD countries can be split into those that use neighbourhood-level data for policy purposes (and for which data can be assumed to be available), those that collect such data but tend not to use it on a routine basis (and for which it can be assumed that data might be available) and those which tend not to have neighbourhood-level data. The distribution of countries identified in this survey is set out below. As the report noted "the lack of municipal level and sub-municipal level, socio-economic data collection and analysis…is striking" (p.138)

Table 3.1: Availability of neighbourhood-level data

Countries that use neighbourhood-level data	*Countries that have but do not use neighbourhood-level data*	*Countries that do not have neighbourhood-level data*
Belgium	Denmark	Germany
Finland	Finland	Greece
France	Italy	Portugal
Ireland	Netherlands	
Sweden	Norway	
UK	Spain	

Source: OECD 1998 p.138

3.1.1 The approach

It is beyond the remit of this study to formulate a complete geography of urban Europe. Rather the focus has been on identifying those conditions that might inform decisions of eligibility for Objective 2 style actions in urban areas. In this regard we have identified 8 parameters that indicate the strengths and weaknesses of urban areas in a range of areas. These are set out in Box 3.1, in no particular order:

Box 1: Urban parameters

- High level of unemployment
- Low level of economic activity
- High level of poverty and exclusion
- Specific need for conversion, due to sectoral mix
- High number of immigrants, ethnic and minority groups or refugees
- Low level of education, significant skills deficiencies and high drop-out rates from school
- Precarious demographic trends
- Rundown environment

[4] OECD 1998 Integrating Distressed Urban Areas

We summarise the rationale behind these parameters below.

- High level of unemployment

  High levels of unemployment are commonly used as an indicator of social and economic weaknesses within an urban area. It is regarded as indicative of there being insufficient employment opportunities in a surrounding labour market, or of the existence of barriers to employment. Both of which contribute to economic exclusion. An above EU average rate of unemployment is a current indicator for Objective 2 eligibility (2000-06)

  Potential indicators:
  - Absolute unemployment numbers
  - Unemployment rate

- Low level of economic activity

  Low levels of economic activity can also be indicative of weak urban economies. Low rates of employment activity, either through discouraged worker effects or because of cultural factors, can reduce the workforce available. This can reduce the potential for economic growth and serve to lower average income levels. It may also serve to increase levels of social exclusion. Low activity rates in this area may also indicate that unemployment rates are understated in terms of the actual workforce potentially available.

  A second factor in economic activity we pick out here is levels of business activity, particularly as measured by the number of business start-ups and business survival rates. The extent to which businesses are being formed, and the total stock of businesses, is both an important measure of the levels of entrepreneurial activity in an area and a critical contribution to new job development.

  Potential indicators:
  - Absolute number in employment
  - Economic activity rates
  - Business start ups and survival rates

- High level of poverty and exclusion

  Levels of poverty and exclusion can be indicative of social and economic difficulties within an urban area. In comparing the welfare of cities those that have a higher level of GDP are traditionally assumed to be 'better off' than those that have lower levels, owing to the increased spending power of residents. There are recognised difficulties in using GDP at a city scale owing to the potential for misallocating income between the urban area and surrounding territories through the manner in which the statistics are collected. Nevertheless GDP remains an

accepted dataset, not least because of its availability, and is an important indicator in determining eligibility for Objective 1 of the Structural Funds, with comparisons drawn to the EU average. An alternative indicator of income is household income, although this has only limited availability, whilst other proxies used include recipients of welfare or social security benefits, as these are often only available to those on low incomes.

Although average measures provide some indicator of the absolute performance of an urban area in comparison to others, as well as an indication of the severity of a problem in itself, they fail to pick up disparities within the urban area. This is a particular issue with respect to exclusion. Disparities in unemployment and incomes can be a particular problem in terms of exclusion, particularly where areas of poverty are juxtaposed with those of wealth. Measures of intra-urban disparities in these key areas are therefore an important contribution to identifying the nature of the urban problem.

Potential indicators:
- GDP per capita PPP
- Indicators of low income (poverty, population on social/welfare benefits)
- Household income
- Extent to which there are disparities in unemployment

- Specific need for conversion, due to sectoral mix

The economic base of an urban area is a significant contributor to the overall well-being of urban residents. The decline of traditional manufacturing industries and the restructuring of economic activity towards service and knowledge-based functions has affected urban areas in different ways. As restructuring continues so the exposure of an urban area to such changes, owing to dependency on particular sectors, may be an important indication of future risk. However, there is no means of predicting how individual areas will be affected by macro-economic change and restructuring as global investment decisions are based upon a complex mix of factors. Indicators of sectoral composition can, at best, provide an indication of areas that might be perceived to be at risk, with areas that are dependent upon manufacturing sectors regarded as potentially more exposed than those that are not. Dependency upon declining manufacturing sectors, as measured by the proportion of employment in manufacturing compared to the European average and the decline in this over time, was used in determining eligibility for Objective 2 (2000-2006).

Potential indicators:
- Employment in manufacturing
- Employment in services
- Employment in high-tech manufacturing
- Employment in high-tech services
- GVA NACE 3

Dependency on classes below category D NACE 17

- High number of immigrants, ethnic and minority groups or refugees

  In many places immigrant groups and ethnic minorities have lower average income levels and a higher propensity for unemployment and than the majority population. They may also suffer social exclusion to a greater degree and may face difficulties of integration. For these reasons a high number of immigrants and minority groups can be an indicator of social and economic problems within an urban area, although is not necessarily so. The issues can be exacerbated where groups are concentrated within a limited number of neighbourhoods.

  Potential indicators:
  Proportion of non-nationals in population
  Proportion of residents from different ethnic groups

- Low level of education, significant skills deficiencies and high drop-out rates from school

  The skill level available within a labour market is an important consideration in the ability of an area to benefit from the increasing trend towards higher skilled employment, particularly where labour costs are greater than in alternative low skilled locations. In the absence of an adequate skills base urban areas are unable to access higher value employment opportunities and will be disadvantaged in the trend towards knowledge-based employment.

  Potential indicators:
  % of population with secondary education (ISCED 1997 level 3)
  % of working age population qualified to degree level (ISCED 1997 levels 5 and 6)

- Unstable demographic trends

  Rapid population change can bring pressures on urban development. Rapid increases in population can lead to over-crowding, urban sprawl and other unsatisfactory developments, whilst a rapid decrease can lead to redundant land and property and a diminishing labour force. Population decline can be an indicator of weak urban performance, whilst population increase can indicate the opposite. Two further demographic trends that can indicate potential urban difficulties are the presence of an ageing population, as this will gradually reduce the available workforce as well as leading to pressures on health and care services, and an increasing dependency ratio. The latter refers to the proportion of the population dependent upon the output of the working age population. For the current study the working age population is defined as those aged 18-65.

Potential indicators:
- Population change
- Proportion of dependent population
- Ageing population

- Rundown environment

The quality to the urban environment is an important element in the quality of life experienced by urban residents. It can also have an impact on the propensity of an urban area to attract new businesses and higher-skilled, mobile, workers. Air quality, access to public space and the quality of the physical environment itself are all factors that can regarded as urban problems. Some of these are symptoms of urban decline, whilst others can equally by symptomatic of urban success. The problems emanating from unmanaged urban growth, for instance, has led to calls for policies based on the principles of SMART growth[5]. In practice, references to a run-down environment tend to focus upon poor quality building stock and problems of under investment and economic decline.

Potential indicators:
- Quality of physical environment
  - Quantity of derelict land
  - Quantity of contaminated land
  - Urban sprawl
  - Traffic congestion
- Air quality
  - Concentrations of NO2
  - Summer smog
  - Winter smog
  - CO2, NO2, NO
- Access to public space
  - Recreation space as a % of total surface area
  - Parks and Gardens as a % of total surface area
  - Grassland as a % of total surface area
  - Amount of urban green space per inhabitant

Recognising that information on different indicators was collected, and held in common formats, at different levels we adopted a three stage process for indicator development and data collection. We first defined a set of indicators that would illustrate trends at the urban level within Europe to serve as a context for Structural Fund interventions in the current period and in the future. The trends we were interested in reflected the main themes of the sustainable urban development strategy: social, economic and environmental. We had already identified that governance data

[5]International City/County Management Association (2002) Getting to Smart Growth: 100 Policies for Implementation

was an area of significant weakness. Within these themes, indicators were organised around the following categories (recognising that there were some cross-over):

Economic:	Economic performance Economic base
Social:	Education and skills levels Poverty and social cohesion Demographic structure Governance structure
Environment:	Environmental pollution Land use

Table 3.2 below includes the long list of indicators which were agreed upon.

It was apparent from an initial overview of the data availability against these indicators across Europe that we were not going to be able to find comparable data for all these indicators at the urban level. National statistical offices frequently collect comparable data at the regional level, with only a limited set of indicators being collected for individual urban areas. In many cases such indicators are collected by local authorities and local organisations but using different definitions. This makes it particularly hard to make adequate comparisons between urban areas, and identify common urban trends that are occurring within Europe.

To meet the challenge of identifying relevant data to plot urban trends in Europe, ESPON 2.2.3 developed a three level collection methodology:

- **A** EU wide collection of data at lowest comparative level possible (NUTS 2 and 3)
- **B** Large urban sample of 800 urban areas for which comparable national datasets would be explored
- **C** More in-depth urban sample of 25 urban areas for which local data availability would be explored

TABLE 3.2: LIST OF INDICATORS FOR WHICH INFORMATION SOUGHT

<table>
<tr><th>Economic</th><th>Social</th><th>Environmental</th></tr>
<tr><td rowspan="2">Economic performance
GVA at NACE 17
GVA at NACE 3
Employment in manufacturing
Employment in services
High-tech Employment in manufacturing
High-tech Employment in services
Occupation (manual, administrative)</td><td>Education and skills levels
% population with tertiary qualification</td><td rowspan="3">Environmental pollution
Pollution levels (air and water)</td></tr>
<tr><td rowspan="3">Economic structure
Activity rates
Employment
GDP
GDP purchasing power
Number of business start-ups
Business survival rates</td><td>Poverty and social cohesion
Income of households
Unemployment
GDP euro per inhabitant
Life expectancy
Overcrowding
Car ownership rates</td></tr>
<tr><td>Demographic structure
Population
Population by sex and age
Migration data</td><td rowspan="2">Land use
Amount of derelict land
Number of empty homes
Congestion
Urban sprawl
% urban fabric</td></tr>
<tr><td>Governance structure
Governance capacity* (number of institutions, number of employees</td></tr>
</table>

A EU wide collection of data

i. Indicators collected

The aim of the EU wide data collection was to build a comparative European typology by focusing on a limited number of indicators that could be collected on a comparable basis across the EU27+2. The lowest levels at which comparable data could be collected with sufficient coverage for our analysis was at the NUTS 2 and 3 level. It was therefore important to focus this search on indictors which were not only available at this level, but also had meaning at this level for urban areas. For example, information on regional economic and social performance is of strong relevance to urban areas even if it can only be collected at the NUTS 2 level, as the regional economy will have a strong influence on urban areas and vice versa. However, environmental data collected at the NUTS 2 level is less meaningful when it comes to urban environmental issues. It was also apparent from contact with the European Environment Agency and other organisations that it is particularly difficult to identify environmental indicators at low regional levels, as data is mainly collected nationally, using a set of collection points which do not fit neatly with regional or urban boundaries.

The focus on indicators for this part of the data collection largely fell within the 'economic' and 'social' elements of our research, as set out in Table 3.3 and Table 3.4, recognizing the various scales at which data is readily available and the relevance of the data at NUTS 2 or 3 level. Where data was collected at a NUTS 2 level it would be assigned to NUTS 3 areas using modelling and scaling techniques to attribute to lower geographies (based on standard validity assumptions).

Table 3.3: Indicators collected for the EU comparative typology at NUTS 3

Economic	**Social**	**Environmental**
• GVA at different NACE industrial sector levels (3,17, sub-sectors of 17D manufacturing) comparison; • Unemployment	• Population • Population by age and sex	-*

*See comment under 'Sources of data'.

Table 3.4: Indicators collected for the EU comparative typology at NUTS 2

Economic	**Social**	**Environmental**
• GVA GVA at different NACE industrial sector levels • Employment; • Employment in manufacturing; • Employment in services • High-tech Employment in manufacturing • High-tech Employment in services • Economic activity rates	• % population with tertiary qualification • Income of households • GDP euro per inhabitant;	-*

*See comment under 'Sources of data'.

For all the other indicators listed in Table 3.2, comparable data collection at this level was not possible. Indicators were either available at the national level only (NUTS 0) or mainly collected locally using variable definitions. Data for these indicators was sought through a series of sampling approaches (explained further in Sections B and C of this report).

ii. How did we collect data at this level?

Indicators were collected for all the NUTS 2 and 3 regions in the EU27+2 which have one or more functional urban areas within them (using the list of Functional Urban Areas developed by ESPON 1.1.1).

Identifying trends and making comparisons

Data was collected on EU level and national level indicators to calculate averages for the EU 27+2, the EU 15 , the 10 acceding states, the 12 Central Eastern European countries, to use as comparators.

Time periods and comparators

For all indicators, we collected data over at least a five-year trend period to illustrate trends. Data availability in the Eurostat New Chronos database varied so we looked for data between 1994-2003.

Sources of data

The following sources were consulted at the European level:

- EUROSTAT New Chronos Database
- European Environment Agency
- EUROCITIES
- European Common Indicators (ECI)
- The MOLAND project (Monitoring Urban Dynamics/Monitoring Land Use Changes).
- CORINE
- The LUCAS database
- OECD

For most of the above contacts, data at the required level of NUTS 3 and below was not available. For example, following repeated contacts with the European Environment Agency we were told that environmental indicators requested (see Box 3.1) were not available at NUTS 3 or below although they had previously investigated collecting this data.

Box 3.1 Environmental indicators requested from EEA

- Unused areas including contaminated and derelict land areas at NUTS III
- Number of days per year ozone O_3 at NUTS III
- Total carbon dioxide CO_2 emissions at NUTS III
- Total carbon monoxide CO emissions at NUTS III
- Total methane CH4 emissions at NUTS III
- Total nitrogen dioxide NO2 emissions at NUTS III
- Annual amount of solid waste (domestic and commercial) collected from within the designated boundary at NUTS III
- Annual amount of solid waste (domestic and commercial) that is recycled at NUTS III

In other cases, for example for the Moland database and the European Common Indicators project on sustainability, the data available was only for a small sample of urban areas.

The New Chronos database provided to the ESPON projects by DG Regio was particularly useful in identifying data for most of the indicators identified above, although there were a series of gaps in the data (for individual regions and years) which needed to be filled through national data collection.

ESPON 2.2.3 and ESPON 112 also benefited from useful data on urban land use from the CORINE database that was used to determine the % urban fabric in each NUTS 3 region.

NACE data

Given that the Commission was particularly interested in declining industrial areas it was particularly important that we collected information on economic industrial

structure at as low as possible regional level. GVA or employment at NACE 17 and NACE 17 manufacturing sub-sectors at NUTS 3 was not available from any European source, but we suspected that it was collected nationally at this level and that relatively rigid NACE definition structure would give a relatively strong level of comparability. We therefore conducted a national indicator collection exercise for all EU27+2 to collect information on GVA at NACE 17 for all NUTS 3 regions. This was a complicated process as it is not routinely completed in many countries. Moreover, the study was directed to explore dependency in urban areas on specific manufacturing sectors ie at a level below that of NACE 17 category D. This compounded the difficulties and met with limited success, despite strong resource commitment. Box 3.2 below demonstrates one national view on the collection of NACE 17 data at a NUTS 3 level.

Box 3.2 NACE 17 data collection at NUTS 3 scale

The Office for National Statistics (ONS) in the UK have informed the study that they do not collect NACE 17 data at the NUTS 3 level because of problems accurately identifying the data. According to the ONS it becomes a 'modelling exercise' at this stage in the UK. There are also potential problems of confidentiality. The ONS have also stated that they do not collect this data because it is not a formal EU requirement.

As stated above, we also used a national data collection exercise to fill gaps in the Eurostat New Chronos database. There were a large number of gaps in the data, for particular years and particular regions. The national data collection exercise involved each ESPON 2.2.3 partner taking responsibility for contacting national and regional statistical offices to access the required data. SDRU and ECOTEC took on the task of identifying information from the Accession countries through a three stage request process (firstly via ESPON project 3.1, then two different direct requests to all each national statistical office and contacts identified through the ESPON Data Navigator).

As overall coordinator, ECOTEC supplied information to all partners on the definitions used for the indicators collected by EUROSTAT New Chronos and was available to answer queries and offer additional guidance where required. In the event, the work of clarifying what was required, checking data comparability and chasing data sources was extremely time consuming for all partners involved. The list of data which was determined to be available for each country and by indicator is set out in Annex 2.

B Large urban sample of 800 urban areas

i. Indicators collected

As noted above, it was only possible to conduct an EU wide comparative data search for a limited number of indicators. The ESPON 2.2.3 partnership therefore also collected a further set of indicators from the initial long list for a large sample of roughly 800 urban areas. This allowed us to:

- collect indicators on economic activity, environmental pollution and life expectancy at NUTS 3 (below the normal level available from EUROSTAT)
- look at more commonly available indicators (unemployment & income per household) at the *sub*-urban level (typically NUTS 4 & 4).

The indicators sought at this level are set out in Table 3.5.:

Table 3.5: Indicators collected from national and regional sources

Economic	**Social**	**Environmental**
• Economic activity	• Unemployment • Income per household • Life expectancy	• Environmental pollution

ii. How did we collect data at this level?

The ESPON 2.2.3 partners each took responsibility for contacting national and regional statistical offices to access the required data. As summarised above SDRU and ECOTEC took on the task of identifying information from the Accession countries. Data to fill data gaps, and to fill the requirements of the urban sample were mainly requested simultaneously.

The sample of 806 urban areas were drawn from 19 countries across the EU27+2 (excluding Austria, Ireland, Norway, Cyprus, Malta, Switzerland, Luxembourg). The sample was weighted to include a high percentage of urban areas demonstrating signs of economic decline, either through declining GDP and employment or declining unemployment levels. These areas were identified through the initial EU wide data collection. This focus was adopted in order to allow us to better identify the typical urban trends facing urban areas that were or in the future could be in receipt of Objective 2-style Structural Fund interventions, thus reflecting the direction of the study. This approach did mean that some Member States were not included in this exercise.

Table 3.6: Breakdown of sample of 806 urban areas

Country	Total	% of sample
Belgium	9	1%
Bulgaria	30	4%
Czech Republic	10	1%
Denmark	5	1%
Estonia	2	0%
Finland	18	2%
France	119	15%
Germany	125	16%
Greece	35	4%
Hungary	31	4%
Italy	112	14%

Latvia	8	1%
Lithuania	7	1%
Poland	56	7%
Portugal	41	5%
Romania	58	7%
Slovakia	25	3%
Sweden	25	3%
UK	28	3%

The list of data which was determined to be available for each country and by indicator is set out in Annex 2. In Annex 3 we set out the list of data received from national and regional sources, together with a short assessment of any difficulties in its use.

C More in-depth urban sample of 25 urban areas

i. Indicators collected

Finally, we also carried out in-depth data collection for a small sample of 25 urban areas, as part of the case study element of the work programme. This allowed us to search for a much greater pool of indicators, without being restricted to data which was comparable with that collected for urban areas. The indicators sought included:

Table 3.7: Indicators collected through case studies

Economic	Social	Environmental
• Sectoral mix (industry, services)* • Number of business start-ups* • Business survival rates • Employment* • Occupation (manual, administrative)*	• Poverty* • Overcrowding* • Number of empty homes • Car ownership rates • Demographic structure* • Migration data • Governance capacity* (number of institutions, number of employees)	• Congestion • Amount of derelict land* • Greenfield land take* • Water quality • Air quality*

*mandatory for collection. Significant effort to be expanded in seeking to identify their availability

ii. How did we collect data at this level?

The 25 case studies were selected with a focus on urban areas in receipt of Objective 1, Objective 2 and/or Urban funding. This second sample was also weighted to focus on a majority of urban areas which had experienced economic decline (evidenced by rising unemployment, falling GDP or employment), along with a number of urban areas that had been performing well to act as comparators. Separate documentation on the methodology behind the case studies and the final sample is available.

Each ESPON 2.2.3 partner involved in carrying out case studies contacted the local urban, regional and national authorities in order to identify relevant local statistics. A further source of data was the Structural Fund programme documentation. Annex 4

sets out the list of indicators available in each case study area. It clearly demonstrates the variation in both the number of statistics available and in the definitions used for some seemingly similar indicators.

3.1.2 Issues surrounding data collection and data received

We list separately - in Annexes 2, 3 and 4 - summary tables of the data collected and data received per country. However there are a number of issues that it will be useful to summarise here in relation to the collection of data.

Overall, the data collection process was relatively time consuming, and we received different types of response from different statistical offices. Table 3.8 summarises the type of response received by country:

Table 3.8: Response by country

Response	Countries
Available data sent	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Spain, Sweden, UK Switzerland, Norway Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Romania, Slovenia
Data only available at a cost*	Bulgaria, Lithuania
No reply	Malta, Slovakia, Portugal

*See information on costs below

Where data was sent it was in variable formats, despite the guidance forwarded to project partners. In a limited number of cases, despite repeated attempts to contact statistical offices no response was received. In some cases, information was available however through accessing websites and online material and this approach was taken.

The initial trawls for data in the Accession countries in particular produced limited results, so ECOTEC and SDRU carried out a second and adapted request for data in the Autumn 2003. This proved much more successful and we received replies for all countries in the Accession Countries and the EEA except Malta and Slovakia.

In a number of cases the ESPON 2.2.3 partnership was informed that data could be made available but only at cost. For example:

- DENMARK GVA by NACE 17 and below for NUTS 3is available for the price of 680€ Employment at NACE 17 only available for 1995 or at cost
- FINLAND NACE 17 at NUTS 3 only available at cost, approx 700-900€ except for 1995
- FRANCE Income per household at NUTS 2 only available at cost.
- GERMANY Unemployment data at NUTS 4 and 5 only available for 1999 or at cost of 356 €
- SWEDEN Data on GVA at NUTS 3 available only at cost of 1500€. Employment at NACE 17 only available for 1995 or at cost.

- BULGARIA Cost for all data provision estimated 1350€
- LITHUANIA. If agreement given to cover costs national statistical office will seek data. No estimate of costs given

3.1.3 Conclusions from the data collection process

It was evident from our communications with EUROCITIES, with members of networks such as URBACT, and with members of the ECOTEC team responsible for the Urban Audit, that collecting indicators at the urban level is a particularly difficult task. While a number of urban networks and other organisations have committed to increasing the availability of urban level indicators, they have invariably come up against problems in relation to collecting comparable and relevant data. This experience is fully confirmed by the experiences of the ESPON 2.2.3 project in that we have had considerable difficulties accessing comparable and relevant data across the EU27+2 at NUTS 3 and below. The difficulties can be sourced to a number of different factors:

- The number of relevant indicators. The context issues surrounding urban policy are complex and require the collection of a variety of different indicators covering social, economic and environmental factors.
- The number of urban areas to be covered. At the lower regional levels, the number of individual areas to be addressed obviously increases.
- The lack of comparable data available at the urban level. Comparable data is not readily available below NUTS 3 level across the EU27+2.

It is clear that in the past, the collection of coherent and systematic data sets for urban areas has only been achieved for individual samples of cities. For example, the European Common Indicators collected by Ambiente Italia focused on approximately 40 cities[6], the 'Towards an Urban Atlas' project focused on 25 cities and urban areas, [7] the URBAN AUDIT 1 focused on 60 cities and the Moland database on changing land use at the urban level across 40 cities[8]. The URBAN AUDIT II which is due to report in Summer or Autumn 2004 will significantly increase the range of indicators which are available at the urban level (including a complex set of indicators on social, economic and environmental factors) but only for189 large and medium sized cities. Going beyond the sampling approach to look at over 1500 cities in Europe as part of the ESPON 2.2.3 project has therefore posed a significant challenge.

[6] http://www.sustainable-cities.org/indicators/ECI%20Final%20Report.pdf
[7] The JRC are working closely with the European Environment Agency, in particular on the project "Towards an urban atlas: Assessment of spatial data on 25 European cities and urban areas" which is viewable on the following web-site:
http://reports.eea.eu.int/environmental_issue_report_2002_30/en/tab_abstract_RLR
[8] The MOLAND project (Monitoring Urban Dynamics/Monitoring Land Use Changes) involves monitoring and forecasting land use requirements over time, looking at "land use evolution", modelling long term scenarios and assessing the critical factors to input into spatial plans and policies for approximately 40 urban areas across Europe.

While it is difficult to surmount the issue of the sheer number of European urban areas and the breadth of different indicators which need to be focused on when working in this field, the comparability of data is an issue which could and should be addressed by policy makers. ESPON 2.2.3 has learnt the following lessons from its experience, which could be useful for other projects working in this area in the future.

- ***Comparability of data***

It is our experience that comparable statistics are most likely to be available at the local level in Europe where this serves a direct and widely recognised practical purpose in policy implementation. For example, the ESPON 2.2.3 project has found that unemployment data is available at a relatively low level across Europe. European employment organisations generally deliver unemployment benefit at a local level as part of a nationally coherent unemployment benefit system. There is therefore obvious value in maintaining consistent definitions for the collection of data on unemployed people for different local areas. At the European level, the labour market survey has succeeded in taking advantage of this situation to ensure that unemployment data is defined and collected in a relatively similar way across the member states and accession countries. There is still progress to be made in ensuring that unemployment data is available at sub-urban levels (typically NUTS 4/5 except in certain countries) to ensure that 'pockets of deprivation' within urban areas can be easily identified.

However, where the practical and political drivers for indicator collection are not so obvious, there is a much more erratic collection of data at the urban level across the EU27+2. For many urban trends (social, economic and environmental) within Europe, either:

- The *best means of measuring urban trends indicators is still poorly defined* and agreement has not been reached on which particular indicators to collect eg. what constitutes appropriate poverty indicators? How do you adequately measure public transport provision?;
- Indicators are in place and data is collected but there is *no common agreement on definitions* for these indicators eg statistics on crime rates, how to measure income per household;
- Data is mainly collected by national bodies eg business start ups and VAT registration and therefore has *poor territorial definition*;
- Indicators are collected at a regional level because *this is where the governance of this policy takes place* eg educational attainment, GDP;
- The *points of data collection do not correspond to NUTS boundaries* eg environmental pollution data;
- *Data is not collected frequently enough* eg population and population by age sex breakdowns is collected on a 10 yearly basis, and most recent census data takes a number of years to be published;

- Data can be collected at the urban level by particular bodies or the local authorities *but only at cost*;
- Data is collected but the *formats for data collection* (eg currencies used, groupings of sub-data) are different from that used at the European level making comparison difficult.

Given the importance of particular policy drivers to increasing the collection of comparable data at the urban level, policy makers have an important role in increasing the incentives for appropriate data collection. In mainstreaming urban approaches within the future Structural Funds post 2006, it will be important for either the Commission or national governments to increase liaison with local urban authorities to ensure that they start to collect the comparable urban contextual data which is needed to allocate appropriate funding. Even where this is done, there are still potential difficulties in the quality (or reliability) of the data presented, an example of which is illustrated in Box 3.3.

Box 3.3 Data amendments to published series

In the UK all data from the Labour Market Survey for years prior to 2001 have now been withdrawn. This is because inaccuracies in mid-term population estimates led to false figures being produced. The inaccuracies came to light following the publication of results of the Decennial Census in 2002. In the UK, GDP data has also previously been withdrawn following identified estimation errors leading to some questions within the UK as to whether the Highlands and Islands in Scotland would have qualified for Objective 1 status in the period 2000-2006 if the now withdrawn (and discredited) estimates had not been the accepted database. The Office for National Statistics has just published revised figures for NACE (SIC) data at NUTS 2 (NACE 17) and NUTS 3 level (NACE 3). The original data was invalidated by an error which showed up in 2002. The revised data was provided to Eurostat in December 2003 but the updates are not yet included on the EUROSTAT website.

- ***Using regional data at the urban level***

One of the responses of the ESPON 2.2.3 project to the challenges posed by data availability combined with the requirements of the study was to use data collected at the regional scale by European statistical authorities, and analyse urban trends on the basis of this regional data. This presents a series of methodological challenges, in that what is occurring at the regional level is not always relevant to more local level trends. Within the ESPON 2.2.3 project, care was taken to only look at regional indicators which had relevance for urban areas (regional environmental indicators for example are unlikely to reflect situations at the local level). In addition estimates of the proportion of each NUTS 3 region covered by urban area were calculated using information gained from ESPON 2.1.1 on % of the urban fabric, and this was used to

establish a series of confidence assessments in relation to the analysis carried out (see approach set out in Third Interim Report).

A further response by the ESPON 2.2.3 project to the challenges of urban data collection was a two stage sampling approach. Through our samples we were able to identify a larger number of statistics at a lower regional level for a smaller sub-group of the functional urban areas.

However lessons can be learnt from ESPON 2.2.3 in relation to the creative extrapolation of information from small sample sizes to predict patterns for urban areas across Europe as a whole. When the URBAN AUDIT II data becomes available for example, it will prove an invaluable set of indicators on which to base territorial impact analysis models to be used within the wider European territory.

3.2 The European urban system

The following section provides a methodology for the analysis of urban conditions and trends across Europe, as a contribution to assessments of the European urban system. The analysis can be used as an initial assessment of trends and conditions. It might also be used as an input into debates as to the eligibility of particular areas for support under the Structural Funds and the types of actions to be promoted. However we must stress that we do not recommend that this sort of analysis should be used for determining future eligibility of urban areas for Structural Fund support. This is for the reasons of data availability and reliability already outlined. It is also related to our findings in terms of potential methodologies for Territorial Impact Analysis of Structural Funds in urban areas and the relevant goals of the ESDP and UFA.

3.2.1 Measure and Indicator Selection

Making meaningful judgements about the relative and absolute positions of urban areas within the context of wider geographies requires a theoretical distinction between underlying urban characteristics or attributes (inputs) on the one hand, and the consequent determining impact of these profile characteristics (results) on the other.

In other words any approach should recognise a two-fold analytical distinction as follows:

- *Urban Conditions* – current, latent and potential sources of economic and social development;
- *Urban Outcomes* – translation of these 'urban assets' and/ or 'liabilities' into tangible end results.

Combining this standpoint as a 'top down' framework for shaping data analysis, together with a practical 'bottom up' appreciation of what is feasible technically given limitations of data coverage and data quality within the database, we have focused on

the following socio-economic measures and indicators of urban profile and performance:

Urban Conditions

Economic Activity
- Economic Activity*
- Employment Change

Industrial Structure
- Service/ Manufacturing Sector Employment Ratio*
- High Tech Service/ Manufacturing Employment*
- Output (GVA) share in Finance & Business Services*

Labour Supply
- Population Change
- Workforce Dependency Ratio
- Workforce with Tertiary Education*

Urban Outcomes

Economy
- GDP per capita*

Labour Market
- Employment/ Unemployment Rate*

*N.B. Also includes measures of change for these selected indicators.

3.2.2 Analysis Techniques & Expected Results

In examining the effects of European trends on urban areas we adopt a number of approaches to statistical interrogation of the data, with the analysis undertaken at two scales: the EU level and the national level. This enables European variations to be picked out and a finer level of analysis between urban areas at the national level. Together they enable the identification of areas exposed to extreme structural economic and social conditions.

1) EU level performance

EU level performance is undertaken through an overall assessment of collective performance of urban areas against EU benchmarks. This forms a first stage, headline view of European-wide urban performance against key EU averages (means) for each of the selected indicators. It is designed to yield a number of simple statistical observations about the collective profile and performance of European urban areas as whole, including:
- Mean urban attainment - proportion of urban areas scoring above and below the EU average (EU15, or variations);

- Range and dispersion of urban attainment – maximums and minimums (top and bottom performers in each category); composition of upper and lower decile performers, dimensions of the inter-quartile range.

Another important element of the EU level performance analysis requires an equivalent assessment of the *dynamic performance* of urban areas (trend analysis) against European benchmarks for principal factors. The results of this analysis highlights the collective characteristics of recent change - typically over the period 1995-2000 (or nearest equivalent) - in urban areas compared against EU averages (as above).

2) National level performance

As well as highlighting the performance characteristics of European urban areas *as a whole*, it is also important to attempt to better understand and capture variations in urban performance *within* Europe, particularly those occurring at the national level as for many indicators – such as unemployment and economic activity rates – national patterns appear to be the key determinant. For this reason we advocate separate analyses focusing on urban performance within individual European countries.

National level analysis takes a similar approach to that adopted under the EU level analysis, whereby the collective performance of *urban areas* in individual specified countries is directly compared against national benchmark performance for *all areas*. Whilst issues of data coverage would necessarily limit the comprehensiveness of this area of inquiry, we believe that national level performance analysis of a subset of key urban condition and outcome measures can yield considerable insights into the current and emerging nature of European urban areas across different parts of the Union.

The national level analysis is designed to identify and highlight particular aspects of urban performance associated not only with individual national contexts, but also with potential groupings of European countries (regions). There is likely to be very considerable variations in the specifics of urban performance across the EU, with this analysis serving to delimit the (frequently stark) differences in urban profile associated with different regions of Europe.

3) Factor Analysis

In seeking to unravel the cause and effect chain between underlying *conditions* and resulting *outcomes* in urban areas we can undertake aspects of factor analysis in order to better identify the principal determinants of urban performance. This might be used in parallel with multi-criteria analysis, as explored in the Third Interim Report.

Factor analysis is concerned with identifying the relative 'weight' or contribution different sets of conditions or features (factors) make towards the realisation of a resulting outcome. Within the current study context the key question therefore, is what constitutes the major determinants of European urban performance? We have

suggested two or three main urban outcomes (GDP per Capita, Employment/ Unemployment Rate); analysis of the various components of urban conditions (Industrial Structure, Economic Activity, Labour Supply etc) would be directed at seeking to identify the principal determinants of these outcomes.

The most straightforward approach to factor analysis involves using regression techniques. Exploratory regressions are, for example, performed across a number of different urban condition indicators (Tertiary Education attainment, Service sector employment etc) on various data series contained in the database using key outcomes (i.e. GDP per Capita or Employment/ Unemployment Rate) as constant dependent variables in each case.

Undertaking regression analysis of this type goes a considerable distance towards unlocking the key determinants of performance in European urban areas.

In Annex 5 we provide an illustration of the analysis that can be undertaken. This demonstrates some interesting initial results. We have not undertaken any detailed analysis of this dataset however as we have been steered away from such analysis. The emphasis on collecting detailed data on discrete urban level conditions has not been feasible with the resources available to this study, this has prevented any analysis of the distribution and intensity of such problems in the urban areas of Europe.

3.3 Conclusions

Through an extensive assessment of available data sources, including contacts with national statistical authorities, we have determined that the number of consistent and comparable indicators available at the NUTS 3 scale is quite limited. In particular there are no consistent environmental indicators available. The indicators that are available are those that have commonly been used to identify areas that are eligible for support under the Structural Funds in the past. These include GDP per capita, population numbers, employment levels, unemployment rates and GVA. Relative performance against these indicators can be measured for both the current period and over time.

This assessment can provide an overview of the performance of all NUTS 3 areas in the EU-27, albeit against a limited list of socio-economic indicators. The advantage of this approach is that this uses indicators that are transparent and are already accepted as indicators of socio-economic performance. This provides a clear indication of which NUTS 3 areas are performing well and which are performing less well on the basis of agreed European averages.

The Commission may then choose to examine those NUTS 3 areas that are performing less well in more depth; using a more detailed set of indicators and data that is not necessarily comparable with other European countries. This will provide a more detailed analysis of the nature of the problem within urban areas according to

the four dimensions of economic performance, social performance, environmental conditions and governmental conditions, referred to above. This analysis will need to be undertaken in partnership with the urban authorities, using an agreed set of indicators, as the data is not commonly available from national or European statistical authorities. Our approach for this second stage has been based upon a multi-criteria analysis method, however other methods might be adopted.

The benefit of this approach is that the initial assessment, using a limited number of indicators, enables the use of consistent indicators and comparable data across the whole of the EU. This allows a relative assessment of the performance of NUTS 3 areas in the EU. We consider that this is as far as the European Commission can go if it is to respect the principle of subsidiarity and make use of consistent and comparable data sets that are accepted as indicators of economic and social performance. The more detailed second stage then enables the Commission, national governments and regional or urban authorities to discuss the precise nature of the difficulties being experienced within identified urban areas, based upon urban-level data provided for a consistent set of indicators.

We had hoped that we would be able to test our method through the use of urban level data collected through the Urban Audit 2. The Commission reports that, despite the proposed timetable, data is not now likely to be available within the timeframe of this study. This is unfortunate as it removes one of the few opportunities to obtain urban-area data on a consistent basis.

4.0 THE USE OF THE STRUCTURAL FUNDS IN URBAN AREAS

This section reports on the use of the Structural Funds in urban areas. It is largely based upon case study analysis owing to a paucity of aggregate information at either national or European scales. This section reports against the following two objectives of the study:

- To show the territorial influence of the policies on spatial development at relevant scales;

- To show the interplay between EU and sub-EU spatial policies and best examples for implementation;

In approaching this topic matter the study was directed[9] to focus on actions that take place within urban areas that are local in nature (ie not aimed at promoting the urban area as a driver for regional development) and are promoted by local authorities (eg not regional governments). In practice this tight delimitation proved difficult to maintain in the case study analysis.

4.1 Financial Focus of the Structural Funds

The initial assessment of the territorial effects of the Structural Funds in urban areas focuses on the extent to which urban areas benefit from Structural Fund expenditure. This is not a simple task as data at the relevant scale is very limited. Data tends to be collated and reported at the programme level (generally NUTS 2) and information below this has to be collected through field research.

To overcome this ESPON TPG 2.2.1, with whom we have worked closely, has made a first assessment of where Structural and Cohesion Fund assistance has been used during the *1994-99 period*, based upon NUTS 2 expenditure figures. This work assigns expenditure to urban areas based upon the proportion of population in each NUTS 3 region compared to the overall NUTS 2 total and an assessment of the location of urban areas using the typology developed by ESPON TPG 1.1.1.

On the basis of these calculations more than half of the Structural Fund expenditures occur in what are categorized as functional urban areas of local or regional importance (the micro level). In contrast, less than 20% went to functional urban areas of national importance (the meso scale) and only approximately 10% to areas of transnational-European importance (the macro scale. Approximately 15% of the Funds was allocated to areas not defined as functional urban areas.

Concentrating on *assistance per inhabitant*, demonstrates that densely populated areas seem to receive less funding than sparsely populated ones. Sparsely populated rural

[9] Minute of meeting between DG Regional Policy, European Commission and ECOTEC 14th March 2003

areas receive on average about three times as much assistance, per inhabitant, than do densely populated urban areas. Looking at *total spending* gives a different picture though with more than to 75% of the assistance going either to densely populated urban areas or to medium and sparsely populated rural areas. Areas in-between these extreme cases (typically the kind of medium-sized urban areas included in the case studies) seem to receive only a minor share of the assistance.

Examining the picture more closely through the information gleaned from the case study research demonstrates that there is no consistent pattern in the targeting of urban areas by regional Structural Fund programmes. Tables 4.1 and 4.2 illustrate the relevant expenditure figures, both for the relevant region (Table 4.1) and then the share focused on the identified urban areas (Table 4.2).

Table 4.1: SF spending in the case study regions on NUTS2 level

Urban case study	NUTS2 region	Structural funding, total (MEURO)	SF total/ capita (€)	Regional funding (MEURO)	RF/capita (€)	Social funding (MEURO)	SF/capita (€)
Graz	Steiermark	197	164	98	82	99	82
Charleroi	Prov. Hainaut	765	598	493	385	229	179
Dortmund	Arnsberg	341	89	210	55	131	34
Halle	Halle	766	869	758	860	8	9
Magdeburg	Magdeburg	1063	867	1052	859	11	9
Aarhus	Danmark	461	87	87	16	306	58
Barcelona	Cataluña	3678	600	1367	223	1358	222
Bilbao	País Vasco	1371	665	696	338	616	299
Joensuu	Ita-Suomi	314	455	105	152	75	109
Lahti	Etelä-Suomi	308	170	102	56	134	73
Le Havre	Haute-Normandie	240	134	108	61	123	69
Belfort	Franche-Comté	178	159	44	40	59	53
Marseille	Provence-Alpes-Côte d'Azur	398	88	111	25	196	43
Kozani	Dytiki Makedonia	1272	4188	1190	3920	54	177
Patras	Dytiki Ellada	1412	1910	1166	1576	203	274
Dublin	Southern and Eastern	4149	1505	1573	570	1363	494
Genoa	Liguria	220	135	144	88	48	29
Napoli	Campania	3744	647	2810	486	525	91
Enschede	Overijssel	234	218	69	64	149	139
Porto	Norte	5860	1621	3400	941	1153	319
Trollhättan	Västsverige	127	72	18	10	87	50
Sheffield	South Yorkshire	167	128	73	56	94	72
Swansea	West Wales and The Valleys	339	182	136	73	184	99
Thanet	Kent	115	72	15	10	99	63

In some cases (7) urban areas receive relatively less than the regional per capita average, in other cases they get more, in some cases such as Marseille significantly so. Other areas are the sole eligible area within the NUTS 2 region and so the figures equate. Factors that might influence the lower proportion of funding identified within urban areas could be the higher proportion of spend on regional transport priorities in Objective 1 regions, but this is conjecture. In some areas there is a strong focus on the ERDF in others on the ESF. Overall, the balance is that in 13 cases there was a focus on ERDF and in 11 cases the focus was on the ESF.

Table 4.2: SF spending in the case study regions on NUTS3 level

NUTS 3 region (case study region)	Structural funding, total (MEURO)	SF total/ capita (€)	Regional funding (MEURO)	RF/capita (€)	Social funding (MEURO)	SF/capita (€)
Graz	20	55	4	10	17	45
Arr. Charleroi	252	598	162	385	75	179
Dortmund,Kreisfreie Stadt	91	153	61	103	30	51
Halle/Saale, Stadtkreis	225	873	223	865	2	9
Magdeburg, Kreisfreie Stadt	207	871	205	862	2	9
Aarhus amt	43	67	0	0	37	58
Barcelona	2680	577	1036	223	1029	222
Vizcaya (Bilbao)	734	659	376	338	333	299
Pohjois-Karjala (Joensuu)	106	610	41	239	21	123
Päijät-Häme (Lahti)	52	265	29	144	18	93
Seine-Maritime (Le Havre)	183	148	92	74	91	73
Territoire de Belfort	25	111	14	63	11	48
Bouches-du-Rhône (Marseille)	133	948	85	607	48	341
Kozani	563	3628	525	3381	29	186
Achaia (Patras)	783	2424	663	2053	104	321
Dublin	1650	1505	626	570	542	494
Genoa	141	155	104	114	27	30
Napoli	2006	646	1505	485	281	91
Twente (Enschede)	167	280	69	116	97	163
Grande Porto	2175	1774	1153	941	391	319
Västra Götalands län (Trollhättan)	117	79	18	12	77	52
Sheffield	75	142	36	67	40	75
Swansea	47	204	20	85	27	119
Kent CC (Thanet)	97	72	13	10	84	63

Overall we can conclude that in terms of the volume of funding the urban areas may not be the most central recipients of European funding and that urban issues are not a particular focus area within the Structural Funds as a whole. However, the case study analysis demonstrates the complexity of the picture owing to the different types of

programme, the different size of comparable statistical units and, potentially, the importance of the underlying policy context within individual NUTS 2 territories.

The amount of funding addressing issues with 'urban focus' is naturally only one part of the equation here, but it does put into perspective the extent to which urban area form a focus for SF interventions. In the following section we examine the content of the programmes.

4.2 The Structural Funds and the policy environment

In the Third Interim Report, a review of European documents as well as national documents of European relevance in the area of urban development were presented. This illustrated that urban policies range from aspects of urban systems to very local urban issues.

Each of the national governments in the EU tailors its policy initiatives to the specific circumstances in its country. Regarding the issues addressed in relation to urban policies, two major fields can be identified (i) socio-economic problems of town as well as metropolitan problems, and (ii) balanced or polycentric development focusing on the position and role of cities or towns in the regional and national spatial organisation pattern. This division corresponds largely to the division of urban policies approaches aiming at cohesion respectively such aiming at strengthening competitiveness. Key policy themes identified include:

- Promoting balanced development patterns
- Developing cities as motors of regional development
- Tackling disparities within cities and incidences of poverty and deprivation

It is the latter aspect that is stressed most in the various documents reviewed and is the area with which this study is most concerned. This category of policy responses to urban affairs deals mainly with issues as unemployment, integration of minorities and asylum seekers in the urban society, as well as urban security. Increasingly, environmental and cultural (heritage) topics are entering this field as well. In more urbanised countries – e.g. Denmark, the Netherlands, Germany, Luxembourg, Finland and Sweden - the value of the environment rises and environmental policies point out the need for high standards for new infrastructure in urban areas. Any attempt to categorise features addressed in urban policies focusing on the situation within urban areas faces difficulties because of the broad variety of aspects and differences in formulating these aspects in the various countries. Broadly though the following list captures the main focal points of urban policies in this area. Most European urban areas operate policies in several of these fields and the examples highlighted are for illustration purposes only.

1. A number of countries address social cohesion at the local level. This covers issues of segregation, social integration or social cohesion at local level (Austria, France,

Greece, Italy) as well as more explicit aspects such as social infrastructure (the Netherlands) or pockets of deprivation (Belgium). Also aspects related to the housing are to be found here, such as need for housing (Ireland, UK), renewal and further development of large housing estate (Germany) or the need for competitiveness of the housing market (the Netherlands).

2. Strongly related to the social agenda are policies aimed at strengthening economic cohesion at local level. In this area the focus is on "linking needs and opportunities" ie ensuring that local communities are able to benefit from economic growth" (UK). In the same line are policies addressing employment and training (Ireland, the Netherlands) or economic revitalisation (France).

3. Another large field of urban policies concentrates directly on the urban infrastructure and land-use management. The main features here are urban renewal or regeneration (Ireland, UK), reactivation of inner-city brownfields (Germany), development of harbour and old industrial areas (Denmark), attractiveness of urban centres (Finland), sustainable restructuring of declining districts (the Netherlands) or quality of life in urban areas partly focusing on attractiveness and partly stressing the issue of safety (Denmark, Finland, the Netherlands, Switzerland).
4. In addition policies supporting aspects of transportation (Austria, Denmark, Finland, Greece, Ireland, Norway, Switzerland), especially as regards efficient urban transportation systems and environmentally friendly transportation solutions, and aspects addressing the environment and sustainable development (Denmark, Finland France, Greece, Norway, Portugal) are to be found in various countries. A more concrete example of an environmental approach to integrated urban development is the Portuguese Programme of Urban Rehabilitation and environmental improvement of cities (POLIS).

Almost without exception the case studies illustrate that the EU Structural Funds strategies and the domestic policy objectives are closely related and 'fit' well together. In most cases the municipal strategies and plans are referred to and here the co-ordination seems to work without problems. In some cases however problems are also identified and it was remarked that the efficiency of the programmes may be hampered by the fact that the corresponding domestic policies and programmes are not in place and thus the expectations levelled against the European programmes are inflated (e.g. the case of Naples was mentioned in this context). There can thus be seen to exist an interdependency between the domestic and European programmes that requires a holistic approach to urban policy, as was mentioned in relation to the positive governance impacts previously. Also the temporal aspect of programme planning is relevant here. If the national programmes are already in place for instance, the European programmes naturally have to be developed in a way that takes them into consideration (as was the case in Enschede for instance).

In most cases particular attention was paid to the need to achieve synergy. This was addressed either in the programme planning stage (e.g. the utilization of an external consultant to explore the local context and to ensure that the programme was linked to

existing initiatives, as in the case of Dublin) or continuously within the normal programme monitoring. Needless to say the synergy is better ensured by the overlap of the actors and organizations represented in the local and regional partnerships and further ensured by the co-financing methodology.

4.3 The Structural Funds and urban trends

There is a general recognition that urban areas/regions do not exist in isolation from wider forces originating in national, European and global spheres. This also comprises the fact that urban agglomerations are seen as motors of development in Europe. At the same time, fundamental changes in the economy, technology, demography and politics are reshaping the environment in the towns and cities in Europe. The environment of towns and cities becomes increasingly competitive and complex and they need to anticipate and respond quickly to opportunities and threats that influence their position on the national, European and global arena (Berg *et al*,1998: 426).

As identified in the 2nd interim report, the main types of European level drivers[10] of relevance for this study include:

- Economic drivers (globalization of trade, structural economic change, the growth of the 'knowledge economy', inward investment trends and business location decisions)
- Leisure and tourism drivers (increased leisure time and the development of tourism as an expanding area of industry)
- Education and skills drivers (Flexible work arrangements, i.e. working from home, flexible hours etc.; The quality of working environment, e.g. access to shopping, leisure, banking and other social infrastructure); Business location in an area of quality skill base, e.g. enabling access to the 'largest pool of talent'; increased use of ICT and increased use of contracting)
- Science and technology drivers (ICT in general and greater application of science and technology in particular,
- Demographic drivers (e.g. ageing workforce, migration)

(Second Interim Report, 77-79)

The distribution of these factors between the different case studies seems quite similar, i.e. the same drivers appear in most case studies as the most important, though it should also be noted here that the case study analysis data collected here was not exclusive or relative. The first assessment of centrality for any one driver thus becomes a simple question of whether or not it is in fact addressed in any of the Structural Funds interventions undertaken in the case study region in question, whilst the second step of analysis is a qualitative assessment of its centrality and operationalisation, i.e. possible examples of measures targeting or being influenced by the driver in question.

[10] Generally, these are broad social, environmental, economic or spatial trends, produced by forces outside the control of the entity whose future is being determined.

In the Table below (Table 4.3a and 4.3b) we have identified those drivers that are addressed in the case study regions, as well as identifying the gaps that exists in addressing particular drivers. At the same time one needs to bear in mind that this information is based on the case study report and necessarily also based on the interpretation of the national experts of the programming documents, evaluation, interviews and other data available and therefore the picture may not always reflect the actual Structural Funds project portfolios or their financial allocations in these regions.

In the Table X marks an explicit inclusion or consideration of the driver in question in the programme priorities and measures, as well as projects, (x) marks a situation where the driver is relevant as a context indicator, but is not addressed in the programme measures in an explicit way.

The picture provided gives a relatively good overview of the themes addressed in the case study regions and at times also provides concrete examples of the types of measures implemented. Here the most central of the drivers seem to be globalization of trade and shift towards a knowledge economy, each addressed in 58% of the case studies reported. Increased migration is addressed in some way in 54% of the case studies reported. Greater application of science and technology, as well as IT and increased leisure time and tourism each reach a 50% share. Service economy is addressed in 46% of the case studies, whilst ageing workforce is addressed in only 38% (it is identified as a relevant trend in slightly larger share of case studies, but not always one that is addressed in concrete measures).

Table 4.3a Extent to which identified drivers are addressed

Driver/Region	Bilbao	Barcelona	Graz	Le Havre	Marseille	Dortmund	Halle	Kozani	Patras	Magde-burg
Ageing workforce	-	-	X	X	-	X	X	-	-	-
Globalisation of trade	X	X	X	X	-	X	X	X	X	X
Greater application of science and technology	-	X	X	X	-	X	-	X	X	X
Increasing migration	-	-	X	-	-	X	X	-	-	X
Flexible working patterns	X	X	X	-	-	X	X	X	X	-
Increasing leisure time and tourism	-	X	-	-	X	X	X	X	X	-
IT	-	X	X	X	X	X	-	-	-	X
Service economy	X	X	-	-	-	X	X	X	X	X
Knowledge economy	X	X	X	X	X	X	X	-	X	X

Table 4.3b

Driver/Region	Dublin	Naples	Genova	Enschede	Lahti	Aarhus	Joensuu	Trollhättan	Sheffield	Swansea	Charleroi	Porto
Ageing workforce	.-	-	X	X	X	-	X	-	-	-	-	(x)
Globalisation of trade	-	X	X	X	X	-	X	X	X	X	-	(x)
Greater application of science and technology	-	-	X	X	X	-	X	X	X	X	-	X
Increasing migration	-	(x)	X	X	X	-	X	X	-	-	-	-
Flexible working patterns	-	X	X	X	X	-	-	-	-	-	-	-
Increasing leisure time and tourism	X	X	X	X	X	X	-	X	-	X	-	X
IT	X	X	X	X	X	X	X	X	-	X	-	X
Service economy	-	X	X	X	X	-	-	-	X	X	-	(x)
Knowledge economy	X	-	X	X	X	X	-	X	X	X	-	X

Addressing each of the identified drivers in turn.

Globalization of trade It perhaps comes as no surprise that the connection between the Structural Funds and this driver is at best incidental and implicit. In some case the whole programme or SF intervention is geared towards this theme of the strategy as a whole seeks to be based on responding to the challenges of global competition (in particular in the case of Trollhättan, where measures to support the diversifying of the economic base through supporting SMEs and diversification of industrial base have been the single most important objective of SF support in the region). In many cases it is the improvement of logistics and infrastructure projects such as ports and other means of strengthening the existing transport nodes that emerge as main types of measures and projects that are likely to impact upon the regional accessibility internally and externally that emerge as central here (e.g. Le Havre, Marseilles, Genoa) and in some cases the measures targeted here include more intangible forms of knowledge infrastructure (in some cases these could have been reported in different categories as well, e.g. ICT infrastructure and e-learning emerge as aspects of global trade here in the case of Swansea). Support to innovation and business development, as well as internal investments are also reported here, e.g. in the cases of Naples, Sheffield, Swansea.

In some cases the *shift towards the service economy* has been used as a comprehensive core of the whole local (or regional) strategy, such as in the case of

Dortmund, where the most central strategic element of the SF interventions has been to advance the socio-economic position of the city within this context. In many other cases there are more instrumental attempts at developing start-ups and more dynamic activities within the service sector (e.g. Halle, Magdeburg, Kozani) or attempts at developing a more business-friendly environment that could foster more dynamic business activity within the new service sector (e.g. Lahti, where 'age business' is developed as such a growth areas, or Sheffield and Swansea where financial and business services are developed together as key sectors of the local development strategy).

The growth of the knowledge economy does not differ that much from the themes and project examples mentioned above, as the main types of activities range from addressing the needs of the SMEs in innovation activities (Trollhättan or Lahti for instance) to the promotion of start-ups (e.g. Magdeburg) and the promotion of the information society and research through university and research centres or similar (e.g Patras, Genova, Enschede). In some (minority) cases the needs of the citizens are also addressed here, as is for instance the case in Trollhättan, where the *inhabitants/citizens* are the target group of measures seeking to make them more able to compete and fit into the demands of the knowledge economy.

Interventions addressing *greater application of science and technology* include almost solely positive opportunities, such as telecommunications projects, project seeking to integrate educational institutions and the business community for instance through the Regional Innovation Systems (RIS) initiative (e.g. Kozani, Patras and Joensuu), hardware and software support for small companies (e.g. Swansea). Only in very few cases is the development within this theme seen as a potential threat (Graz – social exclusion, Enschede – low demand for unskilled laborers as a consequence of a shift towards more science and technology intensive activities, Lahti – the dominance of smokestack industries). It is at times difficult to differentiate between this theme and that of 'increasing use of IT' (some projects and measures referred to as examples are in fact the same). Though IT is usually seen on the strategic level as a factor for economic growth and competitiveness (e.g. Graz), in some cases the fact that the region has *not* invested particularly in this area is also seen as an advantage (e.g. Lahti, where the fact that in a country where everyone wants to profile oneself as a 'IT region', it may be wise to profile oneself as something else, i.e. in this case as an 'environment' and 'design region').

Another related theme is that of *increasingly flexible working patterns*, where both individual and organizational resources are addressed, i.e. issues such as mobilization of entrepreneurial resources and job creation mentality (e.g. Dortmund) or developing education and skills for more flexible working environments (e.g. Kozani, Patras, Genova, Trollhättan). Also gender mainstreaming is referred to in this context (Dortmund).

Measures included under the heading of *increasing leisure and tourism* typically seek to improve the visibility and image of the FUA in question externally and to attract

more tourists in the region. This is the case for instance in Marseilles, Dortmund and Halle. In some case this is the core of the regional strategy, as in the case of Dublin, where whole a whole range of projects have been planned and developed, based around the theme of leisure, including sports and youth centres. Such examples include the Temple Bar re-development, which was subsequently praised as a major success in the evaluation of the URBAN I programme or Finglas, Ireland which also received funding to develop a tourism strategy to improve co-ordination between tourism organisations and business.

Ageing workforce was addressed basically in two alternative ways: either as an opportunity as the ageing workforce provides an interesting and wealthy target group for marketing and housing policy (e.g. Enschede, where construction of houses at the 'upper end of the market' was referred to) or as a threat that is addressed by training measures in order to ensure that the workforce is available as long as possible rather than becoming a burden on the social and welfare system (e.g. Graz and Le Havre). Only in one case was there an attempt in addressing this issue in a more holistic fashion, as a genuine resource or business opportunity (in the case of Lahti, where 'age business' has been developed both within ESF and ERDF and national regional programming context).

Finally the second of the demographic drivers, *increased migration* is, whilst acknowledged in most programmes (over 50%), still quite rarely addressed in the form of concrete measures or projects (in only 35%). In most cases migration is seen as an issue that needs to be tackled because of its impacts for the employment situation (new jobs need to be created to incorporate the flow of in-migration). This is the case in Genova or Naples for instance. In some case the risks of migration (crime and social exclusion) were addressed (e.g. Enschede, whilst in other cases the need to attract. Finally, in some cases the need to develop regional attractiveness in order to attract more in-migration and to maintain the current population and tame the tide of out-migration were addressed instead (e.g. Trollhättan and Lahti).

The case study material confirms the general observation that the development of skills and expertise, as well as economic development (e.g. support for the SMEs and innovation) are in most case dominant concerns addressed through the SF interventions in these urban regions. Shift towards knowledge economy and globalisation of trade are perceived as relevant drivers in almost all case studies. The second highest rated drivers are also related to the previous themes, i.e. Information Technology and greater application of science and technology are addressed in all but a few case study urban areas.

Least attention is paid to ageing workforce, increasing migration and flexible working patters, which may partly be explainable by societal trends in the urban regions as compared to their rural counterparts. This may explain at least the relative absence of ageing workforce as a driver, as the rural areas tend to be on the whole more prone to problems of rising share of ageing population. The relative absence of flexible working patters may be surprising in this regards, as previous studies have indicated

that whilst the need to find effective ways of addressing this trend and creating applications and models for more flexible working patters may be more pressing in the rural areas, it is the urban areas that in reality have more effective solutions and practices in this area and flexible working patters are more likely to be found in the urban areas (partly due to the economic and professional structure of the areas). The low ranking of increasing migration is quite surprising however, as it is more often the urban areas that have a higher than average level of immigrant population.

4.4 The types of Measures supported in urban areas

The case study areas have benefited from the range of Structural Fund supported actions including: Objective 1, Objective 2, Objective 3, Objective 6, and the Community Initiatives Equal II, Interreg IIIA, URBAN I and II. In addition a number of other smaller programmes have occasionally featured[11]. As regards the urban focus, certainly the Community Initiative URBAN gave the richest picture. The range of activities supported through the Structural Funds is large. A listing is set out in Table 4.4 below.

Table 4.4 Measures of urban relevance addressed in the SF programmes

- Assisting large business organisations
- Assisting SMEs and the craft sector
- Business environment and conditions
- Communication/information
- Conversion of old industrial sites
- Criminality and drugs
- Cultural infrastructure
- Economic animation
- Energy infrastructures
- Environment protection and improvement
- Environmental infrastructure
- Improving environment and landscape
- Improving the living quality of urban area
- Increase knowledge and competence
- Infrastructure and municipal equipment
- Labour market policy
- Land and premises
- Leisure infrastructure
- Networking – sharing of knowledge
- Planning and rehabilitation
- Positive labour market actions for women
- Prevention of drug-addictions
- Promotion of citizenship
- Promotion of the socio-cultural and sports activity
- Publication/communication

[11] Resider, Rechar, Life, Article 6, Article 10, Nortinov, PROCOM, URBCOM

- Recycling of urban areas
- Research, technological development and innovation (RTDI)
- Social and public health infrastructure
- Social inclusion
- Socio-economic equipment
- Starting new economical activities
- Telecommunications infrastructure and information society
- Tourism
- Transport infrastructure

In order to assess the overall focus of Structural Fund programme activities in urban areas we divide our following analysis both by the type of programme (Objective 1, 2 etc) and the types of activity supported, based on the following four categories:

- Facilitating structural change and combating its negative effects
- Social sector and human resources
- Improvement of the physical urban environment and transport
- Ecological environment

A first assessment of the thematic focus provided by the case study reports illustrates that in nearly all cases economic development is considered as having the highest priority. As we have seen, this can cover a range of activities and analysis of Objective 1, 2 and Urban CI programmes against the four themes identified (Table 4.5) demonstrates that there is a broad similarity in focus, spread across three of the four themes, albeit with some variations between types of programme.

Table 4.5: Thematic focus of Structural Fund programme in urban areas

	Facilitating structural change	***Social sector and human resources***	***Physical urban environment and transport***	***Ecological environment***	***Total programmes***
Objective 1	60%	60%	60%	20%	10
Objective 2	93%	64%	71%	21%	14
Urban CI	65%	70%	60%	10%	20
Overall average	*73%*	*66%*	*64%*	*16%*	*44*

In just two cases, namely Aarhus and Enschede, social issues are considered as the top priority. The urban region of Aarhus was one of the case studies that had not undergone serious industrial decline or had high unemployment. The same goes for Enschede. This region was however in a special situation due to an explosion in a firework plant in 2000, and the consequences of this. Special attention was given to this fact in the Structural Funds programmes in the area. In the case study the region is described as suffering from a complex combination of several social problems – high share of welfare recipients, high crime rate, broken families, high unemployment and a threatened quality of life.

Only in one area, Kozani, did environmental issues score the highest in terms of importance, although in Halle environmental issues where considered as very important directly after economic issues. In all other case studies environmental issues were of minor interest.

4.4.1 Objective 1

Objective 1 addresses the needs of those regions with a gross domestic product (GDP) below 75% of the Community average and thus having serious problems with economic adjustment and competitiveness, relating to issues such as level of investment; unemployment rate; lack of services for businesses and individuals, as well as lagging level or quality of basic infrastructure.

a. Facilitating structural change and combating its negative effects

As most of the case study regions suffer from a strong dependence on declining industries and face challenges associated with industrial renewal the strength of action in this area is hardly surprising. Types of Measures supported in this area include:

Assisting large business organisations. In Sheffield support has been provided to large companies as an incentive to keep their research and knowledge intensive departments in the region.

Assisting SMEs and the craft sector to support start-ups in innovative and knowledge-intensive sectors, and to improve the working conditions of SMEs in general. In Porto supporting SMEs included targeting the fishing sector, which is a particularly important industry in that specific urban region, although the industry may not be seen as being of particularly urban character generally speaking. Other, perhaps more typical examples are the creation of "reception centres" supporting SMEs in Kozani and Patras and the supply of risk capital for SMEs in Charleroi and Sheffield.

Research, technological development and innovation (RTDI). Among the case study regions this intervention is present in for example Charleroi (support to innovation centres), Kozani (Regional Office of Innovation), Sheffield (Support for development of new processes and products), as well as Joensuu (Centre of Expertise and its innovation activities).

Encouraging "scientific culture" in Charleroi

In Charleroi a project within *Research, technological development and innovation* is connected to education and training. It concerns the establishing of centres for "innovation and technology transfer" that has been supported both during the current and previous programming period. It has been considered that Charleroi is lacking research and technology related infrastructure and activities, and that there is a "lack of scientific culture and active interest in technology among young people", and "need for technical training of low educated people". The regional employment service FOREM, a business development agency, Igretec, and Cetic, a "Centre of Excellence in Information and Communication Technologies" are among those involved in the activities, as well as the regional university.

Workforce flexibility, entrepreneurial activity. Structural Funds financing within Objective 1 has been used to remove "barriers to employment" and reduce unemployment. In Swansea this has included investing in multimedia as a learning tool, and in Patras and Kozani "young professionals program" and training of unemployed women.

Telecommunications infrastructure and information society Investments in Patras have been motivated by innovation promotion.

Tourism. Concepts such as cultural tourism and experience industry are today common in the regional development discussion and investments in tourism industries are seen as potential strategies for cities undergoing structural change. In most case studies it is seen more as holding a promise for the future than of actual current relevance in economic terms. The activities undertaken include taking old industrial sites and putting them to new uses. In Charleroi for instance investments have been made through the Structural Funds in order to improve the "deteriorating infrastructure" and improving the "touristic and cultural patrimony". Also in Sheffield tourism is seen as a "key sector". In Patras, Objective 1 funding was given to activities connected to "Patras - the Cultural Capital of Europe".

b. Social sector and human resources

This includes projects and interventions within the fields of labour market policy, education and training, social inclusion and public health.

Educational and vocational training. In most of Objective 1 case studies investments in education were made (.g. Kozani and Patras had investments in university structures, Sheffield in e-learning and literacy projects, whilst in Porto a "training plan" contained vocational training for Porto City Hall civil servants. Similar measures are also reported under the heading *Labour market policy.*

Positive labour market actions for women Improving the possibilities for women to enter the labour market is not just an urban issue. Among the case study regions the intervention has been active for instance in Kozani, Patras, Sheffield and Swansea.

Social inclusion was addressed also in the form of "Community reach-out project" (in Swansea) and training and work practice for unemployed (in Kozani and Patras). All interventions dealing with including women, unemployed or other groups considered as excluded in different ways, can also be termed as combating segregation.

Social and public health infrastructure typically includes measures improving the living conditions of the unemployed, increasing accessibility and standards of public health institutions, education institutions etc. In Charleroi Objective 1 funded a "social

working place" during the previous programming period, for combating social exclusion.

Telecommunications infrastructure and information society actions related to educational policies reported in this section. These examples were particularly referred to in the Greek cases (Kozani and Patras), where measures such as development of ICT for education, health and welfare, or enabling e-governance solutions.

c. Improvement of the physical urban environment and transport

Planning and rehabilitation, where old industrial areas and buildings are developed into more attractive environments for the SMEs to locate. In Sheffield and Charleroi funding has been awarded to regeneration projects in order to improve the image of the urban region and attract tourists. In Naples development of firms located in the historic centre of Naples and the renewal of buildings for an integrated regeneration of the area has taken place. In Porto the motivation for upgrading parts of the city is that it contributes to social inclusion. In Sheffield, Naples and in Halle the motivation is of more economic character (business and tourism as drivers).

The transport infrastructure projects financed by Objective 1 funding are mainly located in Greece (see below), but actions have also been undertaken in Halle, Charleroi, Porto, Sheffield and Swansea. In Charleroi investments in multimodal transport in order to create a more attractive business environment have been made. In Halle, the reasons are also business oriented – creating better access to markets and local industrial areas.

Improvement of the urban environment in Patras and Kozani

In the two Greek case studies, Patras and Kozani, several activities related to the upgrading of the urban environment through planning investments were implemented during the previous programming period – both more local urban investments and those of regional or even national significance. In Kozani urban area the work funded by Objective 1 has concerned both the planning phase of things as well as the rehabilitation and construction of buildings and parks. Some examples of work in the planning phase are: work with the general urban plan, studies of local development and urban planning, and investigation of the tourists' usage of the monuments in Kozani. Regarding specific rehabilitation and construction projects there are for example the restoration and regeneration of public spaces, the upgrading and rehabilitation of old industrial areas and military sites into parks and exhibition centre, the rebuilding of a bell tower of a church and the restoration of the historic centre of Kozani. In Patras there are mainly physical planning projects that have received funding from Objective 1, such as the construction of a museum, the restoration of archaeological sites and monuments and the construction of the "border station" of Patras. In both of the Greek cities transport related activites have been funded. The road infrastructure was considered as of low quality and structure (congestion and bad circulation of traffic), and improvements have been made both to smaller roads and streets and to the major roads, as well as improvements to the airport in Kozani and the port in Patras.

The rationale for the activities is in both cases the creation of a more attractive living and business environment.

d. Ecological environment

There are not that many examples of projects within the field of Environmental infrastructure among the Objective 1 case study regions. In the case study for Kozani it is stated that a strengthened urban environment has been a main focus of all the interventions in the area, reflecting the horizontal theme of the Structural Funds. Among the more specified examples is work aimed at reducing the air pollution through establishing a tele-heating system is reported.

4.4.2 Objective 2

The Objective 2 programmes tend to have a similar focus to Objective 1 programmes in urban areas, i.e. employment, labour force renewal and structural change. This makes the interventions similar to the ones mentioned for Objective 1, with a strong focus on employment, innovation and education.

a. Facilitating structural change and combating its negative effects

Assisting SMEs and the craft sector forms a very strong focus of Objective 2 programmes, although there is generally no clear connection made to a particular and specific urban problem. Examples of measures implemented here include Thanet and Belfort where funding has been supplied to partnerships behind the establishment of business parks, or Barcelona where support has been given to businesses in process of international expansion. In Enschede the city's harbour is to be redeveloped into an area for SMEs, partly with assistance from the Structural Funds. In Genoa the aim to strengthen entrepreneurship is handled through financial support and guidance to small businesses. There is a social aspect of this as well, encouraging minority groups to start businesses.

Trollhättan and Lahti provide two examples of a strategy to support further specialisation in response to increasing international competition. In Lahti the focus is especially on the plastic and metal industry, and on environmental technology. This is in line with the establishment of "Centres of Expertise" in Finland, with a high degree of regional specialisation. Trollhättan is also implementing projects aiming at reducing the negative effects of the structural changes in the region, with the large industries cutting back or moving out. Encouraging entrepreneurship in "new" economic sectors is a long-term strategy in this situation. In Trollhättan investments in the film and experience industry has been the core of the local strategy (both in national and European interventions).

Research, technological development and innovation (RTDI) oriented projects deal with the problem of urban regions lacking innovative capacity and knowledge intensive businesses. Examples include the establishment or strengthening of research/innovation centres in Barcelona, Marseille, Thanet and Dortmund. In Trollhättan the project concerned environmental products and production methods in

companies and in Sheffield a "regional innovation strategy" has been formulated, in order to increase investments in R&D and technology.

Industrial area put to new uses in Trollhättan

Innovatum in Trollhättan is a semi-public foundation with a variety of activities partly funded with Structural funds, and a good example of how structural change can take on different expressions in one location. Innovatum is a foundation formed by Trollhättan municipality together with the county and five private firms, with the aim of supporting development in the area. For example they have a "business park" with approximately 35 companies, a "house of knowledge" - an exhibition and education and training centre on the theme of technology, media and design, and activities within business development and innovations. The centre for film production, Film i Väst, which has received Structural funding, is also situated there. Another example of activities that have received Structural funding and that was brought up in the case study is the cableway across the canal in Trollhättan that Innovatum built. Innovatum is located in an old industrial area with its origin in the 1850s and in production of engines, printing presses and airplanes and with industrial character until the 1990s. Today the focus is on high technology production and services.

The *tourism* oriented activities within Objective 2 in the urban areas can be divided into three categories: 1) the image of the urban area amongst visitors, 2) supporting tourism businesses and 3) physical planning activities improving the environment for tourism as a potential growth industry. Just as in the case of Objective 1, measures for developing the tourism industry can in general be interpreted as a response to the cutting-down of traditional sectors. In Belfort the activities are mainly physical planning activities; providing cycle paths for tourists etc. In Thanet, Trollhättan and Marseille the focus was on improving the image of the area – and thereby creating jobs in the tourism industry, and increase the numbers of visitors. In Sheffield and Swansea tourism businesses and "cultural industries" received support – both in the form of funding and training.

Telecommunications infrastructure and information society related activities within Objective 2 can mainly be seen in Genoa and Trollhättan. In Genoa the focus is on improving the contact between the business sector and the public administration through ICT. In Trollhättan it concerned the more general development of the IT infrastructure.

b. Social sector and human resources

Labour market policy is the principal focus in Enschede. A large part of the area that is appointed for the Objective 2 funds has been affected by a disaster as a result of the exploding of a fireworks plant in 2000 and special attention is paid to this situation within the Objective 2 programme. In Le Havre and Marseille the work is focused on combating the segregation of (low-skilled) young people, through for example

establishing a "Second chance school", and in Barcelona on the old population, by equipping the day-centres for old people. Both in Thanet and Enschede the focus is more on the inhabitants as a group, through establishing "neighbourhood forums" and similar.

Education and training interventions deal both with supplying education and training activities and facilities. The target groups are both employed and unemployed, both low and high skilled people. In Sheffield the training activities concern tourism and cultural industries, and in Thanet education is focused on management skills, IT and technology. In Marseille an "Ecole de la deuxième chance"("Second chance school") was supported during the previous programming period, and the target group were mainly young people. Another project in Marseille dealt with providing equipment for university research centres. In Trollhättan the education and training activities contributed to job creation and preservation and a better skill level of the inhabitants, according to the case study.

Social and public health infrastructure, in Le Havre Objective 2 support has been reported for projects aiming at creating a health network for providing better information on health issues. In Sheffield the Objective 2 funded projects within this intervention was centred on empowerment of citizens and Community Economic Development projects carried out by local groups were supported. In Genoa funding went to activities "[v]aluing the social economy in the areas subject to a strong economical and social decay" and resulted in increase in the number of users of the social services and support to organisations in decayed districts. In Swansea and Thanet the activities classified under social and public health infrastructure were the provision and refurbishment of community facilities, such as community resource centres.

c. Improvement of the physical urban environment and transport

Planning and rehabilitation interventions reported include Belfort, Le Havre, Marseille, Barcelona, Genoa, Enschede, Sheffield, Swansea, Trollhättan and Thanet. Among the issues tackled are the renewal of old industrial areas, the port area and urban centres in Genoa, in Barcelona various actions dealing with the extension of the underground network, rehabilitation of municipal markets and the improvement of waste water treatment plants are being undertaken. In a majority of the projects the rationale for the interventions is economic. Target groups mentioned are, for example, residents, businesses, the port authorities.

The *transport* related interventions in the urban areas roughly concern one transport mode per region. Some examples are Belfort, where cycle paths are constructed with Objective 2 funding and Le Havre where the port has been developed. The same is the case in the Mediterranean city of Marseille, in addition to improvements of the airport. In the British urban case study regions pedestrian roads, road connections and public transport has been a focus in both programming periods. The rationales behind

the activities are improved service level, reduced negative environmental impacts and reduced barriers to employment, among other things.

Industrial areas put to new uses in the Ruhr area

In Dortmund, Germany the areas Phoenix-west and Phoenix-east were subject to interventions classified as *recycling of urban areas*. Within the framework of the project a feasibility study and cost-benefit analysis was done, as well as the realised project – the decontamination of the old industrial area making new use possible, such as new companies establishing in the location. According to the case study the regeneration of these areas is an example of "using the offered instruments in a consequent manner to advance and modernize economic structures, to improve the architectural settings and to involve local partners and citizens in the reshaping of the relevant districts".

d. Ecological environment

Only in Le Havre and Genoa have projects with a strong environmental profile been reported as a part of the Objective 2 programmes. In Le Havre energy studies and information and training in environmental matters, for example to children have been promoted. In Genoa the focus during the previous period was on "campaigning" through awareness surveys and favouring of "clean technologies" and recycling.

4.4.3 Objective 3

For the current programming period, the types of measures financed through the Objective 3 funding include:

- The promotion of active labour market policies in order to reduce unemployment;
- The improvement of access to the labour market, with a special emphasis on people threatened by social exclusion;
- The enhancement of employment opportunities through lifelong learning and various training programmes;
- The promotion of measures which enable social and economic change;
- The promotion of equal opportunities for men and women.

The urban focus of Objective 3 is largely coincidental – a consequence of where target groups reside rather than positive planning. The areas of intervention dealt with can roughly be categorized under two comprehensive headings.

a. Labour market actions

In the labour market policy activities reported, the young and unemployed are the centre of attention in Aarhus and Trollhättan, as in Le Havre. In Marseille projects

concern for example the provision information services to unemployed. The common aim for all projects are increased skills-level among the inhabitants, and a strengthened labour market in general. In Trollhättan and Aarhus the educational and vocational training activities within Objective 3 focused mainly on the young population – low-skilled, with a longer period of unemployment, and at risk of exclusion from the labour market.

b. Tackling disadvantage

Projects classified as dealing with *Social inclusion* can be found in Marseille, Le Havre and Aarhus. In Marseille the target groups are immigrants, prisoners and prostitutes, at risk of being excluded from the normal labour market. In Le Havre long-term unemployed and young people were in focus of the projects. The same was relevant in Aarhus, in addition to handicapped people. Activities within the projects can be training activities or supportive networks.

Examples of this focus can be found in the previous section, and distinguishing between the types of interventions is not always evident, as considerable overlap exists. In Marseille, there are some projects with the aim of increasing the computer skills of female workers and jobseekers, and with the aim of integrating immigrant women in the labour market. The same applies to the case of Lahti.

In addition there are some good examples of the Structural Funds tackling SME development. Marseille projects targeting existing SMEs and their levels of technical knowledge and in Trollhättan, Aarhus and Lahti projects focused on workforce flexibility and entrepreneurship deal with encouraging business start-ups through education and guidance.

4.4.4 URBAN Community Initiative

The Community initiative URBAN focuses solely on urban issues. The areas are considerably smaller than other types of Structural Funds programme regions, more focused and more localised (both geographically and in terms of their problems and main policy challenges):

- Almost half of programmes (43%) are located in inner-city areas: neighbourhoods within the core of the urban district, but which are excluded from mainstream city life.
- Around one fifth of programmes address the problems of historic city centres: those central areas with heritage and cultural value, but which have been abandoned and left to decline.
- Over a third of programmes tackle urban decline in peripheral areas: districts at the periphery of urban agglomerations, often difficult to access, on large social housing estates or abandoned industrial sites.

a. Facilitating structural change and combating its negative effects

Assisting SMEs and the craft sector. Projects tend to be more targeted on specific local concerns. In Marseilles a "business nursery" and a "business hospital" for SMEs has been created and in Halle an interest group for better cooperation between companies, administration and inhabitants was established in order to improve the image of the area. In Magdeburg the wish was to stop decline of local quality of living and the decline of small businesses, and a weekly market was established in order to achieve this. in Graz business start-ups have been supported as well including through a "business incubator for women".

Tourism oriented activities funded by URBAN have been reported in the Charleroi, Dublin, Naples and Genoa case studies. In Charleroi the marketing of a new congress hall has received support, in order to encourage the service sector. In Dublin the Temple bar district has been up-graded, among other things through the establishing of a film centre. In Naples the tourist port and thermal baths have received special attention, according to the case study.

Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies activities tend to be less focused on entrepreneurship, and more on training activities for employees. In Dublin, Sheffield, Graz and Le Havre training activities for increased ICT skills and similar have been on the agenda. Examples of other focuses are the opening of a media library in Le Havre and the foundation of a cooperation of local construction companies "Cracau Construction", in Magdeburg. Sheffield and Genoa are the only cases where start-up support is a part of this intervention within URBAN.

An example of an integrated urban development approach in Bilbao

The Bilbao case study provides an example of URBAN funded work of a more integrated character, overarching several aspects of structural change. The Otxarkoaga URBAN Pilot Project was an "integrated package of environmental, commercial and economic activity measures" for economic renewal. Otxarkoaga is a peripheral neighbourhood of Bilbao built in the 1950s in response to Bilbao's housing shortages and industrial boom, and today suffering from unemployment (35-40%), low education levels, high crime rates and social problems such as drug abuse, social segregation etc. Activities ranged from developing the local commerce, encouraging education and training, rehabilitation of the shopping centre, and activation of the citizens in a "School for the Restoration and Planning of Dwellings". Among the intended results of the project were increased specialisation in the SME sector, modernisation of the business infrastructure, environmental projects and projects "allowing neighbours and citizens new perceptions of the neighbourhood".

b. Social sector and human resources

Active *labour market policies* are targeted on incidences of severe socio-economic segregation problems in cities. In Aarhus a counselling centre has been established

helping with trainee positions, job applications etc. In Dublin, unemployed single parents have been the focus of an "Employment Service Network". In Genoa librarians have been the centre of attention and in Le Havre one project consisted of a sociological and statistical study on skill levels in a part of the urban region. A focus on creating employment or training is to be found in Graz, Marseille, Patras, Sheffield and Swansea. Examples of other projects are the creation of social services (e.g. legal or economic advice service) in Charleroi and in Naples ("Innovative social services"), educational support to young people (Graz), encouraging school attendance to children (in Joensuu) or installation of institutions and structures driven/managed by local citizens of Dortmund, working with integration, conflict management, promoting neighbourhood solidarity etc. In Sheffield and Swansea young people, including young offenders, were amongst the target groups.

Developing education and vocational training have been targeted on groups excluded from the labour market. Educational activities can also be a new function for old unused buildings in the urban areas. In Porto, increased ICT possibilities for schoolchildren were a way to increase the motivation for schooling among children, and also in Aarhus the training was focused on ICT. In Dublin where there are problems of literacy among the unemployed, particularly amongst males aged 40+, the focus has been on these groups. In Graz a "mobile internet café for women" was started as a way to improve the image of the area.

Positive labour market action for women have been tackled in different ways, from the provision of child care to increase the possibilities for single parents to find a job or take part in training courses in Sheffield to the opening of a second-hand shop and workshops for clothes recycling and furniture restoration in Le Havre.

Communities that suffer from poverty, lack of facilities for children, young people or immigrants, out-migration from the local area, an ageing population have received funding for projects establishing "youth centres", "civic centres", "village and community centre" etc. Case study examples are Magdeburg, Dublin and Swansea.

Other areas tackled respond to particular local needs and include the *Promotion of citizenship* in Porto, *promoting socio-cultural and sports activities* as a way to work with the perceived low self-estimation of inhabitants and the *prevention of drug addiction* in Porto and Aarhus.

c. Improvement of the physical urban environment and transport

Local physical planning projects are the most common and they can be focused on the urban building heritage as in Graz and Dublin, or on marketing of the city through building a congress centre as in Charleroi or on general improvements of public space (parks, footpaths and signage) as in Sheffield. Measures seeking to *improve the living quality of urban areas* in Dortmund are mainly environmental, as they include the establishment of three parks, cleaning of public spaces and living areas, as well as

ecological modernisation and prevention of accidents happening to children. In Genoa and Graz there have also been actions improving public parks and green areas.

The *transport infrastructure* issues dealt with by URBAN are mostly of a small-scale character. In Le Havre, Genoa and Graz projects deal with improved footpaths, cycle paths etc. In Magdeburg and Genoa inter-urban connections is another focus, and reducing air pollution and traffic congestion is part of projects in La Havre and Genoa.

d. Ecological environment

Most environmental projects are targeted at the public realm. Dublin is typical in that projects include tree planting, street furniture, a database of old buildings and a conservation advice centre. In Genoa an integrated environmental monitoring system was implemented in the urban area, and in Graz air pollution is to be reduced through installation of a photovoltaic plant. In Halle and Magdeburg the activities were oriented towards physical planning, striving for increased environmental quality and improved recreational spaces.

e. Communication and information

A strong feature of URBAN programmes measures in this area have included funds targeted at developing information packs, marketing and communication actions and the development of programme websites, community broadcasting etc.

4.4.5 Other programmes

Objective 6: Joensuu was a part of the Objective 6 programme in Finland. It focused on two areas of intervention – *Assisting SMEs and the craft sector* and *Research, technological development and innovation (RTDI)* – and in general terms they both concerned facilitating structural change in the region. Through development of telecommunications services and a focus on industrial renewal and economic diversification, the project worked for business development. The Science Park, to which support is reported, and the educational institutions were involved in work for developing the innovation capacity of the region. The aim was to counteract exclusion and integrate people threatened with exclusion more firmly to the labour market.

Interreg IIIA: Interreg IIIA was identified in three of the case study regions – Dublin, Graz and Trollhättan. Of the range of projects reported few appear to have an explicitly urban focus. For example In Dublin Interreg IIIA funded research into market opportunities and high value products and services, business development within the energy, environmental goods and service sectors and development of links between businesses and further and higher education. In contrast Graz and Maribor (Slovenia) co-operate with the common aim of strengthening the region as a whole within the field of *Research, technological development and innovation (RTDI)*. A lack of co-operation in technology-oriented sectors has been observed, and co-

operative structures between SMEs and between R&D institutions is encouraged. In Graz there is also one project connected to *labour market policy* through the "cross-border pact" with Slovenia, establishing co-operation in education and labour market issues.

The regional management of Graz and Maribor co-operate in elaborating a joint strategy for urban development and environmental protection. Within Interreg for Ireland and Wales projects deal with investments in small-scale port infrastructure and enhancements of rail, bus and cycle travel possibilities with the aim of developing environmentally friendly transport alternatives.

Equal II: Only in one the case studies, namely in Aarhus, the Community Initiative Equal II has been identified as a programme contributing to urban development issues. This regarded in particular three areas of intervention, all of them centre around the question of ethnicity and integration of immigrants. In the field of *positive labour market actions for women*, for example, social exclusion of particular ethnical groups has been addressed by a project aiming at assisting a group of Somali women to enter the local labour market, e.g. by practice training, counselling, company visits etc. *Social exclusion* of immigrants has been addressed by projects supporting unemployed refugees and immigrants in establishing relations to the labour market and educational system, e.g. by teaching, training programmes and networks, counselling etc.

4.5 Spatial effects of the Structural Funds

In the following section we explore the spatial effects of Structural Fund activities occurring in urban areas. Four types of effects are identified:

- Morphology (e.g. location of development; location of spatial disparities)
- Functional/economic specialisation (e.g. strengthening of existing profile or division of labour between various places, development of new profile/niche leading to increased competitiveness)
- Connectivity/accessibility/transport (e.g. improvement of links, removal of bottlenecks, development of hub-functions)
- Strengthening of urban co-operation (e.g. co-operations between areas)

4.5.1 Morphology

a. Concentration of functions

When it comes to the question of Structural Funds related to the allocation of activities in urban areas, two main aspects can be distinguished. On the one hand, Structural Funds have been used for the development of certain types of clusters in parts of an urban area, i.e. for the purpose of concentration of activities as e.g. in Charleroi (which has contributed to the deconcentration of economic activities outside of the traditional area). In Charleroi for example, the creation of a new high-tech

cluster has been concentrated around the city airport, on a new industrial park. Furthermore, the rehabilitation of old industrial sites and the establishment of a multimodal platform have been concentrated in the area of Montignies-sur-Sambres.

On the other hand, Structural Funds have been used to more generally address the issue of urban sprawl as e.g. in Le Havre, Magdeburg or Sheffield. However, urban sprawl is rarely mentioned in the detailed rationale for any of the measures. Instead measures such as Developing Sheffield City Centre aim to enhance the attractiveness of the city centre and so indirectly promote compact urban development and so act to limit urban growth. Similar reasoning regarding the influence of Structural Funds on the inner-urban morphology are visible in the cases of Kozani, Dublin, Genoa, Enschede, Marseilles and Naples.

b. Overcoming spatial disparities

Structural Funds are often targeted on particular pockets of deprivation. In Aarhus the URBAN programme has increased co-operation across ethnical groups and new partnerships have been created. This is particularly important, as previously the neighbourhoods were divided into many small ethnical communities with relatively little "social" connections between them. While Dublin has performed very well economically over the last decade or so, pockets of deprivation still exist that are addressed through Structural Fund programmes. Issues of high unemployment, lone parents, older people living lone, a high percentage of early school leavers and drug-related crime typify all these pockets of deprivation.

In many case studies, the achievements of the URBAN programmes in the field of social integration have been especially prominent, examples can be found in Aarhus, Graz and Dublin, to name just 3. In Halle and Magdeburg support given to sport and leisure facilities and environmental infrastructure (recreation opportunities, footpaths, cycle tracks) has contributed to increasing the quality of living in disadvantaged districts and created incentives for the citizen to remain in this area, as well as improved the identification of the inhabitants with their district. The cases of Enschede, Le Havre or Naples illustrate however that also the other funding instruments provide substantial contributions in this field.

In Naples, there were very few funds available for training activities during the previous programming period (1994-1999) With the introduction of the POR many measures were however planned and a strong connection with social issues was written in the regional plan written in accordance with the new legislative reform (Law 328/2000). The problems of poverty and the segregation of particular levels of the population, who live partly in the urban centre and especially in the outskirts of the city and the first ring of municipalities in the province, remained uneffected by the co-financed initiatives using structural funds.

c. Re-utilisation of larger sites

Especially in old industrial areas, Structural Funds have been used for re-utilising of old industrial sites. Clear examples for this are the German case studies Dortmund, Halle and Magdeburg. In Dortmund and Halle re-utilisation of old industrial sites was focused on the provision of attractive locations for the settlement of new companies. In Magdeburg not only the revitalisation of abandoned old industrial but also of former military sites has been addressed. Also in Charleroi, Structural Funds have contributed to the rehabilitation of industrial sites. In Enschede a programme for restructuring the old harbour areas has been set up and also in Trollhättan old derelict industrial areas have been developed for the use for other purposes.

d. Economic engines for wider regions

In Joensuu polycentric development is a key issue in terms of developing economic growth in the Joensuu municipality and seeing it having an engine role in the whole surrounding region, also through the implementation of Regional Centre Development Programme the awareness of different spatial scales of development and the role of the region in national and European context has improved. In a similar way, in Trollhättan, economic growth will mainly be confined to the urban centre of the municipality, with urban Trollhättan as a focal point. One of the aims set is that the Fyrstad region will be a leading technical and industrial region in Europe. This suggests that authorities in the area are not only looking at finding their place in the regional or national context, but also in the European one. With specialisation, the region will be trying to establish itself as a growth pole within the European polycentric system.

In Kozani, Structural Funds have to a large extent to contribute to the upgrading of the city and the acquisition of a better place in the competition with other cities. This is considered improving Kozani's chance to also play a greater international role in the wider Balkans (a priority of its strategic plan) rebuilding at the same time some of its older networks. For the time being is, successfully, playing its role as a dynamic regional centre offering new opportunities to all other prefectures in the region.

4.5.2 Functional Specialisation

Whereas Genoa, Le Havre, Sheffield, Swansea, and Thanet approach functional specialisation as a more general element in their strategy for increasing economic competitiveness, the cases of Dortmund, Dublin, Graz, Joensuu, Kozani, Patras and Trollhättan illustrate that specialisation can be developed and used for overcoming specific local challenges, strengthening the function of an urban area as economic engine for a region, or even contributing to a more balanced national urban system, thus also addressing polycentricity in its different aspects.
Shifting economic gravity in cities

When it comes to the strengthening of functional economic specialisation with a focus of the local challenges, Dortmund, Dublin, Graz and Kozani can be particularly mentioned.

In Dortmund advancing economic competitiveness formed a core issue of interventions in the productive sector combined with urban revitalisation intentions. Similarly in Dublin the Structural Funds have provided the opportunity for SMEs to "develop away" from central Dublin where an over-concentration of business has caused problems (including congestion and housing shortages in Greater Dublin). In Graz URBAN II focuses on developing a new technology-oriented business location as a driving force for structural change.

4.5.3 Connectivity

Considering Structural Fund transportation investments in urban areas, the expected focus is on local transport issues such as congestions or public transport measures. Indeed, this has been in particular highlighted in the cases of Dublin, Genoa and Patras. However, most case studies revealed also a wide range of other often more meso level type of activities, focusing on transport infrastructure as an important element for regional economic development. The shift towards more meso level activities in this respect can be considered an important spatial effect of the SF interventions potentially changing the prospects of the urban areas.

Local traffic challenges

Of the case studies e.g. Genoa, Graz, Halle, Magdeburg, Naples, Patras and Swansea illustrate less known examples on the improvement of local transport conditions by Structural Funds, reaching from more integrated transport systems, to specific links between various parts of city, to modernisation of the urban transportation system and large infrastructure investments.

In a number of cases the examples given indicate approaches towards a more integrated transport systems at local level, as e.g in Graz, URBAN includes some basic transport infrastructure as well as the development of alternative mobility concepts and targeted investment in complementary infrastructure addressing the problem of congestion, mobility and transport.

In Halle, Magdeburg and Joensuu, transport links to between different parts of the city have been improved in order to combat social segregation. In Naples, the modernisation of the urban and metropolitan transportation system promises considerable renovation of the urban functions with a significant growth in the economy linked to cultural activities and tourism. Also in Patras the improvement of access via large infrastructure works will have significant spatial impacts. First the bypassing of Patras (external peripheral road) will relieve the traffic problems within the city. Second the works for the internal circular road and other local roads will facilitate traffic and lower the time of movements.

National and (potentially) global hubs

In a number of cases larger infrastructure investments seek to promote the position of an urban area in the wider national context, as e.g. in Le Havre or Patras. Also in Marseille, several actions for reinforcing the logistic function (port and airport), logistic platform and investments in SMEs providing services to the port have been addressed. In Le Havre special support was given to the development of the port infrastructure under the framework of Port 2000 is a key element of the strategy to improve competitiveness and economic prosperity of the port in a wider context. The focus on the port activities and the modernisation of the port infrastructure is expected to have direct effect on the overall economic prosperity of Le Havre in the long term. In Patras the third Rion-Antirion Bridge, the roads leading to the bridge and the PATHE motorway as well as the upgrading of the port facilities will improve the accessibility of Patras in regional to local, national and international networks.

4.5.4 Networks of urban Co-operation

The importance of regional networks and co-operation of urban areas *within one functional region* has been emphasised in two cases. In Trollhättan this was considered to be a focus area, as a large share of the Structural Funds interventions have been targeted at the increased co-operation between the four municipalities in the so-called Fyrstad region. Graz-Maribor has already been mentioned above.

4.6 Governance and the Structural Funds

4.6.1 Governance structures and level of engagement

The types of organizations involved in the Structural Funds programme work in the urban areas selected for the case study analysis have been placed in five main categories:

- Regional level authorities
- Urban level authorities (local or sub-regional)
- Urban level NGOs
- Urban/local level community/voluntary groups or businesses
- Other agencies/authorities.

By far the most oft-cited examples of local actors are organizational representatives of the local business and R&D communities, whilst more often than not *urban level NGOs* are absent from the picture presented by the case study reports on SF interventions. This can reflect those actors that had either programme responsibility (a clear role in the programme planning and implementation) or project ownership, not necessarily all actors that were involved in a less official capacity.

As argued in the third interim report (TIR, 36-37), governance, participation and process-orientation are increasingly considered important issues in policy making (in urban areas as elsewhere). Here the starting point for the case studies was to analyze the processes by which systems of local governance are structured in a given case study area: which actors are involved in the programming and implementation, and

what their roles are. The case studies provide a picture of the types of actors involved in SF work on the local level and give more detailed examples of ways in which different actors have been involved in programme planning and implementation.

The main difficulty in the case study approach here was the identification of such aspects of governance that were *additional to SF governance in general*, i.e. identifying particular governance solutions and actor constellation for the *urban areas* in particular or to deal with urban problems.

a. Regional level authorities

The active involvement of the regional level authorities is natural in the context of Structural Funds. In many cases actors on this level function as program managers, financers, implementing organisations, representatives in steering and monitoring committees or directly involved as project owners etc. Also the regional level is in most cases involved at the "pre-program" stage in drafting the SPD. In some cases there are specific regional delegations with special responsibilities for certain strategic policy issues (Regional Delegation for Tourism and Regional Delegation for Culture and Arts in Marseilles for example).

Needless to say there is a close connection between the Structural Funds governance models implemented nationally and regionally and the degree of self-governance, which varies greatly. There are examples of involved regional authorities functioning as the state level representatives in the management of the Structural Funds in the region. (This is referred to in a number of case studies, including Trollhättan, Marseilles, Joensuu and Lahti).

b. Urban level authorities (local or sub-regional)

The degree to which local authorities and in particular the city administration is involved in programme planning and implementation is largely dependent on the national SF management system, which in turn is dependent on the degree to which the national administrative system in general is centralized or decentralized. The type of programme in question seems however almost even more relevant for the governance model chosen.

On the urban/municipal/sub-regional level the municipalities or city administration in a region is a natural actor in this context, especially in the URBAN programmes. Public authorities can in all programme types be actively involved on the regional and local level at several stages in the Structural Funds management (e.g. in monitoring committees, steering committees, secretariats, as project leaders etc), but in the URBAN programmes municipalities are in many cases also directly responsible as management authorities. Different services and sectors representing local authorities are involved in the implementation of projects, depending on the issues the projects deal with.

In addition to the "ordinary" municipal or local actors there are some examples of inter-municipal co-operation or similar co-operative structures, for example the Fyrstad association in Trollhättan, or Igretec, a joint development agency for municipalities in Charleroi region. Similarly "regional development agencies" are typical actors on this level and involved in programme implementation in most case study regions, called "intercommunity development company", "Mission des Programmes Privés et Européens", or "local investment promotion agency" and similar.

c. "Urban/local level community/voluntary groups or businesses" or "Urban level NGOs"

This category involves actors from both public and private sectors and there seems to be a need to specify further the types of NGOs involved in SF activities. First specification involves those actors that represent the voluntary sector and those that are 'businesses' strictly speaking, whilst based on the analysis of the case studies the second specification seems to be required between those organizations that are more universal or general in their outlook (citizens' participation forum or similar, e.g. "Groupement d'Intérêt Public" in France, Citizen's Advisory Boards in the UK, Byforum in Denmark etc.) and those that address some particular type of activity. The involvement of the citizens does not seem as developed as one might think and examples of involving citizens directly in the programme planning and implementation should be developed further. Such direct participatory processes seem most developed within the URBAN programme context. Of the sectoral organizations we can further identify voluntary organizations of relevance in areas such as:

- Trade and business organisations (e.g. SME services in Magdeburg, Regional Development Agencies and development companies in most case study regions).
- Municipal enterprises (e.g. in Kozani and Patras, in sectors ranging from waste disposal to culture)
- Voluntary organizations within the social sector (e.g. local Red Cross and Caritas in Barcelona)
- Sports clubs (e.g. the case of Aarhus)

Whilst there seems to be a number of social sector voluntary organizations identified in the case study analysis, there are equally some rather surprising gaps, e.g. the lack of actors within the environmental sector. This may be due to the fact that the environmental aspects are in most cases covered by environmental administrations from local, regional or national level and the role of NGOs in Structural Funds work is still under-developed.

Other agencies/authorities

In specific projects, several other kinds of actors are involved, depending on the issue to be dealt with. In the case studies there are examples such as employment agencies (MIREC – *la Mission Régionale pour l'insertion et l'emploi a Charleroi* – in Charleroi), universities and polytechnics (in e.g. Marseilles, Lahti, Trollhättan,

Barcelona), as well as trade unions. Interest organisations for urban planning and renewal are also amongst the "umbrella organisations" identified here, e.g. the German Institute for City Planning and Economic Affairs (DSSW – Deutschen Seminars für Städtebau und Wirtschaft) or Bilbao Metropoli 30 (Association for the revitalisation of metropolitan Bilbao).

Apart from regional and local level actors national level actors are at times also referred to in the case studies, as they in many cases have representatives in the steering or monitoring groups/committees. In Germany the ministries in the concerned Land (NUTS 2 level) can have representatives in steering groups, whilst in Finland the national representation is limited to Monitoring Committees (also in URBAN). Also in Greece the regional authorities on NUTS 2 level can be involved in managing the Structural Funds or Community initiatives. In France the "Association Aire Urbaine 2000", a municipal co-operative structure part of the national urban development policy in represented in the Programming committee in Belfort.

4.6.2 Strengthening governance functions in urban areas

The Structural Funds have had a strong influence on administrative procedures within programme areas and, in some cases, on governance functions and structures. The implementation of the partnership principle, engagement of economic and social partners as well as different tiers of government and requirements for ex ante, mid-term and ex post evaluations of programmes have all played their part in this.

The governance aspects most often associated with Structural Fund interventions in the urban areas relate most of all to two main aspects: forms of organizational and institutional learning and innovation and citizens' participation. In some cases governance impact is seen in a broader light as a factor of providing EU more positive coverage and even increasing the confidence of citizens in European policy-making and authorities by making the European policies more firmly embedded in the local environment and local 'programme ownership' (in particular in URBAN). Thus the governance aspects of the interventions can be categorized under two main themes:

- Networking and organizational innovations (partnership leading to new co-operation networks and more broadly based management structures);
- Citizens participation and identity-building for the inhabitants;

Each of these can have positive and negative dimensions, as will be seen below, when some typical examples are given.

New forms of networking, co-operation between a wider range of co-operation partners within the urban area was seen as an integral part of Structural Fund activities in Graz, Le Havre, Dortmund, Halle, Magdeburg, Dublin, Genoa, Naples, Aarhus, Joensuu, Lahti, Trollhättan, Bilbao, Sheffield, Swansea and Thanet. Here examples reflect experiences with more broader-based partnership constellations emerging from the Structural Fund policy implementation and the degree of decentralization (e.g. Magdeburg, Swansea, Thanet), as well as the possibility to develop a more holistic (or

'systemic') approach to regional development, thereby also having an impact on the ways in which national and European policies and interventions are co-ordinated and how cross-sector co-ordination is promoted (e.g. Le Havre, Dublin, Genoa, Lahti, Trollhättan, Bilbao, Swansea).

Improved involvement of citizens is referred to as a positive side-product of the interventions in the case of Halle, Magdeburg, Aarhus, Sheffield, Swansea and Thanet.

There are relatively few issues raised as *negative aspects* of the governance content of the interventions. If these are referred to, in most cases this applies to the perception of project preparation, decision-making and implementation as overly complicated in terms of the administrative procedures and structures (e.g. Le Havre, Aarhus) or to the difficulties with co-financing methodology (e.g. Dublin), as well as to the uncertainties of post-2006 where there may at times be an over-reliance on EU funding or doubts as to the degree of additionality, thereby raising concerns of whether the national funding will be forth-coming after the European funding is no longer forth-coming (e.g. Graz, Dublin, Naples, Trollhättan, Bilbao). Whilst the general assessment of governance aspects of SF interventions is positive, there are also concerns raised as to be public embeddedness of the activities, i.e there seems to be an awareness amongst the persons responsible for the programme implementation of a risk that the projects implemented 'get a life of their own' and are undertaken by the project experts irregardless of the support and perceived need and benefit form the community itself (e.g. Genoa, Aarhus, Joensuu, Swansea).

5.0 TOWARDS A ROBUST TIA METHODOLOGY

5.1 Introduction

The objectives for the study include the need to develop methods for the territorial impact assessment of the policies. In order to do this the Terms of Reference envisage that this will require the operationalisation of the policy options developed in the ESDP relevant for a territorial impact analysis of the Structural Funds in urban areas and the development of a methodology for an impact analysis at EU scale. In the following analysis we have used the four components of EU urban policy as a key guide as to the policy objectives of the Structural Funds in urban areas.

The concept of Territorial Impact Assessment (TIA) has generated strong interest at a European scale since the term was introduced in the ESDP. The ESDP did not define what it meant by TIA, restricting itself to suggesting that this might be useful in the context of large infrastructure projects and when developing integrated strategies for the management of environmentally sensitive areas.

Work led by the UK Government[12] on behalf of the Commission and the Member States has demonstrated the close links between TIA and other assessment frameworks, particularly Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA). It has also demonstrated that TIA is undertaken in practice in a number of Member States (Austria, Germany, Finland and Belgium among them) although techniques and approaches vary.

For our current purposes we take the concept of TIA to mean a tool or procedure for assessing the impact of proposed spatial development activities against spatial policy objectives or prospects for an area. Present references to TIA have largely been in the context of assessing the impact of plans and projects. It is less often used in the context of assessing the impact of policies. It is primarily a tool for the ex ante assessment of proposed activities.

Developing a TIA methodology for a policy field such as the Structural Funds in a particular context (urban areas) is thus challenging. There is little existing practice on which to build and no directly stated policy objectives in this context. In this situation the critical task is to establish both a suitable approach and suitable assessment criteria. This should seek to recognise the broad positive and negative effects of proposed activities; the implications of strategies of development plans and the inter-relationships (and possible knock-on effects) of supported actions. It is also important to identify the parameters of the assessment, ie what we mean by territorial effects. In this respect the work by TPG 3.1 provides a useful framework.

[12] Territorial Impact Assessment: A submission to the Committee on Spatial Development (2000)

Building on the concepts of SEA we can see TIA as "the formalised, systematic & comprehensive process of evaluating the (territorial) impacts of a policy, plan or programme and its alternatives, the preparation of a written report of the findings, and the use of the findings in publicly-accountable decision making" (after Therivel et al., 1992). In a similar vein, we can use the terminology of the OECD to describe TIA as any defined process by which decision makers take account of potential territorial impacts during the formulation, revision or appraisal of plans, programmes or policies (OECD/DAC, 1997).

In considering the development of a robust methodology it is important to ensure that TIA becomes an effective tool for influencing the design of policies and programmes, and not a *post hoc* justification for actions already proposed. In practice it should be able to identify:

- the positive and negative territorial effects of a policy, plan or program, and
- the means to accentuate the positive effects, and reduce or avoid the negative ones.

It is important to stress that, like SEA, TIA should be seen as an aid to decision-making, rather than a decision-taking mechanism in its own right.

5.2 Scope of the assessment

In this project we have explored the effects of the Structural Funds in urban areas, with the objective of developing a robust methodology for the territorial assessment of the impacts of this. The types of intervention that are considered are those that have been supported through the European Social Fund (ESF) and the European Regional Development Fund (ERDF). For the purposes of this work we discount the European Agriculture Guarantee and Guidance Fund (EAGGF) and the Financial Instrument for Fisheries Guarantee (FIFG). However, in principle the resultant methodology could be applied to these where urban level effects could be distinguished.

The interventions that are considered in the context of the use of Structural Funds in urban areas has been influenced by the request of the Commission to focus on:

- Structural Fund expenditure undertaken within urban areas, rather than those which might seek to develop the role of the urban area as a regional growth centre
- Those activities that are led by urban organizations, rather than regional or national bodies.

However, in presenting a methodology for assessing the territorial effects of Structural Funds in urban areas we do not differentiate by the nature of the bodies undertaking actions supported by the Structural Funds. Equally, we present a methodology for the assessment of the Structural Fund policies and programmes, rather than individual projects. We have taken this approach as we note that the project is funded under the policy assessment strand of ESPON.

5.3 Approach

TIA can cover different scales and aspects of decision-making. In the case of the Structural Funds it is useful to consider this as a tiered approach, as Sadler and Verheem recognise in the context of SEA. The Structural Fund instruments set the policy context at the European level, which are translated into regional (and sectoral) programmes, which in turn provide the framework for projects.

The TIA approach thus needs to differentiate between the assessment of the EU scale policies (EU-level effects) and the assessment of the Programme policies (Programme-level effects). The programme scale will depend upon the nature of the programme in that it may be sub-urban (eg an URBAN Community Initiative Programme); urban (an Objective 1 or 2 programme), regional (an Objective 1 or 2 programme), national (a sectoral Objective 1 Programme) or even trans-national (an INTERREG IIIB Community Initiative Programme). We can broadly illustrate this as follows:

Table 5.1 A tiered approach to TIA

	EU-level	*Programme-level*	
		Regional programmes	*Sectoral programmes*
Key question for assessment	How will the urban system of the EU be affected by the policies of the Structural Funds?	How will urban areas be affected by the policies within the programme?	How will urban areas be affected by sectoral plans/policies within a programme?

In practice, the level of detail required will depend on the explicit objectives established within the proposals being assessed and any implicit objectives identified by stakeholders engaged in the process.

In developing the TIA methodology we draw heavily on the accepted approaches developed for SEA. This consists of the following stages:

1. Listing the objectives of the policy or programme
2. Analysing the existing objectives for urban development
3. Identifying the baseline conditions
4. Describing the measures contained in the policy or programme
5. Identifying other plans or programmes that may have an influence
6. Undertaking a cumulative impact assessment
7. Specifying feasible alternative policies and assessing their urban effects
8. Identify measures to mitigate any undesirable consequences
9. Undertaking consultation
10. Recommendations towards an optimal approach
11. Monitoring arrangements and evaluation

(Adapted from Khadka, 1996 and World Bank Sourcebook Updates, 15 1996)

Many of the latter stages relate to the development of policies, plans or programmes following an initial impact assessment, as such they are of less interest to this study, although they should be seen as part of the overall methodology. In the development of tools and techniques for TIA, TPG 3.1 has provided a useful framework around which to order the proposed TIA methodology. In this they identify 6 key stages:

- Identification of the output to be registered, measured and appraised
- The types of indicators to be used
- The goals that are referred to
- How the analysis is to be performed
- What is the concept applied of 'territorial'
- What do the results look like

We have taken this framework, together with elements of the more general approach already described to suggest the following approach:

1. Listing the objectives (or goals) of the policy or programme
2. Analysing the existing objectives (EU, national, regional or urban) for urban development
3. Identifying the baseline conditions
    a. Outputs to be registered
    b. Indicators to be used
4. Describing the measures contained in the policy or programme
5. Identifying other plans or programmes that may have an influence
6. Undertaking a cumulative assessment
    a. Techniques to be used

In the following section we outline potential methods for the territorial impact assessment of Structural Fund policies with respect to their effects in urban areas.

5.4 Analysis

Stage 1: Identification of goals

The identification of goals, or objectives, should form the first step in any formal TIA. Without an identification of goals then the process of determining whether the results of a policy are negative or positive is much more complicated. The policy objectives of the ESDP provide a guide in this respect.

At an EU-level this would suggest the following[13]:

[13] Whilst more specific objectives might be applied, such as promotion of economic diversification in cities that are too dependent on a single branch of economic activity, it is felt that these are not currently regarded as principle objectives of the EU urban policies but are more appropriate as a focus at the programme-level.

- Expanding the strategic role of metropolitan regions and gateway cities, giving particular attention to the development of peripheral regions in the EU.
- Strengthening a polycentric and more balanced system of metropolitan regions, city clusters and city networks
- Improvement of the economic basis, environment and service infrastructure of cities, particularly in economically less-favoured regions, in order to increase their attractiveness for mobile investment
- Support for the economic development of towns and cities in less favoured regions

At a programme-level we assume that the goals are to support the positive development of urban areas by:

- Expanding the strategic role of metropolitan regions and gateway cities
- Strengthening a polycentric and more balanced system of city clusters and city networks
- Improvement of the economic basis, environment and service infrastructure of cities, in order to increase their attractiveness for mobile investment
- Promotion of economic diversification in cities that are too dependent on a single branch of economic activity
- Tackling social exclusion and promoting the recycling and/or restructuring of underused or derelict urban sites and areas
- Wise management of the urban eco-system
- Promoting better accessibility in cities and metropolitan regions through an appropriate location policy and land use planning that will stimulate mixing of urban functions and the use of public transport
- Reducing uncontrolled urban expansion and reducing excessive settlement pressure
- Strengthening small and medium-sized towns in rural areas as focal points for regional development and promotion of their networking
- Maintenance and creative redesign of urban ensembles worthy of protection

Stage 2: Identification of existing objectives for urban development

At an EU-level these existing objectives are taken to be those established for EU urban policy, namely:

- Strengthening economic prosperity and employment in towns and cities
- Promoting equality, social inclusion and regeneration in urban areas
- Protecting and improving the urban environment: towards local and global sustainability
- Contributing to good urban governance and local empowerment

As already identified, these build upon the Urban Framework for Action.

At a programme-level it is not possible to list the various goals here for they vary significantly and can be diametrically opposed. For example whilst in one area the managed expansion of the urban area may be a goal in another areas the goal may be to constrain the further expansion of the urban area.However, any methodology for TIA at the programme-level will need to identify these goals in order that programme-level affects can be assessed adequately.

It is also appropriate at this stage to identify the relevant unit for territorial analysis. Urban areas may be defined by different statistical or functional boundaries. The methodology should stipulate the definition of the urban areas concerned. This may be done statistically or might be considered in a qualitative manner, depending on the level of rigour required. The work undertaken for this study has demonstrated the difficulty of gathering data at a consistent territorial scale across the EU for a wide range of indicators.

Stage 3: Identifying the baseline conditions

Baseline analysis is an integral part of TIA. It is essential that we know what the current situation is if we are to make an assessment of the potential effects in urban areas of Structural Fund programmes. Specifying the baseline is, though, more complex in that it should focus on those areas that might be influenced by the objectives of the programme; or in themselves influence the achievement of objectives or incidence of policy activities.

The range of indicators that are relevant in the case of assessing the effects of the Structural Funds in urban areas are potentially very large owing to the number of measures that can be applied. However, it is possible to limit this to a number of more modest indicators that can be seen as proxies for wider effects. On the basis of existing work and the focus of urban objectives the following indicators are regarded as offering a strong indication of urban conditions.

Economic	**Social**
• Sectoral mix (industry, services) • Number of business start-ups • Business survival rates • Employment • Occupation (manual, professional, administrative) • Accessibility	• Poverty • Overcrowding • Number of empty homes • Extent of disparities in income or unemployment • Demographic structure • Migration data

Environmental	**Governance**
• Congestion • Amount of derelict land • Greenfield land take • Water quality	• Governance capacity (number of institutions, number of employees)

• Air quality	

In developing a baseline it can be helpful, where data quality allows, to use statistical techniques to order the data and capture the principal issues facing urban areas. To this end a number of techniques can be used including:

- Multi-criteria analysis
- Factor analysis
- Cluster analysis
- Comparative benchmarking or profiling of urban areas

At an EU-level, the assessment of baseline conditions may be attempted in the same manner as at a programme-level or it can focus on identified objectives. The former approach is complex and resource intensive for it essentially requires the development of an urban index for the whole of the EU. In developing this project we made use of muti-criteria analysis tools to demonstrate the potential of this technique (reported in the 3rd Interim Report). Unfortunately the data quality was insufficient to draw robust conclusions across multiple urban areas in the European territory. Most urban analysis is undertaken using benchmarking or profiling techniques, which identify the comparative strengths and weaknesses of urban areas (based upon an accepted average, such as the EU or national average) as a basis for determining what actions are required to support their relative strengths or weaknesses.

The role of the TIA is to assess the extent to which the Structural Funds support positive movements in these indicators, or offset negative ones. Unfortunately, the case studies demonstrate the difficulty of identifying consistent indicators for measuring urban problems, using currently available datasets, even when working directly with urban areas.

The latter approach is, perhaps, more relevant to a TIA exercise. In this respect the baseline can be seen to be nature of the urban system within the EU, based upon the identified objectives of EU spatial policies set out above, namely:

- The identification of metropolitan regions
- The identification of gateway cities
- The identification of the position of urban areas within the urban system
- The identification of those urban areas in peripheral and less favoured regions
- The identification of the economic, environmental and service base of urban areas

In terms of identifying this baseline the work undertaken by TSP 1.1.1 forms the basis for assessing the position of urban areas within the EU's urban system. It is more difficult to ascertain in detail the economic, environmental and service base of urban areas for reasons of data availability, as previously outlined. This situation will be improved once the Urban Audit 2 dataset becomes available. This will provide an important urban-level data set for identifying the relative strengths and weaknesses of

a large number of the most significant urban areas in Europe. If this is updated on a regular basis then it will be an important resource for urban territorial analysis at the EU-scale.

At the present time it is possible to make use of a limited set of indicators that provide a window on urban conditions, but not a detailed analysis. The results of this exercise were reported in Section 3.

Stage 4: Describing the supported activities

Assessing the territorial effects of the Structural Funds in urban areas then requires an analysis of the particular measures that are included within a programme, or covered by the Structural Funds as a whole. It is the combination, and application of, these measures that will translate into the territorial effects of the Structural Funds in urban areas. At a programme level some actions are more strongly promoted than others. The incidence of these activities will influence the overall territorial effects of the Structural Funds. The fields of intervention identified as eligible for support through the ERDF provides a starting point for this activity. To this can be added those actions that are supported by the ESF rather than the ERDF.

An assessment then needs to be made of the extent to which these actions support the different goals or objectives of urban policy. An indicative assessment of this is set out in Annex 7. From this base it possible identify what effects might be present and require further exploration.

Stage 5: Identifying other influential plans and programmes

The territorial effects of the Structural Funds will also be influenced by other plans and programmes. The analysis of Structural Fund activities in urban areas reported in Sections 2 and 4 demonstrates the importance of these national, regional or local initiatives in influencing the distribution of Structural Fund actions. This needs to be done at a programme-specific level as part of any initial assessment.

Stage 6: Undertaking a cumulative assessment of the effects of the Structural Funds in urban areas

a. EU-level

Fundamental to the assessment of EU-level effects needs to be an analysis of the incidence of EU policy in this area. This is given by the geographic focus of Structural Fund expenditure. Only once this is know is it possible to assess the impact of the policy against relevant goals (as identified above).

Unfortunately it has not proved possible to identify the incidence of Structural Fund expenditure for individual urban areas (however so defined) to date. Work by ESPON TPG 2.2.1 has provided a broad approximation of the potential distribution of Structural Funds to urban areas based, primarily on the basis of per capita allocations

of regional programme funding and relative population levels in different parts of the region. Whilst this is an acceptable approximation technique the assumptions it is based upon are open to question.

This lack of robust data is an unfortunate weakness given the importance attached to urban level issues within the EU. Even within programmes, the level of detail available for this type of assessment is lacking. Without any knowledge of the incidence of policy it has not proved feasible to assess in any detail the effects of EU-level Structural Fund policy on:

- Expanding the strategic role of metropolitan regions and gateway cities, giving particular attention to the development of peripheral regions in the EU.
- Strengthening a polycentric and more balanced system of metropolitan regions, city clusters and city networks
- Improving the economic basis, environment and service infrastructure of cities, particularly in economically less-favoured regions, in order to increase their attractiveness for mobile investment
- Supporting the economic development of towns and cities in less favoured regions

To assess these effects requires the following points of analysis:

- The extent to which Structural Funds are targeted on metropolitan regions and gateway cities
- The extent to which Structural Funds are focused on urban areas suffering from identified disparities, causing imbalance in the urban system
- The extent to which the Structural Funds support urban areas in peripheral and less favoured regions
- The extent to which Structural Funds are targeted on supporting economic development, the provision of infrastructure and support for environmental improvements

Based on the nature of the policies promoted through the Structural Funds it appears that the strongest effects are focused on supporting the economic development of towns and cities, with an emphasis on those located in less favoured regions (defined as eligible for support under Objective 1 of the Structural Funds).

b. Programme level

At the programme level territorial analysis can be undertaken using either qualitative techniques, or quantitative techniques or a mixture of both. The method adopted depends in part on the quantity and quality of data available from the baseline analysis and on the inputs from the Structural Funds.

i) Policy analysis

As a starting point a policy impact matrix can be used to assess the likely effects of the policies adopted in the programme. This identifies the extent to which different

priorities and measures are aligned to different goals. Annex 7 sets out an example of how this might be done, using the goals of EU urban policy as a guide. This provides an assessment of the policy focus on urban issues.

In addition a territorial assessment of the planned programme priorities and measures is required. This identifies the extent to which policies are targeted on, or likely to benefit urban areas. This may range from 100% to 0%. The assessment may be undertaken quantitatively - where financial information - is available or qualitatively, based upon proportionate analysis (such as distribution of resident population, unemployed, businesses or other relevant target groups) and expected targeting.

In assessing the anticipated territorial effects of programme policies it is useful to examine other domestic policies which may influence the distribution of Structural Fund resources within a region, ranging from other financial interventions which might direct the location of Structural Funds to land use planning documents which may prevent development in some areas or encourage it in others.

The combined results of these two approaches can then be set out in a policy assessment grid. This serves to narrow down the areas for further analysis and act as a means for assessing the level of inputs likely to affect urban areas as a proportion of total programme inputs.

ii) Impact assessment

Based upon the anticipated results of programme policies – as summarized in the policy assessment grid - an impact assessment exercise can now be undertaken. This may draw upon quantitative techniques or qualitative techniques, or a mixture of the two, depending upon the level of detail available. Where there is limited information on Structural Fund inputs we feel that qualitative techniques should be favoured to avoid the dangers of spurious accuracy.

Inter alia, potential quantitative techniques include:

- Simulation modeling
- Economic valuation techniques
- Multi-criteria analysis techniques.

The essential element of each is assigning change values to identified indicators as a consequence of Structural Fund actions. The multi-criteria analysis approach reported on in Interim Report 3 would be one means of undertaking such an analysis.

One significant difficulty with using quantitative techniques in assessing the territorial effects of the Structural Funds in urban areas is a lack of information on the level of inputs. As previously stated there is remarkable limited data as to the distribution of the Structural Funds at a sub-programme level, either on an *ex ante* basis or even *ex post*. Case study work demonstrates that this information cannot even be constructed

from available programme monitoring data without significant levels of resource commitment. This makes the process of identifying realistic change values very complex. Equally, our understanding of urban processes is quite poor, particularly the implications of policies stimulating industrial development, for example, on the location of that development.

In the absence of reliable quantitative data, assessment techniques rely largely on qualitative approaches.

Qualitative techniques rely upon identifying the direction of change and the magnitude of that change on identified indicators as a result of the policy actions proposed. This can be done in the form of a policy impact matrix as illustrated in Table 5.2 below.

Table 5.2 Policy Impact Matrix

Policy outcomes[1]	Potentially affected urban features (+ = positive effect, - = negative effect)																	
	Economic						Social						Environment					Gover-nance
	Sectoral mix	Business start-ups	Business survival rates	Employment	Occupation	Accessibility	Poverty	Overcrowding	Empty homes	Unemployment disparities	Demographic structure	Migration	Congestion	Derelict land	Greenfield land take	Water quality	Air quality	Governance capacity

[1] list the products, activities and/or events that the programme policies (Priorities and Measures) will bring about

An alternative matrix approach (which might be used in parallel to that in Table 5.2 above) can be used to identify areas for further analysis, and, potentially, the identification of alternative options. In this instance the programme effects are taken in their entirety and their significance for different policy goals assessed, as illustrated in Table 5.3 below.

Table 5.3 Qualitative approach to assessing effects of the Structural Funds

	Effects of programme on urban area(s)					Examine further[1]
	Significant and positive	Significant and negative	Moderate and positive	Moderate and negative	Not significant	
Expanding the strategic role of metropolitan regions and gateway cities						
Strengthening a polycentric and more balanced system of city clusters and city networks						
Improvement of the economic basis, environment and service infrastructure of cities, in order to increase their attractiveness for mobile investment						
Promotion of economic diversification in cities that are too dependent on a single branch of economic activity						
Tackling social exclusion and promoting the recycling and/or restructuring of underused or derelict urban sites and areas						
Wise management of the urban eco-system						
Promoting better accessibility in cities and metropolitan regions through an appropriate location policy and land use planning that will stimulate mixing of urban functions and the use of public transport						
Reducing uncontrolled urban expansion and reducing excessive settlement pressure						
Strengthening small and medium-sized towns in rural areas as focal points for regional development and promotion of their networking						
Maintenance and creative redesign of urban ensembles worthy of protection						
Expanding the strategic role of metropolitan regions and gateway cities						
Strengthening a polycentric and more balanced system of city clusters and city networks						
Improvement of the economic basis, environment and service infrastructure of cities, in order to increase their attractiveness for mobile investment						
Promotion of economic diversification in cities that are too dependent on a single branch of economic activity						
Tackling social exclusion and promoting the recycling and/or restructuring of underused or derelict urban sites and areas						

[1] in principle all negative effects should be examined further as might insignificant effects if this is in an area identified as a particular need in the urban or regional analysis

iii) Statement of effects

Based upon the above analysis, whether quantitative or qualitative a statement of effects should be made. This should include a summary of all positive and negative effects of the programme on the urban area(s) concerned, based on identified goals. In addition to the simple statement of effects the statement should also include proposed mitigation measures to offset identified negative effects. A format for such a statement is included in Table 5.4 below.

Table 5.4 Form of statement

	Effect	*Mitigation*	*Comment*
Negative effects			
Positive effects			

iv) Reporting the results

The results can be summarised in the form of a report detailing the main identified impacts. This should also include a statement of the effects of the programme and, where undertaken, an assessment of the different options considered. A format for summarizing the advantages and disadvantages of different options is set out in Table 5.5 below.

Table 5.5 Summary of advantages and disadvantages of options

Options	*Advantages*	*Disadvantages*	*Uncertainties*
1.			
2.			
3.			

Based upon this report it is suggested that a consultation exercise is then held to discuss the merits of different options and the results of this exercise are then formulated into a revised programme.

6.0 CONCLUSIONS

The following section draws out conclusions from the work undertaken to date and reflects on lessons learnt from the ESPON study. In so doing it delivers on the following two objectives for the study.

1. To recommend further policy developments in support of territorial cohesion and a polycentric and better balanced EU territory and to refer to the three fundamental objectives within the ESDP with regard to balanced and sustainable spatial development: the economic and social cohesion, the conservation of natural resources and cultural heritage and more balanced competitiveness of the European territory;

2. To develop possible orientations for policy responses considering institutional, instrumental and procedural aspects;

6.1 Progress against key themes

Before considering these objectives we briefly summarise progress against the themes set out in the Terms of Reference. Four research themes were highlighted

- Identification, gathering of existing and proposition of new territorial indicators and data to measure and display the state, trends and impacts of the developments referred to for urban areas. Compilation of national studies with European focus;

The study has developed a number of territorial indicators, and collected data for these where available, which display the state of urban areas and certain trends. A summary of the indicators and available data is set out in Section 3 of this report. Unfortunately, despite extensive efforts, the study has found it difficult to meet the expectations of the client group, particularly in the provision of data relating to urban areas. This point is considered in more detail below under the lessons learnt.

- Operationalisation of the policy options developed in the ESDP relevant for a territorial impact analysis of the Structural Funds in urban areas. Development of a methodology for an impact analysis at EU scale;

The policy options set out in the ESDP have been developed as key components of the territorial assessment methodology set out in Section 5. We find that the policy options form a useful context for territorial impact analysis of the Structural Funds in urban areas, particularly when combined with the principal themes set out in the Urban Framework for Action. We find that TIA is most appropriate at the programme scale, although consideration of urban impacts at a broader scale is also useful at the EU scale. A methodology for impact analysis at an EU scale has been established. However, the application of this methodology is significantly impaired

by the impossibility of obtaining data on the distribution of Structural Fund expenditure to individual urban areas.

- More specific territorial questions in the framework of urban affairs with as regards the variety of regions in Europe are:
  - How far do Structural Funds address the process of metropolisation in relation to accelerated greenhouse effects and climate change?
  - In which respect do Structural Funds address the question of control of urban sprawl and the links between urban and rural areas?
  - Metropolisation increases socio-spatial segregation and inequity of access to public services such as education, health, transport, culture. Furthermore, there are claims that the European social model is endangered. Which kind of territorial effects derive from these problems?

We have attempted to respond to these questions through the analysis of Structural Fund activities in individual urban areas. In essence the Structural Funds address the questions of greenhouse effects, climate change, urban sprawl and links between urban and rural areas only indirectly if at all. Rarely is it considered within programme documents which tend to focus primarily on promoting economic development and secondly on issues of social and economic exclusion. Consideration of the spatial and environmental effects of these activities are less visible. These matters are considered further in Section 4. The assertion that metropolisation increases socio-spatial segregation ad inequity of access to public services such as education, health, transport and culture, as set out in the Terms of Reference has not been tested in this work and deserves further detailed exploration if it is intended to form the basis of policy thinking.

- These issues imply the necessity of good urban governance, which could be promoted at the European level. The effects of Structural Funds in urban areas should be evaluated and assessed in the sense of how far important urban functions are, in fact, strengthened.

As set out in Section 4, the Structural Funds have only indirectly influenced urban governance functions. They have had an important role through the operation of the partnership principle and programme management procedures, such as evaluation requirements. Positive features include legitimising the priorities of local authorities in urban areas and the promotion of integrated development strategies. However, their support for urban governance functions *per se* is less common. Moreover, as outlined in Section 2 the range of measures that can be targeted on urban governance is relatively limited. On the whole the case study analysis found that the Structural Funds provided a legitimacy for urban authorities to tackle certain issues that previously were not significant priorities, but not much more. Whilst this may be seen as strengthening urban functions in practice it is a very modest element of Structural Fund effects in urban areas.

6.2 Policy Conclusions

The EU is a largely urbanized territory. In consequence a high proportion of the Structural Funds benefit the development of urban areas. However, this is rarely an explicit element of regional programme strategies. We make 8 recommendations designed to improve the urban dimension of EU Structural Fun policies. The policy recommendations should apply to the new programming period (2007-2013).

R1. A stronger urban focus to the Structural Funds

We recommend that the spatial dimension becomes a more explicit dimension to future Structural Fund policies. This is comprised of two elements:

- Ensuring that an identified proportion of the Structural Funds are focused on supporting the territorial goals set out in the ESDP and repeated in Box 6.1 below. This will require information on the distribution of Structural Funds to individual urban areas.

- Ensuring that all programmes identify goals for the development of the urban system with the programme area, based upon the goals of the ESDP but covering other objectives if desired. This should include a statement of the proposed pattern of expenditure targeted on urban areas. This requirement should be supported by an obligation to undertake a territorial impact assessment at the programme-level prior to the approval of a programme. Such a requirement should be included within the new Regulation governing the Structural Funds.

Box 6.1 Urban territorial goals of the ESDP

- Expanding the strategic role of metropolitan regions and gateway cities, giving particular attention to the development of peripheral regions in the EU.
- Strengthening a polycentric and more balanced system of metropolitan regions, city clusters and city networks
- Improving the economic basis, environment and service infrastructure of cities, particularly in economically less-favoured regions, in order to increase their attractiveness for mobile investment
- Supporting the economic development of towns and cities in less favoured regions

R2. An EU-level approach

We recommend that an EU-level approach is taken to determining the eligibility of urban areas for support under the Structural Funds, as well as a programme-level approach. This should be done in co-operation between the European Commission, Member State governments and regional and urban authorities. The Structural Funds should identify those urban areas that serve a crucial trans-national or EU-level role in the European urban system. It should then seek to support those urban areas

that meet the policy objectives set out in the ESDP (and repeated in Box 6.1 above. Regional strategies should reflect the role that these identified areas play within the European urban system and seek to bolster that role with the support of the Structural Funds. We recommend that up to 100 urban areas should be in receipt of support under this strand.

R3. Determining eligibility of urban areas

On the basis of the EU-level policy goals, as identified from the ESDP, the eligibility of urban areas should be on the basis of their contribution to the functioning of the EU-urban system rather than solely on indicators of comparative economic, social or environmental performance. We recommend that eligibility should be identified at two levels:

Level 1: identification of those urban areas that make up the urban system of the EU. We recommend that this is undertaken using the typology developed by TPG 1.1.1.
Level 2: identification of the less favoured and peripheral regions of the EU. The former should be undertaken using indicators of social and economic performance (set out below) whilst the latter may use one of the indexes of peripherality developed through ESPON.

We note that this approach does not focus on declining industrial areas nor on areas suffering extreme socio-economic conditions or spatial disparities. However these are not features of the ESDP at a European scale and so are dealt with at a programme level rather than at an EU-scale. It is not intended that this aspect of the Structural Funds should target those urban areas that are most disadvantaged in terms of economic, social or environmental criteria. That is a role for regional programmes.

We have presented an approach for identifying those areas that are seriously affected by issues of negative social and economic conditions and recommend that this approach be adopted in assessing the weight attached to identified urban areas at the EU scale. This should not be undertaken for all 1500+ urban areas identified through ESPON but should focus on the most significant parts of the EU urban system. This could be undertaken using data from the Urban Audit 2 at a later date for it will offer the only comparable data set available for most of these urban areas.

R4. Towards an EU TIA

We recommend that data on the distribution of the Structural Funds is routinely collected that enables an assessment of the extent to which urban areas in the EU benefit. At the very least this should cover those urban areas identified as key parts of the EU-urban system. However, we further recommend that data on the proposed allocation of funds to urban areas and the actual outturn is routinely reported on at a programme level to enable EU-level TIA. Once this information is available we recommend that that the policy focus of the Structural Funds in practice be assessed using TIA methodologies, such as that proposed by this work.

R5. Programme-level focus of Structural Funds

We recommend that an urban focus to the Structural Funds is most appropriately considered at the programme-level. We recommend that regional partnerships, including urban authorities, consider spatial goals for Structural Fund programmes which should include the extent to which urban areas are a focus for the programme and the nature of activities to be supported. A TIA assessment should be required for all future regional programmes.

We recommend that Structural Fund programmes should include a statement as to the desired spatial characteristics of the region, including the role of urban areas. The analysis of the strengths, weaknesses, opportunities and threats facing the region should include consideration of the nature of any regionally significant urban-specific problems. Programme partners should be encouraged to develop integrated strategies for the development of urban areas with weak social, economic and environmental performance.

R6. Eligible actions

We recommend that consideration is given to the manner in which Structural Funds can be used to support governance functions and practical linkages between urban areas. Our analysis demonstrates that this is the weakest area in the operation of the Structural Funds, yet is highlighted as one of the more important components for the operation of an effective urban system.

R7. Programme-level TIA (ex ante)

We recommend that all regional programmes should be subject to territorial impact assessment as part of their ex ante evaluation. This assessment should consider effects of all policies on urban areas within the programme area, both individually and in aggregate, whether intended or not. The TIA should be made against goals for urban development set out within the programme document and shared by all partners. The TIA should also include an assessment of the likely effects of Structural Fund actions on urban form; environmental emission and aspects such as transport and congestion effects.

At a minimum the assessment should consider the relevance of the following territorial objectives, and the effects of the programme against identified objectives:

- Expanding the strategic role of metropolitan regions and gateway cities
- Strengthening a polycentric and more balanced system of city clusters and city networks
- Improvement of the economic basis, environment and service infrastructure of cities, in order to increase their attractiveness for mobile investment
- Promotion of economic diversification in cities that are too dependent on a single branch of economic activity

- Tackling social exclusion and promoting the recycling and/or restructuring of underused or derelict urban sites and areas
- Wise management of the urban eco-system
- Promoting better accessibility in cities and metropolitan regions through an appropriate location policy and land use planning that will stimulate mixing of urban functions and the use of public transport
- Reducing uncontrolled urban expansion and reducing excessive settlement pressure
- Strengthening small and medium-sized towns in rural areas as focal points for regional development and promotion of their networking

We recommend that the TIA methodology set out in this report is promoted as an approach to programme partners.

R8. Assessing the effects of Structural Funds in urban areas (ex post)

We recommend that serious consideration is given to the level of data availability on Structural Fund activities in urban areas in the final years of the current programming period. We recommend that all regional programmes are requested to provide estimates of the amount of Structural Fund activity occurring within identified urban areas. Where current monitoring systems are unable to provide such information we recommend that this is required for the final years of the current programming period. In the absence of such data any ex post assessment of the use and effects of the Structural Funds in urban areas will be beset by the difficulties this current project has faced.

6.3 Lessons learnt

The Co-ordination Unit requested that the final report of ESPON 2.2.3 reflect upon the lessons learnt in the course of this study in order that these not be lost. We summarise these lessons in the following section.

6.3.1 Data availability

7 lessons emerge in terms of data availability:

- The statistical units for which data are available at a European level cannot, in most cases, be easily translated into urban areas. The problem is exacerbated if one is interested in so-called functional urban areas. Most urban areas are formed of a combination of areas represented by NUTS 4 or NUTS 5 statistical areas. Very few NUTS 2 or NUTS 3 statistical areas conform to a single recognisable urban area.
- The amount of data that is available at an urban level is, in many cases, very limited. This is partly due to the definitional issues identified. Equally, several Member States do not collect data at this level.

- The consistency of data and the definition of indicators varies between Member States. This limits the extent to which meaningful pan-European comparisons can be undertaken
- The data that is most routinely collected relates primarily to social and economic conditions.
- For robust and consistent collection of data at an urban level it is currently necessary to collect the information at an urban-level (as is currently occurring with the Urban Audit 2). This is an intensive and expensive process, which was beyond the resources of this study.
- For exercises like the Urban Audit 2 to be useful there will need to be a process in place for the regular updating and reporting of such datasets.
- Key policy interests, such as which urban areas are dependent on single industrial sectors or which areas are most affected by issues of derelict land owing to industrial decline, are not well served by available statistics. Such information is often only available through local area analysis.

6.3.2 Number of urban areas

The study attempted to collect data for all urban areas identified by TPG 1.1.1. This was overly ambitious and did not take into account how such information might be used by policy makers nor the scale at which data was available. A better approach would have been to identify the key towns and cities in the European urban system and to seek relevant data for these areas only.

6.3.3 Use of Structural Funds

There are very limited amounts of data available on the extent to which the Structural Funds are targeted towards urban areas. Data is neither available from the European Commission nor from programme-level bodies. This information is not available as an aggregate total let alone for types of interventions supported by the Structural Funds. Without such information any assessment of the effects of the Structural Funds on urban areas is dependent on urban-level analysis, and even here data is at best an approximation.

6.3.4 TIA

The assessment of the territorial effects of Structural Fund policies is possible. However attempting this at an EU-scale for detailed urban-level issues is very ambitious. It is better to focus on the broader goals of the ESDP at this level and to focus on the more detailed goals of EU urban policy at the programme level. The study team made a mistake in focusing too strongly on delivering desired pan-European data outputs from the study in its initial stages rather than questioning the value of the data being collected for assessing the effects of Structural Funds in urban areas, based upon the proposed TIA methodology.

6.4 Conclusions on the effects of urban funds in urban areas

From the analysis undertaken, there are very few occasions where Structural Fund programmes include an explicitly urban dimension, and the case studies draw a very ambivalent picture as to the degree to which particularly urban problems are addressed. The added value of URBAN Programmes for urban themes is (unsurprisingly) essential, as the initiative manages to address more local and by definition urban issues, as well as being more in tune with the physical and participatory needs typical for urban regions. URBAN also seems to influence urban policy beyond its relatively limited financial scope.

The evidence clearly demonstrates that the effects of the Structural Funds in urban areas within Objective 1 and Objective 2 regions are largely a function of the activities that are located in towns and cities. Urban issues were not an explicit feature of the programme strategy. In this respect the effects of the Structural Funds in urban areas are reflected in the focus of the programmes on supporting structural change, with an emphasis on the economic elements of this. Physical effects on the development of the urban area itself are a consequence of these actions, such as the development of business parks etc.

Having said this there is some evidence that the Structural Funds have supported measures with a physical planning orientation, perhaps showing signs of an "integrated urban development approach". These interventions (in infrastructure, regeneration, transportation, buildings put to new uses etc.) are motivated for their role in economic development of the urban area and, in some instances, by their importance for social inclusion. There is no strong environmental focus, apart from the fact that encouraging a sustainable development is a horizontal aim.

Urban undertakes activities with a similar focus to those of Objective 1 and 2 programmes but with a clearer urban dimension, perhaps not surprising given the focus however. In its physical planning interventions (whether oriented to the built environment, transportation or environmental improvements) URBAN is also rather local in character. The projects are predominantly small-scale interventions on neighbourhood or city level.

Objective 3 with a focus on human resources through projects in the fields promoting the inclusion of weak groups of society, also has urban effects. Again though this should be seen as an indirect element of the location of target groups rather than a conscious strategy i.e. targeting exclusion of different groups in society, as well as through encouraging entrepreneurship and education and training. This does not negate the effects of this Fund on urban areas but reinforces the conclusion that TIA is best carried out at the programme-level to capture these effects.

Given that the Structural Funds programmes have been drafted as regional economic development programmes. Urban issues are *not* among the core issues to be dealt with

in mainstream programmes and the degree to which there is accordance or correspondence with UFA policy aims, are often rather coincidental. In this respect there is a gap between geographical targeting of programmes at the regional level and micro-area targeting at the neighbourhood level within urban areas.

This is not to underplay the effects of the Structural Funds in urban areas. Indeed one of the complicating factors is the extent to which the effects have, so far, been of a qualitative nature. We note the following comment from analysis in Greece: "More generally Structural Funds have changed urban areas in Greece in the overcoming of apparently insurmountable problems (environmental, circulatory, industrial decline) and thus contributed to the improvement of the quality of life. It is not so much the question of increased financing that was allocated as the legitimisation of the relevant issues as priorities of development planning. In these issues local authorities retain a major role in the decision making process."

Overall the Structural Funds have strong effects on the economic and social context of the urban areas, as well as influencing changes in the urban environment and accessibility of a place. In this context they can play a strong role in the physical development of urban areas and these aspects should be highlighted in any TIA. In contrast, their effects on environmental matters are much less apparent, with relatively few – if any – measures targeting the ecological environment. The territorial effects of the Structural Funds are thus primarily reflected in the extent to which projects occur in urban areas under different measures, and the relevant planning context for the area, rather than any integrated strategy for the development of urban areas within a region.

Thinking more directly about the different aspect of territorial cohesion or polycentric development, we conclude that Structural Funds have influence on the aspects of morphology, economic profile and accessibility whereas the international co-operation aspect seems to be particularly weak.

ESPON Action 2.2.3: Territorial Effects Of the Structural Funds In Urban Areas

ANNEXES

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ANNEX 1

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ANNEX 2

Data Collection

ANNEX 3

Data Received by Source

(National and Regional Sources)

Data received through National and Regional Level Contacts in the EU 27+2

In Tables A and B below we set out the data received from national and regional level contacts in the EU 27+2 as part of the ESPON 223 project. Table A summarises data gathered for the old EU15 member states, Table B lists data gathered from the Accession Countries and Table C that for the EEA. A note explaining the terminology used in the tables follows Table B.

The data described was gathered as part of two main data collection exercises.

- An EU wide collection of data at lowest comparative level possible (NUTS 2 and 3) for a series of economic and social indicators for at least a five year span between 1994-2003:

  (GDP, employment, employment by manufacturing and services including % hi-tech employment, unemployment, income per household, economic activity, population, population by age and sex, % of working with tertiary education, GVA broken down by NACE industrial sector codes, GVA or employment broken down by NACE 17 industrial codes and sub-sector D manufacturing)

- The urban sample of 800 urban areas at NUTS 3, 4 and 5 which collected a further series of economic & social indicators in order to plot trends over 5 years and/or establish relative disparities at a inter-urban and urban-national level.

  (Income per household and unemployment at NUTS 4 and 5, economic activity, life expectancy & environmental pollution at NUTS 3)

The tables below combine data gathered through each exercise.

These sheets summarise, and are intended be read in conjunction with, the material in Annex 2 prepared by the project which list in more detail the data sought and received for each country, and provide additional information on the issues surrounding data comparability and data formatting issues.

Table A: Data received from national contacts in the EU 15

Country	Contacts	Data received	Usable?	Comment
Austria	• Statistik Austria, • SHauptverband der osterreuchischen • Sozialversicherungstrager	Employment at NUTS 2 1990 to 2001	X	Data is incompatible with that already received from Eurostat [2].
		Population by age & sex at NUTS 3 for 2001	✓	-
		Employed persons by NACE 17 codes 1995-2001 (annual average) including breakdown within Sub-Sector D Manufacturing	✓	-
Belgium	• Infoshop Brussels • National Institute of Statistics, Service des etudes et de la statistique de la Region Wallowe • http://aps.vlaanderen.be/statistiek/Frameset_database.ht	Employment data at NUTS 2 - 1997- 2001 to fill gaps.	✓	-
		Income per households at - NUTS 3 level data for 2000	X	Data given in different format to that already received from Eurostat[1].
		Population at NUTS 3 2000-2	✓	-
		NACE 17 data 1996-2001 (GVA at NUTS 3) including breakdown within Sub-Sector D Manufacturing	✓	-
Denmark	• Statistics Denmark	% population with tertiary qualification at NUTS 2 2001	X	Data is incompatible with that already received from Eurostat [2].
		Income of households at NUTS 2 1995-1999	✓	

Country	Contacts	Data received	Usable?	Comment
		Population by sex and age at NUTS 3 2001	✓	
		Activity rates at NUTS 3 or below 1995 and 2000	✓	
		Life expectancy NUTS 3 or below 1991,5,6,2000 Income per household at NUTS 4 and 5 for 2000	✓ ✓	
Finland	• Statistics Finland	Employment in manufacturing at NUTS 2 1994	✓	
		Employment at NUTS 2 2000 for number of regions	✓	
		Population at NUTS 3 2000-2002	✓	
		Population by sex and age at NUTS 3 1995-2000	✓	
		Unemployment at NUTS 3 1994-2001, data received to fill gaps in Eurostat data	✓	
		Unemployment at NUTS 4 & 5 1995 and 2001	✓	
		Income per household at NUTS 4 & 5, 1995 and 2001	✓	

Country	Contacts	Data received	Usable?	Comment
France	• INSEE national and regional offices ; • French Ministry; • Regional websites (e.g. Pays de la Loire)	Employment at NUTS 2 2000	✓	
		Population at NUTS 3 2000-2002	✓	
		Population by sex and age at NUTS 3 1995, 2000 1990-2002 (NES economic activities/products) at NUTS 3	✓ ✓	
Germany	• Indicators Unemployment and Employment: • Bundesanstalt für Arbeit; Referat Beschäftigungsstatistik; IIIb5– 4217 (3) • Martina.Buettner@arbeitsamt.de • Bundesanstalt für Arbeit; Referat IIIb5; Beschäftigungsstatistik, Erwerbsstatistik, Wirtschaftsnummer; D-90327 Nürnberg; • Statistisches Bundesamt ; Statistischer Informationsservice IC/ Sylvia Kunze • Gustav-Stresemann-Ring 9-11; 65180 Wiesbaden ; • Statistisches Bundesamt; Statistischer Informationsservice IC/ Sylvia Kunze • Gustav-Stresemann-Ring 9-11; 65180 Wiesbaden; Tel. 0611/75-2405 E-Mail: info@destatis.de; Internet: www.destatis.de; usann.kunze@destatis.de • Susanne Grittner; Umweltbundesamt, Fachgebiet II 6.2; Immissionssituation • Bismarckplatz 1; 14193 Berlin; e-mail: usanne.grittner@uba.de • Arbeitskreis Volkswirtschaftliche; Gesamtrechnungen der Länder; c/o Statistisches Landesamt Baden-Württemberg; Frau Alexandra Günther: alexandra.guenther@stala.bwl.de; Böblinger Str. 68; 70199 Stuttgart	Employment at NUTS 3 2000	✓	Data is incompatible with that already received from Eurostat[2].
		Unemployment at NUTS 3 1994-2001. Information to fill gaps.	✓	

Country	Contacts	Data received	Usable?	Comment
Greece	• Greek Statistical Service	Population by age and sex at NUTS 3 2001	✓	
Ireland	• Central Statistics Office in Ireland, EU structural Funding in Ireland website,	Employment in services at NUTS 3 1994-2001	✓	
		Employment at NUTS 2 2000 % population with tertiary qualification at NUTS 2 2000, 2001	✓ ✓	
		2003 at NUTS 3 (GVA) including breakdown within Sub-Sector D Manufacturing	✓	
Italy	• IRS consulted ISTAT, Legambiente 1999-2001, Unioncamere 2003	Employment at NUTS 2 2001-2002	✓	
		Population by sex and age at NUTS 3 2001	✓	
		Unemployment 2001 at NUTS 3 data against gaps	✓	
		Population at NUTS 3 2001	✓	
		Population by sex and age at NUTS 3 2001	✓	
		Unemployment at NUTS 3 2001	✓	
		Activity rates at NUTS 3 or below 1996-2001	✓	
		Life expectancy NUTS 3 or below 1995 and 1999	✓	
		Environmental data/pollution levels 1998 and 2000 at NUTS 3 or below	✓	

Country	Contacts	Data received	Usable?	Comment
		NACE 17 sector information at NUTS 3 and below (employment) 1996 including breakdown within Sub-Sector D Manufacturing	✓	
Luxembourg	• Datashop Luxembourg	Income of households NUTS 2 1998-2001	✓	
		GVA at Nace 17 NUTS 2 2000 - 2001	✓	
		Unemployment at NUTS 3 1994-2001	✓	
		Population at NUTS 3 2001	✓	
		NACE 17 sector (as above at NUTS 2 only) included breakdown within Sub-Sector D Manufacturing	✓	
		Population by sex and age at NUTS 3 2001	✓	
Netherlands	• Netherland Statistical Office	GVA at NACE 3 2000	X	Data given in different format to that already received from Eurostat[1].
		Population by sex and age 2001	X	Data is incompatible with that already received from Eurostat[2].
		Population 2000 - 2002	✓	
		Unemployment 1994	✓	
		NACE 17 sector GVA information at NUTS 3 1995-2000 including breakdown within Sub-Sector D Manufacturing	✓	
Portugal	• National Portuguese statistical office & all Portuguese regional offices	Employment 2001	✓	
		Activity rates at NUTS 3 or below 1991 and 2001	✓	

Country	Contacts	Data received	Usable?	Comment
Spain	• Ministerio de Medio Ambiente (Ministry for Environment) • Anuario Social de España de La Caixa (Social Yearbook) • nstituto Nacional de Estadística (National Statistics Institute) • Observatorio Ocupacional de Empleo Central (Central Employment Observatory) • Instituto Nacional de Empleo (Employment National Institute) • http://www.ine.es/daco/daco42/cre_rh/cuenhog.xls	NACE 17 sector breakdown information at NUTS 3 and below	X	Data given in different format to that already received from Eurostat[1].
Sweden	• NORDREGIO consulted: IVL Swedish Environmental Research Intitute LTd	Employment in manufacturing at NUTS 2 Data for gaps 1994, 95 and 96	✓	
		Employment in services Data for gaps 1994, 95 and 96	✓	
		Population by sex and age 1994 to 2002	✓	
		Unemployment at NUTS 3 Data against gaps for 1994, some for 1995.	✓	
UK	• NOMIS, • Government Office for National Statistics	High-tech Employment in manufacturing at NUTS 2 1995-1999	X	Data given in different format to that already received from Eurostat[1].
		High-tech Employment in services at NUTS 2 1995 and 2000	X	Data given in different format to that already received from Eurostat[1].
		% population with tertiary qualification 2001	X	Data given in different format to that already received from Eurostat[1].
		Population 2000-2002	✓	
		Population by age and sex 1994-2001	✓	

Country	Contacts	Data received	Usable?	Comment
		Environmental data/pollution levels (for some of sample areas only)	✓	
		NACE 17 sector information at NUTS 3 (employment) 1998-2001 including breakdown within Sub-Sector D Manufacturing	✓	

Table B. Data received from the Accession Countries

Country	Contacts	Extra Data received	Usable?	Comment
Bulgaria	• Centre for Regional Development • Statistical Institute www.nsi.bg • Center for Regional Development and Housing Policy • Ministry of Regional Development and Public Works	No data available without charge	-	
Cyprus	• Ministry of Interior, (Ermis Klokkaris ermiskl@spidernet.com.cy) • Statistical Service of Cyprus (cydsr@cytanet.com.cy)	EU data Data gaps filled on employment, population and unemployment. Other data provided but incompatible*.		
		Employment in manufacturing at NUTS 2 1996-1999	X	Data given in different format to that already received from Eurostat[1].
		Employment in services 1998 and 2001	X	Data given in different format to that already received from Eurostat[1].
		Employment at NUTS 1 1996-2002	✓	

Country	**Contacts**	Extra Data received	Usable?	Comment
		% population with tertiary qualification at NUTS 1 1997, 2001, 2002	X	Data given in different format to that already received from Eurostat[1].
		Income of households at NUTS 1 1997	X	Data given in different format to that already received from Eurostat[1].
		GVA at NACE 17 at NUTS 1 1995-2001	X	Data is incompatible with that already received from Eurostat[2].
		GVA at NACE 3 at NUTS 1 1995-1999, 1995-2001	X	Data is incompatible with that already received from Eurostat[2].
		Population at 1994-2002 at NUTS 1	✓	
		Population by sex and age 1995-2002 at NUTS 1	✓	
		Unemployment 1995-1999 at NUTS 1	✓	
		NACE 17 sector breakdown information at NUTS 1 1995-2001 (GVA)	✓	
Czech Republic	• Czech Statistical office, • KROK Database • Cesky statisticky urad (ledererova@gw.czso.cz, jsalkova@gw.czso.cz, and kortanova@gw.czso.cz)	Activity rates 1997-2001 at NUTS 2 1997-2002	X	Data given in different format to that already received from Eurostat[1].
		% population with tertiary qualification at NUTS 2 1997-2002	X	Data given in different format to that already received from Eurostat[1].
		GDP euro per inhabitant 2001	✓	
		Population by sex and age 1998-2002	✓	
		Unemployment 1997-2002	X	Data is incompatible with that already received from Eurostat[2].

Country	**Contacts**	Extra Data received	Usable?	Comment
		Activity rates at NUTS 3 and 4 or below 1997-2002	✓	
		NACE 17 sector breakdown information at NUTS 3 1996 - 2000 (GDP by economic activity)	✓	
Estonia	• Estonian Institute for Future Studies (Erik Terk 'erik@eti.online.ee) • Estonia Statistical Office website • Greta Tischler (greta@stat.vil.ee)	Activity rates 2002	X	Data given in different format to that already received from Eurostat[1].
		% population with tertiary qualification 1997-2002	X	Data given in different format to that already received from Eurostat[1].
		Unemployment 1997-2002	✓	
		Population by sex and age 1998-2002	✓	
		GDP euro per inhabitant 1996-2001	✓	
		NACE 17 sector breakdown information at NUTS 3 and below 1996 - 2000 (GDP by economic activity) including breakdown within Sub-Sector D Manufacturing	✓	
Hungary	• VATI - Ungarisches Institut für Regionalentwicklung (E. Visy evisy@vati.hu) • Ministry for Agriculture and Regional Development	Employment in services at NUTS 2 2001 to fill gaps	✓	
		Employment at NUTS 2 1995-1999	X	Data given in different format to that already received from Eurostat[1].

Country	Contacts	Extra Data received	Usable?	Comment
	• Hungarian Central Statistical Office	% population with tertiary qualification at NUTS 2 1994-2001	✓	
		Income of households at NUTS 2 2001	X	Data given in different format to that already received from Eurostat[1].
		Unemployment at NUTS 3 1995,1996-2001	X	Data is incompatible with that already received from Eurostat[2].
		Unemployment at NUTS 4 2001	✓	
		Activity rates at NUTS 3 for most recent date	✓	
Latvia	• Institute of Economics (Raita Karnite, apsis@lza.lv) • Ministry of Finance (Dzintra Upmace,dzintra.upmace@if.gov.lv) • Central Statistical Bureau of the Republic of Latvia	Activity rates at NUTS 2 1996-1997	X	Data given in different format to that already received from Eurostat[1].
		Employment in manufacturing at NUTS 2 1994-2001	X	Data given in different format to that already received from Eurostat[1].
		Employment in services at NUTS 2 1994-2001	X	Data given in different format to that already received from Eurostat[1].
		High-tech Employment in services at NUTS 2 1994-2000	X	Data given in different format to that already received from Eurostat[1]
		% population with tertiary qualification 1995-2000	X	Data given in different format to that already received from Eurostat[1].
		Unemployment at NUTS 3 1996-2002	X	Data is incompatible with that already received from Eurostat[2].
		NACE 17 sector breakdown information at NUTS 3 and below 1999 (GVA) including breakdown within Sub-Sector D Manufacturing	✓	

Country	**Contacts**	Extra Data received	Usable?	Comment
Lithuania	• Ministry of Environment (A. Gordevicius , M A.Gordevicius@aplinkuma.lt) • Department of Statistics to the Government of the Republic of Lithuania, • State Enterprise "Statistics Lithuania • Population census Division, Department of Statistics to the Government of the Republic of Lithuania • Statistical Service web site http://www.std.lt/web/main.php	No data available without charge.	-	-
Malta	• http://www.nso.gov.mt/publications/industry/1998/industryb.htm • Malta Environment and Planning Agency (SaviourFormosa, saviour.formosa@pa-malta.org) • Department of Information	GVA at Nace 3 1995-1999. 1996 –8 but only for industrial subcodes.	✓	
Poland	• Government Centre for Strategic Studies Maciej Borsa, interreg@region.rcss.gov.pl • Polish statistical office, regional statistical offices, (http://www.stat.gov.pl/english) • Statistical Publishing Establishment, Sale Department • ECORYS Poland	Activity rates at NUTS 2 1994	✓	
		Employment at NUTS 2 1995-2001	X	Data is incompatible with that already received from Eurostat[2].
		Population by sex and age 1990, 1995-2001 by sex	✓	
		Activity rates at NUTS 3 1995	✓	
		Life expectancy (urban sample only) at NUTS 3 and below 2001	✓	

Country	Contacts	Extra Data received	Usable?	Comment
Slovakia	• http://www.statistics.sk/webdata/english/index2_a.htm • Ministry of Environment of Slovak Republic,Land Use Planning Department, Ms Pasková,Director • Slovak Environmental Agency,Unit URBION Bratislav, Mr. Ivan Veruzáb • Statistical Office, (peter.heidinger@statistics.sk and Vladimir.Cicmanec@statistics.sk)	% population with tertiary qualification at NUTS 2 2001	✓	
Romania	• National Research Institute for Territorial and Urban Planning URBANPROJECT (pantead@incdurban.ro, office@incdurban.ro, and urban@fx.ro) • Ministry of Public Works, Transport and Housing Alexandruntal (antal@mt.ro) • Director, CUGUATTIGRIS (Universitatea "Alexandru Ioan Cuza", Mr. Alexandru Ugureanu, aungur@uaic.ro)	GVA at NACE 17 at NUTS 2 1998	X	Data given in different format to that already received from Eurostat[1].
		Population by sex and age at NUTS 3 1998-2000	✓	
		Life expectancy (urban sample only) and NUTS III or below 1998-2000	✓	
Slovenia	• Franc Lenarcic,'Franc.Lenarcic@gov.si' • Irena Tomsic [Irena.Tomsic@gov.si] • Ministry of environment and physical planning (margarita.jancic@gov.sl) • Statistical office • Information Center of the Statistical Office of the Republic of Slovenia • Advisor to the Government in the National Office for Spatial Planning , • Ministry for the Environment and Spatial Planning	Employment at NUTS 2 and 3 1997-2000	✓	
		Population at NUTS 3 2001	✓	
		Population by sex and age 2001,2	✓	
		Unemployment 1997-2001 to fill gaps	X	Data is incompatible with that already received from Eurostat[2].
		Activity rates at NUTS 3 1997-2001	✓	
		Income of households at NUTS 2 (2b	X	Data given in different format to that already received fro m Eurostat[1].
		Life expectancy (urban sample only) at NUTS 3 1995-9	✓	

Country	**Contacts**	Extra Data received	Usable?	Comment
	• Ministry of Environment and Spatial Planning – Environmental Agency of the RS • Unified European Methodology for Creating Emission Records – CORINAIR	NACE 17 sector breakdown information at NUTS 3 and below – 1999, 2000 (GVA) 2000-2001 (employment) including sub-sectors under D Manufacturing	✓	

Table C. EEA countries

Country	Contacts	Extra Data received	Usable?	Comment
Switzerland	• ECP Switzerland (Marco Kellenberger), Office Federal de la Statistique, Groupe stratégique Politique des agglomérations, Statistik Schweiz (www.statistik.admin.ch)	Employment in manufacturing at NUTS 2 1994, 1998 and 2001	✓	
		Employment in services at NUTS 2 1994, 1998 and 2001	✓	
Norway	• Statistics Norway, Norwegian Institute for Urban and Regional Research • Olaf Foss, Norwegian contact point	GVA data at NACE 17 (employment) at NACE 3 1998-2000 including breakdown within Sub-Sector D Manufacturing	✓	

Explanatory Paragraphs

Explanations are given below of the notes included in the tables above:

1. **Data given in different format to that already received from Eurostat**: The data was given in a format which meant it was not easily assimilated into the main database – for example, the age ranges did not coincide with that already in New Chronos database, or the data was given in national currency rather than Euros, or the data was only available as rates or percentages rather than totals and it was not clear what the total value was to calculate absolute numbers (or vice versa).

2. **Data is incompatible with that already received from Eurostat**: The data does not match values already in the New Chronos database for the same years. For a surprisingly large number of cases. This appears to be due to wider issues in relation to the updating of data within New Chronos following national level revisions. During correspondence with the Slovakian national statistical office for example we were told that the system used for collecting data had been revised in 2000 and data in New Chronos for proceeding years was now invalid and needed to be updated.

ANNEX 4

Indicators Available Through Case Study Assessment

Indicators Collected through the case studies

Country	Urban Area	Dates	Indicator
Austria	Graz	1995-2000	Sectoral mix Business start ups Tourism overnight stays Demographic structure % highly educated employees Low income Surface area use Air pollutants (Co2, NO, NO2 etc) % traffic areas in total area
		Snapshot	Water supply and sewerage 2000
Germany	Dortmund	1995 and 2002	Number of business start-ups
		1995 and 2000	Business survival rates Unemployment rate Number of homes Demographic structure (sex)
		1998 and 2000	Employment
		Snapshot	number of cars 2001 sectoral mix 2000
	Madgeburg	1995 and 2000	Sectoral mix Employment Unemployment Migration data
		1998 and 2000	No registered cars
		1995 and 2002	Demographic structure (sex)
	Halle	1995 and 2000	Employed persons Sectoral mix
		Snapshot	Unemployment 2001 Business start ups
UK	Sheffield	1995 and 2000	No. of business start ups Business survival rates Employment (workplace) Employment (residential) Sectoral mix (% services)(% manufacturing) Occupation (% managers, professional, associate professionals) Poverty (gross weekly pay) Housing density (per ha) Number of empty homes Car ownership (% of households) Population Under 1616-6465+ Environment Derelict land Governance Capacity Number of public sector institutions Employment in the public sector

Country	Urban Area	Dates	Indicator
	Swansea	1995 and 2000	No. of business start ups Business survival rates Employment (workplace) Employment (residential) Sectoral mix (% services)(% manufacturing) Occupation (% managers, professional, associate professionals) Poverty (gross weekly pay) Housing Density (dwelling per ha) Number of empty homes Car ownership (% of households) PopulationUnder 1616-6465+ Environment Derelict land Governance Capacity Number of public sector institutions Employment in the public sector
	Thanet	1995 and 2000	No. of business start ups Business survival rates Employment (workplace) Employment (residential) Sectoral mix (% services)(% manufacturing) Poverty (gross weekly pay) Housing Density (per ha) Number of empty homes Car ownership (% of households) PopulationUnder 1616-6465+ Environment Derelict land Number of public sector institutions Employment in the public sector
		Snapshot date	Occupation (% managers, professional, associate professionals) –2000
Ireland	Dublin	1995 and 2000	Agricultural Employment Industrial Employment Service Employment Employment (000s) Unemployment Rate Employment in Irish owned state assisted companies (000s) Employment in foreign owned state assisted companies (000s)2 New private cars Population (persons) Disposable Income (ECU) Average number of people per private household Net migration per 1,000 of average population
Italy	Genova	1995 and 2000	Provincial pro-capite added value Proportion of non nationals (%) Total dependency ratio (relationship between the population below 15 and over 65 and working age population, that is between 15 and 65) Environmental Proportion of solid waste recycled

Country	Urban Area	Dates	Indicator
		1995 and 2002	Employment rate (provincial level) Employed in services (%) Employed in industry Employed in agriculture Unemployment rate (provincial level)
		1998 and 2002	New companies rate (provincial level) Going concern rate for companies (provincial level)
		1995 and 2001	Resident population Population density(Pop. per Km2)
		Snapshot date	Concentration of Azoth dioxide (NO2) – yearly average 2000 Carbon monoxide (CO2): average number of exceeding the threshold of 10 mg/mc 2000 Sq. m. of urban green per inhabitant 1998
	Naples	1995 and 2000	labour force and activity rate
		1991 and 1996	industrial sectors (not same as NACE)
		1996 and 1999	car ownership and traffic levels
		Snapshot	family size (no date) population below 14, above 64 population density disposible income index of cultural facilities, educational institutions and medical institutions contaminated sites in naples
Belgium	Charleroi	1995 and 2000	Demography: Male population Female population % foreigners/population % 0-19y old/population %20-64y old/population % 65y +/population Migration Belgian population Migration foreigners Social: Median income (euro) Inhabitants per car Unemployment ratea Environmental Population density (pop/Km²) % grassland and forest/total surfaceb % recreation area/total surfaceb % parks and gardens/total surfaceb % built surface/total surfaceb Economic: Number of employees industrial sectorc Number of employees service sectorcd Number of firms industrial sector Number of firms service sector % employees industrial sector/total % employees in service sector/total Employment density industrial sector (employees/Km²) Employment density service sector(employees/Km²) % blue collar workers % white collar workers % of businesses created/total businesses

Country	Urban Area	Dates	Indicator
Netherlands	Enschede	1999 and 2002	Number of long-term welfare recipients(> 3 years) as share of the total potential working population
		1995 and 2000	Number of business start ups Sectoral mix (% of total number of jobs) Demographic structure
		1996 and 2000	Migration per 1000 inhabitants Landuse
		1995 and 2001	0vercrowding: Inhabitants per square kilometre
		1995 and 2000	Governance capacity
Nordic countries	Joensuu	1995 and 2000	Demographic structure Population Net migration Average household size Households reliant upon social benefits Number of homeless people per 1000 inhabitants Cars per 1000 inhabitants Useful living area per person Inhabitants per dwelling Empty homes Employment Sector breakdown NACE 17 Employed / inhabitants Unemployment / labour force Unemployment age 25> Long term unemployed / total unemployed Outside workforce Number of business start ups
		Snapshot	Summer smog 2000
		1995 and 2000	Demographic structure Population Net migration Average household size Households reliant upon social benefits Number of homeless people per 1000 inhabitants Cars per 1000 inhabitants Useful living area per person Inhabitants per dwelling Empty homes Sector breakdown by NACE 17 Employed / inhabitants Unemployment / labour force Unemployment age 25> Long term unemployed / total unemployed Outside workforce Number of business start ups
	Lahti	Snapshot	Summer smog 2000

Country	Urban Area	Dates	Indicator
	Aarhus	1995 and 2000	Demographic structure Inhabitants Net migration Population Population per km2 Educational level, age 15-69 Housing and car ownership Inhabitants per dwelling Dwellings by type Cars per 1000 inhabitants Households without car Employment and prosperity Sector breakdown by NACE 17 Labour force (living in Aarhus municipality) Employed Unemployed Working outside Aarhus municipality Outside workforce Inhabitants 18-59 receiving social benefits for at least ½ the year (average 10 months)
	Trollahtten	1995 and 2000	Demographic structure and living conditions Inhabitants Foreign citizenship Net migration Population Inhabitants per km2 Inhabitants receiving social allowanc e Empty apartments Apartment m2 per inhabitant Sector breakdown by NACE 17 Economy Employment (day -time workers) NACE Employed (living in Trollh.) Employed / inhabitants Unemployment Long term unemployment Unemployment among young inhabitants Business start -ups per 1000 inhabitants
Greece	Kozani	1991-2001	Population Demographic structure Migration Emissions
		Snapshot	1991 Sectoral mix (employment and GDP) Business start ups 1999 1991 unemployment and activity rate 1993 car ownership rate 1996 air quality 2002 governance capacity
	Patras	1994-1999 1991-2001	Unemployment rate Population Demographic structure Migration
		Snapshot	1994 Business start ups 1991 Sectoral mix 1992 car ownership

Country	Urban Area	Dates	Indicator
France	Belfort	1995 and 2000	GDP per capita
		Snapshot	Employment & Industrial, Service, Agricultural Employment 1999 Business survival rates Business creation 1996 Population structure Occupational structure
	Lehavre	1990 and 1999	Occupation Population structure Migration % immigrants Educational levels Overcrowding Empty homes
		Snapshot	Number of companies Employment rate Unemployment Economically active population Birth rate Number of assisted persons % of green space in the total surface
	Marseilles	1990 and 1999	NACE 3 sectoral mix Population Employment seekers
		Snapshot	No of business start ups 1999 Economic activity 1999 Education 1996 Unemployed 2002 Life expectancy 1994, infant mortality 1995 Income per household 1995 Car ownership 1998 Migration 1990 Green Space 1991 Water quality 1996
Spain	Barcelona	1996 -2000	Migration -% nationals/immigration Education level Life expectancy Urban green spaces/per inhabitant Air quality and pollutants
		1996-2001	Business activity Activity by NACE 3 Sector
		1996-2002	Population Demographic structure
		Snapshot	Business registrations 1997 Occupation 1996 Infant mortality 1996 Proportion of residents without car 1991/ cars registered within boundary 1996 Household Income 1991
	Bilbao	1991-1996	Sectoral mix
		1996-2000	Population structure Immigration/emmigration
		2000-2001	Business start ups
		2000-2003	Demographic structure

Country	Urban Area	Dates	Indicator
		1995-1999	Active population Activity rate Working population Working rate Unemployed population Unemployment rate
		Snapshot	Educational level 1991 Socio-economic distribution of the active population 1991 Empty homes 1991
Portugal	Porto	1997-2001	Demographic structure
		1991-2001	Employment rate Unemployment rate Activity rate Population Population density
		Snapshot	Number of businesses start-ups 2001 Employment by sector Infant mortality rate 1996-2000 Schooling rate 2001 Migration data 1991

Data availability from accession country urban areas

Country	Urban Area	Dates	Indicator
Poland	Lodz	1998-2002	Demographic structure Net migration Natural population increase Population per km2 Educational level - age 15-69: Inhabitants per dwelling Number of rooms per dwelling Housing co-operatives Population using water works, sewage system and gas network (% of population): Employment Employment by NACE III sector Unemployed (and sub-definitions) Educational level and residents in education) Health care units Balance between public and private sector
		Snapshot	Consumer durables per household 1998
Slovenia	Lubliana	1997 and 2002	Migration by sex Unemployment rate NACE 17 breakdown
		Snapshot	NUTS 3 sector breakdown 2002 Population data 1991 Housing facilities Land use Method of transport for commuting Car ownership Green space

Country	Urban Area	Dates	Indicator
Hungary	Misolvec	1996 to 2001	2001 net migration dwellings built per 1000 inhabitants passenger cars unemployment rate NACE 3 breakdown Registered businesses per 1000 inhabitants

ANNEX 5

Illustrative Analysis of Urban Areas

ESPON DATA ANALYSIS

In the following analysis we draw out some examples of the analysis that is possible using the data base developed for the ESPON 2.2.3 study. We focus on some headline indicators and demonstrate the strength of the potential comparative analysis based upon groupings of urban areas. In one example in this instance we have grouped the urban areas on the basis of capital cities and non-capital cities for example. An alternative analysis could be undertaken using the typology developed by ESPON 1.1.1.

The results of the exercise demonstrate some interesting patterns and also throw up important questions as to the nature of the urban problem. Overall urban areas appear to be less 'well-off' than non-urban areas (with a lower average GDP per capita) but have demonstrated more rapid growth rates in recent years. This suggests that some of the structural difficulties that urban areas have experienced with the demise of the urban-centred traditional industrial economy may be being offset by the rise of the new service and knowledge-based economy – which has a strong urban focus.

The analysis also demonstrates the different situation faced by urban areas in the New Member States in comparison to those in the existing EU 15.

The analysis that we have undertaken is merely the tip of the iceberg demonstrating the potential of the dataset collected. Unfortunately, as already reported the study was unable to collect comprehensive data for all urban areas for all desired indicators. There were particular difficulties experienced in identifying urban-level conditions, particularly levels of derelict land, environmental conditions, extent of urban sprawl and so forth. There were also difficulties experienced in identifying detailed economic statistics for sub-NUTS 3 areas and for sectors below NACE-17. Equally, finding comparative statistics for social conditions such as poverty and deprivation has proved difficult. Our inability to measure such conditions led to the decision to terminate the project.

The following analysis is based upon the approach set out in Section 3 of the report, differentiating between urban outcomes and urban conditions.

Urban Outcomes

We have focused on two principal measures of urban performance (urban outcomes):

- GDP per head
- Unemployment

These measures have the additional advantage of being amongst the comparatively few measures in the database than can be configured at NUTS 3 level consistently across Europe.

GDP per capita

At a European-wide level, urban areas per se are *not* characterised by above average levels of GDP per head.

- Less than 40% (39.4%) of all EU15 FUAs recorded above EU15 average levels of GDP per head in 2000.

- In Accession countries there would appear to be an even less apparent relationship between urbanisation and economic output, with only 57 of the 300 FUAs (19%) scoring above the Acceding Countries average.

Given the highly aggregated nature of this analysis this is perhaps unsurprising, with no account taken of regional patterns of prosperity across Europe and within individual countries. However, national level analysis would also tend to reinforce the notion that urban areas *generally* are not characterised by above average levels of GDP per head.

- Analysis of the four largest EU15 nations (Germany, UK, France and Italy) reveals that collectively, urban areas tend not to be characterised by higher than average levels of GDP per head (less than 40% of FUAs overall).

- Certainly, this is overwhelmingly the case in both France and the UK. However, in Italy and Germany (just) a majority of urban areas do posses above average levels of GDP per head.

- In the Accession countries an even lower proportion of FUAs score above national averages in terms of GDP per head: less than 1 in 4 (23.7%) of all FUAs (Table 1)

Table 1–Output Performance in European Urban Areas (GDP per Head)

EU15 ('Big 4')	FUAs	No. FUAs >National GDP per Head	% > FUAs >National GDP per Head
Germany	185	94	50.8%
France	211	28	13.3%
Italy	252	144	57.1%
UK	147	49	33.3%
All	795	315	39.6%

Accession Countries	FUAs	No. FUAs >National GDP per Head	% > FUAs >National GDP per Head
Bulgaria	31	5	16.1%
Cyprus*	4	4	100.0%
Czech Republic	25	1	4.0%
Estonia	3	1	33.3%
Hungary	77	9	11.7%
Lithuania	8	2	25.0%
Latvia	8	1	12.5%
Malta*	1	1	100.0%
Poland	52	16	30.8%
Romania	59	24	40.7%
Slovenia	6	3	50.0%
Slovakia	26	4	15.4%
All Accession	300	71	23.7%

Source: ECOTEC Research & Consulting; ESPON FUA database

However, importantly, a major distinction can be made between GDP per capita performance and the relative status of individual FUAs in the urban hierarchy. In particular:

- It is clear from the database that the top performing FUAs at both a national and European level tend to be the major metropolitan/ regional centres and, especially, the national capital cities.

- In the Accession Countries, this distinction would seem to be even more pronounced i.e. that economic output is particularly highly concentrated in a handful of the largest urban centres. Analysis of performance differentials of capital cities against national benchmarks highlights this finding (see Table 3).

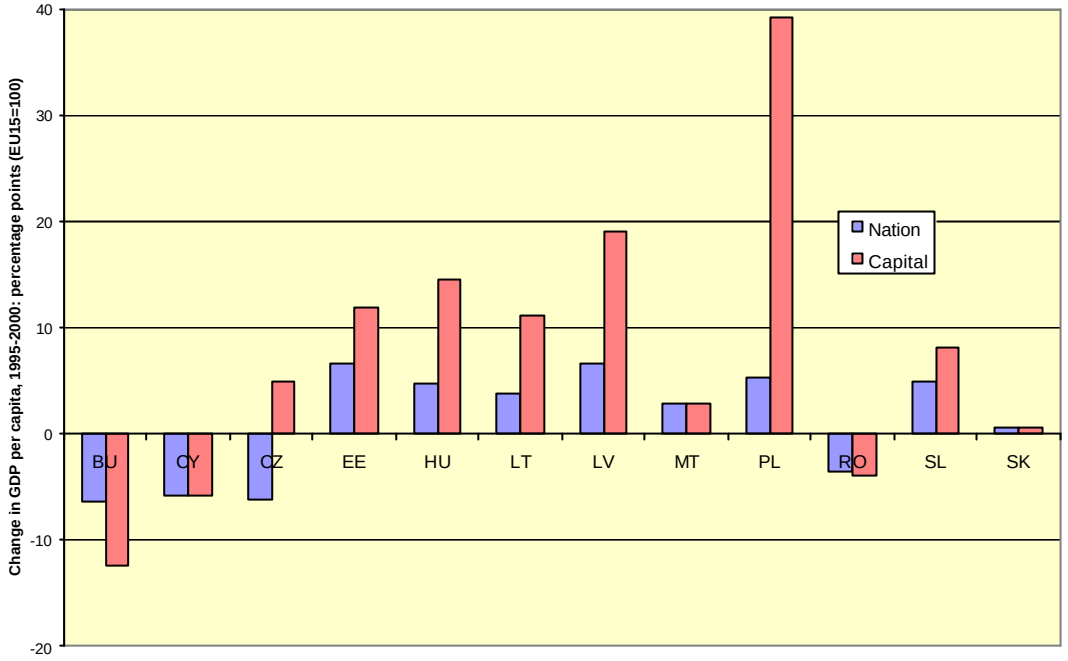
GDP Growth

Across Europe as a whole GDP growth has been concentrated in FUAs. Analysis of the database reveals that a majority of all FUAs (62%) have experienced above average (EU15) growth during the period 1995-2000. Once again however, this headline finding does serve to mask a number of important further distinctions:

- Within the EU15 the overall share FUA recording above average (EU15) output growth is somewhat less (53%, against 62%), perhaps indicating a more dispersed pattern of recent growth (counter-urbanisation tendencies in some areas).

- Within Accession Countries there has been a particularly strong tendency for capital cities to be the major drivers of recent economic growth (Chart 1).

Chart 1 Change in GDP per Head in Accession Countries: comparative performance of capital cities against national economies, 1995-2000



Source: ECOTEC Research & Consulting; ESPON FUA database
Note: Cyprus and Malta capital and national figures are the same.

Unemployment

At a European-wide level, urban areas as a whole tend to be characterised by below average levels of unemployment.

- Considerably less than half (40.4%) of all EU15 FUAs recorded above EU15 average levels of Unemployment in 2001.

- Unsurprisingly, the vast majority of FUAs in Accession Countries have higher levels of unemployment than the EU15 average. However, interestingly, when compared against the Unemployment Rate average for all Accession Countries only approximately 1 in 3 FUAs (35.6%) record above average unemployment.

- The majority of FUAs in each of Europe's four largest economies (Germany, UK, France and Italy) possess lower than national average unemployment rates (Table 2) – though, of course, there is considerable inter and intra-regional variation in unemployment levels within each of these countries.

Table 2 Unemployment Performance in European Urban Areas (GDP per Head)

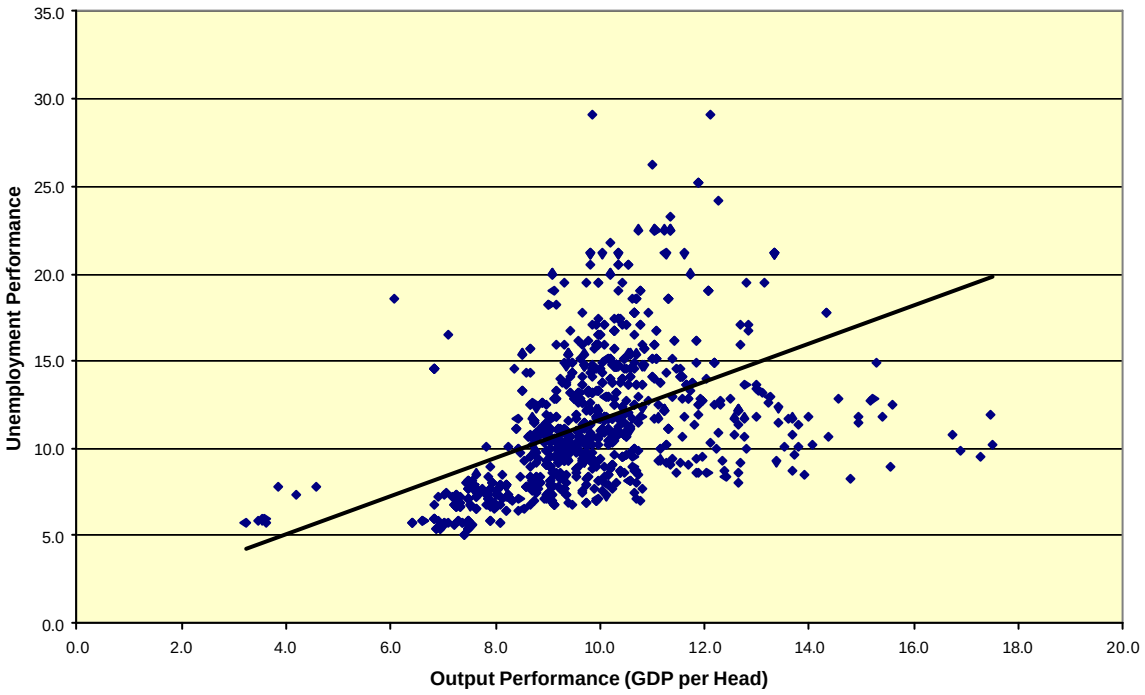
EU15 Largest	FUAs	No. FUAs >National Unemploy Rt	% > FUAs >National Unemploy Rt
Germany	185	81	43.8%
France	211	81	38.4%
Italy	252	85	33.7%
UK	147	57	38.8%
All	795	304	38.2%

Source: ECOTEC Research & Consulting; ESPON FUA database

Relationship between Output and Unemployment

Statistical analysis of the database (EU15) suggests that there is something of a broad positive relationship between relative Output performance (GDP per head) and relative Unemployment performance (low unemployment rate) for urban areas as a whole (Chart 2).

Chart 2 Relationship between Output and Unemployment Performance (EU15 FUAs)



Source: ECOTEC Research & Consulting; ESPON FUA database
Note: Output Performance and Unemployment Performance represent index scores (scoring has been reversed for Unemployment: i.e. low unemployment rate = high unemployment performance).

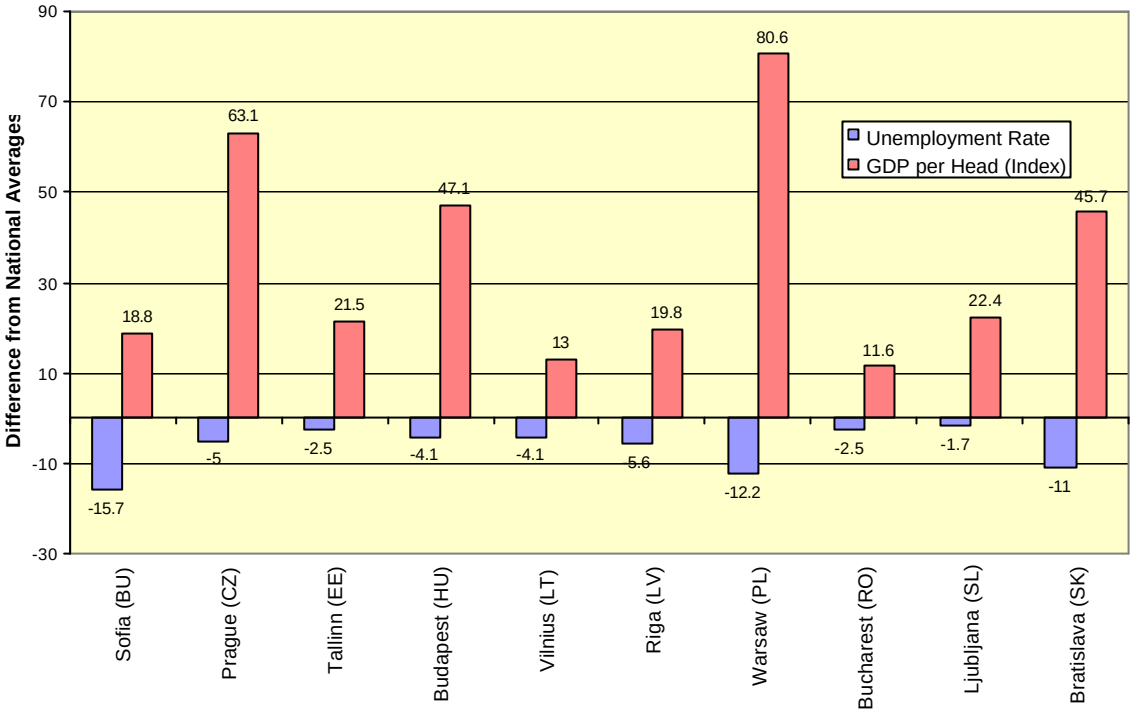
Within the Accession Countries analysis suggests that the strength of this relationship is particularly strong in respect of capital cities (Table 3).

Table 3 Output and Unemployment Performance of Capital Cities in Accession Countries

		Unemployment Rate (2001)			GDP per Head (2000) (Index)		
		Nation	Capital	Differential	Nation	Capital	Differential
BU	**Sofia**	19.9	4.2	-15.7	26.5	45.3	18.8
CY	**Paphos**	4.0	N/A	N/A	79.9	N/A	N/A
CZ	**Prague**	8.0	3.0	-5.0	55.9	119.0	63.1
EE	**Tallinn**	12.4	9.9	-2.5	40.5	62.0	21.5
HU	**Budapest**	5.7	1.6	-4.1	50.6	97.7	47.1
LT	**Vilnius**	16.5	12.4	-4.1	35.8	48.8	13.0
LV	**Riga**	13.1	7.5	-5.6	31.0	50.8	19.8
MT	**Valletta**	N/A	N/A	N/A	N/A	N/A	N/A
PL	**Warsaw**	18.4	6.2	-12.2	39.6	120.2	80.6
RO	**Bucharest**	6.6	4.1	-2.5	24.2	35.8	11.6
SL	**Ljubljana**	5.7	4.0	-1.7	67.6	90	22.4
SK	**Bratislava**	19.4	8.4	-11	46.4	92.1	45.7

Source: ECOTEC Research & Consulting; ESPON FUA database

Chart 3 – Output and Unemployment Performance Differential: Capital Cities



against *National Benchmarks, Accession Countries*

Source: ECOTEC Research & Consulting; ESPON FUA database
Note: Cyprus and Malta omitted

Chart 3 reveals that capital cities in the Accession Countries are consistently the strongest performers at a national level in respect of both Output and Unemployment performance – reinforcing the notion that they are overwhelmingly the principal national economic drivers, in terms of both income and employment generation.

Urban Conditions

We have focused on two principal measures of underlying urban conditions in respect of attempting to better understand and account for key urban outcomes:

- Industrial Structure
- Tertiary Education

Industrial Structure

It can be supposed that urban areas – and especially high performing urban areas – are characterised by particular sector concentrations in terms of underlying industrial structure. These would tend to include, for instance, a high degree of Service employment as well as a concentration in higher value added activities (Knowledge Economy). We have tested these assumptions by comparing industrial structure in a range of the highest performing urban areas (capital cities) against national benchmarks (Table 4).

Table 4 – Key Industrial Structure Employment Measures: Capital Cities against National Benchmarks, EU15

		% Manufacturing			% High Tech Services		
Country	***Capital***	**National Av**	**Capital Av**	**Rank**	**National Av**	**Capital Av**	**Rank**
Belgium	Brussels	25%	16%	**Yes**	3.6%	3.9%	**Yes**
Finland	Helsinki	27%	20%	**Yes**	4.4%	7.1%	**Yes**
Germany	Berlin	33%	20%	**Yes**	3.0%	4.3%	**Yes**
Denmark	Copenhagen	25%	25%	N/A	5.0%	5.0%	N/A
Spain	Madrid	32%	25%	**Yes**	2.2%	5.7%	**Yes**
France	Paris	26%	18%	**Yes**	3.9%	6.5%	**Yes**
Greece	Athens	23%	25%	No	1.6%	2.4%	**Yes**
Austria	Vienna	29%	20%	**Yes**	2.8%	4.9%	**Yes**
Italy	Rome	32%	19%	**Yes**	2.9%	5.6%	**Yes**
UK	London	25%	11%	**Yes**	4.3%	4.9%	**Yes**
Luxembourg	Luxembourg	21%	21%	N/A	2.7%	2.7%	N/A
Netherlands	Amsterdam	20%	14%	**Yes**	4.1%	5.5%	**Yes**
Portugal	Lisbon	34%	28%	**Yes**	1.2%	2.1%	**Yes**
Sweden	Stockholm	24%	15%	**Yes**	5.1%	8.4%	**Yes**
Ireland	Dublin	29%	28%	**Yes**	4.0%	4.5%	**Yes**

Source: ECOTEC Research & Consulting; ESPON FUA database

- Table 4 reveals that EU15 capitals (which rank amongst the top performing areas on both a national and European basis) tend to possess economies with particular sector characteristics – without exception, a lower than average manufacturing representation and a higher than average high tech services representation.

- With regard to the Accession Countries, it is notable that major capitals (including Prague, Budapest, Warsaw and Bratislava) also possess lower than average manufacturing representation (Table 5).

Table 5 – Manufacturing Employment Concentration: Capital Cities against National Benchmarks, Accession Countries

Country	Capital	National Average	Capital Average	Rank
Bulgaria	Sofia	No Data	No Data	
Cyprus	Paphos	24%	24%	N/A
Czech Rep.	Prague	40%	22%	**Yes**
Estonia	Tallinn	35%	35%	N/A
Hungary	Budapest	34%	27%	**Yes**
Lithuania	Vilnius	27%	27%	N/A
Latvia	Riga	27%	27%	N/A
Malta*	Valletta	No Data	No Data	
Poland	Warsaw	31%	25%	**Yes**
Romania	Bucharest	26%	37%	No
Slovenia	Ljubljana	No Data	No Data	
Slovakia	Bratislava	37%	22%	**Yes**

Source: ECOTEC Research & Consulting; ESPON FUA database

Tertiary Education

It can be supposed that urban areas – and especially high performing urban areas – are characterised by particular workforce characteristics in terms of higher qualification levels. These would tend to include, for instance, a high level of tertiary educational participation. We have tested this assumption by comparing tertiary education levels for a range of the highest performing urban areas (capital cities) against national benchmarks (Table 5).

- Without exception, the workforces of EU15 capitals possess higher than (national) average participation rates for tertiary education.

Table 5 – Tertiary Educational Participation: Capital Cities against National Benchmarks, EU15

Country	Capital	National Av	Capital Av	Rank
Belgium	Brussels	27.15%	39.40%	**Yes**
Finland	Helsinki	32.16%	40.72%	**Yes**
Germany	Berlin	22.49%	32.00%	**Yes**
Denmark	Copenhagen	25.20%	25.20%	N/A
Spain	Madrid	21.82%	29.93%	**Yes**
France	Paris	21.58%	33.04%	**Yes**
Greece	Athens	16.90%	21.66%	**Yes**
Austria	Vienna	14.25%	19.71%	**Yes**
Italy	Rome	9.36%	12.42%	**Yes**
UK	London	24.41%	36.87%	**Yes**
Luxembourg	Luxembourg	17.89%	17.89%	N/A
Netherlands	Amsterdam	23.88%	27.85%	**Yes**
Portugal	Lisbon	8.75%	12.12%	**Yes**
Sweden	Stockholm	29.54%	38.47%	**Yes**
Ireland	Dublin	23.00%	28.20%	**Yes**

Source: ECOTEC Research & Consulting; ESPON FUA database

ANNEX 6

Report on the Use of Structural Funds in Urban Areas

ANNEX 7

Policy Impact Matrix

Note that table below does not take into account proportionate spend, nor does it differentiate between local expenditure and that by national and regional bodies.

Structural Fund Intervention	***Strengthening economic prosperity and employment***	***Promoting equality, social inclusion and regeneration***	***Protecting and improving the urban environment***	***Contributing towards good urban governance***
Assisting large business organisations				
Investment in physical capital (plant and equipment, cofinancing of state aids)	?			
Environment-friendly technologies, clean and economical energy technologies			?	
Business organisation advisory service (including internationalisation, exporting and environmental management, purchase of technology)	?			
Services to stakeholders (health and safety, providing care for dependants)		?		
Financial engineering	?			
Assisting SMEs and the craft sector				
Investment in physical capital (plant and equipment, cofinancing of state aids)	?			
Environment-friendly technologies, clean and economical energy technologies			?	
Enterprise advisory service (information, business planning, consultancy services, marketing, management, design, internationalisation, exporting, environmental management, purchase of technology)	?		?	

Shared business services (business estates, incubator units, stimulation, promotional services, networking, conferences, trade fairs)	?			
Financial engineering Services in support of the social economy (providing care for dependents, health and safety, cultural activities)	?	?		
SME- and craft-specific vocational training	?	?		
Tourism				
Physical investment (information centres, tourist accommodation, catering, facilities)	?			
Non-physical investments (development and provision of tourist services, sporting, cultural and leisure activities, heritage)	?			
Shared services for the tourism industry (including promotional activities, networking, conferences and trade fairs)	?			
Tourism-specific vocational training	?	?		
Research, technological development and innovation (RTDI)				
Research projects based in universities and research institutes	?			
Innovation and technology transfers, establishment of networks and partnerships between businesses and/or research institutes	?			
RTDI Infrastructure	?			
Training for researchers	?			

Labour market policy	?	?		
Social inclusion		?		
Developing educational and vocational training not linked to a specific sector (persons, firms)	?	?		
Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies (persons, firms)	?			
Positive labour market actions for women		?		
Urban Transport	?	?	?	
Telecommunications infrastructure and information society				
Basic infrastructure	?			
Information and Communication Technology (including security and safe transmission measures)	?			
Services and applications for the citizen (health, administration, education)		?		?
Services and applications for SMEs (electronic commerce and transactions, education and training, networking)	?			
Energy infrastructures (production, delivery)				
Electricity, gas, petroleum products, solid fuel	?			
Renewable sources of energy (solar power, wind power, hydro-electricity, biomass)	?		?	
Energy efficiency, cogeneration, energy control	?		?	

Environmental infrastructure (including water)			?	
Air			?	
Noise			?	
Urban and industrial waste (including hospital and dangerous waste) Drinking water (collection, storage, treatment and distribution)			? ?	
Sewerage and purification			?	
Planning and rehabilitation				
Upgrading and Rehabilitation of industrial and military sites	?	?	?	
Rehabilitation of urban areas		?	?	
Social and public health infrastructure		?		
Overall	? ? ? ?	? ?	? ?	?

THE TERRITORIAL EFFECTS OF THE STRUCTURAL FUNDS IN THE URBAN AREAS

ESPON 2.2.3

CASE STUDY ANALYSIS

DRAFT VERSION

10 APRIL 2004

ANALYSIS OF ESPON 2.2.3 CASE STUDIES CARRIED OUT BY NORDREGIO

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1 INTRODUCTION

This chapter will provide an overview on the contributions of Structural Funds to urban development identified in the case studies carried out under the framework of ESPON 2.2.3.

Firstly, we will give a general introduction into the issue based on a literature review presented in the Third Interim Report of this project. Based on this we will present the case study approach and selection criteria for the case studies carried out in order to underpin the discussion presented in the literature review.

Thereafter, we will shortly present some facts and figures on the various case studies, in particular related to the financial framework.

Following this, deeper insights in the urban focus of the Structural Funds intervention presented in the various case studies will be discussed, this includes the role of urban actors, the various programme types and their urban orientation and a discussion on predominant urban issues identified in the case study material. In relation to the urban governance aspects of the programmes analysed, the issues of relevance include the the need to identify the extent to which there is a particular identifiable urban focus in the Structural Funds interventions analysed in the first place; secondly, to what extent these interventions seem to address and promote (urban) governance-related themes, and third, what the role of the different types of actors involved in programme work is. Together these dimensions amount to a question of ***what is the relevance of SF interventions for urban governance***?

Based on this information an attempt is made to discuss the spatial effects of Structural Funds in urban areas, paying in particular attention to the spatial policy aims of territorial cohesion and polycentric development. This final discussion on the findings of the case studies regarding the territorial effects of Structural Funds in urban areas shows that these effects are rather minor as compared to the impacts other drivers have.

Consequently, this chapter will be rounded off by a brief review of other drivers influencing urban development, as e.g. national urban policies or economic powers and MEGA trends.

The findings presented in this chapter are as long as not other indicated, entirely based on the material provided by the case reports. Accordingly, the analysis is limited by the material provided by the national experts that compiled these case study reports.

1.1 Case study methodology

A total of 24 functional urban areas in EU member countries were selected for the case studies (and in addition the cities of Lódz in Poland, Ljubljana in Slovenia and Miskolc in Hungary as comparative examples of urban areas within new member states). The criteria behind the case study selection concentrated first and foremost on *urban areas facing problems associated with economic restructuring and industrial decline.* These criteria implied identifying a significant proportion of the functional urban areas which are facing problems associated with industrial decline including economic restructuring and a high unemployment rate. A series of measures were undertaken in order to do this, including in particular

- In a declining industrial region at a European level (top 25% regions in terms of employment in manufacturing and decline in GDP and/or employment)
- Unemployment at NUTS III level (1996 and 2001)

The mapping preceding the analysis of the selected case study areas at the European level showed that it is difficult to identify NUTS II regions which are in long-term decline using the criteria above (please see Section 2.4 of the Second Interim Report). However a minimum of a 25% of the sample of functional urban areas fall within these regions. A further 65% are functional urban areas having undergone significant industrial decline and restructuring during the period of Structural Fund interventions. 65% of the sample areas also have above average unemployment rates at the time of the previous Structural Funding period in 1997.

Finally there was a process of identifying a further series of functional urban areas (12% of the sample) which have *not* undergone serious industrial decline and do not necessarily have higher than average unemployment rates (Dublin, Porto and Aarhus). This is because our research is not entirely focused on the problems facing declining industrial areas but is also looking more generally at the problems experienced by urban neighbourhoods in decline.

In terms of the Structural Fund coverage, the sample selected represented a roughly equal coverage of Objective 1 and 2 funding, as well as approximately 75% URBAN Community Initiative funding.

A key aspect of the typology (based on that being developed by TPG 1.1.1) is the status of each Functional Urban Area in the wider urban system. This implied that the selection sought to ensure the following split between types of urban areas:

- International FURs 25%
  (Naples, Italy; Porto, Portugal; Barcelona and Bilbao, Spain; Marseille, France; Dublin, Ireland)
- Transnational-national FURs 50%
  (Graz, Austria; Halle and Magdeburg, Germany; Charleroi, Belgium; Aarhus, Denmark; Genoa, Italy; Le Havre, France; Sheffield, UK)
- Regional FURs 25%

(Dortmund, Germany; Enschede, Netherlands; Lahti and Joensuu, Finland; Trollhättan, Sweden; Patras and Kozani, Greece; Belfort, France; Thanet and Swansea, UK)

1.2 Structural Funds in urban areas

The Structural Funds (SF) are considered the main financial instrument of the European Union with regard to its regional policy, addressing economic development and socio-economic disparities between and within Member States, regions and cities. The eligible areas vary in terms of their geographical characteristic, not least in terms of urbanisation. They are foremost regional economic instruments. Most areas comprise some combination of urban centres and less populated areas, but the variability can be from regions regarded as almost fully urbanised to regions with few and relatively small urban areas. In this context, the level of urbanisation does not only refer to the ratio of inhabitants living in areas defined as urban, but also to the evolution phase the urban systems is in. According to Geyer (2002), urban systems undergo three development phases, Urbanisation, Polarization reversal, and Counter-urbanisation, where one or few primate cities dominate during the first phase but with net-migration and growth slowly shifting towards intermediate and smaller cities. Discussing European urban development, it needs, however, to be taken into consideration that there is no single European urban system. Indeed, there are a variety of urban systems in European, mostly national systems, which are in different stages of development. Accordingly "typical" urban challenges differ regarding the recent status within the cycle of urban development and the size of the urban area and the urban system in question.

To some extent, this is also reflected by the variation between Member States and regions in the share of the total funding spent on urban development. According to an estimated made in 1997, approximately 40% of the total European Regional Development Fund (ERDF) for Objective 1 programmes 1994-1999 and Objective 2 1994-1996 was spent on urban development. In this context, urban areas were regarded as cities with at least 100,000 inhabitants. Although this estimate does neither include all Structural Funds interventions nor urban areas smaller than 100,000 it indicates the extend to which SF spending goes to urban development. However, there are great variations in the relative importance of urban development in areas designated as Objective 1 or 2 between Member States and regions, with the share being as low as 15% up to almost 100%, depending on the nature of the area as mentioned above. Objective 1 and 2 of the Structural Funds are not the only objectives applicable for urban development as 3, 4 and 5a are all directed at problems facing various cities in the EU, but their financing capability were considerable lesser.

In addition to the mainstream Structural Funds programmes, urban areas have received support from the SF through the Urban Pilot Projects (UPP), from 1990-1993 and 1994-1999, and the Community Initiatives, mainly URBAN I (1994-1999) and URBAN II (2000-2006). These programmes were explicitly focused on urban development and targeted neighbourhoods in extreme deprivation. Most areas receiving support were within regions eligible for funding through the mainstream programmes, but both the UPP and URBAN opened up the possibility for support for urban areas that were not designated as objective regions. The focus of attention was

narrower than in the mainstream SF programmes and active involvement of citizens affected by the interventions was emphasised. In general these programmes have been regarded as successful and provided valuable input into the discussion concerning the importance of urban policies. However, it has been argued that the URBAN projects only have had a relatively minor impacts overall upon cities and that the principles of the URBAN initiative should rather be integrated into the mainstream programmes rather than marginalize them in a single Community initiative (Parkinson).

Structural Funds Interventions in Urban Areas 1994-1999

As previously mentioned, regions eligible under Structural Funds (SF) often include both urban and less populated areas. Available literature on SF interventions in the different regions does usually not focus attention explicitly on urban areas, as it seems to be more common to describe and assess measures and impacts for the designated region as a whole. For this reason, the main attention here is on SF intervention in highly urbanised regions.

Before diving into the case study material, we would like to summarise some findings of the current discussion on Structural Funds interventions in urban areas in order to provide a framework for the analysis.

This discussion focuses on the Structural Funds period 1994-1999 and is divided into four main themes. The title of each theme is based on the policy aims of the Urban Framework for Action (UFA). The UFA is a Commission Communication presented in 1998 to encourage the urban polices in existing EU policies by making them more urban sensitive and ensuring that they facilitate integrated urban development. Therefore, the policy aims of the UFA are a suitable point of departure although they were only presented towards the end of the 1994-99 SF period.

The policy aims put forward in the UFA are in line with the different aspects of the economic concept of territory. Following Campagine (2002) a territory is at the same time:

- A system of localised technological externalities, i.e. an ensemble of material and immaterial factors which, thanks to proximity and the resulting reduction in transaction costs involved also can become pecuniary externalities,
- A system of economic and social relations, which make up the relations capital or the social capital of a certain territory, and
- A system of local governance which brings together a collectivity, an ensemble of private actors and a system of local public administration.

In addition to these UFA stresses the state of nature as an important factor for the urban environment.

Although Structural Funds intervention in urban areas vary between regions they tend to focus on similar themes, which typically include strengthening of economic prosperity, social integration and urban renewal, environment improvement, and

urban management. However, these themes are often dealt with in the same intervention rather than by having specific actions targeting each one. Thus, some of the actions described below can refer to more than one theme. Regarding the relative importance of the different themes, it is apparent that actions to improve economic prosperity, e.g. various kinds of business support, were high on the agenda in most regions.

1.2.1 Strengthening economic prosperity and employment in urban areas

The first policy aim of the UFA is directly related to the main objectives of EU Structural Funds. Indeed, the Commission stresses the importance of improving the effectiveness of Structural Fund support by providing for an explicit urban dimension in regional programming. In addition to co-operation between urban areas, emphasis is placed on developing a stronger urban dimension in employment policies, through strengthened local involvement and support to local employment and development initiatives. This regards also role of cities as centres for innovation and economic development. Indeed, a lot of the vocabulary reminds of what has later been presented in the ESDP document in terms of city networks (promoting balanced polycentric development) and cities as engines for regional development (promoting dynamic, attractive and competitive cites and urbanised regions).

The literature on Structural Funds suggests, that there is a wide range of activities in this field and also that the urban focus is often rather implicit. Given the cohesion focus of Structural Funds interventions, actions carried out centre mainly around the promoting dynamic, attractive and competitive cities and urbanised regions. Accordingly in the field of strengthening economic prosperity and employment in urban areas, the main emphasis is on inner-urban problems rather than on urban co-operation and urban systems.

Action carried out focuses on increasing diversification of the economic activities, strengthening research and development activities in a urban region, supporting enterprises by providing innovation infrastructure and attracting inward investments.

- *Diversification*: Increased diversification of economic activities is considered and important factor in improving the economic viability in urban areas, for example by measures encouraging entrepreneurship, the development of SME's, support of tourism and cultural industries etc. SME development is in fact one of the most common strategies related to the Structural Funds both in urban and rural areas. Local enterprise agencies have been set up to provide advice and expertise on topics e.g. financing, business planning, legal issues etc, and in some cases have provided or helped fledgling firms in finding suitable premises. One such example is in Manchester in England, where a business centre has been set up on the campus of the University of Manchester to help high-tech business start-up.

- *Research and development*: High levels of activity in the fields of research and development are regarded as an important factor of the productive environment in competitive regional economies. Research centres have been set up with the support of the Structural Funds, for example a biotech centre in Halle in the Saale, with the aim of producing scientific knowledge to be applied for SME firms in the region. Parallel to the research centre, a business start up centre is set up to encourage establishment of new SME firms.
- *Developing innovation infrastructure*: Related to research and development, innovation is often considered an important aspect in making enterprises more competitive. In Valencia for example, a network of innovation centres have been set up with the assistance of the Structural Funds to promote certain industries and increase their competitiveness by offering various kinds of assistance to firms within given industries.
- *Attracting inward investment projects*: Attracting investment is considered an important factor for improving economic prosperity and increase employment opportunities in deprived urban areas, for example by improving the general physical condition of the urban area or create business parks. In Burbach in Germany for instance, new high-tech companies as well as handcraft enterprises have been located on the renovated and revitalised area of an old iron and steel work.

It goes with out saying, that there is a vast variety of SF actions carried out in this field and many of them in urbanised areas. Because of the spatialised focus of Structural Funds, a certain emphasis is on old industrial areas.

Whereas actions carried out certainly have effects at local level, their contribution to European economic and social or even territorial cohesion is more uncertain. Despite the prevailing belief that territories cannot be pushed off the market, Camagni (2002) stress that this indeed is possible and that the law of comparative advantage does not hold for confrontations among local economies. So he argues that the general assumption that each region will always be granted some specialisation and role in the interregional division of labour is not valid. Following this line of argumentation the intention of the Structural Funds might not be achieved by the actions described above.

1.2.2 Support of equality, social integration and renewal of urban areas

For many years there have been attempts via the Structural Funds to aid lagging regions in updating and modernising their industrial structures in order to compete more effectively within the common European market. Atkinson (1998) underlines that during the 1980's increasing attention was given to the social dimension, as it was increasingly acknowledged, for both economic and political reasons, that the European Social Model, which was seen as essential to Europe's economic and political success, was under threat from global and European economic restructuring. Thus issues such as social exclusion and cohesion became part of the EU's vocabulary

and its policies, justified primarily in terms of their implication for economic development.

Indeed, both attractiveness and local competitiveness depend on similar common factors, which are not only found in physical externalities, accessibility and environmental quality but also in relational capital and the learning capacity expressed by the territory.

In the UFA the Commission advocates an area-based approach to the regeneration of deprived urban areas under the Structural Funds, integrating economic, social, cultural, environmental, transport and security aspects. Linkages between urban areas in difficulty and the wider social and economic strategies in order to avoid urban segregation are equally important. Special emphasis is placed on aspects such as second chance education and training.

Given the policy focus of social cohesion, actions carried out focus on deprived areas, and issues such as social integration, training and education and equality aspects.

- *Social integration:* Inhabitants in deprived urban areas facing declining economic performance, high unemployment, lack of opportunities, inferior housing, outward migration etc, run the risk increased isolation and social exclusion from society. In the Merseyside region in England, a project called "pathways to integration" was established with the goal of developing self-help in some deprived neighbourhood in the region. The aim was to let local residents identify the underlying causes of their own difficulties and then design their own *pathways* into education, training and employment with the help of local resource centres offering a range of services that combine training, service provisions and community development.
- *Training and education:* Accessibility to training and education is in many regions regarded as a valuable factor in improving the economic prosperity of deprived urban areas and enhancing social integration. The focus of measures and objectives can vary between areas, as some are directed at training of employees to increase competitiveness of firms, others focus on unemployed people to increase their job opportunities and yet another are aimed at training for those who want to start their own company. In Hamburg, an employment program was established as a pilot project, focusing on combating youth unemployment by preparing school-leavers specifically for starting work and to provide already unemployed young people with further training.
- *Improving the image of deprived areas*: To improve the image of deprived areas is regarded as an important aspect in trying to attract businesses, create new employment opportunities and enhance the general living condition of the inhabitants, for example by improving the physical appearance of the area in the form of urban centres development, recycling of vacant and derelict land, refurbishing old building (old industrial sites, harbour areas, run-down centres etc.). One such example is in Belfast, Northern Ireland, a city where areas

previously used for various industrial and harbour activities along riverbanks are being redeveloped with the aim of improving the economic and social condition in the city.

- *Promoting equity*: It seems, as special projects focusing especially on women and the inequality between men and women in urban areas are not very common. This might be explained by the fact that gender equality is a mainstreaming issue of Structural Funds and thus only rarely addressed by explicit measures or project. Some projects can though be detected as a part of, for example, employment projects in deprived areas as in the Merseyside pathways project mentioned above where childcare is offered for women seeking employment or training.

A major difference between actions regarding equality, social integration and renewal of urban areas and those addressing directly prosperity and employment in urban areas, can be seen in the geographic focus. Direct economic measures are mainly viewed in regional economic terms and thus address the problems of regions or of urban areas being motors for development of a certain region. The more socially oriented aspects are partly considered as cross-cutting issues running through a variety of Structural Funds actions. Those actions showing an emphasis of these issues focus often on rather small areas with a region or urban agglomeration. This is not at least illustrated by the example of Hamburg. Hamburg itself is one of the most prosperous city-regions in Europe (in economic terms), however, there are pockets of poverty within the urban agglomeration, which have been subject to Structural Funds action.

In the context of Structural Funds, human, social and relational capital endowments emerge as the factors for regional competitiveness, as necessary pre-condition to secure employment stability, benefits from external integration and the growth of local well-being and wealth. Camagni (2002) underlines that there are a number of theoretical and operational problems that need to be considered, such as the actual necessity and usefulness of competitive policies, the possible targets and tools of such policies and the possible emergence of zero-sum games and beggar-my-neighbour attitudes among territories.

1.2.3 Protection and improvement of the urban and global environment: Towards local and global sustainable development

The UFA highlights environmental actions most likely to lead to demonstrable improvements in urban areas, and draws together a wide range of Community initiatives that affect the quality of the urban environment, including urban energy management, transport, waste, air quality, water, noise and contaminated land. Emphasis is placed on integrated environmental management approaches and on how the Structural Funds can contribute to a more sustainable urban environment.

Environmental issues have featured more prominently in EU objectives and regulations in recent years. Efforts to integrate these objective date back several

decades, with an emphasis on the improvement of vacant and derelict land. Although much has been achieved with EU support, difficulties have been experienced with the relatively short time scale of the Structural Fund programmes, moves towards quantitative, commercially-oriented appraisals and evaluation procedures, and securing co-funding from less committed local partners (cf. Clement, Bachtler, Turok).

Despite the wide range of problems when it comes to environmental aspects and sustainable development within the Structural Funds programmes, issues such as improving public transport, environmental improvement of urban areas and infrastructure for pollution management are covered.

- *Improving city public transport:* Growing concerns, both locally and globally, over increased traffic in cities and resulting pollution has led to projects to support development of public transportation networks. The probably most famous example is the extension of the Athens metro, which was completed in 2000, partly financed by the Structural Funds.
- *Urban green space and environmental improvement in urban areas:* Improving the urban green space, for example by planting trees, can be a part of measures aimed at enhancing the general appearance of deprived neighbourhoods. In Sheffield, England, for example, a project funded by the Structural Funds involved a series of environmental improvements on council owned land around and between housing in a deprived area.
- *Promote environmental awareness*: To reach the goal of a more sustainable urban development, measures in promoting environmental awareness among both citizens and firms are important. Improving the environmental performance of production can also open up new markets and increase the competitiveness of firms. Investments in environmentally friendly technology are though often expensive, making it hard for SME firms to compete with larger firms. In Berlin, SME firms have since 1989 received support for environment improvement schemes from a so-called environment assistance programme.
- *Infrastructure for pollution management:* Integral part of plans to improve the environment, both local and global, in order to move towards sustainable development are measures related to the treatment of waste in all forms. In Bilbao, the Structural Funds have been used to help funding the second phase in the construction of a wastewater treatment plant, which will double the primary treatment capacity to include the treatment of storm water and provide a system for organic treatment of active deposits. The plant treats wastewater from 80% of the population of the Greater Bilbao area.

These examples confirm the conclusions draw by Goodstadt and Clement (1998), that there has been a growing recognition that economic decline, social problems and environmental degradation experienced in European cities and regions are part of the

same dynamic, and initiatives tackling these themes are no longer viewed as reconciling competing objectives but are rather increasingly designed to support identifiable inter-relationships between features that are central to strategies for renewing urban environments.

Especially actions falling into the sections "improving public transport" and "infrastructure for pollution management" illustrate that contributing to environmental sustainability is a horizontal goal of the Structural Funds. Thus one may detect a number of infrastructure projects contributing to the improvement of the local (and global) environment. On the other hand the vast majority of infrastructure investments might not consider environmental aspects or even harm sustainable development.

The degree to which Structural Funds actions integrate environmental sustainability as horizontal goal varies among projects and among EU Member States. Accordingly, there might be a long way to go before achieving the aims put forward in the ESDP under the heading "wise management of the natural and cultural heritage". So far, Structural Funds seem to focus on aspects in the field of "water and resource management – a special challenge for spatial development". Also the ESDP aim already mentioned above on "dynamic, attractive and competitive cites and urbanised regions" relates to environmental policy options addressed by Structural Funds actions.

1.2.4 Contribution to a good urban management and strengthening of local self-governance

The UFA calls for stronger policy integration between various levels of government and policy sectors and for citizen empowerment and involvement. The Commission foresees awareness-raising and capacity-building measures and support for innovative urban development strategies aimed at promoting good urban governance, empowerment and urban security.

Governance, participation and process-orientation are increasingly considered important issues in policy making. Understanding a territory as a system of local governance, means concentrating on what brings together a collectivity, an ensemble of private actors and a system of local public administration. In terms of regional policy this means, individual companies are the entities that compete and act in the international market and that their innovativeness can never be separated from the presence of a Schumpeterian entrepreneur, but at the same time, these entrepreneurs/companies are to a large extent generated by the local context and, in order for them to govern and live with uncertainty their decision-making-processes are firmly based on a socialised process and explicit collective action.

The importance of governance processes is reflected in different aspects of the Structural Funds system. In the context of Structural Funds in urban areas, aspects such as urban management, participation process and comprehensive development strategies seem to be key issues.

- *Good urban management:* The wide dimension of problems many urban areas are facing today are such that they have to be tackled through many policy areas, creating the need for an integrated approach involving several sectors. The establishment of partnerships between different levels of government (local, regional, national, European) and also between various actors active in the same area are considered an integral part of good urban management.
- *Public participation in developing processes:* Active involvement of local citizens affected by SF interventions, in the development and implementation of projects of neighbourhood renewal, is considered contributing to the success of such intervention. In a neighbourhood in Hague, Nederland, with the support of the URBAN community initiative, a wide consultation exercise was carried out with different groups of the community with the aim of trying to transform a local park considered unattractive and unsafe.
- *Support of comprehensive development strategies:* In the German city of Neunkirchen, where the city-centre is dominated by iron and steel works that have been closed down, the Structural Funds in combination with national urban development funds facilitated a comprehensive urban development action. This included renewal of the iron and steel works, developing of the pedestrian area, creation of urban green structures and development of industrial areas.

Urban development and management is increasingly becoming part of European policies. Müller-Zick (2001) argues that although there is no formal EU competence in the field of urban development, structural policies influence urban development considerably. He illustrates that Structural Funds can be an instrument supporting comprehensive urban development strategies. Indeed, the European Union pushes towards complex strategies and solutions. This regards especially the work on cross-sectoral approaches to urban problems, which are pushed by the partnership principle in the Structural Funds. However, his review illustrates that Structural Funds open for the development of comprehensive urban development strategies mainly when combining them with other funding sources showing an explicit urban focus. Accordingly Structural Funds can be used for urban management and cross-sectoral development strategies but do not primarily stress this aspect.

Thus, we may conclude with a last quote of Camagni:
"In these conditions, the roles and responsibilities of local development policies and spatial planning widen, facing new political and cultural challenges. Integrating economic and spatial goals; integrating different sectoral tools; stimulating local co-operation networks and partnerships; guaranteeing the real and effective participation of people and citizen in the construction of territorial 'visions' and strategies; enhancing local competitiveness through appropriate policy tools address to collective learning and local relational capital: all these new tasks represent relevant challenges and ask for a rapid evolution of our models of territorial governance" (Camagni 2002:2407)

2 FACTS AND FIGURES ON THE CASE STUDIES SELECTED

Table xx: SF spending in the case study regions on NUTS2 level

Urban case study	NUTS2 region	Structural funding, total (MEURO)	SF total/ capita (€)	Regional funding (MEURO)	RF/capita (€)	Social funding (MEURO)	SF/capita (€)
Graz	Steiermark	197	164	98	82	99	82
Charleroi	Prov. Hainaut	765	598	493	385	229	179
Dortmund	Arnsberg	341	89	210	55	131	34
Halle	Halle	766	869	758	860	8	9
Magdeburg	Magdeburg	1063	867	1052	859	11	9
Aarhus	Danmark	461	87	87	16	306	58
Barcelona	Cataluña	3678	600	1367	223	1358	222
Bilbao	País Vasco	1371	665	696	338	616	299
Joensuu	Ïta-Suomi	314	455	105	152	75	109
Lahti	Etelä-Suomi	308	170	102	56	134	73
Le Havre	Haute-Normandie	240	134	108	61	123	69
Belfort	Franche-Comté	178	159	44	40	59	53
Marseille	Provence-Alpes-Côte d'Azur	398	88	111	25	196	43
Kozani	Dytiki Makedonia	1272	4188	1190	3920	54	177
Patras	Dytiki Ellada	1412	1910	1166	1576	203	274
Dublin	Southern and Eastern	4149	1505	1573	570	1363	494
Genoa	Liguria	220	135	144	88	48	29
Napoli	Campania	3744	647	2810	486	525	91
Enschede	Overijssel	234	218	69	64	149	139
Porto	Norte	5860	1621	3400	941	1153	319
Trollhättan	Västsverige	127	72	18	10	87	50
Sheffield	South Yorkshire	167	128	73	56	94	72
Swansea	West Wales and The Valleys	339	182	136	73	184	99
Thanet	Kent	115	72	15	10	99	63

Table xxx: SF spending in the case study regions on NUTS3 level

NUTS 3 region (case study region)	Structural funding, total (MEURO)	SF total/ capita (€)	Regional funding (MEURO)	RF/capita (€)	Social funding (MEURO)	SF/capita (€)
Graz	20	55	4	10	17	45
Arr. Charleroi	252	598	162	385	75	179
Dortmund,Kreisfreie Stadt	91	153	61	103	30	51
Halle/Saale, Stadtkreis	225	873	223	865	2	9
Magdeburg, Kreisfreie Stadt	207	871	205	862	2	9
Aarhus amt	43	67	0	0	37	58
Barcelona	2680	577	1036	223	1029	222
Vizcaya (Bilbao)	734	659	376	338	333	299
Pohjois-Karjala (Joensuu)	106	610	41	239	21	123
Päijät-Häme (Lahti)	52	265	29	144	18	93
Seine-Maritime (Le Havre)	183	148	92	74	91	73
Territoire de Belfort	25	111	14	63	11	48
Bouches-du-Rhône (Marseille)	133	948	85	607	48	341
Kozani	563	3628	525	3381	29	186

Achaia (Patras)	783	2424	663	2053	104	321
Dublin	1650	1505	626	570	542	494
Genoa	141	155	104	114	27	30
Napoli	2006	646	1505	485	281	91
Twente (Enschede)	167	280	69	116	97	163
Grande Porto	2175	1774	1153	941	391	319
Västra Götalands län (Trollhättan)	117	79	18	12	77	52
Sheffield	75	142	36	67	40	75
Swansea	47	204	20	85	27	119
Kent CC (Thanet)	97	72	13	10	84	63

A first assessment of the thematic focus provided by the case study reports, illustrates that in a vast majority of the cases economic development is considered having the highest priority. In two cases, namely Aarhus and Enschede, social issues are considered being the top priority. A picture which is confirmed by a look at the tables above allowing conclusions on possible correlations or perhaps, contradictions, between focus and funding. The urban region of Aarhus was one of the case studies that had not undergone serious industrial decline or had high unemployment. Aarhus was part of a region that received far more social funding than regional funding. The same goes for Enschede. This region was however in a special situation due to an explosion in a firework plant in 2000, and the consequences of this. Special attention was given to this fact in the Structural funds programmes in the area. In the case study the region in addition is described as suffering from a complex combination of several social problems – high share of welfare recipients, high crime rate, broken families, high unemployment and a threatened quality of life. In the case of Magdeburg, economic and social issues score equally high. They received more regional funding, but that does not hinder a high priority for social issues in the programmes and projects.

In the first assessment of the thematic focus provided by the case study reports only Kozani, environmental issues scored highest as regards importance. Also in Halle environmental issues where considered as very important directly after economic issues. Both these cases are located in regions that received a higher share of regional funding. In all other case studies environmental issues were of minor interest. In the case studies, when reporting on the contribution to a number of formulated objectives (Governance issues, Strengthening economic prosperity and employment, regeneration etc.) the objectives related to environmental issues scores rather low. That means that "relieving urban congestion" or "strengthening the urban environment" is considered as relevant only in a few cases. It is however important to remember that environmental concerns, or *sustainable development*, is a horizontal aim supposed to permeate all programmes and projects financed by the Structural funds.

Looking at whether the regions received more social or more regional funding might give an impression of the focus of the programme. Then it also depends on the NUTS-level of the data. As a whole, there are more cases part of NUTS2 regions receiving more regional than social funding, but it is not a heavy majority (13 vs. 11). As stated

above, this does however not hinder a high priority for social issues within the programmes and projects. On a more detailed level, NUTS3, the correlation between funding and focus is higher. Only in seven cases, and among them Aarhus and Enschede, the share of social funding is higher than regional (see table xxx above).

It needs however to be borne in mind that the distribution of funding only provides a tentative impression of the focus. Although this correlates roughly with the thematic focus as indicated in the case study reports, the analysis shows a huge variety of activities (foci) regardless of funding sources or programme.

3 URBAN FOCUS OF THE STRUCTURAL FUNDS PROGRAMMES: ACTOR PERSPECTIVE

As mentioned in the introduction, there are three separate, though inter-related issues of relevance here: **first**, the need to identify *the extent to which there is a particular identifiable urban* focus in the Structural Funds interventions analysed; **second**, to what extent these interventions seem to address and *promote governance-related themes*, and **third,** what is the role of the *different types of actors* involved in programme work, together amounting to a question of *what is the relevance of SF interventions for urban governance*?

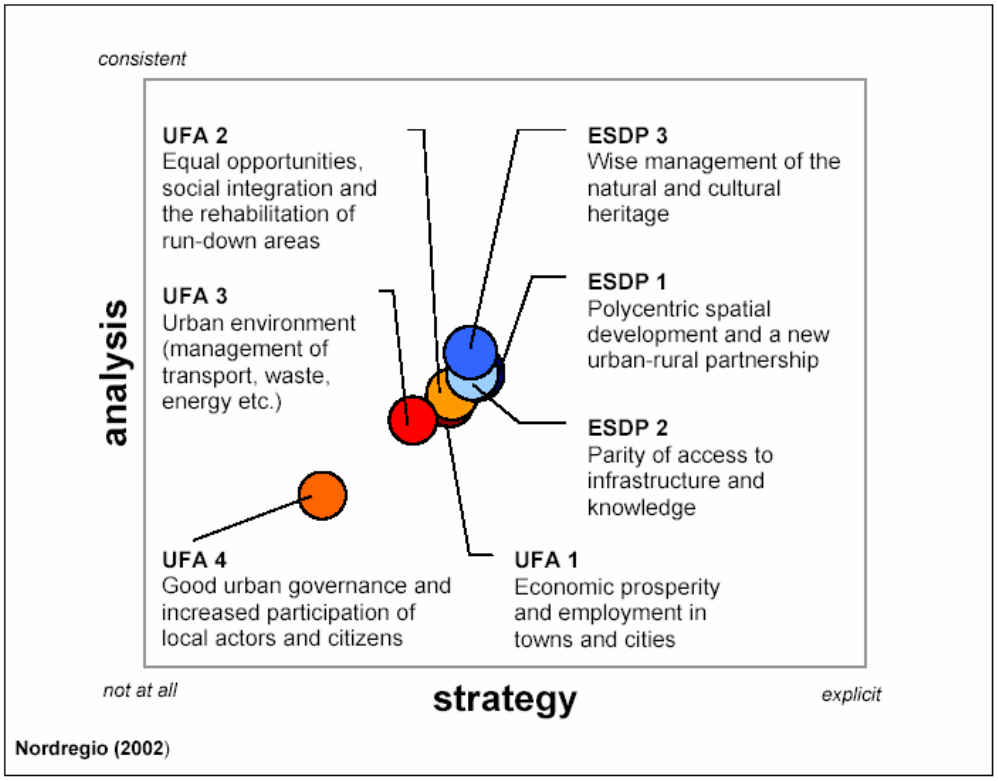
As argued previously, the need to focus on governance (or 'good governance') is widely accepted within the EU and beyond. The need to build and promote effective institutional structures are also increasingly seen as one of the main sources of regional competitiveness, as they facilitate cooperation between the various parties involved in both the public and private sectors and by so doing can improve collective processes of learning and the creation, transfer and diffusion of knowledge and transfer, which are critical for innovation, as well as cement networks and public-private partnerships and so stimulate successful regional clusters as well as regional innovation strategies and policies. (CEC 2004, 58; on the principles of European governance see also CEC 2001). It is further argued that 'good governance' requires a shift from a traditional top-down approach towards a more open form involving all the relevant parties in a particular region. Such partnerships should extend to all the policy areas relevant for economic, scientific and social development (an integrated approach) and should ideally establish a long-term policy horizon (a strategic approach) (ibid.). A similar belief clearly lies behind the normative assumptions of the ESPON 2.2.3, as the decentralization and partnership-based mobilization of local actors are issues particularly concentrated upon.

As is the case with the findings of the Cohesion Report referred to previously, also on the basis of the findings of the project reported here we can identify differential degrees of mobilization and involvement by the different actors involved in the regional (or local) partnerships and it can be argued that whilst the aim may be to promote better governance by the extension of partnerships and increasing inclusion of social partners and representatives from the civil society through appropriate mechanisms in the design, implementation and follow-up of the interventions (CEC 2004, 24), in most cases the partnerships are still more limited in nature and much remains to be done to involve for instance voluntary organizations. By far the most oft-cited examples of local actors are organizational representatives of the local business and R&D communities, whilst more often than not *urban level NGOs* are absent from the picture presented by the case study reports on SF interventions. This can be both a conceptual and substantive issue, as there was quite a lot of overlap in terms of the conceptual classifications of urban actors and there was no clear single definition what urban NGOs were to include. In terms of the substance of interventions, it may be that the data available did not identify all relevant actors involved, concentrating mostly on the actors that had either programme responsibility

(a clear role in the programme planning and implementation) or project ownership, not necessarily all actors that were involved in a less official capacity.

It is worth noting here that based on the study on the spatial and urban dimension in the 2000-06 Structural Funds programmes carried out by the European Policies Research Centre (EPRC) in co-operation with Nordregio, the 'Good urban governance and increased participation of local actors and citizens' was the dimension that was least developed and addressed in the programming document of the UFA themes, both in terms of the analysis and strategy involved whereas the other one are clustered closely together(EPRC and Nordregio 2002a and 2002b). In this context it may come as a surprise that social integration/equal opportunities shows a (slightly) higher priority than economic prosperity/employment. Environmental aspects rank lowest within this cluster.
The figure below gives a cross-European picture of how the various UFA and ESDP policy aims are integrated into the programmes. It gives a fairly good overview on the preferences/tendencies: not surprisingly the ESDP policy aims are favoured and governance issues have least priority.

Spatial & Urban Dimension in the 2000-6 Structural Funds Programmes



Based on the study on the spatial and urban dimension in the 2000-06 Structural Funds programmes carried out by the European Policies Research Centre (EPRC) in co-operation with Nordregio.

In the following we will address the question of urban focus of interventions both in terms of the actor perspective and the potential relevance on good urban governance,

as well as in terms of the substance and whether the urban focus brings value added to the European interventions here.

3.1 Governance of the urban interventions

As argued in the third interim report (TIR, 36-37), governance, participation and process-orientation are increasingly considered important issues in policy making (in urban areas as elsewhere). Here the starting point for the case studies was to analyze the processes by which systems of local governance are structured in a given case study area: which actors are involved in the programming and implementation, and what their roles are. The case studies provide a picture of the types of actors involved in SF work on the local level and give more detailed examples of ways in which different actors have been involved in programme planning and implementation.

The main difficulty in the case study approach here was the identification of such aspects of governance that were *additional to SF governance in general,* i.e. identifying particular governance solutions and actor constellation for the *urban areas* in particular or to deal with urban problems.

There were 27 case studies analysed in total, representing urban areas from 17 different countries. The main focus was on the current Member States, though there were more limited case studies from the acceding countries (Hungary, Slovenia and Poland). Due to the more limited nature of these reports however it was at times difficult to use them in the cross-country comparisons. The distribution of case study material examples between the categories Regional, Urban and other authorities is quite even. Practically all regions have representatives from each category.

The types of organizations involved in the Structural Funds programme work in the urban areas selected for the case study analysis have been placed in five main categories:

1. Regional level authorities
2. Urban level authorities (local or sub-regional)
3. Urban level NGOs
4. Urban/local level community/voluntary groups or businesses
5. Other agencies/authorities.

It is not always easy to distinguish these categories, and there are actors that can be categorised as belonging to more than one of the categories (particularly shifting is the distinction between “voluntary groups” and “NGOs”, though in the analysis the category of “Urban/local level community/voluntary groups or businesses” are in most cases understood as distinguishable by their local or sub-regional nature and by the prevalent *business community focus*).

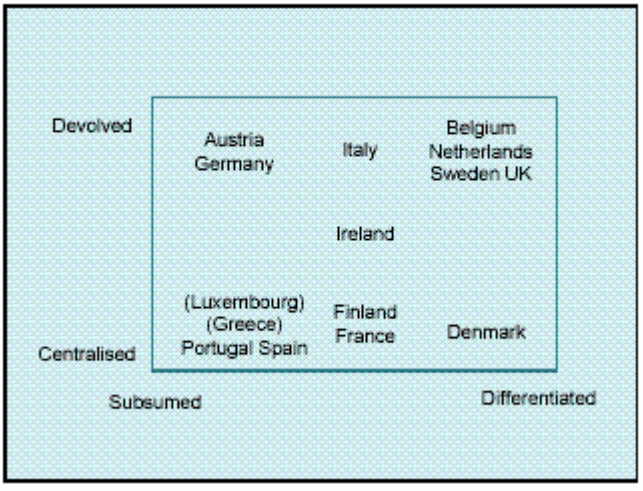
3.1.1 Regional level authorities

The category "Regional level authorities" contains several actors that usually represent organisations responsible for the administration and implementation of Structural Funds programmes. Here the differences between urban and rural areas are not particularly distinct. It is in categories focusing on local actors, or on partnership constellations and similar, that the urban specificities mainly can be discerned. The types of involved actors are naturally dependent on the type of programmes, as well as on the areas of intervention in the respective regions. This section provides the first general impression of the governance of the SF programmes in the urban regions however.

The active involvement of the regional level authorities is natural in the context of Structural Funds. In many cases actors on this level function as program managers, financers, implementing organisations, representatives in steering and monitoring committees or directly involved as project owners etc. Also the regional level is in most cases involved at the "pre-program" stage in drafting the SPD. In some cases there are specific regional delegations with special responsibilities for certain strategic policy issues (Regional Delegation for Tourism and Regional Delegation for Culture and Arts in Marseilles for example).

Needless to say there is a close connection between the Structural Funds governance models implemented nationally and regionally and the degree of self-governance, which varies greatly. There are examples of involved regional authorities functioning as the state level representatives in the management of the Structural Funds in the region. (This is referred to in a number of case studies, including Trollhättan, Marseilles, Joensuu and Lahti.) Here the connection to work done in other ESPON projects can provide us useful additional information, as for instance the typology of national governance models for SF management developed in the ESPON 2.2.1, where the national governance models have divided into three main categories, e.g. subsumed, mixed or differentiated (and in addition to devolved or centralized models within these three types; ESPON 2.2.1 SIR, 76-78).

Figure: Structural Fund governance and implementation



(Source: ESPON 2.2.1 SIR, 78)

Despite the limitations of the data, the picture provided by the case study reports seems to confirm this governance typology, i.e. the types of actors and governance methods involved in the programme implementation within the UFAs in each of the national cases reflect the national governance model (in particular as to the degree of decentralization).

3.1.2 Urban level authorities (local or sub-regional)

The degree to which local authorities and in particular the city administration is involved in programme planning and implementation is largely dependent on the national SF management system, which in turn is dependent on the degree to which the national administrative system in general is centralized or decentralized. The type of programme in question seems however almost even more relevant for the governance model chosen.

On the urban/municipal/sub-regional level the municipalities or city administration in a region is a natural actor in this context, especially in the URBAN programmes. Public authorities can in all programme types be actively involved on the regional and local level at several stages in the Structural Funds management (e.g. in monitoring committees, steering committees, secretariats, as project leaders etc), but in the URBAN programmes municipalities are in many cases also directly responsible as management authorities. Different services and sectors representing local authorities are involved in the implementation of projects, depending on the issues the projects deal with.

In addition to the "ordinary" municipal or local actors there are some examples of inter-municipal co-operation or similar co-operative structures, for example the Fyrstad association in Trollhättan, or Igretec, a joint development agency for municipalities in Charleroi region. Similarly "regional development agencies" are typical actors on this level and involved in programme implementation in most case study regions, called "intercommunity development company", "Mission des Programmes Privés et Européens", or "local investment promotion agency" and similar.

3.1.3 "Urban/local level community/voluntary groups or businesses" or "Urban level NGOs"

This category involves actors from both public and private sectors and there seems to be a need to specify further the types of NGOs involved in SF activities. First specification involves those actors that represent the voluntary sector and those that are 'businesses' strictly speaking, whilst based on the analysis of the case studies the

second specification seems to be required between those organizations that are more universal or general in their outlook (citizens' participation forum or similar, e.g. "Groupement d'Intérêt Public" in France, Citizen's Advisory Boards in the UK, Byforum in Denmark etc.) and those that address some particular type of activity. The involvement of the citizens does not seem as developed as one might think and examples of involving citizens directly in the programme planning and implementation should be developed further. Such direct participatory processes seem most developed within the URBAN programme context. Of the sectoral organizations we can further identify voluntary organizations of relevance in areas such as:

- Trade and business organisations (e.g. SME services in Magdeburg, Regional Development Agencies and development companies in most case study regions).
- Municipal enterprises (e.g. in Kozani and Patras, in sectors ranging from waste disposal to culture)
- Voluntary organizations within the social sector (e.g. local Red Cross and Caritas in Barcelona)
- Sports clubs (e.g. the case of Aarhus)

Whilst there seems to be a number of social sector voluntary organizations identified in the case study analysis, there are equally some rather surprising gaps, e.g. the lack of actors within the environmental sector. This may be due to the fact that the environmental aspects are in most cases covered by environmental administrations from local, regional or national level and the role of NGOs in Structural Funds work is still under-developed.

As the NGOs seem to be of particular relevance, but yet relatively invisible in the case study reports, we may want to address this gap further in order to assess whether the relative absence of NGOs is a actual policy problem, or more related to the research template as such.

NGOs or non-governmental organizations are usually defined as private, non-profit making organizations, which are run by their members. Typically, an NGO would be active or concerned within one particular issue area, whether this be the rights of a particular ethnic minority groups, women's rights, educational improvements, environmental protection, small-scale employment or similar.

3.1.4 Other agencies/authorities

In specific projects, several other kinds of actors are involved, depending on the issue to be dealt with. In the case studies there are examples such as employment agencies (MIREC – *la Mission Régionale pour l'insertion et l'emploi a Charleroi* – in Charleroi), universities and polytechnics (in e.g. Marseilles, Lahti, Trollhättan, Barcelona), as well as trade unions. Interest organisations for urban planning and

renewal are also amongst the "umbrella organisations" identified here, e.g. the German Institute for City Planning and Economic Affairs (DSSW – Deutschen Seminars für Städtebau und Wirtschaft) or Bilbao Metropoli 30 (Association for the revitalisation of metropolitan Bilbao).

Apart from regional and local level actors national level actors are at times also referred to in the case studies, as they in many cases have representatives in the steering or monitoring groups/committees. In Germany the ministries in the concerned Land (NUTS 2 level) can have representatives in steering groups, whilst in Finland the national representation is limited to Monitoring Committees (also in URBAN). Also in Greece the regional authorities on NUTS 2 level can be involved in managing the Structural Funds or Community initiatives. In France the "Association Aire Urbaine 2000", a municipal co-operative structure part of the national urban development policy in represented in the Programming committee in Belfort.

3.2 Concluding on the governance aspects of SF interventions in urban areas

As was indicated by the examples referred to above, the centrality of broad-based partnerships is a common trait for all case studies, though there are national and local differences as to the involvement of local level actors and in particular of the voluntary sector and NGOs. The involvement of third sector actors and organizations is not necessarily explainable by the national governance characteristics referred to above and it seems more likely that the involvement of local actors and a more varied range of actors is more dependent on the degree to which the programme work is embedded in the local community (which may in turn depend on a number of different factors that would most likely require a more thorough sociological study into the case studies).

The governance aspects most often associated with SF interventions in the urban areas relate most of all to two main aspects: forms of organizational and institutional learning and innovation and citizens' participation. In some cases governance impact is seen in a broader light as a factor of providing EU more positive coverage and even increasing the confidence of citizens in European policy-making and authorities by making the European policies more firmly embedded in the local environment and local 'programme ownership' (in particular in URBAN). Thus the governance aspects of the interventions can be categorized under three main themes:

- Networking and organizational innovations (partnership leading to new co-operation networks and more broadly based management structures);
- Citizens participation and identity-building for the inhabitants;
- Visibility and awareness of EU policies

Each of these can have positive and negative dimensions, as will be seen below, when some typical examples are given.

New forms of networking, co-operation between a wider range of co-operation partners within the urban area was seen as an integral part of SF activities in Graz, Le Havre, Dortmund, Halle, Magdeburg, Dublin, Genoa, Naples, Aarhus, Joensuu, Lahti, Trollhättan, Bilbao, Sheffield, Swansea and Thanet. Here examples given reflect experiences with more broader-based partnership constellations emerging from the SF policy implementation and the degree of decentralization (e.g. Magdeburg, Swansea, Thanet), as well as the possibility to develop a more holistic (or 'systemic') approach to regional development, thereby also having an impact on the ways in which national and European policies and interventions are co-ordinated and how cross-sector co-ordination is promoted (e.g. Le Havre, Dublin, Genoa, Lahti, Trollhättan, Bilbao, Swansea).

Improved involvement of citizens is referred to as a positive side-product of the interventions in the case of Halle, Magdeburg, Aarhus, Sheffield, Swansea and Thanet.

Visibility and awareness of EU policies was referred to in the case studies discussing Halle and Magdeburg. In fact one might assume that one of the qualitative impacts of SF interventions would be connected to these kinds of attitudinal aspects, but this was not a theme particularly addressed in the case study methodology.

There are relatively few issues raised as *negative aspects* of the governance content of the interventions. If these are referred to, in most cases this applies to the perception of project preparation, decision-making and implementation as overly complicated in terms of the administrative procedures and structures (e.g. Le Havre, Aarhus) or to the difficulties with co-financing methodology (e.g. Dublin), as well as to the uncertainties of post-2006 where there may at times be an over-reliance on EU funding or doubts as to the degree of additionality, thereby raising concerns of whether the national funding will be forth-coming after the European funding is no longer forth-coming (e.g. Graz, Dublin, Naples, Trollhättan, Bilbao). Whilst the general assessment of governance aspects of SF interventions is positive, there are also concerns raised as to be public embeddedness of the activities, i.e there seems to be an awareness amongst the persons responsible for the programme implementation of a risk that the projects implemented 'get a life of their own' and are undertaken by the project experts irregardless of the support and perceived need and benefit form the community itself (e.g. Genoa, Aarhus, Joensuu, Swansea).

4 URBAN FOCUS OF THE STRUCTURAL FUNDS PROGRAMME: CONTENT PERSPECTIVE

In this assessment interventions under following types of programmes have been reviewed: Objective 1 (current and previous period), Objective 2 (current and previous period), Objective 3 (current and previous period), Objective 6 (current and previous period), and the Community Initiatives Equal II, Interreg IIIA, URBAN I

and II. Programmes only mentioned to a limited degree are overlooked in this synthesis.[1]

As regards the urban focus, certainly the Community Initiative URBAN gave the richest picture. The other programmes do however also include measures addressing urban issues, as will be seen in the examples listed.

The programme most frequently referred to in the case studies is URBAN I, presented in half of the cases. According to the case studies however only about a third of the regions have been eligible for URBAN II. Objective 2 (both during the current and the previous period) was relevant for about a third of the represented urban regions. Interreg IIIA and Equal were seen as having urban relevance in only one to three of the case study regions.

The urban focus has been identified by seeking to find examples of Structural Funds measures, priorities and projects that are of particular interest in urban areas.

The programmes represented by the case study sample include a wide variety of measures and areas of intervention. The list below presents the main themes addressed and they are given in an alphabetical order, not in an order based on their centrality in urban concerns. A large part of the measures were given in the case study template and thus the national experts reporting on the various case studies were expected to follow a comparative approach to the measures involved. Some variation resulted however from the individual reports and the classifications used in them by the national experts.

In order to get overview of the different interventions they have been sorted in four main categories. All four are not represented in each programme due to the character of programmes and interventions. The categories are:

- Facilitating structural change and combating its negative effects
- Social sector and human resources
- Improvement of the physical urban environment and transport
- Ecological environment

[1] Resider, Rechar, Life, Article 6, Article 10, Nortinov, PROCOM, URBCOM

- Accessibility
- Assisting large business organisations
- Assisting SMEs and the craft sector
- Business environment and conditions
- Communication/information
- Conversion of old industrial sites
- Criminality and drugs
- Cultural infrastructure
- Developing educational and vocational training not linked to a specific sector (persons, firms)
- Economic animation
- Energy infrastructures
- Environment protection and improvement
- Environmental infrastructure
- Improving environment and landscape
- Improving the living quality of urban area
- Increase knowledge and competence
- Infrastructure and municipal equipment
- Labour market policy
- Land and premises
- Leisure infrastructure
- Networking – sharing of knowledge
- Planning and rehabilitation
- Positive labour market actions for women
- Prevention of drug-addictions
- Promotion of citizenship
- Promotion of the socio-cultural and sports activity
- Publication/communication
- Recycling of urban areas
- Research, technological development and innovation (RTDI)
- Social and public health infrastructure
- Social inclusion
- Socio-economic equipment
- Starting new economical activities
- Telecommunications infrastructure and information society
- Tourism
- Transport infrastructure
- Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies

Table: Measures of urban relevance addressed in the SF programmes

In the following we will discuss each programme type and ask to which degree it has an urban focus and in particular within which types of interventions this is most pronounced.

4.1 The contribution to urban issues according to type of programme

4.1.1 Objective 1

Objective 1 addresses the needs of those regions with a gross domestic product (GDP) below 75% of the Community average and thus having serious problems with economic adjustment and competitiveness, relating to issues such as level of investment; unemployment rate; lack of services for businesses and individuals, as well as lagging level or quality of basic infrastructure. Of the case study regions Objective 1 was identified as contributing to urban issues in nine of the case studies. These are:

- Charleroi (both previous and current period)
- Halle (previous period)
- Joensuu (current period)
- Kozani (both previous and current period)
- Naples (previous period
- Patras (both previous and current period)
- Porto (both previous and current period)
- Sheffield (current period)
- Swansea (current period)

There are several areas of intervention dealt with in the Objective 1 programmes in these regions. Looking at them comprehensively, four categories of interventions can be distinguished.

Facilitating structural change and combating its negative effects

As one of the main aspects underlying the case selection criteria was the concentration on urban areas facing problems associated with economic restructuring and industrial decline, it is hardly surprising that most of the case study regions suffer from a strong dependence on declining industries and face challenges associated with industrial renewal. Sheffield can be mentioned as an example of a region with Objective 1 funding classified as *Assisting large business organisations*. The support entails providing large companies with an incentive to keep their research and knowledge intensive departments in the region. There are also projects within the current Objective 1 period in Sheffield that are of a more overarching character and working for local economic development and capacity building in severely deprived areas.

Initiatives considered as *Assisting SMEs and the craft sector* are more often important in order to combat the negative effects of structural change in the local and regional economies. It is seen as important to support start-ups in innovative and knowledge-intensive sectors, and to improve the working conditions of SMEs in general. Regions with a heavy industrial heritage often lack entrepreneurship and innovative businesses and in the long run, supporting SMEs is intended to contribute to the economic

renewal of the region more broadly and thereby improving the competitiveness of the region in question in relation to other urban regions. In Porto supporting SMEs concerned assistance targeting the fishing sector, which is a particularly important industry in that specific urban region, although the industry may not be seen as being of particularly urban character generally speaking. Other, perhaps more typical examples are the creations of "reception centres" supporting SMEs in Kozani and Patras and the supply of risk capital for SMEs in Charleroi and Sheffield.

A heavy industrial heritage might result in problems with lacking innovation activities limited competitiveness of the regions businesses, or missing connections between the productive sectors and the research sector and therefore projects within the field of *Research, technological development and innovation* (RTDI) can be important. Among the case study regions this intervention is present in for example Charleroi (support to innovation centres), Kozani (Regional Office of Innovation), Sheffield (Support for development of new processes and products), as well as Joensuu (Centre of Expertise and its innovation activities). In this context it can mentioned that activities encouraging innovation or strengthening the connection between R&D and industry might be seen as a strategy towards increased specialisation.

Encouraging "scientific culture" in Charleroi

In Charleroi a project within *Research, technological development and innovation* is connected to education and training. It concerns the establishing of centres for "innovation and technology transfer" that has been supported both during the current and previous programming period. It has been considered that Charleroi is lacking research and technology related infrastructure and activities, and that there is a "lack of scientific culture and active interest in technology among young people", and "need for technical training of low educated people". The regional employment service FOREM, a business development agency, Igretec, and Cetic, a "Centre of Excellence in Information and Communication Technologies" are among those involved in the activities, as well as the regional university.

Within the measure *Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies* the problem of lacking innovation activities is also addressed, as is workforce flexibility in connection to new economic structures of society. Structural Funds financing within Objective 1 has been used to remove "barriers to employment" and reduce unemployment. In Swansea this means investing in multimedia as a learning tool, and in Patras and Kozani "young professionals program" and training of unemployed women. In Patras investments in *Telecommunications infrastructure and information society* are motivated by innovation promotion.

Tourism is also a key area of intervention in many Structural Funds programmes. In most case studies it is seen more holding promise for the future than of actual current relevance in economic terms. Tourism is thus often addressed as currently undeveloped, but a source of employment and income that can be further improved and incorporated into the regional and local strategies to adapt to the structural changes. Concepts such as cultural tourism and experience industry are today

common in the regional development discussion and investments in tourism industries are seen as potential strategies for cities undergoing structural change. The activities undertaken often include taking old industrial sites and putting them to new uses, thereby giving the area as a whole certain new values, a new image. In Charleroi for instance investments have been made through the Structural Funds in order to improve the "deteriorating infrastructure" and improving the "touristic and cultural patrimony". Also in Sheffield tourism is seen as a "key sector". In Patras, Objective 1 funding was given to activities connected to "Patras - the Cultural Capital of Europe".

Social sector and human resources

In this section the generic heading *social sector and human resources* acts as an umbrella concept for projects and interventions within the fields of labour market policy, education and training, social inclusion and public health. These types of measures are important in urban areas undergoing economic renewal and structural change. When large industries cut the number of employees or leave a locality, this naturally has a negative impact on the balance between labour supply and demand. Through *Educational and vocational training* attempts are made in order to adjust the labour force to this situation. In most of Objective 1 case studies these types of investments in education were made (e.g. Kozani and Patras had investments in university structures, Sheffield in e-learning and literacy projects, whilst in Porto a "training plan" contained vocational training for Porto City Hall civil servants). Similar measures are also reported under the heading *Labour market policy.*

Improving the possibilities for women to enter the labour market is not a characteristically urban issue. However, in the urban regions undergoing a structural shift from an industrial to a more service- and knowledge-based society, education and training and increased employability of women are also relevant in the urban context. Among the case study regions the intervention *Positive labour market actions for women* has been active for instance in Kozani, Patras, Sheffield and Swansea.

Improved *Social and public health infrastructure* typically includes measures improving the living conditions of the unemployed, increasing accessibility and standards of public health institutions, education institutions etc. Though it may not always be an inherently urban issue connected to regions under economic restructuring, it may also be that. In Charleroi Objective 1 funded a "social working place" during the previous programming period, for combating social exclusion. *Social inclusion* was addressed also in the form of "Community reach-out project" (in Swansea) and training and work practice for unemployed (in Kozani and Patras). All interventions dealing with including women, unemployed or other groups considered as excluded in different ways, can also be termed as combating segregation.

There were also some themes and measures reported under the heading of *Telecommunications infrastructure and information society* that related to educational policies reported in this section. These examples were particularly referred to in the

Greek cases (Kozani and Patras), where measures such as development of ICT for education, health and welfare, or enabling e-governance solutions and thereby reducing bureaucracy were referred to.

Improvement of the physical urban environment and transport

Interventions of relevance here include measures within *planning and rehabilitation*, where within Objective 1 old industrial areas and buildings are developed into more attractive environments for the SMEs to locate in. In Charleroi the old industrial region of Hainaut have been upgraded through Structural Funds. In Sheffield funding has been awarded to regeneration projects in order to improve [the] image of the urban region and attract tourists. In Naples development of firms located in the historic centre of Naples and the renewal of buildings for an integrated regeneration of the area have taken place.

In Porto the motivation for the upgrading of parts of the city is that it contributes to social inclusion. In Sheffield, Naples and in Halle the motivation is of more economic character (business and tourism as drivers).

In urban areas the traffic problems can be extensive. Due to congestion, bottlenecks in the road system or bad quality of the roads the urban environment is sometimes unattractive. The transport infrastructure projects financed by Objective 1 funding are mainly located in Greece (see below), but also in Halle, Charleroi, Porto, Sheffield and Swansea. In Charleroi investments in multimodal transport in order to create a more attractive business environment have been made. In Halle, the reasons are also more direct business oriented – creating better access to markets and local industrial areas. The transport-oriented projects are not described so much in detail in the case study reports, even though they might be rather extensive – in size, effects, costs etc.

Improvement of the urban environment in Patras and Kozani

In the two Greek case studies, Patras and Kozani, several activities related to the upgrading of the urban environment through planning investments were implemented during the previous programming period – both more local urban investments and those of regional or even national significance. In Kozani urban area the work funded by Objective 1 has concerned both the planning phase of things as well as the rehabilitation and construction of buildings and parks. Some examples of work in the planning phase are: work with the general urban plan, studies of local development and urban planning, and investigation of the tourists' usage of the monuments in Kozani. Regarding specific rehabilitation and construction projects there are for example the restoration and regeneration of public spaces, the upgrading and rehabilitation of old industrial areas and military sites into parks and exhibition centre, the rebuilding of a bell tower of a church and the restoration of the historic centre of Kozani. In Patras there are mainly physical planning projects that have received funding from Objective 1, such as the construction of a museum, the restoration of archaeological sites and monuments and the construction of the "border station" of Patras. In both of the Greek cities transport related activites have been funded. The road infrastructure was considered as of low quality and structure (congestion and bad circulation of traffic), and improvements have been made both to smaller roads and streets and to the major roads, as well as improvements to the airport in Kozani and the port in Patras.

The rationale for the activities is in both cases the creation of a more attractive living and business environment.

Ecological environment

There are not that many examples of regions with projects within the field of Environmental infrastructure among the Objective 1 case study regions. However, environmental concern – or encouraging sustainability– is a horizontal aim supposed to permeate all programmes and projects financed by the Structural funds, and this is not necessarily highlighted in the case study reports. In the case study for Kozani it is stated that a strengthened urban environment has been a main focus of all the interventions in the area. Among the more specified examples is work aimed at reducing the air pollution through establishing a tele-heating system is reported. The same region, in addition to Patras, present measures concerning urban and industrial waste and cleaning of drinking water.

Concluding remarks

Since Objective 1 is focusing on regions in the process of structural changes, this is also clear in the project examples. Many initiatives encouraging innovation and entrepreneurship, or a "scientific culture" can be seen. The social issues touched upon in the projects are often connected to this, through a focus on education and training. There are also more physical planning oriented measures, perhaps showing signs of an "integrated urban development approach", since the interventions (in infrastructure, regeneration, transportation, buildings put to new uses etc.) are motivated their role in economic development of the urban region, and by the importance for social inclusion. Infrastructure interventions in general can, in the realization have urban design implications, although this is not clear in the specific project. Along with road construction, construction of a congress centre or similar, comes urban design measures affecting the infrastructure in general, and the urban environment in general. There is no strong environmental focus, apart from the fact that encouraging a sustainable development is a horizontal aim.

4.1.2 Objective 2

Objective 2, seeking to revitalise areas facing structural renewal and related difficulties has been identified as contributing to urban issues in 13 of the case studies. These are:

- Barcelona (both previous and current period)
- Belfort (current period)
- Bilbao ("Objectives 2 and 3", both previous and current period)
- Dortmund (current period)
- Enschede (current period)
- Genoa (both previous and current period)
- Lahti (previous and current period)
- Le Havre (current period)
- Marseille (both previous and current period
- Sheffield (previous period)

- Swansea (previous period)
- Thanet (both previous and current period)
- Trollhättan (both previous and current period)

There are several areas of intervention dealt with in the Objective 2 programmes in these regions. Looking at them comprehensively, four categories of interventions can be distinguished.

Facilitating structural change and combating its negative effects

The Objective 2 programmes often have similar focus as Objective 1 programmes, i.e. employment, labour force renewal and structural change. This makes the interventions similar to the ones mentioned for Objective 1, with a strong focus on employment, innovations and education. Projects *assisting large business organisations* have the general aim of encouraging economic renewal and create a more diversified economy, though in most cases industrial renewal seems to be an objective addressed through investing in SMEs. In either case there is no clear connection to a particularly urban problem. Examples of measures implemented here include Thanet where funding has been supplied to partnerships behind the establishment of business parks, or Barcelona where support has been given to businesses in process of international expansion. Also for Belfort the case study reports that industrial sites have been renovated and transformed into business sites.

The rationale behind projects within the area of intervention *Assisting SMEs and the craft sector* is similar as for the previous, however more clearly focused on supporting small businesses directly. It consists mainly of financial support to start-ups or improved business climate. In Enschede the city's harbour is to be redeveloped into an area for SMEs, partly with assistance from the Structural Funds. In Genoa entrepreneurship the aim to strengthen entrepreneurship is according to the report handled through financial support and guidance to small businesses. There is a social aspect of this as well, encouraging minority groups to start businesses. In Lahti the focus is especially on the plastic and metal industry, and on environmental technology. This is in line with the establishing of the "Centres of Expertise" in Finland, with high degree of regional specialisation. Trollhättan is, similar to the others, implementing projects aiming at reducing the negative effects of the structural changes in the region, with the large industries cutting back or moving out. Encouraging entrepreneurship in "new" economic sectors is a long-term strategy in that situation. In Trollhättan investments in the film and experience industry has been the core of the local strategy (both in national and European interventions). Trollhättan and Lahti are two examples of the strategy to specialise in response to increasing international competition.

Industrial area put to new uses in Trollhättan

Innovatum in Trollhättan is a semi-public foundation with a variety of activities partly funded with Structural funds, and a good example of how structural change can take on different expressions in one location. Innovatum is a foundation formed by Trollhättan municipality together with the county and five private firms, with the aim of supporting development in the area. For example they have a "business park" with approximately 35 companies, a "house of knowledge" - an exhibition and education and training centre on the theme of technology, media and design, and activities within business development and innovations. The centre for film production, Film i Väst, which has received Structural funding, is also situated there. Another example of activities that have received Structural funding and that was brought up in the case study is the cableway across the canal in Trollhättan that Innovatum built. Innovatum is located in an old industrial area with its origin in the 1850s and in production of engines, printing presses and airplanes and with industrial character until the 1990s. Today the focus is on high technology production and services.

Labour market policy is mainly the focus in Enschede among the urban Objective 2 areas. A large part of the area that is appointed for the Objective 2 funds has been affected by a disaster as a result of the exploding of a fireworks plant in 2000. Within the Objective 2 programme for Enschede, special attention is paid to this situation, and to the recovery of the area.

In Lahti the aim is to "strengthen the role of the region as a region for 'services, recreation and nature'" by investing in expertise and training, new technologies and working methods. Again, the specialisation strategy is present. In Trollhättan, measures were put in to increase the competencies of firms in the area, in order to facilitate internationalisation.

In Genoa the funding supported *Economic animation*, through "national and international promotion and diffusion activities" in order to attract new investors to the region. In the case study for Bilbao reporting is done for "Objective 2 and 3", and among the interventions are "employment stability reinforcement" and "business capacity reinforcement" encouraging generation of new businesses.

Activities concerning *Workforce flexibility*, *entrepreneurial activity*, *innovation*, *information and communication technologies* tackle diverse issues. In Enschede improving the physical business environment is in focus, in Trollhättan diversification of the economic base in the region. In Thanet the formulated problem is the low level of business start-ups in general and in Genoa two main target groups are seen; women wishing to get back into employment and technical researchers.

Research, technological development and innovation (RTDI) oriented projects deal with the problem of urban regions lacking innovative capacity and knowledge intensive businesses. Consequently, it is in some cases connected to measures mentioned in the previous section. Some examples are the establishment or strengthening of research/innovation centres in Barcelona, Marseille, Thanet and Dortmund. In Trollhättan the project concerned environmental products and production methods in companies and in Sheffield a "regional innovation strategy" has been formulated, in order to increase investments in R&D and technology.

The *tourism* oriented activities within Objective 2 in the urban areas can be divided into three categories: 1) the image of the urban area amongst visitors, 2) supporting tourism businesses and 3) physical planning activities improving the environment for tourism as a potential growth industry. Just as in the case of Objective 1, measures for developing the tourism industry can in general be interpreted as a response to the cutting-down of traditional sectors. In Belfort the activities are mainly physical planning activities; providing cycle paths for tourists etc. In Genoa activities in all three categories can be found, and in Thanet, Trollhättan and Marseille the focus was on improving the image of the area – and thereby create jobs in the tourism industry, and increase the numbers of visitors. In Sheffield and Swansea tourism businesses and "cultural industries" received support – both in the form of funding and training. A strengthened urban environment could be targeted through caretaking of green spaces, public transportation etc. This is mentioned as an example in approximately half of the case study regions. In Dublin a number of environmental improvements are funded within URBAN II, including tree planting, street furniture, a database of old buildings and a conservation advice centre. In Lahti there have been measures developing the urban environment as a resource for tourism (e.g. developing and further utilizing the new Concert hall 'Sibelius Hall' and the surrounding areas as resources in a more environmentally friendly and sustainable travel services and congress tourism based on sustainability).

Telecommunications infrastructure and information society related work within Objective 2 can mainly be seen in Genoa and Trollhättan. In Genoa the issue is to improve the contact between the business sector and the public administration through ICT. In Trollhättan it concerned the more general development of the IT infrastructure.

Social sector and human resources

It is not always easy to distinguish the interventions from each other, or they touch upon each other's issues. In this section examples from the case studies are presented that concern issues such as social inclusion, education and training or social and public health infrastructure. Examples of projects reported as belonging to the intervention *social inclusion* are all from the current programming period.

In Le Havre and Marseille the work is focused on combating the segregation of (low-skilled) young people, through for example establishing a "Second chance school", and in Barcelona on the old population, by equipping the day-centres for old people. Both in Thanet and Enschede the focus is more on the inhabitants as a group, through establishing "neighbourhood forums" and similar.

Within the *education and training* focused interventions projects deal both with supplying education and training activities and facilities. The target groups are both employed and unemployed, both low and high skilled people. In Sheffield the training activities concern tourism and cultural industries, and in Thanet education is focused

on management skills, IT and technology. In Marseille an "Ecole de la deuxième chance"("Second chance school") was supported during the previous programming period, and the target group were mainly young people. Another project in Marseille dealt with providing equipment for university research centres. In Trollhättan the education and training activities contributed to job creation and preservation and a better skill level of the inhabitants, according to the case study.

Regarding *Social and public health infrastructure*, in Le Havre Objective 2 support has been reported for projects aiming at creating a health network for providing better information on health issues. In Genoa funding went to activities "[v]aluing the social economy in the areas subject to a strong economical and social decay" and resulted in increase in the number of users of the social services and support to organisations in decayed districts. In Thanet a "community resource centre" has been developed, in order to combat social exclusion. In Sheffield the Objective 2 funded projects within this intervention was centred on empowerment of citizens and Community Economic Development projects carried out by local groups were supported. In Swansea the activities classified under social and public health infrastructure were "provision and refurbishment of community facilities". The more physical aspects of infrastructure in that case, consequently.

Improvement of the physical urban environment and transport

Project examples concerning physical planning – housing, transport etc. can be found in several of the case studies with Objective 2 funding. In Trollhättan, infrastructure projects, renovation of industrial premises and rent of housing have been classified as intervention *Land and premises*. Other regions with *Planning and rehabilitation* interventions reported include Belfort, Le Havre, Marseille, Barcelona, Genoa, Enschede, Sheffield, Swansea and Thanet. Among the issues tackled are e.g. in Genoa old industrial areas, the port area and the urban centres, all subject of renewal and improvement projects. The case study for Barcelona reports "various actions dealing with the extension of the underground network, rehabilitation of municipal markets and the improvement of waste water treatment plants". In a majority of the projects there is an economic rationale for the interventions. Target groups mentioned are for example residents, businesses, the port authorities.

Industrial areas put to new uses in the Ruhr area

In Dortmund, Germany the areas Phoenix-west and Phoenix-east were subject to interventions classified as *recycling of urban areas*. Within the framework of the project a feasibility study and cost-benefit analysis was done, as well as the realised project – the decontamination of the old industrial area making new use possible, such as new companies establishing in the location. According to the case study the regeneration of these areas is an example of "using the offered instruments in a consequent manner to advance and modernize economic structures, to improve the architectural settings and to involve local partners and citizens in the reshaping of the relevant districts".

The *transport* related interventions in the urban areas roughly concern one transport mode per region. Some examples are Belfort, where cycle paths are constructed with Objective 2 funding and Le Havre where the port has been developed. The same is the case in the Mediterranean city of Marseille, in addition to improvements on the airport. In the British urban case study regions pedestrian roads, road connections and public transport has been in focus in both programming periods. The rationales behind the activities are improved service level, reduced negative environmental impacts and reduced barriers to employment, among other things.

Ecological environment

Only in Le Havre and Genoa (and Barcelona to a degree) among the case studies, projects with an environmental profile have been reported as a part of the Objective 2 programme. In Le Havre several dimensions of environmental improvements are dealt with; reduction of pollution, energy studies, decontamination of a site and information and training in environmental matters, for example to children. In Genoa the focus during the previous period was on "campaigning" through awareness surveys and favouring of "clean technologies" and recycling.

In addition, environmental aspects are covered by the horizontal aim of sustainability in all projects and programmes funded by the Structural funds.

Concluding remarks

The impression from Objective 2 is similar to Objective 1, with a focus on economic development and structural change. Encouraging entrepreneurship – both through funding and supply of localities – is important and putting new uses into old industrial areas (SMEs in "business parks and similar). In addition there are examples of both a focus on increased specialisation and increased diversification, two somewhat contradictory but concurrent strategies combating the negative effects of structural change and a globalised economy.

A new "industry" that perhaps can be seen as answering both the need for specialisation and diversification is tourism. There are several examples within Objective 2 aiming at strengthening such activities. Similarly as mentioned above, interventions with focus on social inclusion and public health are working both through funding and through supplying localities.

There are indications that single interventions may contribute to a bigger picture as regards integrated urban development approach, both through the combination of types of interventions (funding and physical planning) and through the fact that it is not always easy to distinguish between different areas of intervention. In addition, for the physical planning interventions, there is often an economic motive, or awareness that the context to and effects of the interventions can be manifold.

There is not a strong environmental focus, apart from the fact that encouraging a sustainable development is a horizontal aim.

4.1.3 Objective 3

Objective 3 is that amongst the programmes included in the analysis that most clearly targets human resources. For the current programming period, the types of measures financed through the Objective 3 funding include:

- The promotion of active labour market policies in order to reduce unemployment;
- The improvement of access to the labour market, with a special emphasis on people threatened by social exclusion;
- The enhancement of employment opportunities through lifelong learning and various training programmes;
- The promotion of measures which enable social and economic change;
- The promotion of equal opportunities for men and women.

This programme type was identified as contributing to urban issues in six of the case studies. These are:

- Aarhus (both previous and current period)
- Bilbao ("Objectives 2 and 3", both previous and current period)
- Lahti (current and previous period)
- Le Havre (previous period)
- Marseille (current period)
- Trollhättan (previous period)

The areas of intervention dealt with can roughly be categorized under two comprehensive headings, as done below.

Facilitating structural change and combating its negative effects

The areas of intervention *Labour market policy*, *Workforce flexibility*, *entrepreneurial activity*, *innovation*, *information and communication technologies* or *Developing educational and vocational training* are those within the reported Objective 3 regions that deal with the effects of industrial decline and economic restructuring.

In the labour market policy activities reported, the young and unemployed are the centre of attention in Aarhus and Trollhättan, as in Le Havre. In Marseille projects concern for example the provision information services to unemployed. The common aim for all projects are increased skills-level among the inhabitants, and a strengthened labour market in general. *Modernising working life* addresses similar themes in Lahti. In Marseille projects targeting existing SMEs and their levels of technical knowledge and in Trollhättan, Aarhus and Lahti the workforce flexibility

and entrepreneurship focused projects deal with encouraging business start-ups through education and guidance.

Both in Trollhättan and Aarhus the educational and vocational training activities within Objective 3 during the previous programming period focused mainly on the young population – low-skilled, with a longer period of unemployment, and at risk of exclusion from the labour market. In Marseille there are in the current period "[v]arious projects supporting professional training activities for job-seekers and employees" and the suppliers of this are local associations, regional operators and others. In Lahti developing skills to support entrepreneurship also fall into this category.

Social sector and human resources

Objective 3 in general focus on "human resources", and there are several examples of projects dealing with problems of social segregation. Examples of this focus can be found in the previous section, and distinguishing between the types of interventions is not always evident, as considerable overlap exists. In Marseille, there are some projects with the aim of increasing the computer skills of female workers and jobseekers, and with the aim of integrating immigrant women in the labour market. The same applies to the case of Lahti.

Projects classified as dealing with *Social inclusion* can be found in Marseille, Le Havre and Aarhus. In Marseille the target groups are immigrants, prisoners and prostitutes, at risk of being excluded from the normal labour market. In Le Havre long-term unemployed and young people were in focus of the projects. The same was relevant in Aarhus, in addition to handicapped people. Activities within the projects can be training activities or supportive networks.

In the Bilbao case study, with information for "Objective 2 and 3" a reported issue is "women participation" on the labour market, and special training projects for disadvantaged groups.

Concluding remarks

The case study reports draw a picture of Objective 3 with focus on human resources through projects in the fields of inclusion of weak groups of society. The projects are motivated both from a social perspective, i.e. targeting exclusion of different groups in society, as well as from an economic development point of view, i.e. targeting structural problems through encouraging entrepreneurship and education and training.

4.1.4 Objective 6

Joensuu was a part of the Objective 6 programme in Finland. It focused on two areas of intervention – *Assisting SMEs and the craft sector* and *Research, technological development and innovation (RTDI)* – and in general terms they both concerned facilitating structural change in the region. Through development of telecommunications services and a focus on industrial renewal and economic diversification, the project worked for business development. The Science Park, to which support is reported, and the educational institutions were involved in work for developing the innovation capacity of the region. The aim was to counter-act exclusion and integrate people threatened with exclusion more firmly to the labour market.

4.1.5 Equal II

Only in one the case studies, namely in Aarhus, the Community Initiative Equal II has been identified as a programme contributing to urban development issues.

This regarded in particular three areas of intervention, all of them centre around the question of ethnicity and integration of immigrants. In the field of *labour market policies*, ethnical diversity at workplaces was the main focus. At the municipality of Aarhus a project has been carried focusing on the creation of spaces for diversity at selected working places, e.g. processing of attitudes and the training of key members of staff and management. In the field of *positive labour market actions for women*, social exclusion of particular ethnical groups has been addressed by a project aiming at assisting a group of Somali women to enter the local labour market, e.g. by practice training, counselling, company visits etc. *Social exclusion* of immigrants has been addressed by projects supporting unemployed refugees and immigrants in establishing relations to the labour market and educational system, e.g. by teaching, training programmes and networks, counselling etc.

In conclusion, it can be argued that the Community Initiative Equal has not been widely used for supporting urban development. However, in the one case study were Equal has been taken up, the focus is clearly in ethnicity and integration of immigrants.

4.1.6 Interreg IIIA

Interreg IIIA was identified in three of the case study regions – Dublin, Graz and Trollhättan. The areas of intervention dealt with can roughly be sorted under three headings, as done below.

Facilitating structural change and combating its negative effects

As in most programmes, interventions related to handling deindustrialisation are important also in Interreg, although the major focus is cross-border co-operation.

Graz and Maribor (Slovenia) co-operate with the common aim of strengthening the region as a whole within the field of *Research, technological development and innovation (RTDI)*. A lack of co-operation in technology-oriented sectors has been observed, and co-operative structures between SMEs and between R&D institutions is encouraged.

In Dublin Interreg IIIA funded research into market opportunities and high value products and services, business development within the energy, environmental goods and service sectors and development of links between businesses and further and higher education. In the case study this was reported as *Assisting large business organisations*.

Within the intervention *Assisting SMEs and the craft sector*, the focus is either on encouraging business start-ups or on supporting and strengthening existing SMEs. In Dublin increased use of ICT, joint ventures and mentoring and education programmes for SMEs is supposed to create a more competitive business sector in the region. Graz is located close to the becoming EU member countries Slovenia, Hungary and Czech republic. This affects the business climate both in Graz itself and in the larger region, and it is considered important to increase the cross-border co-operation between SMEs. In Graz there is one project connected to *labour market policy* through the "cross-border pact" with Slovenia, establishing co-operation in education and labour market issues. In Dublin, Interreg funding goes to initiatives to encourage women to start their own businesses.

In Dublin there were measures within Interreg IIIA developing *Telecommunications infrastructure and information society* and with a special focus on SMEs. Through training programmes for SMEs interested in the opportunities created by e-commerce and networking, increased access to ICT was set as a goal.

Investing in *tourism* is a common strategy for regional development, the tourism industry being an industry in a developmental phase in many regions. Within the Interreg IIIA co-operation between Ireland and Wales, tourism is one topic. Through joint advertising and promotion a regional image is "constructed", among other things with the aim to promote the Irish language.

Social sector and human resources

Among the few case studies reporting Interreg funding, social issues are not that evident. For Graz and Dublin projects have been classified as *Developing educational and vocational training*, but they have rather different aims. In Graz a network of schools co-operate in environmental issues, and in Dublin there are community-based

life long learning projects, aiming at increased education and qualification levels of the participants.

Improvement of the physical urban environment and transport

The regional management of Graz and Maribor co-operate in elaborating a joint strategy for urban development and environmental protection. Within Interreg for Ireland and Wales projects deal with investments in small-scale port infrastructure and enhancements of rail, bus and cycle travel possibilities with the aim of developing environmentally friendly transport alternatives.

Concluding remarks

From the few Interreg examples, some tentative conclusions can perhaps be drawn. There is, as in other programmes, a focus on effects of structural changes, but in this case with a cross-border profile of interventions. Co-operating across national border might create a big enough node for specialisation in R&D, or be a good starting point for marketing the region as a tourist attraction.

4.1.7 URBAN I and II

The Community initiative URBAN is in its design centred on urban issues, and it has been identified for a large share (17) of the case study regions as a contributing factor to the development in the respective urban areas.

- Aarhus (I)
- Bilbao (II)
- Charleroi (II)
- Dortmund (I)
- Dublin (I and II)
- Genoa (I and II)
- Graz (I and II)
- Halle (I)
- Joensuu (I)
- Le Havre (II)
- Magdeburg (I)
- Marseille (I)
- Naples (I and II)
- Patras (I)
- Porto (II)
- Sheffield (I)
- Swansea (I)

In order to assess the methods by which the URBAN Community Initiative functions, we need to acknowledge the particular scope and characteristics of the programme areas, which make it easier to understand the types of interventions, as well as impacts and results potentially resulting from the measures and projects implemented within this context. As reported by the European Commission, an analysis of the common characteristics of the URBAN areas during the 1994-1999 programming period showed that:

- The majority of programmes (43%) are located in inner-city areas: neighbourhoods within the core of the urban district, but which are excluded from mainstream city life.
- Around one fifth of programmes address the problems of historic city centres: those central areas with heritage and cultural value, but which have been abandoned and left to decline.
- Over a third of programmes tackle urban decline in peripheral areas: districts at the periphery of urban agglomerations, often difficult to access, on large social housing estates or abandoned industrial sites.

Thus the areas are considerably smaller than other types of Structural Funds programme regions, more focused and more localised (both geographically and in terms of their problems and main policy challenges). Whilst most other Structural Funds programmes have a clearly regional focus, URBAN has a more local (urban) focus. This naturally affects the type of issues addressed within the programmes, and the "scale" of the activities, and of the rationale of activities. A "transport oriented" project within URBAN might deal with pedestrian structures, with one specific motorway exit or similar, while the more regional programmes deal with the competitiveness of the region as a whole through efficient regional public transport, quality of the road network etc. In most cases the aspects of social inclusion/exclusion are addressed in URBAN programmes. Another difference may lie in the scope of the projects implemented, as the Objective Programmes tend to strive for larger-scale projects than URBAN. URBAN programmes are also more prone to provide positive and innovative solutions for citizens' participation (due to their more localised focus) than the mainstream Structural Funds programmes.

For the sake of comparison and readability, the URBAN interventions are here classified according to a number of comprehensive headings, in line with the interventions reported previously.

Facilitating structural change and combating its negative effects

Projects aiming at stronger SMEs in the urban region can have several different focuses and rationales. A dynamic business climate might result in employment, competitiveness, structural change, raised skills level or integration of marginalised groups. Since several of the case study regions are old industrial regions with large-

scale industrial production structures and large-scale manufacturing based on primary products, entrepreneurship and smaller-scale service-based businesses are often lacking.

When it comes to supporting SMEs and business start-ups, the method seems to be to establish a "start-up service" or similar to provide support and guidance to (potential) entrepreneurs. A majority of the case study regions have projects within the Community initiative URBAN that have been classified as belonging to the area of intervention *Assisting SMEs and the craft sector*. To mention a few of these project examples: in Graz business start-ups have been supported, as well as a "business incubator for women" established. In Marseilles a "business nursery" and a "business hospital" for SMEs has been created with the assistance of URBAN funding, and in Halle an interest group for better cooperation between companies, administration and inhabitants was established in order to improve the image of the area. Within this a dialogue between the local business community and the citizens was started. In Magdeburg the wish was to stop decline of local quality of living and the decline of small businesses, and a weekly market was established in order to achieve this. It was also the intention to stabilize the local business sector and force the expansion of company activities in the area through supporting SMEs and entrepreneurship.

Due to the presence of severe socio-economic segregation problems in cities, an active *labour market policy* forms an essential part of urban policy. Facilitating access to employment, reducing long-term employment and encouraging education can be relevant interventions targeting unemployment, poverty and lacking skills. In the case studies quite diverse project examples can be found. In Aarhus a counselling centre has been established with assistance from URBAN II, helping with trainee positions, job applications etc. In Dublin, unemployed single parents have been in focus and an "Employment Service Network" with a market led training programme is part of the URBAN financed activities. In Genoa librarians has been the centre of attention for a labour market and educational activity and in Le Havre one project consisted of a sociological and statistical study on skill levels in a part of the urban region. On the basis of this study, strategic partnership and action plan for professional training is to be elaborated. Another kind of intervention is wage subsidies, considered in Sheffield.

Tourism oriented activities funded by URBAN have been reported in the Charleroi, Dublin, Naples and Genoa case studies. Investments in tourism can, in industrial urban areas, be a strategy in line with economic restructuring, and a way to put old industrial buildings and sites into new uses. In Charleroi the marketing of a new congress hall has received support, in order to encourage the service sector. In Dublin the Temple bar district has been up-graded, among other things through the establishing of a film centre. In Naples the tourist port and thermal baths have received special attention, according to the case study. In Genoa the tourism capacity of the city has been strengthened, both with the intention of creating job opportunities and increase the number of visitors. Another example of investments in new industries comes from the Graz case study, namely that of vocational training in theatre and

media pedagogic, which is reported as a new opening from the local URBAN programme.

Compared to other programmes, the projects reported as *Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies* is less focused on entrepreneurship, and more on training activities for employees. In Dublin, Sheffield, Graz and Le Havre training activities for increased ICT skills and similar have been on the agenda. Examples of other focuses are the opening of a media library in Le Havre and the foundation of a cooperation of local construction companies "Cracau Construction", in Magdeburg. Sheffield and Genoa are the only cases where start-up support is a part of this intervention within URBAN. In Graz, Porto and Swansea *Research, technological development and innovation (RTDI)* activities are reported in the URBAN programmes due to the decline in traditional industries and the need to encourage "the new economy".

An example of an integrated urban development approach in Bilbao

The Bilbao case study provides an example of URBAN funded work of a more integrated character, overarching several aspects of structural change. The Otxarkoaga URBAN Pilot Project was an "integrated package of environmental, commercial and economic activity measures" for economic renewal. Otxarkoaga is a peripheral neighbourhood of Bilbao built in the 1950s in response to Bilbao's housing shortages and industrial boom, and today suffering from unemployment (35-40%), low education levels, high crime rates and social problems such as drug abuse, social segregation etc. Activities ranged from developing the local commerce, encouraging education and training, rehabilitation of the shopping centre, and activation of the citizens in a "School for the Restoration and Planning of Dwellings". Among the intended results of the project were increased specialisation in the SME sector, modernisation of the business infrastructure, environmental projects and projects "allowing neighbours and citizens new perceptions of the neighbourhood".

Responsible for the project was Lan Ekintza Bilbao (a public actor focused on employment and economic activity) but a partnership of public and private actors have been involved.

Social sector and human resources

Whilst social exclusion can occur in any region or area, there are characteristics that make social exclusion a particular type of urban problem. Partly this is due to the simple fact that the largest share of population today lives in urban areas and therefore also different types of problems of social nature are likely to be found in areas where the population is concentrated. Social exclusion in the sense of a certain dissociation from the wider community often goes hand in hand with connected problems such as unemployment, poor skills and low income levels as well as poor housing, high crime, etc. and also tends to have differential impacts on different types of social groups (immigrants, unemployed, handicapped, men or women, children). Combating the negative effects of social exclusion and segregation on the local inhabitants has increasingly become part of cities' strategies to become strong and competitive actors, both nationally and internationally. It is therefore hardly surprising that the majority

of the case studies with URBAN programme areas include measures and interventions considered as contributing to *social inclusion* in the area.

In the case studies, unemployment and social segregation stand out as amongst the most central expressions of social exclusion. A focus on creating employment or training is to be found in Graz, Marseille, Patras, Sheffield and Swansea among the case studies. Examples of other projects are creation of social services (e.g. legal or economic advice service) in Charleroi and in Naples ("Innovative social services"), educational support to young people (Graz), encouraging school attendance to children (in Joensuu) or installation of institutions and structures driven/managed by local citizens of Dortmund, working with integration, conflict management, promoting neighbourhood solidarity etc. In Sheffield and Swansea young people was a special focus in the previous programming period. In Sheffield according to the case study 50 young people took part in mentoring and labour market projects, and in Swansea young offenders were given the opportunity to take part in training.

Developing education and vocational training is an important intervention in order to improve the skills level of the population in an area, or to encourage activities within new fields of knowledge. Groups excluded from the labour market can through vocational training increase their possibilities for employment, or education can be a way of reducing the mismatch between supply and demand of employment. Educational activities can also be a new function for old unused buildings in the urban areas. In Porto, the increased ICT possibilities for schoolchildren were a way to increase the motivation for schooling among children, and also in Aarhus the training was focused on ICT. In Dublin there are problems of literacy among the unemployed, and the groups consist of many 40+ males. Education increasing the literacy and special support to long-term unemployed men over 40 years of age are consequently parts of the Dublin URBAN programme. Training programmes is reported also for Naples within URBAN I. In Graz a "mobile internet café for women" was started as a way to improve the image of the area.

How *positive labour market action for women* should be organised can definitely be debated. Organisation depends not only on the degree of the problem, but also on gender relations in the specific country or region. If public/organised child-care is unusual, this can be an important initiative to increase the possibilities for single parents to find a job or take part in training courses, as done in Sheffield. In Le Havre gender gaps and segregation on the labour market is a problem and a project dealing with this is the opening of a second-hand shop and workshops for clothes recycling and furniture restoration.

Issues tackled within the intervention *Social and public health infrastructure* within URBAN Community Initiative can deal with physical, social or environmental planning matters. Social planning issues are the most common among the case studies. Communities that suffer from poverty, lack of facilities for children, young people or immigrants, out-migration from the local area, an ageing population have received funding for projects establishing "youth centres", "civic centres", "village

and community centre" etc. Case study examples are Magdeburg, Dublin and Swansea.

Examples of a more physical planning oriented approach are Genoa, in addition to Magdeburg and Dublin again where construction of a community hall (Magdeburg), Music and Arts centre (Dublin), sports facilities (Dublin) and renovation of villas becoming Job centre and library (Genoa) are part of the programmes. Public health through environmental improvements has received attention within URBAN in Graz and Genoa, through investments in environmental technologies reducing air pollution (Graz) and improved urban waste collection (Genoa).

In the URBAN programme for Porto, special attention is given to *Promotion of citizenship*. This implies work for increased knowledge of the rights and obligations of the citizens, and encouraging citizens involvement in decision-making. In addition, innovative projects *promoting socio-cultural and sports activities* is a way to work with the perceived low self-estimation of inhabitants and too few cultural offers in the area. Intentions expressed in the programme are for example a better promotion of the area to the inhabitants, more leisure time activities for young people and cultural activities.

Drug addiction and the social problems that go with this tends to be urban problems. In Porto and Aarhus *prevention of drug addiction* was included in the URBAN II programme, in Aarhus in the form of establishing two "family centres" providing counselling and support for families facing these risks.

Improvement of the physical urban environment and transport

Three categories of projects within *Planning and rehabilitation* can be distinguished in the case study regions with reported URBAN funding: combating social segregation, local physical planning projects and more identity-building oriented participatory projects.

The local physical planning projects are the most common and they can be focused on the urban building heritage as in Graz and Dublin, or on marketing of the city through building a congress centre as in Charleroi or on general improvements of public space (parks, footpaths and signage) as in Sheffield.

The measures seeking to *improve the living quality of urban areas* in Dortmund are mainly environmental, as they include the establishment of three parks, cleaning of public spaces and living areas, as well as ecological modernisation and prevention of accidents happening to children.

In Graz, the *leisure infrastructure* is in focus through revitalisation of a public park and a house for "project activities". The case study also reports about *Cultural*

infrastructure improvements through for example the building of a concert hall, "also used for industrial purposes".

Combating segregation emerges as one of the most central issues within URBAN in Bilbao and Swansea. In Bilbao the Puerta Abierta URBAN Pilot Project dealt with reducing the physical and social split between that are and the rest of the city and strengthen the area economically and socially through for example training and employment opportunities. In Swansea a part of the city is segregated due to e.g. bad transport links. A social project in the area has been to employ young offenders to make environmental improvements. The participatory focus can equally be seen for example in Dublin or Joensuu where it is described that residents have been involved in neighbourhood planning projects.

The *transport infrastructure* issues within URBAN are mostly of a rather small-scale character. In Le Havre, Genoa and Graz projects deal with improved footpaths, cycle paths etc. In Magdeburg and Genoa inter-urban connections is another focus, and reducing air pollution and traffic congestion is part of projects in La Havre and Genoa.

Ecological environment

In Genoa, Graz, Halle and Magdeburg environmental aspects were or are part of the URBAN interventions. In Genoa two urban parks were renovated, and an integrated environmental monitoring system was implemented in the urban area, and in Graz the work consisted of improvements of green areas, and of reduced air pollution through installation of a photovoltaic plant. In Halle and Magdeburg the activities were oriented towards physical planning, striving for increased environmental quality and improved recreational spaces.

In addition, environmental aspects are covered by the horizontal aim of sustainability in all projects and programmes funded by the Structural funds.

Communication and information

In order to integrate the population in Graz into the activities within the URBAN programme, an information package was produced and an "info point" established. According to the case study the motivation here was the increased participation in the local planning process. In Halle and Magdeburg marketing and communication activities were a part of the URBAN I programme. Activities consisted for example of networking with other initiatives exchanging experiences and diffusion of project results, and image campaign for Magdeburg Cracau district.

In Dublin, URBAN funding categorised as *Telecommunications infrastructure and information society* went to the programme website, community broadcasting, IT

training and IT access points in order to increase the access to ICT facilities to marginalised groups, and spread information about programme activities. Similarly in Le Havre, a part of URBAN II are projects with the aim of providing information on the programme activities.

Concluding remarks
In conclusion, URBAN is, in its physical planning interventions (whether oriented to the built environment, transportation or environmental improvements), rather local in its character. The projects are predominantly small-scale interventions on neighbourhood or city level.

Working for reduced segregation is an important theme in URBAN, not only socially – for the city itself – but also economically – a part of the development strategy of the city. The interventions are mainly focused on segregation and unemployment as regards social issues, and in several through establishing information centres/meeting points (youth centre, civic centre, community centre, family centre etc.)

Similarly as for the Objective programmes, there is a focus on the effects of structural changes within the URBAN programmes and projects, and similarly as for the projects with social focus mentioned previously, there are several examples of the establishing of different kinds of centres ("business nursery", counselling centre, business incubator), here for business and employment purposes. The SME related activities are both aimed at existing and potential entrepreneurs.

Tourism as a developing industry is visible in several projects, and with motivation that investments in tourism has spillover effects on the service industry in general.

4.2 Some tentative conclusions on the urban focus of interventions and the value added in terms of governance

Concluding on the urban impact according to types of programmes, we can argue that Objective 1 and Objective 2 both largely concentrate on economic development and seeking to improve convergence for the regions lagging behind, according to the 'mission' set for them. This kind of interventions can indirectly have an urban focus through their implementation, since the interventions then usually have several dimensions: social, infrastructural, economical etc.

There are very few occasions where the programmes include an explicitly urban dimension and the case studies draw a very ambivalent picture as to the degree of addressing particularly urban problems here. The focus on human resources allows Objective 3 to address many questions of particular relevance to urban regions, though not essentially urban as such (e.g. competences, inclusion, combating social problems). The value added of URBAN Programmes for urban themes is (unsurprisingly) essential, as the initiative manages to address more local and by

definition urban issues, as well as being more in tune with the physical and participatory needs typical for urban regions. URBAN also seems to influence urban policy beyond its relatively limited financial scope.

There are few Interreg cases in this study, and therefore the conclusions must be limited. The study in order to reach a joint strategy in Graz - Maribor is however an example of urban focus, although it is only in the study phase, and nothing that has been implemented. The two regions co-operate in elaborating a joint strategy for urban development and environmental protection.

Combating social and ethnical segregation could be interpreted as a specifically urban issue – at least an issue more common in densely populated, urban, areas. Focus on "reducing social and economic disparities within towns" has been brought up as important in a majority of the case study reports. There is however only a few examples where the **projects** listed specifically point to this as a topic. In spite of this, social and ethnical segregation is addressed within several themes: labour market policy, social and public health infrastructure, planning and rehabilitation, education and training etc. Interventions in these fields dealing with including women, unemployed or other groups considered as excluded in different ways are combating segregation.

Whilst it is almost without exception argued that the EU Structural Funds strategies and the domestic policy objectives are in a synergic relationship and support each other, there are very few concrete examples given in the case studies of governance solutions where the national policy instruments would have been particularly successfully co-ordinated or with synergy effects worth special attention between the domestic and European programmes or where particular 'best practices' had been identified. In most cases the municipal strategies and plans are referred to and here the co-ordination seems to work without problems. In some cases however problems are also identified and it was remarked that the efficiency of the programmes may be hampered by the fact that the corresponding domestic policies and programmes are not in place and thus the expectations levelled against the European programmes are inflated (e.g. the case of Naples was mentioned in this context). There can thus be seen to exist an interdependency between the domestic and European programmes that requires a holistic approach to urban policy, as was mentioned in relation to the positive governance impacts previously. Also the temporal aspect of programme planning is relevant here. If the national programmes are already in place for instance, the European programmes naturally have to be developed in a way that takes them into consideration (as was the case in Enschede for instance).

In most cases particular attention was paid to the need to achieve synergy. This was addressed either in the programme planning stage (e.g. the utilization of an external consultant to explore the local context and to ensure that the programme was linked to existing initiatives, as in the case of Dublin) or continuously within the normal programme monitoring. Needless to say the synergy is better ensured by the overlap

of the actors and organizations represented in the local and regional partnerships and further ensured by the co-financing methodology.

A more general observation that applies to many of the case studies however is the learning from SF methodology in two key aspects of regional development activity:

- Programming cycle methodology: ranging from the preparation of the programme with the analysis this entails to the implementation, monitoring and evaluation. Whilst programming cycle may have originated in the EU programmes, it is increasingly also implemented in the development of national (including urban) policy initiatives.
- A more developed and extensive partnership approach: partnership may still be more limited to the public authorities and their co-operation with counterparts from business sector and the R&D field, but it is also gradually developed in the voluntary sector and also implemented in the domestic policy sphere (thus making the synergy effects easier to achieve, when the working methods are shared).[2]

However, one needs to keep in mind, that the Structural Funds programmes have been drafted as regional economic development programmes. Urban issues are *not* among the core issues to be dealt with in Objective programmes and the degree to which there is accordance or correspondence with UFA policy aims, are often rather coincidental.

In addition to the ranking of policy aspects, the assessment of the spatial and urban dimension in Structural Funds resulted in territorial oriented typologies of interventions. The territorial areas covered followed the indications of the Second Cohesion Report: urban, rural, peripheral, border and coastal areas. The following table presents the interventions in urban areas, which are roughly the same for both Objective 1 and 2:

	Objective 1	**Objective 2**
Business support	▪ Developing innovative infrastructure ▪ Tertiary sector support	▪ Developing innovative infrastructure ▪ Tertiary sector support
Education & training	▪ Supporting SME entrepreneurship	▪ Supporting SME entrepreneurship
Regeneration & exclusion	▪ Support for socially	▪ Support for socially

[2] What might be interesting to consider here also, though not explicitly addressed in most case studies is not only the need for synergy between national and European policies, but also the possibility of a need to break with the traditional policies and their orientation. In the case of Dublin for instance it was argued that "rather than trying to tackle the social issues through existing means the ideas was that through URBAN I, new consultative and participatory structures could be developed". European policies may thus be used both as levers of institutional and of attitudinal change. The possibility of using a European initiative to break with the more traditional working methods was in many cases particularly referred to in connection to URBAN programmes.

	excluded groups ▪ Development of city centres	excluded groups ▪ Development of urban centres
Infrastructure	▪ Improving city public transport ▪ Developing business parks	▪ Improving city public transport
Environmental issues	▪ Tackling urban pollution ▪ Waste management	▪ Tackling urban pollution ▪ Waste management

Taking the conclusions on the urban dimensions of Structural Funds further, one needs to keep in mind that this table is based on the re-current urban side-line which is not that rare in Structural Funds measures and priorities. However, it does not say anything about the urban dimension in relation to the entire focus of the programmes. We can however say something about the likelihood or general tendency of SF funding to promote urban issues, simply on the basis of the degree to which urban areas (as opposed to other kind of areas) receive SF funding.

As has been argued on the basis of the data collection and analysis of ESPON 2.2.1 regarding the total SF expenditure allocated to different types of regions, a first assessment of where Structural and Cohesion Fund assistance has been used during the *1994-99 period*, shows that more than half has been used in what is categorized as functional urban areas of local or regional importance (micro), less than 20% went to functional urban areas of national importance (meso) and only approximately 10% to areas of transnational-European importance (macro), with an approximate 15% being allocated to areas not defined as functional urban areas. Also based on ESPON 2.2.1 and this time concentrating on *assistance per inhabitant*, densely populated areas seem to receive less funding than sparsely populated ones. Sparsely populated rural areas receive on average about three times as much assistance, per inhabitant, than do densely populated urban areas. Looking at *total spending* more than to 75% of the assistance goes to densely populated urban areas and medium and sparsely populated rural areas. *Areas in-between these extreme cases* (typically the kind of medium-sized urban areas included in the case studies) receive only a minor share of the assistance.

We can thus conclude here that in terms of the volume of funding the urban areas may not be the most central recipients of European funding, which would seem to make it even less surprising that urban issues are not a particular focus areas within SF as a whole and most of the themes reported here as 'urban issues' are urban issues mostly due to them being addressed in projects implemented within urban areas.

The amount of funding addressing issues with 'urban focus' is naturally only one part of the equation here, but it does put into perspective the extent to which different urban issues are addressed in SF interventions. It may however be that the governance perspective is more important than the substantive policy intervention and the impact

of SF interventions more decisive for governance than for spatial effects (theme addressed in the next section of the report).

5 URBAN INTERVENTIONS IN RELATION TO POLICY DRIVERS

The basic issues conditioning spatial development, or the forces influencing the future, are an important element of the analysis in a number of ESPON projects. These factors are often called drivers or driving forces and can be grouped according to a number of aspects.

One possibility of approaching these issues is a more system-theoretical one,[3] assuming that urban development policies form a system. Accordingly, there are a number of policy inherent drivers (i.e. national and European policies addressing urban areas) as well as a set of values lying behind those policies. These are considered *endogenous components*. In addition there are a number of exogenous elements, such as overall trends influencing urban development in Europe and Zeigeist shaping our perception of these trends. Thirdly, there are a number of overarching aspects addressing e.g. the relation between endogenous and exogenous components, as well as the resistance to change or unexpected events with major effects.

5.1 Endogenous components

Drivers within the existing system of spatial policies, are considered as endogenous components. These are predominantly policies in the field of urban development and Structural Funds, as well underlying values and norms.

5.1.1 Urban development policies

These are concrete intentions and their ensuring action, as e.g. the various policy sectors studies under the framework of ESPON. Generally, some of these contribute to the eventual goals (territorial cohesion/polycentric development), while others may have unintended consequences, and militate against accomplishment of these goals. Basically, the work on territorial impacts or effects of policies carried out under strand two of the ESPON programme should identify drivers of this type. In the case of urban policies, these endogenous components are basically, the Urban Framework for Action at EU level and the national urban policies. As regards the use of Structural Funds for urban development, certainly also their aims and regulations are considered endogenous drivers.

In the Third Interim Report, a review of European documents as well as national documents of European relevance in the area of urban development were presented. This illustrated that urban policies range from aspects of urban systems to very local urban issues. In the last section proposals are made concerning possible foci when it comes to urban drivers and their relationships with the Structural Funds.

Urban areas and urban policies in European countries

[3] This approach is inspired by a publication by Dennis List (2004) 'Multiple pasts, converging presents, and alternative futures', FUTURES 36 (2004) 23-43.

Today, the majority of EU citizens live and work in urban areas, and the EU is one of the most urbanised areas in the world. There are approximately 170 cities with more than 200,000 inhabitant and 32 cities with more than a million inhabitants (Berg et al, 1998) However, urbanisation is understood differently in each EU Member State: whereas in Sweden, a population centre is defined as built-up area with 200 inhabitants and a maximum of 200 meters between the houses, in Germany, there are at least 10,000 inhabitants needed for an urban designation. If the degree of urbanisation is judged by the proportion of population living in (large) towns, the conclusion is that Europe contains strongly urbanised countries (such as Belgium, Denmark, Germany, the Netherlands and the UK), slightly urbanised ones (Austria, Finland and Sweden) and a number of countries occupying a position in-between the two extremes (France, Italy and Luxembourg). How much various possible definitions of urbanisation differ is simply illustrated by the fact that e.g. Sweden has an 'urbanisation degree' of 55 percent according to United Nations and 84 percent according to national statistics.

There is a general recognition that urban areas/regions do not exist in isolation from wider forces originating in national, European and global spheres. This also comprises the fact that urban agglomerations are seen as motors of development in Europe. At the same time, fundamental changes in the economy, technology, demography and politics are reshaping the environment in the towns and cities in Europe. The environment of towns and cities becomes increasingly competitive and complex and they need to anticipate and respond quickly to opportunities and threats that influence their position on the national, European and global arena (Berg *et al*,1998: 426).

Table 17.1 Spatial pattern and urbanization

	Degree of urbanization	Balanced urban system	Primary city	Stage of urbanization	Urban problem areas	Cities >100,000	Metropolises >1 million	National population
Austria	low	no	yes	suburbanization	inner cores	6	1	7.8
Belgium	high	yes	no	sub/deurbanization	inner cores	8	2	10.0
Denmark	high	no	yes	suburbanization	inner cores	4	1	5.2
Finland	low	no	yes	urbanization	inner cores	6	1	5.0
France	average	no	yes	suburbanization	suburbs	46	3	58.0
Germany (west)	high	yes	no	sub/reurbanization	inner cores	83	8	81.3
Germany (east)				sub/deurbanization				
Greece	average	no	yes	urb/suburbanization	mixed	6	1	10.3
Ireland	low	no	yes	urb/suburbanization	mixed	3	1	3.6
Italy (north)	average	yes	no	sub/deurbanization	mixed	46	4	57.9
Italy (south)				urb/suburbanization				
Luxembourg	high	–	yes	suburbanization	suburbs	0	–	0.4
Netherlands	high	yes	no	sub/reurbanization	inner cores	23	2	15.5
Portugal	low	no	yes	urb/suburbanization	mixed	5	1	9.3
Spain	average	yes	no	suburbanization	mixed	48	3	39.3
Sweden	low	no	yes	urb/suburbanization	mixed	11	1	8.9
United Kingdom	high	yes	yes	sub/deurbanization	inner cores	57 *	7	58.1
EU total						352	36	370.6

* Eurocities documentation, Barcelona, 1989.

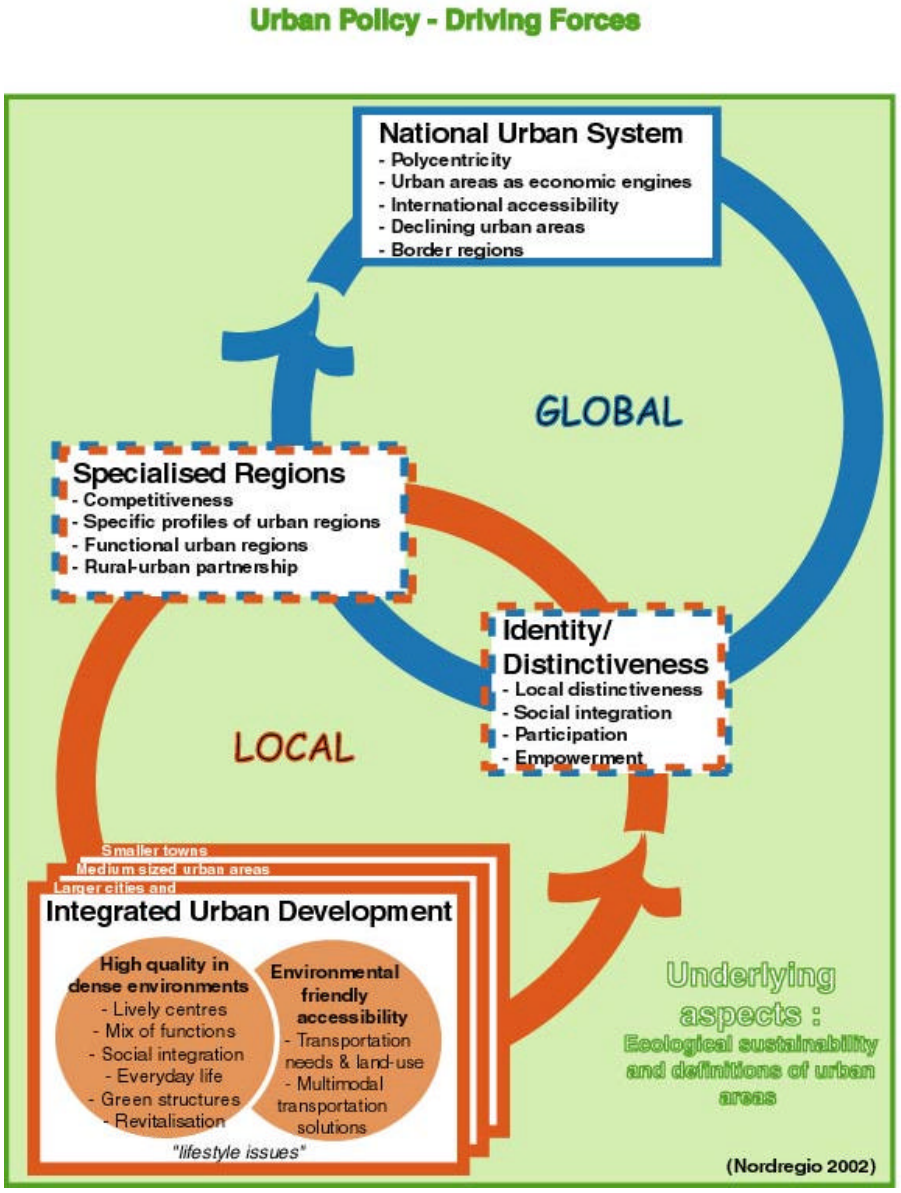
(Source: Berg et al 1998)

Each of the national governments in the EU tailors its policy initiatives to the specific circumstances in its country. It is significant that nowhere in the EU is a ministry

exclusively occupied with urban areas and their development. There is, however, a number of countries, where urban policy plays a role in domestic polices, e.g. in *the Netherlands*, which has a State Secretary for Major-City Polices under the Ministry of Interior, or *Finland* where urban policy is part of the regional policy carried out by the Ministry of Interior. In other countries, e.g. *Denmark*, the Ministry of the Environment is responsible for urban questions. In many countries urban policy has no strong stand in the political system. However, in most countries, the Ministers of Housing, Spatial Planning, Transport, Social Affairs, Employment, Economic Affairs etc. have an influence on cities and their development, mostly through sectoral policies which are not explicitly oriented towards urban areas. The division of tasks among these ministries is organised differently in each country.

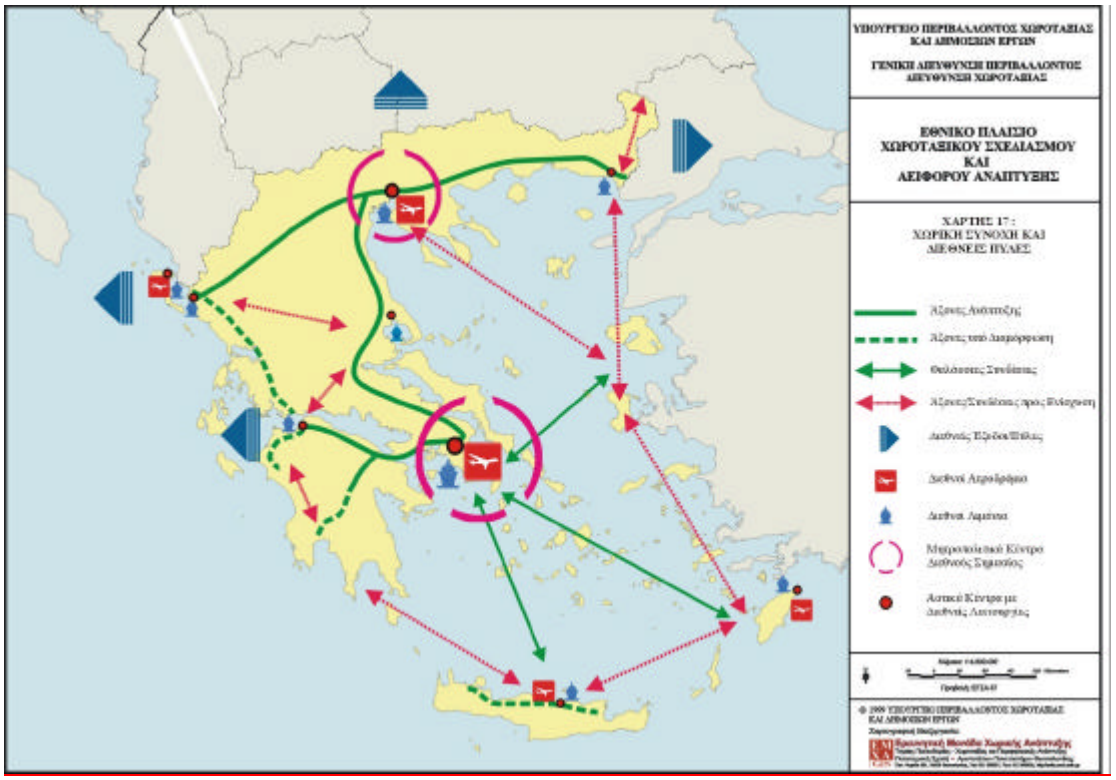
Regarding the issues addressed in relation to urban policies, two major fields can be identified (i) socio-economic problems of town as well as metropolitan problems, and (ii) balanced or polycentric development focusing on the position and role of cities or towns in the regional and national spatial organisation pattern. This division corresponds largely to the division of urban policies approaches aiming at cohesion respectively such aiming at strengthening competitiveness.

A closer analysis of the aspects addressed in urban policies allows a division into four categories. Apart form illustrating respectively grouping the different aspects of urban policies it shows also how urban policies aiming and cohesion and those aiming at competitiveness are inter-related.



(Source: Nordregio 2002)

Starting with the issue of **strengthening competitiveness**, a recent credo in the field of spatial policies is that balanced development, i.e. utilisation of all parts of a territory, is an important factor for strengthening economic competitiveness. Balanced development is in turn often related to the idea of **polycentric development**. Indeed, this is reflected in a wide range of national urban policies, although wording and framing of this idea may differ. In countries following this aim, urban policy is also seen as policy focusing on the national urban system. A number of countries with strongly monocentric urban patterns make special provisions for their capital cites, normally the largest urban area, both in terms of its economic and social links with the rest of the country, but also in terms of its unique range of problems related to it. For instance in Spain, are the significant differences between large urban areas (Madrid and Barcelona) and the rest of the country considered an important policy issue. Also Finland can be mentioned as an example of this more diversified approach to urban policy.

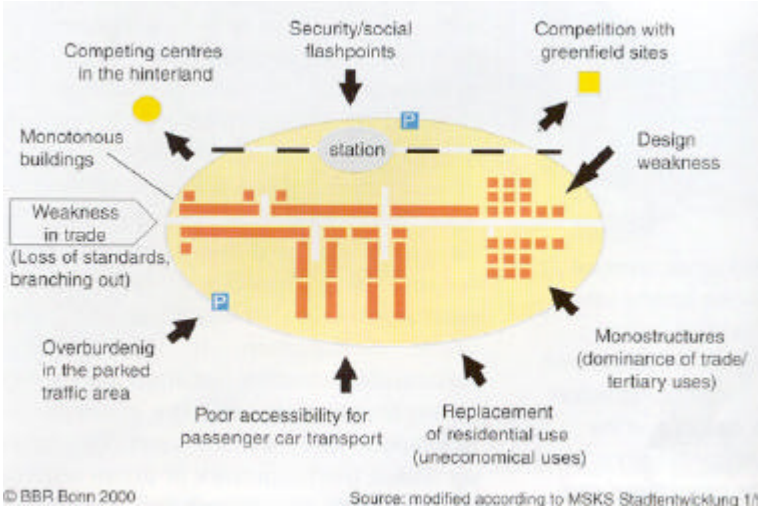


(Source: Greece – Spatial Cohesion and International Gates)

Closely related to the aspect of national urban systems is the aspect of **functional urban regions**. Here, the focus is often on cities or functional urban regions as motors of economic growth. A wide range of European countries reflect this aspect in their urban policies. The idea of cities as centres of economic growth is framed differently in these countries, e.g. the Netherlands and Austria focus on international competitiveness whereas the Nordic countries take a more general approach seeing cities as motors for development. A similar approach can be seen in the UK focusing especially on building up economic clusters. A further aspect is question of international accessibility as precondition of economic growth. This is e.g. emphasised by Greece or the Netherlands. In addition to the clear cut approaches to functional urban regions or cities as economic centres also aspect such as industrial centres in change or in decline are an issue in urban policies, not at least in Belgium, Luxemburg and Greece. In terms of functional urban regions also aspects of networks between cities and town (Greece, Switzerland) and rural-urban partnership at regional level (UK, Sweden) are comprised under urban policies.

One aspect which is strongly related to the performance of functional urban regions, namely **distinctness and social aspects forming the identity** of such a region are not so often explicitly stressed in urban policies. To a certain extend these may be comprised under governance, empowerment and partnership principles put forward in urban policies. In this review, however, this aspect has only rarely been identified in

urban policies. However, there are number of examples addressing the issue of identity, e.g. on of the three general goals outlined in the Slovenian Spatial Development Concept is the preservation of the identity of spatial structure.



(Source: BBR 2000)

The fourth aspect of urban policies centres on **inner-urban areas and disparities within cities**. Not surprisingly this is the aspect stressed mostly in the various documents. Urban policy focusing on socio-economic aspects or urban quality of life can be found, e.g. France. This category of policy responses to urban affairs deals mainly with issues as unemployment, integration of minorities and asylum seekers in the urban society, as well as urban security. Increasingly, environmental and cultural (heritage) topics are entering this field as well. In more urbanised countries – e.g. Denmark, the Netherlands, Germany, Luxembourg, Finland and Sweden - the value of the environment rises and environmental policies point out the need for high standards for new infrastructure in urban areas. Any attempt to categorise features addressed in urban policies focusing on the situation within urban areas faces difficulties because of the broad variety of aspects and differences in formulating these aspects in the various countries. Anyway, it has been tried to set up a tentative list of such aspects:

On the one hand there are a number of countries addressing social cohesion at local level. This covers issues of segregation, social integration or **social cohesion at local level** (Austria, France, Greece, Italy) as well as more explicit aspects such as social infrastructure (the Netherlands) or pockets of deprivation (Belgium). Also aspects related to the housing are to be found here, such as need for housing (Ireland, UK), renewal and further development of large housing estate (Germany) or the need for competitiveness of the housing market (the Netherlands).

Strongly relate to the social aspects are aspects of strengthening **economic cohesion at local level**. In this spectrum the focus is on what has been formulated as "linking needs and opportunities – **ensuring that local communities are able to benefit from economic growth**" (UK). In the same

line are policies addressing employment and training (Ireland, the Netherlands) or economic revitalisation (France).

Another large field of urban policies concentrates directly on the urban infrastructure and land-use management. Main features are **urban renewal or regeneration** (Ireland, UK), reactivation of inner-city brownfields (Germany), development of harbour and old industrial areas (Denmark), attractiveness of urban centres (Finland), sustainable restructuring of declining districts (the Netherlands) or quality of life in urban areas partly focusing on attractiveness and partly stressing the issue of safety (Denmark, Finland, the Netherlands, Switzerland).

(Source: Norwegian Ministry of the Environment 2002)

In addition aspects of **transportation** (Austria, Denmark, Finland, Greece, Ireland, Norway, Switzerland), especially as regards efficient urban transportation systems and environmentally friendly transportation solutions, and aspects addressing the environment and **sustainable development** (Denmark, Finland France, Greece, Norway, Portugal) are to be found in various countries. A more concrete example of an environmental approach to integrated urban development is the Portuguese Programme of Urban Rehabilitation and environmental improvement of cities (POLIS).

Furthermore, **sub-urbanisation** is an issue in a number of countries, especially Belgium and Ireland, as well as **decline in urban population** (Belgium) and attracting **private investors** (UK).

This illustrates the wide range of issues addressed by urban policies in European countries reaching from economic competitiveness to social cohesion at local level and urban regeneration projects. It has however, to be kept in mind that the issues here are just spotlights representing different aspects to considered when discussing urban areas. This is by far no concluding list and also the countries mentioned are just examples. Most issues are addressed by more countries.

European Level Issues

In addition to the urban policies at national level, there are also activities at European level addressing urban areas. Among these are e.g. Urban Framework for Action (UFA), the European Spatial Development Perspective (ESDP), the Urban Initiative, the Urban Audit, the Community Initiative URBAN or the Structural Funds Guidelines.

Through these as well as a number of other activities at European level aspects shimmer through which are considered important when it comes to urban areas. Aspects stemming from the European debate can be roughly divided into four categories.

Coming very much from the debate on the European Spatial Development Perspective the issues of **balanced polycentric urban systems** is stressed. This involves also issues such as rural-urban relationships and the role of small and medium sized cities.

A related feature is **functional regions** as engines for development. Strengthening economic prosperity and development is not just an aim expressed in the Urban Framework for Action. Also other key documents discuss cities and functional regions as engines for economic development. Partly this is related to the question of accessibility or rural-urban partnership at regional level. The majority of documents focuses on development aspects, but to a certain extend also this is also addressed in terms of economic cohesion focusing on less favoured areas. This includes Objective 1 and 2 areas as well as urban industrial areas.

A rather broad issue is related to urban development and **disparities within individual cities**. The aspects covered by this issue reach from environment and cultural heritage over social integration and regeneration of urban areas to transportation in urban areas. To a large extend the same variety of aspects is reflected as discussed earlier under the heading of inner-urban areas in national urban policies. As e.g. the URBAN II selection criteria for supporting urban

Criteria for supporting urban areas (URBAN II)

- High level of long-term unemployment
- Low level of economic activity
- High level of poverty and exclusion
- Specific need for conversion, due to local economic and social difficulties
- High number of immigrants, ethnic and minority groups or refugees
- Low level of education, significant skills deficiencies and high drop-out rates from school
- Precarious demographic trends
- Particular rundown environment

areas reflect, there is a rather strong emphasis on cohesion perspectives when it comes to inner cities and disparities within cities. This stands in contrast to the aspects of polycentric development and function regions, discussed above, where economic competitiveness and growth are in the focus.

Finally, at European level the aspect of **governance and local empowerment** is stressed in various documents. Indeed, partnership and involvement of the urban population appear at European level to be worth more words than in many national documents.

However, in large the discussion of urban issues at European level confirms the set of issues identified at in the national documents.

A study conducted by the European Policies Research Centre (EPRC) and Nordregio investigated the inclusion of urban aspects in Structural Funds Programmes of the recent period. The focus was mainly on Objective 1 and 2 Programmes and the inclusion of aspects addressed in the Urban Framework for Action (UFA). This overall conclusion is that the policy aims put forward in the UFA are considered to varying extend in the programming documents. In Objective 1 programmes the inclusion of urban issues is in general rather low where as in Objective 2 programmes the policy aim on "strengthening economic prosperous and employment in towns and cities" and the aim on "protecting and improving the urban environment" show a certain predominance in relation to other urban issues addressed.

5.1.2 Normative ideas behind urban policies

Each system, respectively its members have concrete beliefs, expectations, and hopes about the future. "As the future (in one sense) reside nowhere but inside people's heads, its perception can be influenced by beliefs and values." (List 2004:27). Within the framework of ESPON, broadly those beliefs are the principles laid down in the ESDP. Given a wider understanding of spatial policies also the norms of other sector policies, are to be considered as values and norms. These are not necessarily conform with the ESDP values and lead to a number of discussion e.g. on the hardly questioned belief in polycentric development as something positive.

Drawing on the review of urban policies presented in the Third Interim Report, one may argue, that the normative aspect of the Structural Funds lies in the field of regional economic development, whereas the values and ideas behind urban policies are widely spread over a range of values reaching from economic development, to social justice and environmental protection. With regard to the spatial policy aims outlined in the ESDP, a number of aspects can be highlighted in the field of urban policies:

Firstly it appears that balanced polycentric development is an overall issue one should consider in one way or the other. This can easily be related to an overall focus in

urban areas and their potentials for economic **competitiveness** respectively for acting as economic engines. Such an approach following a rather obvious economic **growth** paradigm could also include the issue of accessibility.

Secondly, among others stemming from the European cohesion policy, another important issue are **economic and social cohesion** in urban areas. This focus could address the question of urban areas in decline, urban revitalisation/regeneration and urban challenges related to disparities within cities in general.

Thirdly, there would be the option of a rather clear-cut **integrated urban development** approach, emphasising on inner-urban questions and developments. This approach would very much draw on aspects discussed under the heading of national urban policies centring on inner-urban areas and disparities within cities. Especially issues as urban renewal, transportation in urban areas and environment in urban areas would be on stake here.

Both the second and the third approach are easily to be connected with what might be considered a fourth approach aiming at **governance issues**. This approach would include issues in the fields of integration, public participation and empowerment.
Certainly, these approaches are not mutually exclusive and a combination of them will be needed. It seems however worthwhile spending some thought on the issue whether the focus tends rather on issues of economic growth and competitiveness or on social and economic cohesion or on what might be described as the "planners approach" focusing mainly on inner urban development in general.

5.2 Exogenous components

Drivers that are beyond the control of the spatial policy system are considered as exogenous components. Here two types of driving forces can be distinguished:

5.2.1 Trends influencing urban development in Europe

Generally, these are broad social, environmental, economic or spatial trends, produces by forces outside the control of the entity whose future is being determined. This includes both established and newly emerging trends within the various sectors and broader MEGA trends.
As identified in the 2nd interim report, the main types of European level drivers of relevance for this study include:

- Economic drivers (globalization of trade, structural economic change, the growth of the 'knowledge economy', inward investment trends and business location decisions)
- Leisure and tourism drivers (increased leisure time and the development of tourism as an expanding area of industry)
- Education and skills drivers (Flexible work arrangements, i.e. working from home, flexible hours etc.; The quality of working environment, e.g. access to shopping, leisure, banking and other social infrastructure); Business location

in an area of quality skill base, e.g. enabling access to the 'largest pool of talent'; increased use of ICT and increased use of contracting)

- Science and technology drivers (ICT in general and greater application of science and technology in particular,
- Demographic drivers (e.g. ageing workforce, migration) (Second Interim Report, 77-79)

Many of these are in fact global drivers (economic drivers in particular), though undoubtedly and by extension also European. Many of the drivers could also be (or indeed have been) labelled 'mega trends' and thus their European manifestations are a sub-level (or meso level) of macro processes and trends. What is also typical to them is the fact that they have potential for both opportunities and threats, depending on how they are addressed and which measures are implemented in order to deal with them.

The distribution of these factors between the different case studies seems quite similar, i.e. the same drivers appear in most case studies as the most important, though it should also be noted here that the case study analysis data collected here was not exclusive or relative, i.e. all case study sheets could 'tick' as many of the drivers as they saw fit and there was no ranking order or comparative quantitative assessment done in this respect. The first assessment of centrality for any one driver thus becomes a simple question of whether or not it is in fact addressed in any of the Structural Funds interventions undertaken in the case study region in question, whilst the second step of analysis is a qualitative assessment of its centrality and operationalisation, i.e. possible examples of measures targeting or being influenced by the driver in question.

The first assessment thus includes the share of case study regions where this driver is considered of relevance and where it is addressed in the form of some measures within the programmes implemented. It should be noted here that the share is simply indicative and an alternative way would have been to calculate the share of funding targeting measures in this area, which was not available here. The picture provided gives however a relatively good overview of the themes addressed in the case study regions and at times also provides concrete examples of the types of measures implemented. Here the most central of the drivers seem to be globalization of trade and shift towards a knowledge economy, each addressed in 58% of the case studies reported. Increased migration is addressed in some way in 54% of the case studies reported. Greater application of science and technology, as well as IT and increased leisure time and tourism each reach a 50% share. Service economy is addressed in 46% of the case studies, whilst ageing workforce is addressed in only 38% (it is identified as a relevant trend in slightly larger share of case studies, but not always one that is addressed in concrete measures).

How **is globalization of trade** then addressed in SF measures in the case study regions and how close and explicit does this connection seem to be? It perhaps comes as no surprise that the connection is at best incidental and implicit. In some case the whole programme or SF intervention is geared towards this theme of the strategy as a

whole seeks to be based on responding to the challenges of global competition (in particular in the case of Trollhättan, where measures to support the diversifying of the economic base through supporting SMEs and diversification of industrial base have been the single most important objective of SF support in the region). In many cases it is the improvement of logistics and infrastructure projects such as ports and other means of strengthening the existing transport nodes that emerge as main types of measures and projects that are likely to impact upon the regional accessibility internally and externally that emerge as central here (e.g. Le Havre, Marseilles, Genoa) and in some cases the measures targeted here include more intangible forms of knowledge infrastructure (in some cases these could have been reported in different categories as well, e.g. ICT infrastructure and e-learning emerge as aspects of global trade here in the case of Swansea). Support to innovation and business development, as well as internal investments are also reported here, e.g. in the cases of Naples, Sheffield, Swansea.

There is quite a lot of overlap between the different priorities and measures addresses under the different headings and a whole range of interventions could have been reported under a heading such as **the growth of the knowledge economy** or **shift towards the service economy** for instance. The headings are in most cases however reported in the same pattern as in the original reports.

In some cases the **shift towards the service economy** has been used as a comprehensive core of the whole local (or regional) strategy, such as in the case of Dortmund, where the most central strategic element of the SF interventions has been to advance the socio-economic position of the city within this context. In many other cases there are more instrumental attempts at developing start-ups and more dynamic activities within the service sector (e.g. Halle, Magdeburg, Kozani) or attempts at developing a more business-friendly environment that could foster more dynamic business activity within the new service sector (e.g. Lahti, where 'age business' is developed as such a growth areas, or Sheffield and Swansea where financial and business services are developed together as key sectors of the local development strategy).

The **growth of the knowledge economy** does not differ that much from the themes and project examples mentioned above, as the main types of activities range from addressing the needs of the SMEs in innovation activities (Trollhättan or Lahti for instance) to the promotion of start-ups (e.g. Magdeburg) and the promotion of the information society and research through university and research centres or similar (e.g Patras, Genova, Enschede). In some (minority) cases the needs of the citizens are also addressed here, as is for instance the case in Trollhättan, where the *inhabitants/citizens* are the target group of measures seeking to make them more able to compete and fit into the demands of the knowledge economy.

Interventions addressing **greater application of science and technology** include almost solely positive opportunities, such as telecommunications projects, project seeking to integrate educational institutions and the business community for instance

through the **Regional Innovation Systems** (RIS) initiative (e.g. Kozani, Patras and Joensuu), hardware and software support for small companies (e.g. Swansea). Only in very few cases is the development within this theme seen as a potential threat (Graz – social exclusion, Enschede – low demand for unskilled laborers as a consequence of a shift towards more science and technology intensive activities, Lahti – the dominance of smokestack industries). It is at times difficult to differentiate between this theme and that of 'increasing use of IT' (some projects and measures referred to as examples are in fact the same). Though IT is usually seen on the strategic level as a factor for economic growth and competitiveness (e.g. Graz), in some cases the fact that the region has *not* invested particularly in this area is also seen as an advantage (e.g. Lahti, where the fact that in a country where everyone wants to profile oneself as a 'IT region', it may be wise to profile oneself as something else, i.e. in this case as an 'environment' and 'design region').

Another related themes is that of **increasingly flexible working patterns**, where both individual and organizational resources are addressed, i.e. issues such as mobilization of entrepreneurial resources and job creation mentality (e.g. Dortmund) or developing education and skills for more flexible working environments (e.g. Kozani, Patras, Genova, Trollhättan). Also gender mainstreaming is referred to in this context (Dortmund).

Measures included under the heading of **'increasing leisure and tourism'** typically seek to improve the visibility and image of the FUA in question externally and to attract more tourists in the region. This is the case for instance in Marseilles, Dortmund and Halle. In some case this is the core of the regional strategy, as in the case of Dublin, where whole a whole range of projects have been planned and developed, based around the theme of leisure, including sports and youth centres. Such examples include the Temple Bar re-development, which was subsequently praised as a major success in the evaluation of the URBAN I programme or Finglas, Ireland which also received funding to develop a tourism strategy to improve co-ordination between tourism organisations and business.

Ageing workforce was addressed basically in two alternative ways: either as an opportunity as the ageing workforce provides an interesting and wealthy target group for marketing and housing policy (e.g. Enschede, where construction of houses at the 'upper end of the market' was referred to) or as a threat that is addressed by training measures in order to ensure that the workforce is available as long as possible rather than becoming a burden on the social and welfare system (e.g. Graz and Le Havre). Only in one case was there an attempt in addressing this issue in a more holistic fashion, as a genuine resource or business opportunity (in the case of Lahti, where 'age business' has been developed both within ESF and ERDF and national regional programming context).

Finally the second of the demographic drivers, i.e. **increased migration** is, whilst acknowledged in most programmes (over 50%), still quite rarely addressed in the form of concrete measures or projects (in only 35%). In most cases migration is seen

as an issue that needs to be tackled because of its impacts for the employment situation (new jobs need to be created to incorporate the flow of in-migration). This is the case in Genova or Naples for instance. In some case the risks of migration (crime and social exclusion) were addressed (e.g. Enschede, whilst in other cases the need to attract. Finally, in some cases the need to develop regional attractiveness in order to attract more in-migration and to maintain the current population and tame the tide of out-migration were addressed instead (e.g. Trollhättan and Lahti).

In the table below we have identified those drivers that are addressed in the case study regions (according to the report), as well as identifying the gaps that exists in addressing particular drivers. At the same time one needs to bear in mind that this information is based on the case study report and necessarily also based on the interpretation of the national experts of the programming documents, evaluation, interviews and other data available and therefore the picture may not always reflect the actual Structural Funds project portfolios or their financial allocations in these regions.

In the table X marks an explicit inclusion or consideration of the driver in question in the programme priorities and measures, as well as projects, (x) marks a situation where the driver is relevant as a context indicator, but is not addressed in the programme measures in an explicit way.

Driver/Region	Bilbao	Barcelona	Graz	Le Havre	Marseille	Dortmund	Halle	Kozani	Patras	Magde-burg
Ageing workforce	-	-	X	X	-	X	X	-	-	-
Globalisation of trade	X	X	X	X	-	X	X	X	X	X
Greater application of science and technology	-	X	X	X	-	X	-	X	X	X
Increasing migration	-	-	X	-	-	X	X	-	-	X
Flexible working patterns	X	X	X	-	-	X	X	X	X	-
Increasing leisure time and tourism	-	X	-	-	X	X	X	X	X	-
IT	-	X	X	X	X	X	-	-	-	X
Service economy	X	X	-	-	-	X	X	X	X	X
Knowledge economy	X	X	X	X	X	X	X	-	X	X

Driver/Region	Dublin	Naples	Genova	Enschede	Lahti	Aarhus	Joensuu	Trollhättan	Sheffield	Swansea	Charleroi	Porto
Ageing workforce	.-	-	X	X	X	-	X	-	-	-	-	(x)
Globalisation of trade	-	X	X	X	X	-	X	X	X	X	-	(x)
Greater application of science and technology	-	-	X	X	X	-	X	X	X	X	-	X
Increasing migration	-	(x)	X	X	X	-	X	X	-	-	-	-
Flexible working patterns	-	X	X	X	X	-	-	-	-	-	-	-
Increasing leisure time and tourism	X	X	X	X	X	X	-	X	-	X	-	X
IT	X	X	X	X	X	X	X	X	-	X	-	X
Service economy	-	X	X	X	X	-	-	-	X	X	-	(x)
Knowledge economy	X	-	X	X	X	X	-	X	X	X	-	X

To conclude on the centrality of different types of drivers (both endogenous and exogenous), the case study material confirms the general observation that the development of skills and expertise, as well as economic development (e.g. support for the SMEs and innovation) are in most case dominant concerns addressed through the SF interventions in these urban regions. Shift towards knowledge economy and globalisation of trade are perceived as relevant drivers in almost all case studies. The second highest rated drivers are also related to the previous themes, i.e. Information Technology and greater application of science and technology are addressed in all but a few case study urban areas. Least attention is paid to ageing workforce, increasing migration and flexible working patters, which may partly be explainable by societal trends in the urban regions as compared to their rural counterparts. This may explain at least the relative absence of ageing workforce as a driver, as the rural areas tend to be on the whole more prone to problems of rising share of ageing population. The relative absence of flexible working patters may be surprising in this regards, as previous studies have indicated that whilst the need to find effective ways of addressing this trend and creating applications and models for more flexible working patters may be more pressing in the rural areas, it is the urban areas that in reality have more effective solutions and practices in this area and flexible working patters are more likely to be found in the urban areas (partly due to the economic and professional structure of the areas). The low ranking of increasing migration is quite surprising however, as it is more often the urban areas that have a higher than average level of immigrant population. The explanation cannot fully be given based on the data available in the case study reports, though it seems that there may be two types of

explanations at play here: (1) the increased migration is in most cases confounded with the regional attempts to promote the attractiveness of the region in question and as such a more implicit concern; and (2) many priorities and measures that address the needs brought about by increased migration may not always be explicitly labelled as such, i.e. training and education programmes, as well as measures targeting social exclusion are first and foremost outlined as universal themes and only on a secondary level do they address the types of groups that the are the intended target groups (again being a question of implicit inclusion). . Whilst raising questions as to the interpretation of these general themes in each of the case study regions, this picture is in line with the observations made elsewhere in this report as to the types of themes addressed in the priorities and measures, as the economic concerns of making the region attractive and economically dynamic are primary and the more socially outlined concerns and goals are only secondary.

6 SPATIAL EFFECTS

After having identified a number of issues where Structural Funds consider urban areas, their spatial effects need to be discussed. Given the focus on territorial cohesion and polycentric development, the effects Structural Funds in urban areas on the main element (morphology, functional specialisation, accessibility and co-operation) need to be discussed for each of the three geographical levels (*micro, meso, macro*). The methodology of analysing the types of activities is presented in the table below, with more detailed and concrete examples from the urban areas detailed further in the sub-sectors below.

	MICRO: regional level i.e. effects within the case study region	**MESO:** national, trans-national level i.e. effects regarding the status of the region in a wider context	**MACRO:** European, international i.e. effects regarding the status of the region in a wider context
Morphology, distribution of population (e.g. increase, concentration, spreading of population as important element for the critical mass for polycentric development)			
Functional/economic specialisation (e.g. strengthening of existing profile or division of labour between various places, development of new profile/niche leading to increased competitiveness)			
Connectivity/accessibility/transport (e.g. improvement of links, removal of bottlenecks, development of hub-functions)			
Strengthening of international co-operation (e.g. co-operations between public sector agents, private business co-operations)			

(Grille developed for the analysis of polycentric development in ESPON 2.2.1)

Furthermore, given the focus of this particular project, the main interest is actually on the micro level. The following debate will accordingly try to concentrate on the elements at the micro level.

Before discussing morphology, functional specialisation, connectivity and co-operation in further detail, we would like to highlight a general observation made in the Greek case studies.

> "More generally Structural Funds have changed urban areas in Greece in the overcoming of apparently insurmountable problems (environmental, circulatory, industrial decline) and thus contributed to the improvement of the quality of life. It is not so much the question of increased financing that was allocated as the legitimisation of the relevant issues as priorities of development planning. In these issues local authorities retain a major role in the decision making process."

Unfortunately, such more indirect effects of Structural Funds cannot be systematically addressed in this study. Thus the following discussion focuses on the more direct contributions to the main element of polycentric development.

6.1 Morphology

The **concentration** of population or activities in certain areas, was not directly targeted at any geographical level. However, at micro level, i.e. within a functional urban area, it can be argued that the issue of **segregation and social cohesion** belongs into this section as it addresses the morphological aspects of the social division within an urban area. Accepting this, in most of the case studies it can be said that Structural Funds have been used to support the morphological dimension of territorial cohesion or polycentric development. Furthermore, in a number of cases Structural Funds have been used to increase the **attractiveness** of areas through good planning and targeted greening and for **re-utilisation for old industrial** or former military sites.

6.1.1 Concentration of functions

When it comes to the question of Structural Funds related to the allocation of activities in urban areas, two main aspects can be distinguished. On the one hand, Structural Funds can be used for the development of certain types of clusters in parts of an urban area, i.e. for the purpose of concentration of activities as e.g. in Charleroi. On the other hand, Structural Funds can be used to more generally address the issue of urban sprawl as e.g. in Le Havre, Magdeburg of Sheffield to mention only some of the cases.

In Charleroi for example, the creation of a new high-tech cluster has been concentrated around the city airport, in the new industrial park. Furthermore, the rehabilitation of old industrial sites and the establishment of a multimodal platform have been concentrated in the area of Montignies-sur-Sambres. Both areas are situated in the periphery of the city. Therefore, in some way these projects have contributed to

urban sprawl or de-concentration of economic activities in areas outside the core urban area .

In Le Havre Structural Funds interventions, mostly Objective 2 and URBAN, have addressed the uncontrolled growth of urban areas by supporting measures aiming at reorganising the urban planning. Various interventions have focussed in improving service roads, making easier the use of urban space for residents, and more. In this respect, Structural Funds interventions have targeted directly urban sprawl.

Targeted spatial planning instead of uncontrolled development and urban sprawl, have also been addressed by Structural Funds e.g. in Magdeburg and Sheffield. However, in the case of Sheffield, urban sprawl is not mentioned in the detailed rationale for any of the measures, but measures for Developing Sheffield City Centre aim to enhance the attractiveness of the city centre by improving the physical conditions for businesses. This will be realised through activities on physical infrastructure, regeneration, new and re-development. In this context, URBAN allowed a package of measures which covered economic, social and environmental issues.

Similar reasoning regarding the influence of Structural Funds on the inner-urban morphology are presented in the cases of Kozani, Dublin, Genoa, Enschede, Marseilles and Naples.

6.1.2 Local social cohesion challenges

Considering the ESF part of the Structural Funds, it does not come as a surprise that in most case study areas, social segregation has been an issue. In the following we will just illustrate some examples.

In Halle and Magdeburg support given to sport and leisure facilities and environmental infrastructure (recreation opportunities, footpaths, cycle tracks) has contributed to increasing the quality of living in disadvantaged districts and created incentives for the citizen to remain in this area, as well as improved the identification of the inhabitants with their district.

In the case of Graz, fostering social integration of immigrants and unemployed people in society and labour market; new infrastructure and services for elderly and disadvantaged people are issues highlighted in the case study. In particular the URBAN and ELMAS programs directly aim at reduction or at least avoiding further increase of social segregation. The URBAN I and URBAN II areas including those districts where historically high concentration of foreigners and of socially disadvantaged people are living. While the first URBAN I program strongly focus on this issues, in URBAN II more actions against social segregation could be taken. As interventions are limited to these small URBAN/ELMAS areas they only can give some impulses. A more long-term approach embedded in urban policy has to be found. In particular URBAN II sets some measures to open the higher education infrastructure towards a broader audience via training, providing of information etc.

In Aarhus the URBAN programme has increased co-operation across ethnical groups and new partnerships have been created. This is particularly important, as previously the neighbourhoods were divided into many small ethnical communities with relatively little "social" connections between them.

While Dublin has performed very well economically over the last decade or so, pockets of deprivation still exist that are addressed through Structural Fund programmes. The remit of the URBAN I and II programmes was to address socio-economic exclusion in areas of Dublin. URBAN I did so in both the north and south of Dublin and URBAN II is doing so in Ballyfermot. Issues of high unemployment, lone parents, older people living lone, a high percentage of early school leavers and drug-related crime typify all these pockets of deprivation. In particular the URBAN I is said to have achieved 'dramatic' results under the children and youth measures– which were designed to further children's/youth's educational progression (3,600 children/youth involved). It is highly probable that measures under the INTERREG IIIA programme will address issues of social segregation within Dublin as well.

In many case studies, the achievements of the URBAN programmes in the field of social integration have been especially highlighted. The cases of Enschede, Le Havre or Naples illustrate however that also the other funding instruments provide substantial contributions in this field.

In Enschede more people than expected joined the social-economic start-up projects and today the number of welfare recipients has decreased more rapidly within the Objective 2 area in total than within Enschede urban area.

Also in Le Havre Objective 2 and Objective 3 Programmes have tackled the lack of qualifications and the risk of social and economic exclusion of inhabitants. Positive impacts on social and economic integration as a result of measures targeting groups at risk of social exclusion and groups with particular difficulties in the labour market. The promotion of public participation in Structural Funds interventions has also had positive impacts on the social integration in the case study area.

There were very few funds available for training activities in Naples during the previous programming period (1994-1999) With the introduction of the POR many measures were however planned and a strong connection with social issues was written in the regional plan written in accordance with the new legislative reform (Law 328/2000). The problems of poverty and the segregation of particular levels of the population, who live partly in the urban centre and especially in the outskirts of the city and the first ring of municipalities in the province, remained uneffected by the co-financed initiatives using structural funds. With the Pic URBAN a few projects were realized. According to the case study, the regional bureaucracy is closely tied to a traditional conception of training and it is difficult for innovative projects to obtain co-financing.

6.1.3 Local attractiveness and good planning

A little more fussy interpretation would than be that "good" integrated urban planning is part of this, especially when it regards the attractiveness of urban areas, either for attracting new citizen to it or making it more comfortable for those already living there. In this case we find a wide range of activities, the multi-functional re-urbanisation approach in Genoa is maybe one of the more prominent examples, which also included infrastructure for waste collection.

In Aarhus, Dortmund, Halle, Magedeburg, Naples, targeted greenings of recreation areas have been funded trough Structural Funds, which illustrate different types of approaches taken.

Diversification of the existing green areas
In Aarhus, in part of the URBAN programme the aim is to change the recreational usage of green areas and is said to be used for increasing the local supply of recreational and cultural activities, e.g. by influencing new ways of using green areas already in place (one such example will be the construction of a small golf course.) Also the case of Dortmund includes the extension/renewal of green park areas to increase the attractiveness of the city district. This was also the case with Joensuu URBAN programme (1996-1999), where the 'Utra' islands within the programme area (Rantakylä-Utra) was developed for a park area for leisure and tourism use, both for the inhabitants of the area and outside visitors.

Environmental endowment and local Agenda 21
In Naples, the landscape, archaeological and environmental endowments of the area constitute a unique precondition that the POR tries to take advantage of. The local Agenda 21 type procedures are just at the start and they are realized in a very limited and conformist way, the case study report states.

6.1.4 Transformation of areas and re-utilisation of industrial sites

Transformation of areas, can either regard smaller areas in the city often focusing on the creation of leisure and green areas, as e.g. in Halle or Le Havre, or it can regard major old industrial, harbour or military sites, as e.g. in Charleroi, Dortmund, Enschede, Halle, Magdeburg or Trollhättan.

Transformation of smaller areas
In the case of Halle this includes the transformation of a railway station to a park landscape (positive impact on the micro-climate in Halle). In addition sport and recreation facilities have been established in course of the programme. Also in Magdeburg the infrastructure measures created an improved environmental situation and new healthy leisure opportunities. Another example is Le Havre, where old derelict and deprived areas have been re-developed and more environmental uses of urban spaces been made possible as a result of the Structural Fund interventions in the case study area.

Re-utilisation of larger sites

Especially in old industrial areas, Structural Funds have been used for re-utilising of old industrial sites. Clear examples for this are the German case studies Dortmund, Halle and Magdeburg. In Dortmund and Halle re-utilisation of old industrial sites was focused on the provision of attractive locations for the settlement of new companies. In Magdeburg not only the revitalisation of abandoned old industrial but also of former military sites has been addressed. Also in Charleroi, Structural Funds have contributed to the rehabilitation of industrial sites. In Enschede a programme for restructuring the old harbour areas has been set up and also in Trollhättan old derelict industrial areas have been developed for the use for other purposes.

6.2 Functional Specialisation

Considering that a core aim of Structural Funds is the strengthening of economic competitiveness and that further more both diversification and specialisation are popular measures in this field, it does not come as a surprise that functional specialisation is the major areas where Structural Funds contribute to territorial cohesion and polycentric development.

Whereas Genoa, Le Havre, Sheffield, Swansea, and Thanet approach functional specialisation as a more general element in their strategy for increasing economic competitiveness, the cases of Dortmund, Dublin, Graz, Joensuu, Kozani, Patras and Trollhättan illustrate that specialisation can be developed and used for overcoming specific local challenges, strengthening the function of an urban area as economic engine for a region, or even contributing to a more balanced national urban system, thus also addressing polycentricity in its different aspects.

6.2.1 Local competitiveness challenges

When it comes to the strengthening of functional economic specialisation with focus of the local challenges, in particular Dortmund, Dublin, Graz and Kozani can be mentioned.

In Dortmund advancing economic competitiveness formed a core issue of interventions in the productive sector combined with urban revitalisation intentions. Also in Dublin the Structural Funds have provided the opportunity for SMEs to "develop away" from central Dublin where an over-concentration of business has caused problems (including congestion and housing shortages in Greater Dublin). In Graz URBAN II focuses on developing a new technology-oriented business location as a driving force for structural change, which can by extension also promote polycentricity through clearer functional specialisation.

In Kozani, Structural Funds have to a large extent to contribute to the upgrading of the city and the acquisition of a better place in the competition with other cities. This is

considered improving Kozani's chance to also play a greater international role in the wider Balkans (a priority of its strategic plan) rebuilding at the same time some of its older networks. For the time being is, successfully, playing its role as a dynamic regional centre offering new opportunities to all other prefectures in the region.

A similar case is presented in Trollhättan, where two projects have been pointed out as particularly positive i.e. the establishment of a regional resource and production centre for film (Film i Väst) were almost half of all Swedish films have been filmed the last few years, and the activities of Innovatum. (see box on page xx). Indeed, the investment in the film sector positioned Trollhättan successfully on the map of Swedish film industry cities and can thus be considered an important step towards a functional specialisation and establishment of a polycentric node at national level.

6.2.2 Economic engines for wider regions

This leads us to other examples, where Structural Funds focused on the improvement of a functional urban area as economic engine for a wider region. In addition to Kozani, especially Joensuu and Trollhättan could be mentioned here.

In Joensuu polycentric development is a key issue in terms of developing economic growth in the Joensuu municipality and seeing it having an engine role in the whole surrounding region, also through the implementation of Regional Centre Development Programme the awareness of different spatial scales of development and the role of the region in national and European context has improved

In a similar way, in Trollhättan, economic growth will mainly be confined to the urban centre of the municipality, with urban Trollhättan as a focal point. One of the aims set is that the Fyrstad region will be a leading technical and industrial region in Europe. This suggests that authorities in the area are not only looking at finding their place in the regional or national context, but also in the European one. With specialisation, the region will be trying to establish itself as a growth pole within the European polycentric system.

6.2.3 Influencing the national urban system

When it comes to strengthening the position of an urban area within the national urban system, this has explicitly only been addressed in the Greek case studies. Above, we already discussed the case of Kozani, and similar prospective can be seen in Patras.

Here it is considered that the strengthening of Patras will contribute to the overall balance of the Greek urban system that suffers from the primacy of Athens and the dominance of Thessaloniki and the corresponding lack of intermediate size cities. Patras has a role of an economic engine and organizes a wider area of smaller towns and minor settlements.

6.3 Connectivity

Connectivity has been one of the most central points discussed in connection to polycentric development and cohesion policy is recent years (which is visible both within the ESPON framework as well as within Cohesion Report published in February 2004) and both as an issue underlying European level policy of 'convergence' and as a factor in the competitiveness of the individual regions (e.g. CEC 2004). Considering Structural Fund transportation investments in urban areas, the expected focus is on local transport issues such as congestions or public transport measures. Indeed, this has been in particular highlighted in the cases of Dublin, Genoa and Patras. However, most case studies revealed also a wide range of other often more meso level type of activities, focusing on transport infrastructure as an important element for regional economic development. The shift towards more meso level activities in this respect can be considered an important spatial effect of the SF interventions potentially changing the prospects of the urban areas.

6.3.1 Local traffic challenges

Discussion Structural Funds and transportation infrastructure at the level of urban areas, typical examples at micro level would be the underground in Athens and the public transport system in Dublin. Of the case studies e.g. Genoa, Graz, Halle, Magdeburg, Naples, Patras and Swansea illustrate less known examples on the improvement of local transport conditions by Structural Funds, reaching from more integrated transport systems, to specific links between various parts of city, to modernisation of the urban transportation system and large infrastructure investments.

In a number of cases the examples given indicates approaches towards a more **integrated transport** systems at local level, as e.g.:

- In the case studies this aspect has explicitly only been highlighted by Genoa, where the URBAN programme focuses on improvement of local transport by addressing congestions issues, public transport and pedestrians.
- Also in Graz, URBAN includes some basic transport infrastructure as well as the development of alternative mobility concepts and targeted investment in complementary infrastructure addressing the problem of congestion, mobility and transport.
- The Transport Modal Interchange project in Swansea is considered important in terms of improving the transport system, addressing the need for a more integrated transport system

In Halle, Magdeburg and Joensuu, **transport links to between different parts of the city** have been improved in order to combat social segregation.

In Naples, the **modernisation of the urban and metropolitan transportation system** promises considerable renovation of the urban functions with a significant growth in the economy linked to cultural activities and tourism.

Also in Patras the improvement of access via **large infrastructure works** will have significant spatial impacts. First the bypassing of Patras (external peripheral road) will relieve the traffic problems within the city. Second the works for the internal circular road and other local roads will facilitate traffic and lower the time of movements.

6.3.2 Access to surrounding markets

The issue of utilising regional transport infrastructure as a means of improving access to surrounding markets have been addressed in SF interventions implemented in Halle and Naples.

In Halle the improvement of accessibility (physical infrastructure) aims explicitly at connecting the area better to its target markets, with the broader objective of facilitating decentralized economic growth within the functional urban area. In Naples investments in a functional transportation network on a regional level can provide a further stimulus for polycentrism at meso level. This area of intervention was launched at the beginning of 2000 and there are high expectations as to the further impact of projects undertaken within the framework of the POR.

6.3.3 Specific links between urban areas

Links between two specific urban areas or regions have been addressed in the cases of Graz and Lahti as important economic stimulus for the urban areas.

In the case of Graz, the Interreg programme promotes the idea of strengthening the linkages between urban regions of Graz and Maribor in form of a development axes and in order to strengthen agglomeration economies by co-operation, which again should have a positive impact on overall competitiveness of the region.

In Lahti this theme is equally increasingly targeted, also through national policy initiatives such as the Regional Centres Programme for instance, as well as the underlying themes of regional development for Lahti as a whole, where the accessibility and connection to the capital region for instance are in central focus. The aim is to integrate the region into the Helsinki metropolitan region, both functionally and by developing the transport infrastructure (e.g. by investments in the railway Kerava-Lahti).

6.3.4 National and (potentially) global hubs

Furthermore, in a number of cases larger infrastructure investments seek to promote the position of an urban area in the wider national context, as e.g. in Le Havre or Patras. Also in Marseille, several actions for reinforcing the logistic function (port and

airport), logistic platform and investments in SMEs providing services to the port have been addressed.

In Le Havre special support was given to the development of the port infrastructure under the framework of Port 2000 is a key element of the strategy to improve competitiveness and economic prosperity of the port in a wider context. The focus on the port activities and the modernisation of the port infrastructure is expected to have direct effect on the overall economic prosperity of Le Havre in the long term.

In Patras the third Rion-Antirion Bridge, the roads leading to the bridge and the PATHE motorway as well as the upgrading of the port facilities will improve the accessibility of Patras in regional to local, national and international networks.

6.4 (International) Co-operation

As regards the co-operation aspect, international co-operation patterns have not been explicitly addressed in the case studies, partly because those are mainly funded under Interreg IIC respectively IIIB and these programmes have not been taken into account. Also one might have expected the Interreg II/IIIA to be more relevant for urban integration, especially in integrating cross-border urban areas closer together and contributing to improved accessibility, but these are seldom included in the reports.

However, the importance of regional networks and co-operation of urban areas *within one functional region* can be of more relevance. In Trollhättan this was considered to be a focus area, as a large share of the Structural Funds interventions have been targeted at the increased co-operation between the four municipalities in the so-called Fyrstad region. Graz-Maribor has already been mentioned above.

7 CONCLUSIONS ON EFFECTS OF STRUCTURAL FUNDS IN URBAN AREAS

Summing up the discussion on Structural Funds three areas of discussion can be emphasised. Firstly, the contribution of Structural Funds to economic, social and environmental improvements in urban areas, not at least considering the various infrastructure projects. Secondly, the difference between various funding programmes needs to be addressed, especially with relation to effects and amount of funding. Finally, the contribution of Structural Funds to territorial cohesion and polycentric development in relation to urban areas needs to be addressed.

As the Structural Funds are regional economic instruments, the focus of activities is certainly on **economic aspects**, which often do not necessarily target specifically urban issues. Another strong focus is on **physical infrastructure**. As regards infrastructure, the medium sized cities (all case studies are of this type in their respective national context) often use Structural Funds for improving the local transport infrastructure (also of national importance), as well as more generally improving the attractiveness of the physical urban environment. **Social aspects** are also an important when it comes to Structural Funds, especially focusing on social segregation and integration of immigrants and other potentially excluded groups (e.g. unemployed). As regards **environmental issues**, it seems that the statement made in the case study report on Graz is of more general truth, namely that Structural Fund interventions can only provide a partial solution, mainly as an additional input into a larger (national) investment.

Concluding on the urban impact according to types of programmes, we can argue that **Objective 1 and Objective 2** both largely concentrate on promoting economic development and seeking to improve convergence for the regions lagging behind. In very few occasions do the programmes include an explicitly urban dimension, although urban areas do in many cases suffer from the more general problems that Objective 1 and 2 regions have. The case studies draw a very ambivalent picture as to the degree of addressing particularly urban problems here. The focus on human resources allows **Objective 3** to address many questions of particular relevance to urban regions, though not essentially urban as such (e.g. competences, inclusion, combating social problems). The value added of **URBAN** Programmes for urban themes is (unsurprisingly) essential, as the initiative manages to address more local and by definition urban issues, as well as being more in tune with the physical and participatory needs typical for urban regions. Other programmes were not represented in the case study sample to a sufficient degree in order to assess their relevance for urban issues in any detail. Generally the strong focus on URBAN programmes illustrates that even though there is less funding available, it has a stronger urban focus than larger ESF or ERDF programmes. However, one needs to keep in mind the statement made in the Kozani report that *the amount of funding does not seem to be of importance of the agenda setting effect*. The same seems to apply to the other governance effects, as ways of working with urban policy within the national context get increasingly influenced by the methodology of European interventions. This relates to the involvement of local actors. **Local actors** (often local authorities) are

involved in Structural Fund measures regarding urban development, in particular under the framework of URBAN in the field of local planning.

Discussing more directly the different aspect **of territorial cohesion or polycentric development**, we can conclude that Structural Funds have influence on the aspects of morphology, economic profile and accessibility whereas the international co-operation part seems to be rather weak.

Structural Funds have an influence on **the morphology of urban areas**, in particular within the field of segregation and social integration of immigrants, but also more generally regarding the allocation of economic clusters or activities within a city. Also when it comes to green structures and re-vitalisation of areas (e.g. old industrial or military premises, ports and harbour areas) Structural Funds are essential in shaping the morphological status of the urban areas.

Structural Funds can influence the **economic profile of an urban areas**, as illustrated for instance in the case of film industry in Trollhättan. This type of profiling and specialisation involves also activities strengthening the possibilities to become an engine for economic development for a wider region and to a certain extent, Structural Funds can boost a specific function of a city to an extend that the respective national urban system is influenced/changed.

Structural Funds certainly influence the **accessibility and connectivity of an urban area**. Modernisation of local transport systems, integrated transport planning etc. are amongst the most typical interventions and they contribute to an important degree to communication within the urban areas, though also at times to regional access to the hinterland and surrounding market, targeted connections between neighbouring urban areas and hub function to the global market are supported by Structural Funds.

Structural Funds targeting urban areas support only to a limited extent the establishment of closer **international co-operation**, especially outside the Interreg IIC and IIIB contexts. Thus status in the European market competition or global market integration is not directly supported by these interventions that seem to be more introverted in their scope.

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