



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.10.1999
COM(1999) 477 final

Draft
**COMMUNICATION FROM THE COMMISSION
TO THE MEMBER STATES**

laying down guidelines for a Community Initiative concerning economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development

(URBAN)

Draft
COMMUNICATION FROM THE COMMISSION
TO THE MEMBER STATES

laying down guidelines for a Community Initiative concerning economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development

(URBAN)

(99/C.../...)

1. At its meeting on XXX, the Commission of the European Communities decided to establish a Community Initiative concerning economic and social regeneration in urban areas (hereafter called "URBAN") as referred to in Article 20 of Council Regulation (EC) No 1260/1999 (OJ No. L161 of 26th June 1999), hereinafter referred to as the "General Regulation".
2. Under URBAN, Community funding is made available for measures in areas which respect the guidelines laid down in this notice, and which are included in Community Initiative Programmes (CIPs) presented by authorities designated by Member States and approved by the Commission of the European Communities.

I. General objectives and principles

3. Five years on from their initial launch in 1994, programmes funded under the URBAN Community Initiative are beginning to show results. Programme actions are delivering visible improvements in the quality of life in their target areas. These promising achievements show the value of the integrated approach proposed by URBAN to tackle the high concentration of social, environmental and economic problems increasingly present in urban agglomerations. This involves a package of operations that combine the rehabilitation of obsolete infrastructure with economic and labour market actions complemented by measures to combat social exclusion and to upgrade the quality of the environment.
4. During the 1994-99 programming period, URBAN funded programmes in a total of 116 urban areas. The total EC contribution amounted to approximately EUR 900 million at 1999 prices, which resulted in a total eligible investment of EUR 1.8 billion and targeted 3.2 million people throughout Europe. URBAN, therefore, succeeded in mobilising significant funds to targeted areas, averaging around EUR 560 per capita.
5. A further EUR 164 million between 1989 and 1999 supported 59 Urban Pilot Projects (UPPs) within the framework of the innovative actions under the European Regional Development Fund (ERDF). These projects promoted urban innovation as well as experimentation in economic, social and environmental matters on a smaller scale than URBAN, but have produced encouraging results, particularly as regards participative, integrated approaches to urban regeneration.
6. The experience gained from URBAN and the UPPs has fed into the general discussion on urban policy, which has taken place over the last few years. The

g:\nitia\urban\transl guidelines\en.doc

outcome of this discussion was the Commission communication "Sustainable urban development in the European Union: a framework for action" (COM(98) 605 final), which set out the Commission's view of how urban action would be developed in the future.

The framework for action recognises the importance of mainstreaming the urban dimension into Community policies, in particular assistance from the Structural Funds. This requires the introduction of an explicit urban component into regional development programmes. In both Objective 1 regions and Objective 2 areas, this approach means that the various programming documents under the Structural Funds should include integrated packages of operations in the form of integrated urban development measures for the main urban areas in the region. Such measures can make a vital contribution to balanced regional development or conversion as set out in part IIIA ("*Urban development within an integrated regional policy*") of the indicative guidelines (art. 10.3 of the General Regulation) through an integrated territorial approach similar to that developed by URBAN.

Furthermore, the measures supported by the ESF under Objective 3 should promote social cohesion even in those towns and cities not covered by Objectives 1 and 2.

The framework for action also focuses on the need to develop knowledge and exchange experience and good urban practice in relation to economic, social, environmental and governance issues. Improved coordination of the Structural Funds with other Community financial instruments affecting urban areas (e.g. several Key Actions under the Fifth Framework Programme for Research and Technological Development including "The City of Tomorrow and Cultural Heritage"; LIFE; SAVE; and the co-operation framework envisaged by the Commission with a view to facilitating the implementation at local level of Community policy and legislation in the field of the environment) is required.

7. It is essential to ensure that the new Community Initiative offers distinct added value and is complementary to mainstream programmes. This can be achieved by investing the resources of URBAN in the formulation and implementation of especially innovative strategies for sustainable economic and social regeneration promoting pioneering and visible change in a limited number of urban areas throughout Europe. The new URBAN Initiative can also be a bridge between the small scale innovative approaches (such as those that have been piloted under Article 10 Urban Pilot Projects and LIFE) and the incorporation of this integrated, participative approach into the mainstream Structural Funds, and a focus for dissemination and good practice.
8. In this context, the objectives of the new Community Initiative are:
 - a) to promote the formulation and implementation of particularly innovative strategies for sustainable economic and social regeneration of small and medium-sized towns and cities or of distressed urban neighbourhoods in larger cities;
 - b) to enhance and exchange knowledge and experience in relation to sustainable urban regeneration and development in the European Union.

The pursuit of these objectives can facilitate the transition from innovation into the mainstream with the programmes in the urban areas concerned accredited as demonstrative, flagship actions.

9. In order to fulfil these objectives, the urban regeneration strategies (see point 12) must adhere to the following principles:

- Sufficient critical mass of population and associated support structures to facilitate the formulation and implementation of innovative and sustainable urban development programmes and a creative approach to urban governance and sustainable change.
- Strong local partnership to define challenges, strategy, priorities, resource allocation and to implement, monitor and evaluate the strategy. Partnerships should be wide and effective and should be comprised of economic and social partners, NGOs and residents' groupings including those active in the field of the environment and other appropriate bodies as established in Article 8 of the General Regulation.
- Linkage of the strategic plan for the area in question to the economic, social, environmental and physical network and strategies for the wider urban area or region.
- Integration of the economic, social, security, environment and transport aspects, including equality of access to jobs and training opportunities from areas of concentrated exclusion.
- Promotion of equal opportunities between men and women.
- Promotion of the implementation at local level of EU environmental policies and legislation.
- Complementarity with the main forms of assistance ("mainstream") under the Structural Funds and other Community Initiatives or programmes.
- High quality of submissions through competition for selection of fewer, but high profile, programmes.

II. Eligible areas and priorities for action

10. The maximum number of urban areas to be covered under the new Initiative shall be in the order of 50. The population coverage of each urban area shall be at least 10 000.

Each city, town or urban neighbourhood to be supported must present a single problem to be tackled within a coherent geographical area. Each area must also demonstrate the need for economic and social regeneration or a situation of urban crisis using relevant indicators proposed by the Member States and discussed with the Commission. Account must be taken of the specific needs of small and medium-sized towns suffering from significant economic and social difficulties.

11. The urban areas to be supported may be located either within or outside areas eligible for support under Objectives 1 and 2. They shall comply with at least three of the following criteria:
- a high level of long-term unemployment;
 - a low level of economic activity;
 - a high level of poverty and exclusion;
 - a specific need for conversion, due to local economic and social difficulties;
 - a high number of immigrants, ethnic and minority groups, or refugees;
 - a low level of education, significant skills deficiencies and high drop-out rates from school;
 - a high level of criminality and delinquency;
 - precarious demographic trends;
 - a particularly rundown environment.
12. The strategies to be elaborated in the CIPs must maximise the impact and visibility of the selected areas both within Member States and at EU level, and emphasise the distinct role of the proposed action compared to mainstream assistance. They shall refer to the following priorities:
- Mixed-use and environmentally friendly brownfield redevelopment (including the protection and improvement of buildings and open spaces in run-down areas and the preservation of the historic and cultural heritage) involving sustainable employment opportunities, better integration of local communities and ethnic minorities, reintegration of excluded persons, improved security and prevention of delinquency and reduced pressures on greenfield development or urban sprawl.
 - Entrepreneurship and employment pacts including local employment initiatives and employment opportunities linked in particular, to measures for preventing negative environmental impact and for the improvement and protection of the environment, preservation and dissemination of culture and development of alternative care and other services taking account of changing demographic structures. Special attention should be given to ensuring equal opportunities for men and women.
 - The design or visible improvement of education and training pathways for excluded persons, involving inter alia the promotion of multi-agency partnerships.
 - Development of significantly more effective, economically efficient and environmentally friendly integrated public transport systems, provision for cycling and walking and intelligent communications systems leading to a reduction in trips made by motorised private transport.

- Waste minimising and treatment, efficient water management and noise reduction as well as reduction in consumption of hydrocarbon energy sources, through development of efficient energy management systems and renewable energy sources resulting in measurable reduction in CO₂ and other noxious emissions.
- Development of the potential of information society technologies in order to improve the provision of services of public interest for small enterprises and citizens, contributing to social inclusion, economic innovation and regeneration, integrated environmental policies and management, management of human resources and employability, and efficient management of services such as health care, education and training and services of proximity.

In selecting from the above priorities, the strategies are required to demonstrate a commitment to organisational change, participatory governance, empowerment and capacity-building transferable into mainstream practice at local and wider levels.

13. Annex I includes a list of measures that may be funded under this Initiative. The list, which is intended to be illustrative and not exhaustive, comprises a number of types of measures which have been included in the previous URBAN round as well as in the Urban Pilot Projects financed under Article 10 of the previous ERDF Regulation.
14. Each programme shall also include provision to assist the enhancement of knowledge and the exchange and dissemination of experience and good practice with regard to the economic and social regeneration of urban areas and sustainable urban development.
15. In addition, it is necessary to coordinate and enrich this process through the development of a mechanism facilitating the detection and accreditation of innovation and good practice, structured exchanges of experience, monitoring and evaluation (including methods for quantification and the use of appropriate indicators) and lessons emerging from the current Urban Pilot Projects, the Urban Audit, promotion of mainstreaming under Objectives 1 and 2, assessment of urban incidence of other Community policies etc. Up to 2% of total allocated funds (EUR 700 million) shall be allocated to this horizontal activity outside the main URBAN Initiative programmes and shall be managed directly by the Commission.

III. Preparation, presentation and approval of programmes

16. On the basis of indicative financial allocations per Member State, a minimum level of expenditure per inhabitant and a maximum number of urban areas per Member State, established by the Commission (see Chapter V), Member States shall identify areas and break down funding by area using indicators and following a competitive selection procedure discussed in advance with the Commission.

Strategies shall be selected on the basis of their quality, innovation and demonstrable ability to tackle the problems and develop the identified potential for greater urban sustainability and quality of life. The selection shall take into account their capacity to become flagship programmes at national and European levels and to facilitate the dissemination of good practice across each Member State and other parts of Europe.

17. The CIPs shall be drawn up in accordance with the principles, priorities and procedures set out in paragraphs 7 to 14 above by the local authorities responsible for the areas eligible, where appropriate in partnership with the regional and national authorities depending on the institutional structure of each Member State.

Each programme shall target an urban area that demonstrates a high degree of homogeneity regarding the functional characteristics and geography of the area and the type of problems faced. In exceptional cases, which will have to be duly justified, more than one urban area (each with a population of at least 10 000) belonging to the same territorial context could be targeted within one programme.

18. The programmes shall have a content similar to that of the single programming documents described in Article 19(3) of the General Regulation, adapted to meet the needs and circumstances of the sustainable economic and social regeneration of urban areas including:

- *Ex ante* evaluation, as described in Article 41(2), taking particular account of the strengths and weaknesses of the area concerned and the expected impact, including that on the environmental and equal opportunities for men and women.
- An account of the process of programming, including the arrangements made to consult partners.
- A statement of the strategy and priorities for the development of the urban area covered by the programme including: the priorities; the specific objectives, quantified where they lend themselves to quantification and an indication of how this strategy and these priorities contribute to attain sustainable development and how they have taken account of the indicative guidelines referred to in Article 10(3) of the General Regulation.
- A summary description of the measures planned to implement the priorities, including the information needed to check compliance with aid schemes under Article 87 of the Treaty; the nature of the measures required to prepare, monitor and evaluate the CIP and the criteria to be used to determine the nature or importance for urban areas of the operations.
- An indicative financing plan specifying for each priority and each year, in accordance with Articles 28 and 29 of the General Regulation, the financial allocation envisaged for the contribution by the ERDF and the EIB; where appropriate, as well as the total amount of eligible public or equivalent and estimated private funding relating to these contributions. The total annual planned contribution by the ERDF shall be compatible with the relevant financial perspective.
- The provisions for implementing the CIP, including:
 - The name of the authorities and structures participating in the programme, and in particular:
 - a managing authority within the meaning of Article 9(n) of the General Regulation with overall responsibility for managing the CIP;

- a body (where it is different from the managing authority) which will act as paying authority within the meaning of Article 9(o) and 32 of the General Regulation;
 - a Monitoring Committee for the programme within the meaning of Article 35 of the General Regulation (see para. 21); and, if necessary, a Steering Committee (see para. 22);
- a description of the arrangements for managing the CIP including the mechanisms for launching calls for proposals and for the selection of the operations, and the role of the Steering Committees where appropriate;
 - a description of the systems of monitoring and evaluation, including the role of the Monitoring Committee and of the relevant partners associated at the different stages of the programme cycle;
 - the definition of a system of financial management which will permit the rapid and transparent transfer of this finance to the final beneficiaries;
 - a description of the specific arrangements and procedures for checking on the CIP, specifying the various responsibilities concerning finance and financial control, in accordance with Articles 38 and 39.
- Information on the resources required for preparing, monitoring and evaluating assistance.
- 19: Once the programmes have been drawn up, they shall be submitted to the Commission by the authorities designated by the Member States concerned.

When the Commission has approved each programme, it shall grant a contribution from the ERDF. The Commission may, in agreement with the Member States concerned, also make a global grant for the whole or part of the programme.

20. Each CIP shall be supplemented by a programme complement as defined in Article 9(m) and described in Article 18(3) of the General Regulation except where the whole programme is the subject of a global grant.

This programme complement shall be sent to the Commission no later than three months after its decision approving the CIP. Preparation of the programme complement shall follow the same rules on cooperation and partnership as those applying to the CIP.

IV. Monitoring, implementation and evaluation of assistance

21. The programme shall be monitored by the Programme Monitoring Committee in accordance with Article 35 of the General Regulation. The Committee shall meet at least once a year and its duties shall include in particular the approval of the programme complement referred to above, subsequent amendments to the programme or the programme complement, monitoring and evaluation of the programme as a whole and approval of the terms of reference of the calls for proposals. The Monitoring Committee shall include representatives of the local authorities and the regional and national authorities, if any, concerned by the programme. It shall also include the economic and social partners and non-

governmental organisations including those of the environmental sector. A representative of the Commission and, where appropriate, of the EIB, may participate in the work of the Monitoring Committee in an advisory capacity.

22. Where a programme covers more than one urban area, the selection of operations and monitoring of their implementation shall be undertaken by a Steering Committee for the operations in each area. The principles of cooperation and partnership governing this Committee shall be the same as those governing the Monitoring Committee. A representative of the Commission may participate in an advisory capacity. Where a programme covers only one urban area, the work of the Steering Committee shall be undertaken by the Monitoring Committee acting as a Steering Committee.
23. The managing authority shall have the responsibilities set out in Article 34 of the General Regulation, including preparation of the decisions to be taken by the Monitoring Committee and, where appropriate, the Steering Committee. It shall in particular accept, consider and undertake a preliminary evaluation of the operations proposed for financing. It shall also ensure the coordination of the activities of the authorities or bodies designated as appropriate to implement the various measures.
24. The ERDF contribution shall be paid to a bank account held by the paying authority or by the managing authority acting as a paying authority. On the basis of decisions by the Monitoring Committee and, as appropriate, the Steering Committee, it shall then be paid by the paying authority (or the managing authority) to the authorities or bodies as appropriate designated to carry out the various measures, or to the final beneficiaries.
25. Title III of the General Regulation (Contributions and financial management by the Funds) and the provisions relating to monitoring, evaluation and financial control shall apply to the CIPs. In drawing up their indicators in accordance with the requirements set out in Article 36 of that Regulation, the managing authority and the Monitoring Committee shall take into account the indicative methodology and examples published by the Commission. In accordance with Article 21(4) of the same Regulation, the CIPs may, after the mid-term evaluation referred to in Article 42, be revised on the initiative of Member States or by the Commission in agreement with the Member States concerned.

V. Financing

26. The URBAN Community Initiative shall be financed jointly by the Member States and the Community.
27. In accordance with Article 20(2) of the General Regulation, the total contribution by the ERDF to URBAN during the period 2000-06 is fixed at EUR 700 million, at 1999 prices. In accordance with Article 7 of that Regulation, the ERDF contribution to each CIP shall be indexed at 2% a year up to 2003 and shall be decided at 2003 prices for the years 2004 to 2006. By 31 December 2003 the Commission shall determine the rate of indexation applicable for 2004-06. Subject to Article 29 of the Regulation, the ERDF may contribute up to 75% of the total cost in the Objective 1 regions and up to 50% elsewhere.

The Commission shall adopt indicative financial allocations for each Member State and a maximum number of urban-areas per Member State to be covered by the Initiative (see Annex II).

In breaking down this indicative amount, Member States shall ensure that a minimum of EUR 500/inhabitant of public expenditure is attributed to each eligible area.

Loans from the EIB may also be available.

28. In accordance with Article 21 of the General Regulation, the ERDF shall finance the measures for the development of human resources eligible under the ESF and measures concerning fisheries, as appropriate, under the FIG required to implement the URBAN Initiative.
29. The Commission may make available technical assistance as required for the design, financing and implementation of proposals under URBAN. Such technical assistance may be funded up to 100% when undertaken on the initiative of the Commission.

The funding of technical assistance at 100% on the initiative of the Commission shall account for no more than 2% of the total ERDF contribution as set out in point 27.

VI. Timing

30. Member States wishing to benefit from URBAN are invited to present CIP proposals or where appropriate, applications for global grants for urban areas within six months of the publication of this notice in the *Official Journal of the European Communities*. Annex II shows the maximum number of programmes for each Member State. Proposals received after this date need not to be taken into consideration by the Commission.
31. All correspondence related to this notice should be addressed to:

Directorate-General for Regional Policy,
Commission of the European Communities,
Rue de la Loi, 200,
B-1049 Brussels.

ANNEX I

INDICATIVE LIST OF ELIGIBLE MEASURES

As required by the General Regulation, all operations part-financed by the ERDF must fall within the scope of the Structural Funds and the provisions of the datasheets on the eligibility of expenditure. They must equally be in conformity with other Community policies, including rules on competition.

Mixed use and environmentally friendly brownfield redevelopment

- Reclamation of derelict sites and contaminated land.
- Rehabilitation of public spaces including green areas.
- Renovation of buildings to accommodate economic and social activities, in a sustainable and environmentally friendly manner.
- Preservation and enhancement of historic and cultural heritage.
- Increasing security and preventing criminality, involvement of residents in the supervision of neighbourhoods; improved street lighting; closed circuit TV surveillance. Areas of exclusive access cannot be financed.
- Personnel training.

The ERDF cannot finance housing. However, when inadequate housing is inseparable from any attempt at addressing urban development effectively, the programmes should give evidence of appropriate financial allocations from national and/or local authorities for housing improvement, in addition to the total amount eligible under the URBAN programme. The programmes should also explain how action on housing is coherent with activities funded by the ERDF.

Entrepreneurship and employment pacts

- Support for business, commerce, cooperatives, mutual associations, and services for SMEs; creation of business centres, technology transfer facilities.
- Creation of public/private partnerships, in particular to manage integrated economic development programmes and to promote "green business".
- Creation of a pool of management and marketing consultants; customised counselling for businesspeople; advice to starters.
- Training for new technologies, e.g. computer based production for commercial and/or "green" technologies.
- Support for job intensive projects at the local level.
- Provision of cultural, leisure and sports amenities, when they contribute to creating sustainable jobs and social cohesion.
- Preservation and dissemination of culture.
- Provision of nursery and crèche facilities.
- Provision of alternative care facilities and other services namely for elderly people and children.
- Advice on security and protection against crime.

Integration of excluded persons and affordable access to basic services

- Customised counselling, training schemes and language training oriented in particular to the specific needs of minorities.
- Mobile units for employment and training advice.
- Work-experience schemes on local rehabilitation projects.
- Improvement of health services; drug rehabilitation centres.
- Investment in education and health facilities (including drug rehabilitation centres) on a scale suitable for local development and employment.
- Promotion of integrated and customised education and training schemes targeting the reintegration of disadvantaged and marginalised people.
- Public transport links to concentrations of jobs and training inside and outside the area

Integrated public transport and communications

- Transport system reorganisation including the introduction of road pricing, creation of car-free areas, systems for intelligent traffic control, and park and ride sites.
- Introduction of integrated public transport.
- Improvement of public transport security
- Telematic services for travel information, reservation and payment.
- Energy efficient public transport vehicles.
- Safe and attractive pedestrian and cycle paths and greenways.
- Training of staff.

Waste minimising and treatment; efficient water management and noise reduction; reduction in consumption of hydrocarbon energies

- Promotion of waste minimising, total recycling, selective collecting and treatment.
- Air quality monitoring and noise reduction (local action plans).
- Action to reduce water consumption and promote use of rain water and more effective waste water management.
- Promotion of energy efficiency and reduction in consumption.
- Promotion of renewable energy sources.
- Training in environmental management and protection.

Development of the potential of information society technologies

- Training and installation supporting teleworking and the use of the Internet and other telematics applications.
- Promotion of effective access and use of telematic services for the citizens.
- Information systems for the management of human resources and employment opportunities
- Support of the use of information and communication technologies for training, employability, education and culture.

Development of services of public interest, in particular in the areas of education and training, health care, environmental information, support to SMEs, in particular for electronic commerce, and services of proximity.

- Supporting local authorities for the transfer of know-how and technology from existing experiences at the city level in the European community.

Improvements in governance

- Studies and expertise on the reorganisation and improvement of public services.
- Promotion of new and modern urban management structures; personnel training.
- Introduction of indicators for local sustainability, follow-up of their uses and possible improvements.
- Information campaigns (including with a view to reducing stigmatisation), measures to improve access to information including in the area of environment and involvement of citizens in the decision making process.
- Exchanges of experiences and good practice and development of the EU database on good practice in urban management and sustainability.

ANNEX II

Maximum number of urban areas to be covered

B	2
DK	1
D	10
EL	2
E	8
F	7
IRL	1
I	8
L	1
NL	2
A	1
P	2
FIN	1
S	1
UK	9

ISSN 0254-1475

COM(1999) 477 final

DOCUMENTS

EN

10 05 13 09

Catalogue number : CB-CO-99-488-EN-C

Office for Official Publications of the European Communities

L-2985 Luxembourg