

COMMISSION OF THE EUROPEAN COMMUNITIES

CORRIGENDUM

COM(94) 61 final /2

Le présent document annule et remplace
le document COM(94) 61 final du 02.03.1994

Brussels, 20.04.1994

(concerne uniquement les versions FR, DE, EN)

Community Initiative concerning Urban Areas (URBAN)

Explanatory Memorandum

Community Initiative concerning Urban Areas (URBAN)

1. The Commission has, during recent years, recognised the need to give more attention at Community level to the problems of cities. Eighty percent of the Community's population live in urban areas. It is thus evident that most Community policies have a direct or indirect impact on cities, although the Treaties do not give any mandate to develop an urban policy as such.

In addition the subsidiarity principle indicates that most policies to address urban issues are most appropriately carried out by the Member States and cities themselves. The Commission could however contribute to the implementation of urban policies developed at the national, regional or local level.

2. Cities have during the period 1989-1993 increasingly benefited from Community actions, both in financial and policy terms. A more ambitious and better coordinated approach could be expected for the period 1994-1999.

This approach might be summarised under five headings:

- Continuation and strengthening of the financial support to cities which belong to regions or areas which are eligible under the Structural Funds in particular for Objectives 1 and 2 areas.
- Further introduction of the urban dimension in the formulation of various Community policies.
- Further research on issues linked to urban problems in particular through the new Fourth Research Framework Programme.
- A continuing dialogue with cities and their organisations, in particular through the newly established Committee of Regions.
- And finally, launching of a new Community initiative for urban areas aiming to promote innovative actions which can be used as examples to be diffused in cities across the European Union and promotion of networks of exchange of experience and cooperation.

3. Cities in objective 1 and 2 regions

The ERDF and ESF have directed a substantial part of their total expenditure in Objective 1 and 2 areas, to cities. In all, 22 out of the 58 cities in the Community with over 200000 inhabitants as well as many smaller ones, have been assisted during the period 1989-1993.

A variety of important infrastructure projects have been supported by the ERDF for cities in Objective 1 areas.

Major initiatives of infrastructure and assistance for productive investment and training have also been supported by the Structural Funds in the sixty regions of industrial restructuring (Objective 2 areas).

Under the amended Structural Funds regulations more urban areas have been added to the list of objective 1 areas: the cities in the New German Lander, and the heavily urbanised areas of Merseyside and Hainaut. Certain Member States are beginning to give a particular attention to urban issues in their Objective 1 Regional Development Plans which have been presented to the Commission.

For objective 2 areas, a new criterion has been included in the amended regulations making it possible to also give support under this objective to urban areas with severe problems linked to the regeneration of derelict industrial sites. The new list of Objective 2 areas for the period 1994-1999, includes many new urban areas such as parts of London and Marseille.

4. Objectives 3 and 4

Most of the Social Fund's spending concerned with long term and youth unemployment is disbursed in urban areas where these problems are inevitably concentrated.

In the amended regulations of the Structural Funds two new objectives relevant to urban areas have been introduced in the Social Fund, namely to facilitate the integration of those threatened with exclusion from the labour market and to facilitate workers' adaptation to industrial changes and to changes in production systems.

5. Pilot Projects

Beyond the mainstream activities of the Funds the Commission has been also exploring innovative ideas in tackling urban problems by supporting Urban Pilot Projects. About 100 MECU will have been committed, under Article 10 of the ERDF regulation, in the period 1989-1993 on 32 Urban Pilot Projects designed to test out new ideas on how to handle urban problems.

6. Networks of Cooperation

Cities are also seeking assistance for activities which aim at linkages, exchange of information and co-operation between themselves, on issues which directly concern city authorities (transport, environment, administration, energy, social issues etc.). The Commission has been contributing under the same Article 10 to the financing of 15 networks between cities in the framework of the RECITE interregional co-operation programme. Assistance will continue to be given for pilot projects and networks in cities throughout the Union under Article 10 during the 1994-99 period. Assistance is also given to cities to co-operate with counterparts in Eastern and Central Europe through the ECOS Programme, and in the context of the new Mediterranean policy the co-operation with cities in the South Mediterranean is being promoted through the MED-URBS programme.

7. The scope and objectives for a Community Initiative for Urban areas.

A Community Initiative for urban areas should aim to build upon what has already been done through the Structural Funds, to demonstrate ways of safeguarding and strengthening the positive trends in the European Union's urban system and to counteract its negative elements.

The European Parliament, various organisations of cities, as well as certain Member States have requested that the Commission should put forward proposals for a specific Community initiative on Urban areas. The European Parliament proposed a specific programme of integrated urban development aiming to stimulate local economic development.

An Urban Community Initiative cannot hope to match in scale what is in effect a major issue of contemporary society. It should instead complement the wide range of existing activities in urban matters and act as a catalyst in a broad based approach, by undertaking key schemes to help deprived urban areas or cities with serious problems to achieve a lasting improvement in living standards for their inhabitants.

It will provide assistance to the responsible authorities in their efforts to change the image of the selected urban areas with the improvement of infrastructures and the environment, to provide the necessary amenities so as to attract economic activity and create confidence to the population living in the areas, and combat social exclusion.

Programmes to be supported under this initiative would have to be integrated, innovative and apt to serve the diffusion of their results to other cities within a national and in particular a European context. Such programmes should include as far as possible measures linked to all the elements which constitute present urban life: economic development, the application of technology, environmental improvement, transport, training and education, crime prevention and security, energy efficiency, infrastructures and social facilities.

The design of actions to be supported under this initiative should also be such as to encourage wherever appropriate a high leverage of private finance complementary to the public funding.

Target areas could be urban neighbourhoods geographically identifiable; either an existing administrative unit such as a borough, a commune or even smaller entities, within a densely populated area; with a minimum size of population, with a high level of unemployment, with a decayed urban fabric, bad housing conditions and lack of social amenities.

As a general rule such urban areas are found in cities or urban agglomerations with a population of more than 100000. There are some 350-400 such cities in the European Union. In addition and exceptionally support could also be envisaged for actions in medium sized or smaller cities suffering from overall economic decline.

This initiative will only be able to support a limited number of actions. The number of individual programmes that could be supported with a budget of 600 MECU might be a maximum of fifty. Such programmes should in principle run for up to four years. A limited amount could also be devoted to complementary activities of networking, information diffusion, technical assistance and strategic planning.

Each Member State would send a limited list of proposed urban programmes in agreement with the local and other authorities concerned. The final selection would be based on the advice of an independent panel of experts brought in by the Commission in cooperation with the Member States, using criteria established in advance.

**Draft notice to the Member States, laying down
guidelines for operational programmes
which Member States are invited to establish in the framework
of a Community initiative concerning urban areas (URBAN)**

1. At its meeting on ..., the Commission of the European Communities decided to establish a Community initiative concerning urban areas (hereafter called URBAN) within the meaning of Article 11 of Regulation (EEC) N. 2082/93 amending reg. N. 4253/88⁽¹⁾ and Article 3 (2) of Regulation (EEC) N. 2083/93 amending reg. N. 4254/88⁽²⁾.
2. In the context of URBAN, Community assistance in the form of loans and grants and technical assistance is made available for measures in areas which respect the guidelines laid down in this notice, and which are included in operational programmes submitted by the Member States and approved by the Commission of the European Communities.

I. Scope and objectives

3. Some of the Community's most acute problems associated with lack of economic opportunity, low incomes and a generally poor quality of life are found in urban areas. The growing tensions within European society are evident particularly in the serious level of social exclusion in an increasing number of inner city or peripheral urban areas.
4. Problems are often aggravated by the financial difficulties of many urban local authorities who are unable to provide increasingly expensive support services for a less affluent population. This leads to the deterioration of the urban fabric, the impossibility of renovating or replacing obsolete infrastructures and the disappearance or severe reduction of economic activity in the worst affected areas.
5. Difficult neighbourhoods within cities may be identified geographically. Certain socio-economic indicators are significantly worse than the average of the city or urban agglomeration area. These would include unemployment levels, education attainment, the crime rate, standard of housing, the percentage of social-welfare benefit recipients, the socio-ethnic mix, environmental decay, deteriorating public transport and poor local facilities etc. These deprived areas can also be within generally prosperous cities, or in cities which are the most prosperous parts of a less developed region.
6. Urban issues should be tackled in an integrated way, supporting business creation, improving infrastructures and the physical environment, providing customised training and social amenities. The combined effort of ERDF and ESF will be needed, but it has to be complemented by other resources.

(1) OJ No L 193, 31.7.1993, p.24.

(2) OJ No L 193, 31.7.1993, P. 36.

7. This initiative cannot hope to match in scale what is in effect a major problem of contemporary society. It aims instead to act as a catalyst in a broad-based approach, by undertaking key schemes to help deprived urban areas achieve a lasting improvement in living standards for their inhabitants.
8. It will provide assistance to the responsible authorities in their efforts to provide the necessary amenities so as to attract economic activity and create confidence and security for the population living in the areas, integrating them into the economy and the social mainstream.

II. Definition of eligible areas for the purpose of URBAN

9. Eligible areas for the purpose of the URBAN initiative will include a limited number of urban areas within cities and urban agglomerations with a population of more than 100,000. There are some 350-400 such cities in the European Union. In exceptional cases urban areas in smaller cities could be taken into consideration. Only a limited number of such cities will be assisted under the initiative.
10. Target areas could be urban neighbourhoods geographically identifiable; either an existing administrative unit such as a borough, a commune or even smaller entities, within a densely populated area, with a minimum size of population, with a high level of unemployment, with a decayed urban fabric, bad housing conditions and lack of social amenities. In addition and exceptionally support could be provided for actions in medium sized or smaller cities suffering from overall economic decline.
11. Priority would be given to urban areas in cities located in objective 1 regions.
12. The number of individual projects that could be supported by this initiative might be a maximum of fifty. As a general rule projects would run up to four years. They should have a demonstrative character for other urban areas suffering from similar problems. Each Member State would send a limited list of proposed projects, in agreement with the local and other authorities concerned. The selection decision of the Commission would be based on the advice of an independent panel of experts brought in by the Commission.
13. Priority will be given to innovative projects forming part of long term urban integration strategies being implemented by the cities concerned. The drafting of plans of this kind could be supported, at the request of a Member State, by technical assistance.

III. Eligible measures

14. Community assistance, in the form of loans or grants in aid as appropriate, may be made available within the framework of the URBAN initiative, in favour of integrated development programmes for a geographically defined and limited part of a city. The integrated approach should address in a comprehensive way the economic, social and environmental problems of the deprived urban area. The integrated programme should comprise a balanced and coherent set of economic development, social integration and environmental measures based on local partnership proposals. Priority will be given to integrated programmes which are of an innovative character, which have a demonstrable added value and help create local employment.
 15. There should be a systematic attempt to add the multiplier effect of public input in support of private and collective efforts. The structural funds cannot be involved in all areas e.g. housing but can contribute to concerted action by national and city authorities. In this context the Funds could support the preparation of overall urban strategies at the request of the Member States or the regional or local authorities concerned.
 16. The initiative should also back European networks for mutual cooperation and exchange of information in sharing experience from schemes that have already proved successful, so far as these requirements are not met by cooperation activities assisted under other Community initiatives introduced under the structural funds regulations or other programmes of the Community. These exchange of experience networks can include cities in regions not currently eligible for ERDF assistance.
 17. In accordance with the principle of subsidiarity, the measures to be included in an integrated programme should be drawn up by the local partnership, taking into account the diversity of problems faced by cities. The following list of possible measures that could feature in integrated programmes is intended to be illustrative and indicative. It comprises a number of types of measures which have been included in the Urban Pilot Programme financed under Article 10 of the ERDF Regulation.
- * Launching of new economic activities:
- Provision of workshops; support for business, commerce, cooperatives, mutual associations, and services for SMEs; creation of business centres, technology transfer
 - Creation of public/private partnerships in particular to manage integrated economic development programmes
 - Creation of a pool of management and marketing consultants; Customised counselling for businessmen; advice to starters.

- * Ensuring employment for local people:
 - Customised training schemes and language training oriented in particular to the specific needs of minorities
 - Training for new technologies, e.g. computer skills needed in the financial services sector or computer based production for the commercial arts
 - Mobile units for employment and training advice
 - Work-experience schemes for long term unemployed on local rehabilitation projects
 - Support for job intensive projects at the local level;

- * Improvement of social, health and security provisions:
 - Provision of nursery and crèche facilities
 - Improvement of health conditions; drug rehabilitation centres
 - Increasing security and preventing criminality, involvement of residents in the supervision of neighbourhoods; improved street lighting;

- * Improvement of infrastructures and environmental conditions linked to the above measures:
 - Renovation of buildings to accommodate new social and economic activities
 - Rehabilitation of public spaces including green areas
 - Improvement of energy efficiency
 - Improvement to access to telematic services
 - Reclamation of derelict sites
 - Provision of cultural, leisure and sports amenities
 - Actions to facilitate the mobility of the local population;

- * Special workshops to give incentives, skills and opportunities to residents for the refurbishing, maintenance and improving of security of housing estates.

- * Support in improving the local capacity to solve problems, including exchange schemes and the creation of partnerships of the city organisations and actors concerned.

IV. The Community's contribution to the financing of URBAN

18. The total contribution by the Structural Funds to the URBAN initiative during the period 1994-1999 is estimated at 600 MECUs of which 400 MECUs should go to Objective 1 areas..

19. Where possible and appropriate, operations funded by this initiative should be planned and implemented taking into account other actions under the Structural Funds and Community programmes as well as actions supported by grants from the E.F.T.A. Cohesion Fund and loans from the European Investment Bank.

V. Implementation

20. Member States wishing to benefit from URBAN are invited to present operational programmes for urban areas within four months of the date of publication of the guidelines. Proposals received after this date need not be taken into consideration by the Commission.

During the preparation of proposals, the Commission will offer on request any necessary technical assistance.

Local and other authorities and the social partners should be involved in the preparation and implementation of operational programmes in the manner appropriate to each Member State.

21. All correspondence related to this notice should be addressed to:

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COM(94) 61/2 final

DOCUMENTS

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Catalogue number : CB-CO-94-161-EN-C

ISBN 92-77-67753-8

Office for Official Publications of the European Communities
L-2985 Luxembourg