



EUROPEAN COMMISSION
Interservice Group on Urban Development

Guide

The urban dimension in Community policies for the period 2007-2013

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INTRODUCTION TO THE GUIDE

This Guide has been drawn up on the initiative of the Interservice Group on Urban Development, in which the following Directorate-Generals (DGs) are represented: Regional Policy; Employment, Social Affairs and Equal Opportunities; Research; Energy and Transport; the Environment; the Information Society and Media; Enterprise and Industry; Justice, Freedom and Security; Health and Consumer Protection; Education and Culture; Agriculture; Internal Market; Competition; EuropeAid and the Secretariat-General.

The European Commission established the Interservice Group on Urban Development in December 2005. It is chaired by the Regional Policy DG.

It pursues the following three objectives:

- To promote an integrated approach to sustainable urban development when programming and implementing the assistance of the Structural Funds;
- To identify the initiatives under the various Community policies aiming to support sustainable development of urban areas and to ensure the necessary cooperation between the Commission services in this respect;
- To ensure partnership between the Commission, the European Parliament, the Committee of the Regions, the associations of towns and urban areas and to establish regular dialogue allowing exchanges of views and the gathering of observations from these bodies on the consideration given to the urban dimension.

The Guide was one of the main missions of the Interservice Group. Its aim is to increase the visibility of the urban dimension of all Community policies for the period 2007-2013 by identifying the initiatives under these various policies with direct and indirect implications for the sustainable development of urban areas.

These implications are multifarious, involving:

- the impact of Community policies in urban areas;
- the way in which cities can benefit from Community policies;
- the way in which cities can play a role in the implementation of Community policies.

The Guide takes over from "Sustainable Urban Development in the European Union: A Framework for Action"¹ adopted by the European Commission in 1998.

This document presents the mechanisms for exchanges of experience on urban issues supported directly by the European Commission. It should be noted that other networks and associations of actors involved in urban development exist and are preferential partners of the European Commission.

¹ COM (98) 605.

This Guide is intended to assist the various stakeholders in urban development. To this end, it contains a two-way table enabling the potential sources of finance to be identified by theme. The reference Internet sites are indicated to provide more information.

The Guide deals with a very wide range of fields, but does not claim to be exhaustive, since the urban challenges cover numerous issues.

It is necessary to supplement it, for each Member State, by information relating to the national contact points for the various initiatives presented.

Plan of the Guide

The first part presents the cohesion policy for 2007-2013, through its three financial instruments: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund.

The second part describes the urban dimension of the other Community policies for the same period through the policies conducted by the Directorate-Generals for Employment, Social Affairs and Equal Opportunities; the Environment; Research; Energy and Transport; the Information Society and Media; Education and Culture; Justice, Freedom and Security; Enterprise and Industry; Health and Consumer Protection; Agriculture; Competition; Internal Market and EuropeAid.

The Guide endeavours to specify the context of each Community policy, its financial resources,² the exchange mechanisms and the information sources³ available.

² Where the budget amounts are indicated, they are expressed in current prices, unless otherwise mentioned.

³ The hyperlinks contained in this document can be viewed in the on-line version of the Guide published at the following website: http://ec.europa.eu/regional_policy/index_en.htm

Part 1

The urban dimension in the cohesion policy for the period 2007-2013

1. INTRODUCTION TO THE COHESION POLICY

The period 2000-2006 was marked by numerous cohesion policy interventions of the Funds (the Structural Funds – the European Regional Development Fund (ERDF) and the European Social Fund (ESF) – and the Cohesion Fund) in favour of urban areas. Some EUR 16 billion were explicitly allocated to urban policy for the period 2000-2006 under the Structural Funds (i.e. about 14%), of which over EUR 15 billion for Objective 1 and 2 programmes. These investments focused mainly on the regeneration of city centres. Beyond the specific measures, the Structural Funds financed a large number of measures in urban areas consisting of investments in infrastructure, support for small and medium-sized enterprises and social integration measures.⁴

Since 1994, the URBAN Community initiative programme has allowed the promotion of the design and implementation of innovative, integrated development models based on local partnership to promote economic and social regeneration in urban areas in crisis.

For the 2007-2013 programming period, the guiding principles of the URBAN programme have been integrated into the objectives of convergence and regional competitiveness and employment. The EU is henceforth taking the specific characteristics of the urban areas into account to a greater extent and is encouraging the Member States to do likewise.

The Union is developing new instruments for cooperation and financial engineering to provide the cities with the resources to make an active contribution to pursuing the objectives of growth and employment.

The European Parliament, in its [report on the urban dimension in the context of enlargement](#),⁵ welcomed the integration of sustainable urban development in the 2007-2013 programming period.

1.1. Key components of the cohesion policy

The cohesion policy is allocated a total budget of EUR 347 billion. The regulations adopted in June 2006 provide the cohesion policy with three financial instruments (ERDF, ESF and Cohesion Fund) and define the three objectives:

- the convergence objective relates to the regions with GDP below 75% of the Community average and accounts for 81.54% of the cohesion policy funds,
- the regional competitiveness and employment objective covers all the other regions and disposes of 15.95% of the funds,
- the European territorial cooperation objective (cross-border, transnational and interregional cooperation) receives 2.52% of the funds.

⁴ Third report on economic and social cohesion, 2004.

⁵ European Parliament report on the urban dimension in the context of enlargement, Rapporteur: Jean Marie Beaupuy, A6(2005).

The key principles of the cohesion policy – additionality, multi-annual programming, partnership and shared management – apply to the three funds. The principle of shared management means that, in accordance with the principle of subsidiarity, the management of these funds falls within the responsibility of the Member States, which designate the managing authority responsible for programming, implementation and monitoring the measures of each operational programme (OP). In addition, the eligibility rules for expenditure are established at national level, subject to the exceptions provided for in the specific regulations for each fund.⁶

The new regulatory framework places the emphasis on:

- Concentration of the funds on the regions whose development is lagging the furthest behind;
- Simplification: reduction in the number of funds ; monofund, single-objective regional and national programmes; and abolition of zoning (all regions are eligible a priori);
- Integration of the Community initiative programmes URBAN and EQUAL⁷ in the convergence and regional competitiveness and employment objectives. The themes and guiding principles covered by these programmes are henceforth taken into account as major objectives in the use of the funds;
- The strategic approach: the objective is to ensure coherence between the strategies and priorities adopted at all programming levels. The "Community Strategic Guidelines on cohesion"⁸ (CSG), adopted by the Council of the European Union on the basis of the Commission proposal and the opinion of the European Parliament, constitute an indicative framework to be complied with by Member States when drawing up their national strategic reference frameworks (NSRFs) and their national and regional operational programmes (OPs).
- Complementarity between the cohesion policy funds: The [Regulation laying down general provisions](#) on the ERDF, the ESF and the Cohesion Fund⁹ lays down the principle of the adoption of a single fund for operational programmes – in principle, an operation under a programme may receive financing from only one fund. Nevertheless provision is made for a flexibility rule: as part of an operation, the ERDF or the ESF may finance, up to a 10% limit (or 15% in the context of an integrated urban development

⁶ Article 56 of the Regulation laying down general provisions.

⁷ The former Community initiative programme LEADER has been integrated into the new rural development instrument, the European Agricultural Fund for Rural Development (EAFRD).

⁸ Council Decision of 6 October 2006 on Community strategic guidelines on cohesion, OJ L 291/11 of 21.10.2006 available on the Internet site:

http://ec.europa.eu/regional_policy/sources/docoffic/2007/osc/index_en.htm

⁹ Article 34(1) of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the ERDF, the ESF and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, OJ L 210/25 of 31.7.2006.

strategy¹⁰), actions eligible under the other fund, provided that they are necessary for the satisfactory implementation of the operation.¹¹

1.2. Urban dimension in the Community Strategic Guidelines (CSG)

The CSG specify that the cohesion policy has three priorities:

- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment;
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by promoting research and innovation capacities, including new information and communication technologies; and
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

The cohesion policy fund programmes must achieve a balance between the objectives of growth and employment and territorial cohesion.

The cities symbolise the two-fold challenge currently facing the European Union: to improve competitiveness and at the same time to meet the social and environmental demands.

The CSG specify that: "Programmes with a focus on urban areas can take different forms":

- there are actions to promote cities as motors of regional development. Such actions aim to improve competitiveness: promote entrepreneurship, innovation and the development of services and boost the attractiveness of cities,
- other actions aim to promote internal cohesion inside urban areas by improving the situation of neighbourhoods in crisis, notably by rehabilitating the physical environment, redeveloping brownfield sites and preserving and developing the historical and cultural heritage,
- other actions aim to promote a balanced, polycentric development of the European Union by developing the urban networks at national and Community level. To achieve this objective, it is a matter of putting in place networks linking cities in both physical (infrastructure, information technologies, etc.) and human (promotion of cooperation, etc.) terms. Specific attention should also be paid to the urban-rural interface.

In addition, a quality urban environment contributes to “making Europe a more attractive place in which to invest and work”. The preparation of a medium to long-term sustainable urban development plan is desirable to ensure the coherence of investments and of their environmental quality. This type of

¹⁰ Article 8 of Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the ERDF, OJ L 210/1 of 31.7.2006, see note 15 below.

¹¹ Article 34(2) of the Regulation laying down general provisions; also see Article 39 of the same Regulation on the flexibility rule for the use of the ERDF and the Cohesion Fund.

initiative facilitates the commitment and participation of the private sector. Area-based actions – for example, to promote social inclusion (actions seeking to improve the quality of life, including the environment and housing) or the level of services to citizens – must be combined with other actions to promote the development of new activities and job creation.

1.3. Communication on cohesion policy and cities

The [communication from the Commission on cohesion policy and cities](#)¹² proposes to strengthen the urban dimension, to concentrate the resources of the funds to avoid them being spread too thinly and to confer visibility on the Community assistance. It makes 50 concrete recommendations to the cities and the actors in urban development so that they contribute to growth and employment with the support of the Structural Funds and the other Community financial instruments. The proposals cover a very broad range of fields:

- To strengthen the attractiveness of cities in terms of transport, services, environment and culture;
- To promote balanced development between the various cities and to strengthen the relations between urban, rural and peri-urban areas;
- To strengthen the role of cities as growth centres, to promote entrepreneurship, innovation and the knowledge economy and to support small and medium-sized enterprises (SMEs);
- To improve employability and to reduce the disparities between districts, on the one hand, and social groups, on the other;
- To combat delinquency and the feeling of insecurity;
- To improve governance of urban interventions through the commitment of all parties concerned and effective planning;
- To promote experience exchange networks;
- To develop financial engineering mechanisms to achieve the maximum leverage effect with the Structural Funds.

This communication has contributed to making the Member States aware of the importance of strengthening the attractiveness of cities in the dynamics of growth.

It is based in particular on the data from the '[Urban audit](#)'. This provides a wide knowledge base, developed since 2001 by the Regional Policy DG with the support of Eurostat, which in 2006 will cover over 300 European cities.

¹² Communication from the Commission to the Council and Parliament "Cohesion policy and cities: the urban contribution to growth and jobs in the regions", COM Brussels, COM(2006) 385 final of 13.7.2006.

1.4. Urban dimension in the national strategic reference frameworks (NSRFs) and operational programmes (OPs)

In accordance with the [Council Regulation laying down general provisions](#),¹³ each Member State presents an NSRF which ensures the coherence of the interventions of the Funds with the CSG and identifies the link between the Community priorities, on the one hand, and the national reform programme,¹⁴ on the other.

Each NSRF is a reference instrument to prepare the programming of the Funds.

The NSRF identifies the thematic and territorial priorities on the basis of an analysis of the development disparities, weaknesses and potential. Where appropriate, these priorities include actions relating to sustainable urban development.

The action by the Funds in the Member States takes the form of OPs which contain a justification of the priorities chosen, information on the priority axes (including the urban axis) and their specific targets and an indicative financial breakdown. The OPs financed by the ERDF may include information on the approach to sustainable urban development, the list of cities chosen for addressing urban issues and the procedures for sub-delegation to urban authorities.

1.5. Partnership with the cities

The relevant partners (local, regional and urban authorities, economic and social partners, etc.) must be consulted and participate in the "preparation, implementation, monitoring and evaluation of the operational programmes in accordance with national rules and practices", as provided for in Article 11 of the Regulation laying down general provisions (partnership principle).

In addition, each Member State or the managing authority designated by the Member State may decide to entrust the management and implementation of part of an OP to urban local authorities or regional development bodies.

The cities are relevant partners. They are not only places where European citizens live and work, they are also actors. The local authorities of the municipalities or urban areas have a growing number of responsibilities in all Member States.

2. EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

2.1. Objective

In the period 2000-2006, measures or actions directly related to urban issues represented 8.5% of total ERDF money in Objective 1 regions and 15% in Objective 2 regions. These figures do not include the substantial investments in

¹³ Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, OJ L 210/25 of 31.7.2006.

¹⁴ Adopted under the renewed Lisbon strategy.

urban areas under other measures and priorities - such as energy, competitiveness, transport and the environment. In addition, under URBAN II (2000-2006), 70 programmes received support amounting to over EUR 728 million.¹⁵

For the period 2007-2013, the [ERDF](#)¹⁶ “aims to reinforce economic and social cohesion by redressing the main regional imbalances through support for the development and structural adjustment of regional economies, including the conversion of declining industrial regions and regions lagging behind, and support for cross-border, transnational and interregional cooperation”.¹⁷

2.2. Financial procedures

The ERDF focuses its assistance on thematic priorities. The type and range of actions to be financed within each priority reflect the differing nature of the convergence, regional competitiveness and employment and European territorial cooperation objectives. The Commission recommends to Member States that they include a territorial or urban priority in the regional OPs, where relevant.

a) Thematic priorities associated with urban issues

Under the **convergence objective** (Article 4 of the ERDF Regulation), the ERDF focuses its assistance on supporting sustainable integrated regional and local economic development and employment. The urban areas receive this type of investment. The mix of the measures to be implemented depends on the specificities of each Member State. The Regulation defines the following priorities for assistance:

- research and technological development, innovation and entrepreneurship, including fostering of entrepreneurship;
- information society, including improvement of secure access to on-line public services;
- local development initiatives and aid for structures providing local services to create new jobs;
- environment, including rehabilitation of the physical environment, especially contaminated and brownfield sites and land;
- tourism, including aid to improve the supply of tourism services through new higher added-value services;
- investments in culture, including protection, promotion and preservation of the cultural heritage;
- transport, including integrated strategies for clean transport;
- energy, including the improvement of energy efficiency and the development of renewable energies;

¹⁵ Third report on economic and social cohesion, 2004.

¹⁶ Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the ERDF, OJ L 210/1 of 31.7.2006.

¹⁷ Article 2 of the ERDF Regulation.

- education, including vocational training;
- health and social infrastructure.

Under the **regional competitiveness and employment objective** (Article 5 of the ERDF Regulation), the ERDF focuses its assistance on the following three priorities:

- innovation and the knowledge economy, including stimulating innovation and entrepreneurship by supporting business networks and clusters, improving regional research and technological development and innovation capacities and stimulating innovation and entrepreneurship in all sectors of the regional and local economy,
- environment, and in particular by stimulating investment for the rehabilitation of the physical environment, including contaminated, desertified and brownfield sites and land, stimulating energy efficiency and renewable energy production and the development of efficient energy management systems, promoting clean and sustainable public transport particularly in urban areas, protection and enhancement of the cultural heritage in support of socio-economic development and the promotion of natural and cultural assets as potential for the development of sustainable tourism,
- access to transport and telecommunication services of general economic interest, including the establishment of public Internet access points.

Article 8 of the ERDF Regulation allows the regions covered by the convergence and regional competitiveness and employment objectives to support integrated urban development projects based on participative strategies to tackle the high concentration of economic, environmental and social problems affecting urban areas. This possibility allows the intervention method tried out under the URBAN Community initiative to be extended to all the actions financed by the Structural Funds. Where the national authorities provide for support of integrated urban development strategies within an OP, the scope of eligibility is extended¹⁸ beyond the priorities set out in Articles 4 and 5 of the ERDF Regulation. With certain exceptions (see Article 7 of the ERDF Regulation), housing expenses are not eligible.

These strategies promote sustainable urban development through activities such as: strengthening economic growth, the rehabilitation of the physical environment, brownfield redevelopment, the preservation and development of natural and cultural heritage, the promotion of entrepreneurship, local employment and community development, and the provision of services to the population taking account of changing demographic structures.

The European territorial cooperation objective (Article 6 of the ERDF Regulation): see the chapter on European territorial cooperation.

¹⁸ Under the flexibility rule between the ESF and the ERDF, 15%.

b) Eligible actions

The ERDF contributes towards the financing of:¹⁹

- productive investment which contributes to creating and safeguarding sustainable jobs, primarily through direct aid to investment primarily in small and medium-sized enterprises (SMEs);
- investment in infrastructure;
- measures which support regional and local development: support for and services to enterprises, in particular SMEs, creation and development of financing instruments such as venture capital, loan and guarantee funds, local development funds, interest subsidies, networking, cooperation and exchange of experience between regions, towns and relevant social, economic and environmental actors.

Financial engineering

Under the new Regulation,²⁰ the managing authorities of the Structural Fund programmes can finance a wide range of public-private partnerships (PPPs) and ensure simpler and more flexible management of the funds earmarked for urban development.

As part of an operational programme, the Structural Funds may finance expenditure in respect of an operation to support financial engineering instruments for enterprises, primarily SMEs, such as venture capital funds, guarantee funds and loan funds.

These operations can be organised through holding funds, set up to invest in several venture capital funds, guarantee funds, loan funds and sustainable urban development funds. The sustainable urban development funds invest in PPPs and other projects included in an integrated programme for sustainable urban development.

To facilitate the implementation of these financial engineering instruments, the Commission, in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank, launched the JEREMIE²¹, JESSICA²² and JASPERS²³ initiatives.

The JASPERS initiative supports the preparation of major projects in the regions covered by the convergence objective for the period 2007-2013. It is available for urban projects.

JEREMIE is designed to facilitate access to finance for business start-ups, for the development of SMEs and micro-enterprises.

¹⁹ Article 3 of the ERDF Regulation.

²⁰ Article 44 of the Regulation laying down general provisions.

²¹ Article 45(1)(c) of the Regulation laying down general provisions.

²² Article 78(6)(a) of the Regulation laying down general provisions.

²³ Articles 36 and 45(1)(a) of the Regulation laying down general provisions.

JESSICA provides support for the development of financial engineering instruments in the field of sustainable urban development. This initiative allows the managing authorities of the ERDF, and in certain cases the ESF, to invest Structural Funds in urban development funds, in the context of integrated urban development plans. This initiative aims to achieve a leverage effect with the financial resources and allows the managing authorities to benefit from the expertise of financial institutions. The "recovered" funds must be reinvested in urban development funds or reallocated to the managing authority to support other urban projects.

Technical assistance

Substantial resources are made available to Member States for technical assistance. They may be used to support urban development actions, such as networking, cooperation and exchange of experience and information measures aimed at the beneficiaries of assistance from the Funds and the general public.²⁴

c) Eligible expenditure on housing

Expenditure on housing is eligible only for Member States that acceded to the EU on or after 1 May 2004, on the conditions defined in Article 7 of the ERDF Regulation.²⁵ Hence expenditure within the framework of an integrated urban development operation or priority axis is eligible. The expenditure is limited to multi-family housing or buildings owned by public authorities or non-profit operators (for use by low-income households or people with special needs). The regions selected to benefit from these measures must satisfy certain criteria relating to the social and physical characteristics of the housing. The budget allocated to the housing expenditure amounts to a maximum of 3% of the ERDF allocation to the OPs or 2% of the total ERDF allocation.

d) Eligible beneficiaries

The «beneficiary» of the ERDF is defined as an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations.²⁶

e) Budget

The Community contribution under the ERDF ranges between 75% and 85% of the eligible expenditure for the convergence regions and amounts to a maximum of 50% for the regional competitiveness and employment regions.²⁷ In accordance with the principle of additionality, the Community contribution is supplemented by a national contribution.

²⁴ Article 45 of the Regulation laying down general provisions.

²⁵ Also see Article 47 of Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the ERDF, the ESF and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the ERDF.

²⁶ Article 2(4) of the Regulation laying down general provisions.

²⁷ Annex III to the Regulation laying down general provisions.

f) Further information

Contact the national managing authority designated by each Member State.

2.3. Information sources

INFOREGIO: http://ec.europa.eu/regional_policy/index_en.htm

Cohesion policy and urban issues:

http://ec.europa.eu/regional_policy/themes/urban_en.htm

JEREMIE - Joint European Resources for Micro to Medium Enterprises: the Internet site will shortly be on-line.

JESSICA - Joint European Support for Sustainable Investment in City Areas: the Internet site will shortly be on-line.

"Success stories" database on the projects supported by the Structural Funds (and the Cohesion Fund):

http://ec.europa.eu/regional_policy/projects/stories/index_en.cfm

3. EUROPEAN SOCIAL FUND (ESF)

3.1. Objective

The European Union is today faced with the need to adapt to the demands of globalisation and new trading patterns. The only way to tackle this is to focus efforts on improving the quality of workforce. The role and scope of the [ESF](#)²⁸ for 2007-2013 has been more clearly defined: there is an explicit link to both the employment and social inclusion priorities of the Lisbon agenda. This is the first time there has been such a clear recognition that promoting social inclusion, and combating exclusion from the labour market, will make a major contribution to meeting the Union's targets for jobs and growth.

For the 2007-2013 programming period, the ESF focuses, across the Union, on addressing the challenges of modernisation, restructuring and competitiveness. In the convergence regions, ESF activities focus essentially on expanding and improving investment in human capital. The ESF builds on the experience of the past, particularly the lessons from EQUAL. These principles are mainstreamed into the new programmes. Partnership has been reinforced, with much greater opportunities for the social partners and NGOs to carry out activities. In this perspective the new ESF Regulation highlights the need to take particular account of the regions and localities facing the most serious problems, such as deprived urban areas and areas particularly adversely affected by businesses relocations.

²⁸ Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999, OJ L 210/12 of 31.7.2006.

3.2. Financial procedures

The ESF focuses its assistance on thematic priorities relating to the specific needs of the target groups. The type and range of actions to be financed within each priority reflect the differing nature of the convergence and regional competitiveness and employment objectives.

a) Thematic priorities related to urban issues (Article 3 of the ESF Regulation)

Throughout the Union, under both the "**convergence**" (the least developed regions) and the "**regional competitiveness and employment**" objectives,²⁹ the ESF will provide support to:

- Increase the adaptability of workers, enterprises and entrepreneurs with a view to improving the anticipation and positive management of economic change particularly by promoting lifelong learning and increased investment in human resources;
- Enhance access to employment by the modernisation and strengthening of labour market institutions, the implementation of active and preventive measures ensuring the early identification of needs with individual action plans and personalised support, reduce gender-based segregation and provide specific action to increase the participation of migrants in employment;
- Reinforce social inclusion of disadvantaged people with a view to their sustainable integration in employment and combat all forms of discrimination in the labour market;
- Enhance human capital by promoting the design and introduction of reforms in education and training systems in order to develop employability, networking activities between higher education institutions, research and technological centres and enterprises, and promote partnerships and pacts and involve the social partners.

Under the **convergence objective**, the Fund concentrates on two additional priorities:³⁰

- Expand and improve investment in human capital by the implementation of reforms in education and training systems with a view to raising people's responsiveness to the needs of a knowledge-based society and lifelong learning, the development of human potential in research and innovation,
- And strengthen institutional capacity and efficiency of public administrations and public services at national, regional and local level, capacity building in the delivery of policies and programmes in relevant fields.

²⁹ Article 3(1) of the ESF Regulation.

³⁰ Article 3 (2) of the ESF Regulation.

The operational programmes must be consistent with the principles of good governance and partnership, and gender equality and equal opportunities.

The principles applied in the 2000-2006 period under the EQUAL initiative (partnership, empowerment), the approaches experimented under it (innovation, transnational cooperation, and mainstreaming of successful practices) and the experiences gathered on specific policy fields will be reflected in the programming documents for 2007-2013.

b) Eligible actions

The ESF supports:

- The promotion and mainstreaming of innovative activities in the Member States (in training, education and the implementation of active and preventive measures to ensure the employability of different groups);
- And also transnational and interregional actions in particular through the sharing of information, experiences, results and good practices, and through developing complementary approaches and coordinated or joint action.

Member States can concentrate on actions that are more appropriate for their specific challenges, such as training programmes, education, employability programmes with focus on vulnerable social groups (youth, women, migrants, ethnic minorities etc).

Actions with an urban dimension:

- Strengthening the role of cities as growth centres to achieve the objectives of the Lisbon strategy,
- Improving employability and governance at the level of urban measures by promoting the role which the municipalities can play,
- Actions aiming to reduce the disparities between towns and neighbourhoods and between the various social groups (youth, women, migrants, ethnic minorities), especially through the promotion of entrepreneurship and the introduction of training programmes;
- Actions aimed at improving capacity building to support the design of efficient and well targeted housing allowances within the social protection system, particularly in countries where the development of social housing policies is at early stages, with a view to contributing to better inclusion (convergence objective only);
- Actions supporting job creation, such as training, in the construction sector for rehabilitation of the social housing stock in urban areas with high concentration of high-rise buildings increasingly seen as stigmatic of poverty and social exclusion.

Where Member States support actions in favour of transnational and/or interregional actions as a specific priority axis within an operational programme, the contribution of the ESF may be increased by 10% at the priority axis level.

c) Eligible beneficiaries

The final beneficiaries are national, regional and local authorities and other stakeholders (cities, regions, training centres, NGOs, local, national or transnational partnerships, etc.) from the 27 Member States of the EU. They respond to calls for proposals launched by the managing authority of their Member State. The managing authority is a public organisation.

d) Budget

The budget is EUR 70 billion for 2007-2013. The contribution rate may be modulated in accordance with the criteria set out in Article 52 of the Regulation laying down general provisions. The co-financing rate varies between 50% and 85%.

e) Further information

Contact the national managing authority (information available on Employment DG website) and see:

http://ec.europa.eu/employment_social/esf2000/index_en.html

3.3. Exchange and best practices supported by the EC

The ESF - Success stories by country:

http://europa.eu.int/comm/employment_social/emplweb/esf/esf_success_en.cfm

The Equal Common Database contains information on all the projects, including those led by cities, financed under the EQUAL Initiative Programme:

<https://equal.cec.eu.int/equal/jsp/index.jsp?lang=en>

The Article 6 ESF projects database - Article 6 of the ESF Regulation supported innovative actions to assist the development of future policy and programmes by exploring new approaches to the content and/or organisation of employment, including vocational training, and industrial adaptation:

http://ec.europa.eu/employment_social/esf2000/article_6_en.html

3.4. Information sources

a) Websites

DG Employment, Social Affairs and Equal Opportunities:

http://ec.europa.eu/employment_social/index_en.html

ESF and administrative capacity:

http://europa.eu.int/comm/employment_social/emplweb/events/event_en.cfm?id=405

EQUAL Community Programme Initiative:

http://europa.eu.int/comm/employment_social/equal/index_en.cfm

EURES - the European Jobs mobility portal. It offers free access to about 1 million job vacancies in 30 European countries:

http://europa.eu.int/comm/employment_social/emplweb/news/news_en.cfm?id=156

b) Publications

Available on the Employment DG website:

Preparation of a booklet for the 50th anniversary of ESF: a brief overview of the purpose of the ESF and its main activities since 1957 and a forward plan to the future.

Brochure for the general public on the ESF – Investing in your future.

c) Events

Celebration of the 50th anniversary of the ESF during the German Presidency in 2007.

4. COHESION FUND

4.1. Objective

The Cohesion Fund provides assistance with respect to the environment and the trans-European networks. During previous programming periods, the Cohesion Fund supported infrastructure projects in transport and the environment in urban areas. For 2007-2013, clean urban transport is an investment priority.

During this period, the Cohesion Fund, together with the ERDF, contributes to multi-annual investment programmes managed on a decentralised basis, instead of being subject, as in the past, to individual approval of each project by the Commission.

4.2. Financial procedures

a) Thematic priorities relating to urban issues

- The transport infrastructures contributing to the trans-European transport networks (including access to these networks) and especially the priority projects of common interest identified in the Community guidelines for the development of the trans-European transport network.³¹ These investments play a key role in the attractiveness of an urban area by promoting its accessibility and inter-urban mobility.
- The environment projects fitting within the priorities of the Community environmental protection policy (especially in the management and treatment of waste and waste water produced by urban areas), as well as fields relating to sustainable development, such as energy efficiency, renewable energies and transport, including clean urban transport and public transport, traffic management, intermodal transport systems and their interoperability.

³¹ Decision No 1692/96/EC of 9.9.1996, last amended by Decision No 884/2004/EC of the European Parliament and of the Council of 29.4.2004, OJ L 167/1 of 30.4.2004.

b) Eligible beneficiaries

The Cohesion Fund applies to Member States with gross national income (GNI) below 90% of the Community average, i.e. the new Member States plus Greece and Portugal.

The eligibility of Member States for the Cohesion Fund will be re-examined in 2010 on the basis of the Community GNI figures for the EU-25.

c) Budgetary provisions

The budget for 2007-2013 amounts to EUR 61 558 million (2004 prices). There is no specific allocation for urban projects. The Community contribution at operational programme level under the Cohesion Fund amounts to a maximum of 85% of the eligible expenditure.

d) Further information

Contact the national managing authority designated by each Member State.

4.3. Information sources

Regional Policy DG website on the Cohesion Fund:
http://ec.europa.eu/regional_policy/funds/procf/cf_en.htm

"Success stories" database on the projects supported by the Cohesion Fund (and the Structural Funds):
http://ec.europa.eu/regional_policy/projects/stories/index_en.cfm

5. TERRITORIAL COOPERATION OBJECTIVE

5.1. Objective

Closer cooperation between the territories of the European Union helps speed up economic development and the achievement of higher growth.

Territorial cooperation supports the devising of development strategies shared between territories at national, regional and local levels, as well as the creation of networks, including in relation to urban issues.

In 2000-2006, territorial cooperation was covered by the INTERREG Community initiative programmes. These programmes co-financed a large number of urban cooperation projects.

For 2007-2013, territorial cooperation is an objective in its own right and benefits from better visibility and a larger budget: 2.52% of the ERDF resources allocated to the cohesion policy, i.e. EUR 8.7 billion.

The European territorial cooperation objective aims in particular to forge the link between the projects drawn up under territorial cooperation and those supported within operational programmes.

5.2. Financial procedures

The European territorial cooperation objective comprises three parts: cross-border, transnational and interregional cooperation (Article 6 of the ERDF Regulation).

5.2.1. Cross-border cooperation

Cross-border cooperation supports the development of economic, social and environmental activities through joint strategies for sustainable territorial development. Cross-border urban areas are eligible. The thematic priorities are the following:

- a) encouraging entrepreneurship, in particular the development of small and medium-sized enterprises, tourism, culture and cross-border trade;
- b) encouraging and improving the joint protection and management of natural and cultural resources, as well as the prevention of environmental and technological risks;
- c) supporting links between urban and rural areas;
- d) reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste management and energy provision;
- e) developing collaboration, capacity and joint use of infrastructures, in particular in sectors such as health, culture, tourism and education.

The Commission adopts the list of eligible areas for cross-border cooperation.

Each cross-border cooperation area is covered by an operational programme.

Beneficiaries respond to calls for proposals launched by the managing authority.

Cross-border cooperation is allocated 73.86% of the resources earmarked for the European territorial cooperation objective, i.e. EUR 6.5 billion.

5.2.2. Transnational cooperation

Transnational cooperation supports the establishment and development of cooperation through the financing of networks and of actions conducive to integrated territorial development.

The thematic priorities are the following: innovation, environment, accessibility and sustainable urban development, including strengthening polycentric development.

The actions assisted may include in particular strategies to tackle common urban-rural issues; the creation and improvement of urban networks and urban-rural links; the preservation and promotion of the cultural heritage.

Transnational cooperation supports concrete projects implemented with an impact in a clearly delimited area. It differs from interregional cooperation which covers actions for networking and exchange of experience without

geographical limitation. The Commission adopts the list of the thirteen eligible areas for transnational cooperation.

Each transnational cooperation area is covered by an operational programme.

Beneficiaries respond to calls for proposals launched by the managing authority.

Transnational cooperation is allocated 20.95% of the resources earmarked for the European territorial cooperation objective, i.e. EUR 1.8 billion.

5.2.3. Interregional cooperation

Networking and the promotion of exchanges of experience at Community level represent one of the sources of European added value. These mechanisms allow a mutual learning cycle to be introduced and lessons to be drawn from the actions taken, especially in the urban sector.

The Regional Policy DG has been developing the exchange of experience on urban issues since 2002 through the URBACT programme. This programme, financed by the URBAN initiative, was set up in 2003 to enable the cities having benefited from urban pilot projects (1989-1999) and URBAN I (1994-2000) and URBAN II (2000-2006) programmes, to exchange their experience and good practices with the support of experts. More than 180 cities participated in the programme via twenty thematic networks, six working groups and three qualification actions covering themes as varied as citizen participation, culture, integration of populations of foreign origin, urban security, transport and the environment.

For 2007-2013, the interregional cooperation component provides for four programmes: the URBACT II urban network support programme, the INTERREG IVC interregional cooperation programme, ESPON (European Spatial Planning Observatory Network) and INTERACT.

The entire EU territory is eligible for these four programmes.

Interregional cooperation is allocated 5.19% of the ERDF funds earmarked for the "European territorial cooperation" objective, i.e. EUR 444.7 million.

a) Regions for economic change

The programmes URBACT II and INTERREG IVC participate in the initiative "[Regions for economic change](#)",³² which aims to strengthen networking and exchange of experience so that they contribute to the quality of the operational programmes.

This initiative introduces the following new features:

- The Member States, cities and regions participating in these networks are encouraged to transfer the results of their work to the programmes financed by the ERDF.

³² Communication from the Commission, "The regions for economic change", COM (2006) 675 final.

- The Commission undertakes to strengthen the information sources by organising an annual conference, creating an Internet site and awarding prizes.

The **URBACT II** programme builds on the experience gained under URBACT (2002-2006). With the assistance of experts, it continues to support exchanges of experience on sustainable urban development, i.e. the identification, transfer and dissemination of good practices, including those referred to in Article 8 of the ERDF Regulation (integrated urban development).

The scope of eligibility for the URBACT II programme has been extended compared to the previous period:

- in terms of the themes, which cover both the objectives of social cohesion and growth and employment;
- and in terms of the eligible cities: the beneficiaries are the cities of the EU-27, regions, Member States, universities and research centres.

It receives approximately EUR 53 million from the ERDF.

The **INTERREG IVC** programme aims to support cooperation between regional and local authorities throughout Europe in order to facilitate the exchange of experience and best practices. The programme focuses on the themes of innovation and the knowledge economy, the environment and risk prevention (within the meaning of Article 5 of the ERDF Regulation).

A call for INTERREG IVC was launched by the respective managing authority already in September 2007 following the approval of the programme.

b) ESPON

ESPON is a programme of studies on spatial planning which finances studies and reports on the territorial dimension of development policies. ESPON devises tools in support of policy development and provides a scientific platform for parties involved in research into territorial development.

c) INTERACT

The INTERACT programme provides expertise for the management of the eighty territorial cooperation programmes to promote more effective implementation of the programmes.

5.3. Information sources

INFOREGIO: http://ec.europa.eu/regional_policy/index_en.htm

The URBACT II programme. This Internet site provides urban stakeholders involved in urban development with a database of the projects assisted by URBACT, studies and publications and other information on what is happening in the cities: <http://urbact.eu/en/home.html>

The INTERREG programme:

http://ec.europa.eu/regional_policy/interreg3/index_en.htm

ESPN:

http://www.espon.eu/mmp/online/website/content/publications/98/index_EN.html

INTERACT: <http://www.interact-eu.net/4107/0/0/3>

Urban audit: <http://www.urbanaudit.org/>