

Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions — The programming of the Structural Funds 2000-2006: an initial assessment of the Urban Initiative'

(COM(2002) 308 final)

(2003/C 133/12)

On 14 June 2002 the Commission decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned communication.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 March 2003. The rapporteur was Mr Di Odoardo.

At its 398th plenary session on 26 and 27 March 2003 (meeting of 26 March), the Economic and Social Committee unanimously adopted the following opinion.

1. Introduction

1.1. The Communication from the Commission provides a preliminary analysis of Urban II Initiative developments concerning economic and social regeneration of cities and neighbourhoods in crisis in order to promote sustainable urban development. This assessment is in response to the document of 28 April 2000 on the guidelines for the Community programme⁽¹⁾ and provides a snapshot of the situation at the end of the selection phase for new programmes. All the Urban II programmes were in fact adopted at the end of 2001.

1.2. Urban is one of the four Community initiatives under the EU Structural Funds directed to support for urban areas in crisis. The three main axes of spending are: environmental regeneration, social inclusion, and entrepreneurship and employment.

1.3. The communication points out that the Second report on cohesion⁽²⁾ described the urban question as fundamental to Europe's economic and social cohesion. Similarly, the European Parliament's resolution on Urban II⁽³⁾ stressed that an integrated approach — a key feature of Urban programmes — looked to be the only way to address problems in urban zones.

1.4. The Urban initiative is therefore one of the strategic

instruments for building up a Community urban policy, and can serve as a model for national policies.

2. Key points of the Commission proposal

2.1. 70 programmes have been selected, with an overall ERDF contribution of some EUR 730 million. A population of some 2,2 million is covered. Although the overall allocation is smaller than for the preceding programme, intensity of aid — per inhabitant and per programme — is higher. The relatively small size of the geographical areas covered by the programmes has also produced a high level of funding per km².

2.2. One of the main novelties of Urban II is the inclusion of medium and small-sized cities: the Urban I population limit of 100 000 for the city as a whole has been abolished. The only factor linking the areas under the new programmes is the presence of at least 20 000 inhabitants (100 000 in exceptional cases).

2.3. The Commission emphasises that the Member States have been able to select their own areas in accordance with their respective local and national priorities and needs. At the same time, the adoption of explicit and objective identification criteria laid down by the Commission has ensured greater transparency in the selection procedures, and greater consistency between the programmes and EU objectives.

2.4. Broadly speaking, the sites of the 70 programmes have been evenly split between Objective 1 areas (30 %), Objective 2 areas (27 %), and areas outside the mainstream objectives (34 %). Of the total programmes, 31 are located in inner city areas, 27 in peripheral areas, eight cover entire small or medium-sized cities and four concern a mix of central and peripheral areas, in an attempt to improve linkages between the two types of area.

(1) Communication from the Commission to the Member States of 28.4.2000 laying down guidelines for a Community initiative concerning economic and social regeneration of cities and neighbourhoods in crisis in order to promote sustainable urban development (Urban II), in OJ C 141, 19.5.2000.

(2) Unity, solidarity, diversity for Europe, its people and its territory — Second report on economic and social cohesion — European Commission (2001).

(3) OJ C 339, 29.11.2000, pp. 44-47.

2.5. The Urban II programmes focus on severely deprived areas, marked by levels of unemployment, poverty, crime and immigration which are significantly higher than the EU average.

2.6. Analysis of the spending priorities of the selected programmes reveals that 40 % of planned expenditure is earmarked for environmental and physical regeneration, 21 % for social inclusion, another 21 % for fostering entrepreneurship and employment, 8 % for transport improvements and 4 % for information and telecommunications technology.

2.7. The communication points to a high level of partnership with both local authorities and representatives of civil society within the programmes, and stresses that this aspect is one of the features distinguishing Urban II from the other Structural Funds. In one third of the programmes, local authorities are the management authority; in another third, local authorities play a key role in partnership with central government; and in fully 57 of the 70 programmes, local partners were consulted in the drafting of the programme document.

2.8. Urban II has mobilised overall investment of some EUR 1 600 million, double the ERDF resources. This was possible due to the use of additional funds largely originating from national and local public sources. In contrast, the contribution from the private sector was far smaller.

2.9. The results of the procedural and administrative simplification under Urban II were particularly encouraging. In particular, the Commission considers the decision to finance programmes only through the ERDF, and the creation within the Commission of a dedicated unit for Urban II, to be helpful. These simplifications have made it possible to define programmes much more quickly than the general Structural Funds programmes.

2.10. Of the funds provided under the initiative, 2 % is reserved for exchange of experience between cities benefiting from Urban. For the first time, this exchange is structured as a Community programme.

3. General comments

3.1. In general terms, the Commission's choice to continue with the Urban initiative is to be warmly welcomed. The initiative's earlier version, launched in 1994 (the final evaluation of which is expected in 2003), had already achieved impressive results. Both the Urban Pilot Project and Urban I demonstrated their ability as effective tools for implementing policies to boost the quality of the urban environment and citizens' well-being.

3.2. The decision to increase the number of programmes covered by Urban II from the planned 54 to 70 — as requested by the EESC — is also welcomed.

3.3. In contrast, the reduction in the overall resources allocated to Urban, from EUR 950 million for the 1994-1999 period (spread over 118 sites) to the present EUR 743,6 million is disappointing. Convinced of the importance of Urban as an instrument for supporting the Union's urban policy, the Committee considers that efforts need to be stepped up to increase Urban resources in the future.

3.4. The work to simplify administrative procedures, which gave rise to management problems under Urban I, is also greatly appreciated, and the Committee agrees with the Commission's positive assessment of it. It also agrees with the decision both to use a single fund (ERDF), and to set up a specialist unit within the Commission, enabling the specific know-how and experience gained in urban regeneration to be maximised.

3.4.1. In this respect, the EESC would echo the call for work on simplifying administrative procedures to press ahead, made by a number of mayors of European cities at the London conference of 8 and 9 July 2002 on Cities for Cohesion: Lessons from the European Urban programmes⁽¹⁾. This is all the more necessary given the growing involvement of medium and small-sized urban centres.

3.5. The creation of a network to promote exchange of best practices tried out under Urban and the intention to expand a culture of urban indicators and statistics are of great importance if Urban II objectives are to be fully met.

3.5.1. The fact that exchange of experience between cities benefiting from Urban has, for the first time, been structured as a Community programme is a significant step forward.

3.6. The decision to channel 40 % of planned expenditure to physical and environmental regeneration is to be welcomed. This confirms that the quality of the built environment, open spaces and the architectural heritage have a decisive role to play in any process of revitalisation and socio-economic development in run-down urban areas. Programmes which, like those in France, attach strategic importance to architectural quality and, more broadly, to the quality of spatial development actions, should be encouraged.

⁽¹⁾ Conclusions of the conference Cities for Cohesion: Lessons from the European Urban programmes — London, 8 and 9.7.2002.

4. Specific comments

4.1. Local partnership

4.1.1. Partnership with local authorities and communities is considered to be one of the main challenges and best sources of added value for the Urban programmes: it is recognised that this choice represents the best means of promoting the European model of governance and involvement of civil society.

4.1.2. The London conference referred to earlier emphasised the need for ever-greater direct involvement of cities in planning and managing the programmes which concern them.

4.1.3. While highlighting the progress made, the Committee regrets that a very high percentage of the programmes are still officially managed by national authorities.

4.1.4. The Committee believes that in the future, it must be specifically demanded that local authorities always be the managing authority. Experience to date indicates that this would also contribute to the administrative simplification of the programmes.

4.1.5. Moreover, at least the presence of local authority representatives should be guaranteed on all the monitoring committees under Article 35 of the general Council Regulation on the Structural Funds ⁽¹⁾.

4.1.6. The EESC has frequently drawn attention to the special importance of directly involving organised social interest groups, specifically in its opinion on the Commission's communication to the Member States on the Urban II guidelines ⁽²⁾.

4.1.7. In its opinion, the Committee highlighted the valuable and unique contribution made by the social partners in programmes such as Urban, in which employment and economic issues are to the fore, and recommended broad-based and effective partnerships including economic and social players, NGOs and local groupings.

4.1.8. The present communication summarises the main points of the Urban II programmes, but fails to provide

sufficient information to gauge the real involvement of such players, offering only general comments on the participation of local community groups.

4.1.9. The EESC therefore believes that a framework must be devised for analysing how many and which of the 70 programmes have effectively involved civil society representatives in the project design and selection phases and during the implementation stage, and for analysing the practical form taken by such participation.

4.1.10. Definite rules also need to be drawn up to ensure real consultation, so that this does not remain a recommendation, but becomes a prerequisite for the Urban programmes. The purpose would be to put into practice the right of local communities and social representatives to play a part in shaping the programming choices having an impact on the quality of life and prospects for development. This right was enshrined by the UN Habitat II conference in 1995 ⁽³⁾.

4.1.11. The EESC also calls for social representation to have a guaranteed presence on the monitoring committees and any management committees.

4.1.12. This would contribute significantly to achieving the objective of bringing Europe closer to its citizens, and would give a higher profile to the Urban programmes.

4.2. Harnessing private resources

4.2.1. The Commission's document examines the leverage effect generated by the Urban programmes, describing its ability to mobilise additional investment and financial resources in both the public and private sectors.

4.2.2. The outcome with public sector partners has been a clear success, mobilising resources representing more than double those provided by the ERDF.

4.2.3. However, the results where private resources are concerned are far from satisfactory, concerning only 35 of the 70 Urban programmes, and contributing the equivalent of only 8 % of the programme's funding. The Commission explains this result by the fact that Urban II areas find it difficult to attract private investment on account of their high levels of deprivation, although this explanation may however be judged incomplete.

⁽¹⁾ Council Regulation (EC) No 1260/1999 of 21.6.1999 laying down general provisions on the Structural Funds, in OJ L 161, 26.6.1999.

⁽²⁾ ESC Opinion on the 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, in OJ C 51, 23.2.2000, p. 89.

⁽³⁾ United Nations General Assembly, Preparatory Committee for the United Nations Conference on human settlements (Habitat II) — draft version of the declaration of principles, commitments and Global Plan of Action — Habitat agenda, 26.10.1995.

4.2.4. The EESC believes that the low level of private investment is also due to the inadequate involvement, especially at the design stage, of local private economic players, particularly SMEs and the craft sector which, especially in medium and smaller cities, represent the main source of job and wealth creation.

4.2.5. A more detailed analysis should therefore be made of the 70 programmes, in order to understand their real capacity to attract resources from the private sector. Provided it is compatible with other Community objectives and, more generally, can reconcile the aims of economic efficiency and competitiveness with those of social justice, this capacity represents a decisive factor in the economic and social regeneration of run-down areas, as well as providing a means of verifying the effectiveness of public action. Moreover, the most advanced research into planning instruments has revealed, over recent years, that integrated, consultation-based spatial planning is an efficient means of generating public-private synergies capable of ensuring that urban regeneration schemes are feasible and achieve real results.

4.3. *Housing policy and Urban programmes*

4.3.1. The ERDF cannot directly fund housing projects. However, issues relating to urban decline are inseparable from the question of housing, seen in terms of both providing new housing and renovating existing stock.

4.3.2. Annex I to the Commission's document on the guidelines for Urban II⁽¹⁾ recognises that if it is essential for action on urban development to address the issue of improving housing stock, then the programmes must provide appropriate additional financial allocations from national and/or local authorities. In this connection, the EESC thinks that the Commission should extend the VAT concessions on housing renovation work to all the EU Member States.

4.3.3. In its opinion on the guidelines, the EESC welcomed this clarification, pointing out that this could prevent the risk of actions proving ineffective because they lack a key ingredient such as housing.

4.3.4. It should be ascertained in which of the 70 Urban II programmes local and national authorities have provided additional funds specifically earmarked for housing.

4.3.5. The question nevertheless remains as to why there is no possibility for the ERDF to intervene in the public housing sector, even in largely experimental Community-sponsored projects.

4.3.6. Such a mechanism would be of particular importance, for example, in terms of integrating immigrants, especially in Urban project areas, where the presence of ethnic minorities, immigrants and refugees is four times higher than for the EU as a whole. Run-down living conditions figure among the difficulties they most frequently mention as facing them.

4.4. *Services as an indicator of urban quality*

4.4.1. The deprivation of many urban environments is clearly linked to the lack of services, particularly concerning social welfare. Achieving a proper level of service is one of the most efficient means of achieving fairer distribution of them. In its opinion on the Commission Communication: Towards an urban agenda in the European Union⁽²⁾, the EESC emphasised the 'vital role which public services play in urban development, for instance for the production of socially useful products and services and in strengthening social cohesion', and argued that 'deciding on priorities for infrastructure and services is an important aspect of urban and spatial administration'.

4.4.2. This aspect should be explicitly included among the socio-economic indicators for Urban II areas. Qualitative and quantitative analysis of services — especially public ones — and their degree of accessibility is an important parameter for identifying the level and causes of deprivation.

4.4.3. The EESC therefore underlines the need to include specific monitoring of Urban's ability to help enhance the quality and range of services in the relevant areas, especially in the interim assessments.

(1) Communication from the Commission to the Member States of 28.4.2000 laying down guidelines for a Community initiative concerning economic and social regeneration of cities and neighbourhoods in crisis in order to promote sustainable urban development (Urban II), in OJ C 141, 19.5.2000.

(2) ESC opinion of 28.1.1998, in OJ C 95, 30.3.1998, p. 89.

4.5. Sustainable urban development and an ageing population

4.5.1. The progressive ageing of the population touches all the countries of the European Union, and presents a key challenge for future development policies, starting with urban policy. Neglected areas (frequently in run-down city centres) often place traditional elderly residents, who are often particularly unwilling to move away from where they have always lived, side-by-side with immigrants, who are concentrated in the most deprived urban areas. The elderly are also among those most seriously affected by poor urban conditions, lack of services and widespread crime.

4.5.2. More generally, the growing number of over-70s in the European population requires a strategic shift in urban policy and action, aimed not only at an immediate improvement in living conditions for the elderly, but also at a fundamental re-think of how to organise our cities for an ageing population.

4.5.3. This issue should figure among the Union's cohesion policy priorities, on the same footing as integration of immigrants, equal opportunities and unemployment.

4.5.4. The Commission's analysis of the Urban II programmes only acknowledges this aspect in general terms, recalling that the age structure in Urban areas reveals a slightly higher percentage of old people than in the cities sampled in the Urban Audit.

4.5.5. A more detailed analysis should be made of the measures planned under the programmes and specifically targeting the older population and, most importantly, the problem should be included among Urban's priority actions and among the criteria for selecting urban areas.

4.6. Urban sprawl

4.6.1. The Community's Urban programme is intended for 'neighbourhoods in crisis' and is based on the traditional categories describing urban areas: cities, neighbourhoods, centres, peripheral or suburban areas.

4.6.2. One of the main strategic innovations of Urban II is that it addresses medium and small-sized cities. In its communication, the Commission explains that in addition to population, the small size of the areas covered also helped to increase the intensity of aid per km². It is pointed out that territorial concentration of actions has positive effects on local planning and on opportunities for upgrading urban areas.

4.6.3. The most recent research in the area of urban studies has however highlighted that traditional ways of understanding urban situations have, over recent years, started to break down across large areas of Europe. A look at the map of many parts of the Union — or, even more, travel or residence in them — reveals a picture which challenges many of the conventional categories for viewing urban models.

4.6.4. Urban sprawl and the growth of 'dispersed cities' have been accelerated by the huge growth of individual mobility and of transport and communications infrastructure networks, the increasing decentralisation of production and the internationalisation of distribution, and new strategies of industrial and commercial relocation. Increasingly invasive forms of spatial occupation are on the rise, spreading across what had previously been considered as the countryside. This only serves to multiply the characteristic environmental pressures of urban areas.

4.6.5. Urban sprawl is often marked by high levels of deprivation, poverty and low physical and environmental standards, as well as a loss of identity: new challenges thus arise. Many of the Urban programmes' criteria for interpretation and action appear ineffective in this context. The concepts of the city, of neighbourhoods, of centre and suburb are undermined: above all, the parameter of the physical size of the geographical areas covered by Urban becomes meaningless. The intensity of aid in areas of urban sprawl clearly cannot be measured in terms of resources brought to bear per km².

4.6.6. The EESC has previously drawn attention to this problem. More specifically, in its opinion on sustainable urban development in the European Union: a framework for action ⁽¹⁾, the Committee argued that the growth in the third millennium of bloated, sprawling cities with no real centre represented a further challenge to the EU to come up with an alternative, competitive form of government which is compatible with urban and regional development.

4.6.7. It is important to make sure that in the future the Urban programme effectively addresses in an experimental and innovative way the new forms assumed by the urban question, with action designed to bring urban sprawl under control and to introduce policies for regenerating such areas.

⁽¹⁾ ESC opinion of 20.10.1999, in OJ C 368, 20.12.1999, p. 62.

4.7. Conclusions

4.7.1. The communication from the Commission closes with a question concerning the future of the Urban initiative. The EESC recommends that these innovative programmes be continued and be stepped up, and that greater economic resources be brought to bear on them, and also calls for many of the methods and practices created through the Urban programmes to be applied to the more general management of the Structural Funds.

4.7.2. Once the specific nature of urban questions has been highlighted, there will be an increasing need to implement action strategies which can effectively link the necessary sectoral intervention approaches to a culture of integration between economic development, social and economic cohesion, employment, the importance of involving economic and social players, and restoring and protecting the quality of the environment and the built heritage, within a framework of developmental compatibility and consistency.

Brussels, 26 March 2003.

The President

of the European Economic and Social Committee

Roger BRIESCH

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive amending Directive 77/388/EEC as regards the rules on the place of supply of electricity and gas'

(COM(2002) 688 final — 2002/0286 (CNS))

(2003/C 133/13)

On 16 December 2002 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 March 2003. The rapporteur was Mr Pezzini.

At its 398th plenary session on 26 and 27 March 2003 (meeting of 26 March), the Economic and Social Committee adopted the following opinion by 97 votes to one with four abstentions.

1. Introduction

1.1. Following the establishment of the EU internal market, the electricity and gas market in the Member States has been gradually liberalised in order to increase efficiency in this sector. The European Council meeting in Lisbon on 23-24 March 2000 called for 'rapid work' to complete the internal market and asked 'the Commission ... to speed up liberalisation' in areas such as gas and electricity. The Energy Council of 30 May 2000 invited the Commission 'to present timely proposals for further action'.

1.2. The Energy Council of 25 November 2002 gave further impetus to the gas and electricity liberalisation pro-

cess, laying down the following requirements for Member States:

- liberalisation of non-household markets for energy and gas by 1 July 2004;
- liberalisation of household markets by 1 July 2007;
- compulsory legal separation between network operating companies and energy production companies;
- public service obligations (including provision of energy at reasonable prices);