

**Cohesion policy and cities: the urban contribution to growth and jobs in the regions
Commission staff working paper**

The views of the European Anti Poverty Network EAPN

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The European Commission has issued a Commission staff working paper *Cohesion policy and cities – the urban contribution to growth and jobs in the regions*. This is the latest in a series of European Union articulations of urban policy since the 1980s and which also includes the Rotterdam *acquis* (2004) and the Bristol accord (2005). Whilst very conscious of the problems of rural poverty in the Union, the European Anti Poverty Network is aware that many of the most severe problems of poverty are concentrated in cities and they require a series of coherent responses across a number of policy fronts.

Whilst the specific purpose of the staff working paper is to contribute to the Community Strategic Guidelines, it will send out important signals for the development of urban policy further afield which will shape urban policy for a number of years.

General comments

The European Anti Poverty Network gives a broad welcome for *Cohesion policy and cities – the urban contribution to growth and jobs in the regions*, but it must be rebalanced. The paper does acknowledge the importance of social inclusion within urban policy. It rightly gives prominence to governance issues, those in need of labour market and related interventions and proposes technical assistance to NGOs and a funding programme, JEREMIE.

There are a number of problems and gaps with the working paper, as follows:

- Social and environmental development are still not given the same priority as the jobs and growth agenda;
- European Union and national policies must be coherent with urban policy, especially in the areas of immigration, asylum and the role of immigrant communities;
- Its thinking on transport has not adapted to current conditions or social realities;
- There are specific critical gaps in the exclusion of people with disabilities, fuel poverty and homelessness;
- Although the role of NGOs is recognized, they are seen as deliverers of services, not groups that can empower disadvantaged communities to have a say in urban policy and development;
- The JEREMIE programme is limited in its ambition and instruments. As proposed, its impact on social exclusion would be small.

EAPN proposes that the guidelines now be rebalanced:

- Equal prominence to social, economic and environmental objectives;
- Accessible, affordable, frequent quality public transport as the preferred urban mode of choice;
- The urban built environment to be accessible to people with disabilities;
- A reduction and elimination of homelessness should be an objective of urban policy;
- Elimination of fuel poverty should be an objective for policies in housing and the built environment;
- The principle that minimum standards and *desiderata* be set for public services for disadvantaged communities;
- Modern concepts of social capital and community development be made an integral part of the guidelines; as well as the role of civil society outlined in the white paper on governance and article 47 of the draft constitution, with specific mechanisms to make these possible;

- The JEREMIE programme be redesigned along the lines of the local social capital programme run by the Commission, including grants and the use of intermediary funding bodies promoting community development.

Commentary

Our comments as follows. Later, we have specific comments on: key issues, more and better jobs, governance and JEREMIE.

The European Anti Poverty Network welcomes:

Recognition of the importance of social inclusion

- The initial statement of the need to deliver on *social* and environmental goals;
- The statement that the guidelines promote an integrated approach to cohesion policy, delivering not only growth and jobs, but also *social and environmental goals*. (p.1, para. 3)
- Acknowledgement that there is severe social exclusion, poverty, inequality and environmental degradation in many European cities (market failures, p. 2, para 7);
- References to the need to strengthen social cohesion (p. 1, para. 1)
- The approach to balanced development between urban and rural areas. (p. 3, para. 5)
- The importance of public services (well-working and affordable services related to health, social services, training, retailing and public administration are vital to urban competitiveness and quality of life (p. 6, para. 5)
- The statement of the need for citizens from deprived areas to have access to services. (p. 7, para. 3).
- Acceptance of the role of cities in improving education and training (p. 10. para. 4).
- Recognition of the importance of outreach to specific groups, such as young or female entrepreneurs or those from disadvantaged groups, including ethnic minorities. Here, it says that access to finance can be a particular issue in deprived areas – public authorities and NGOs can play the role of facilitators, for example by guaranteeing the quality of projects. (p. 11, para. 5).

Recognition of the role of the Non-Governmental Organizations (NGOs)

- Reference to the role of partnership, where it says that cities should 'build in their strengths. Notably, they can create partnerships and employment and innovation pacts, bringing together key players within an area – elected representatives, business leaders, NGOs, interest groups and universities – to engage in positive and dynamic social and economic development.' (p. 13, para. 6)
- Recognition of the weaknesses of urban areas, where the paper says that cities should 'tackle their weaknesses, boosting employability among those groups within the population which find it hardest to access employment e.g. women, young people, older workers, immigrants and minorities, handicapped people.' (p. 14, para. 1). It goes on to say that cities should target support at those groups which disproportionately suffer disadvantages in the labour market (e.g. early school leavers, low-skilled young people, older workers, immigrants, minorities). Cities should, it says, pay special attention to 'creating the kinds of places where people want to live and enterprises want to invest, which are socially just and inclusive, ...' (p. 16, para. 2). The working paper commends programmes designed to assist immigrants in adapting to a new environment can help to avoid discrimination and poverty and the involvement of local host communities, particularly the voluntary and community sector. (p. 16, para. 6).

The importance given to governance issues

- In the area of governance, the sentiment that the key partners – the 'private sector and community, as well as local, regional and national government – should be mobilized in the planning, implementation and evaluation of urban development'. (p. 21, para. 2). The working paper acknowledges that citizen participation is 'a democratic imperative – the engagement of local residents and civil society in urban policy can give legitimacy and effectiveness to government actions. These actors bring local knowledge as well as specific talents.' (p. 21, para 3)
- Acknowledgement of the importance of technical assistance. The paper recognizes that community involvement 'often requires a certain degree of "capacity-building", where the public sector actively encourages, trains and facilitates actors from the community and voluntary sectors....One specific point is training and

equipping voluntary groups in the formal skills necessary to play a full role in project delivery.” (p.21, para 6). It adds that it is ‘important to involve local citizens, community groups and other NGOs in promoting environmentally and socially sustainable growth and jobs in cities. These actors bring new competencies as well as promoting project legitimacy in the eyes of the community.’ (p. 22, para. 2)

The proposal for a funding facility

- The working paper proposes JEREMIE, a facility available to the programme authorities to accredit financial intermediaries experienced in business development and micro-credit. These accredited financial intermediaries will lend the capital of JEREMIE to businesses and other final beneficiaries. (p. 23-24, para. 6). JEREMIE will, it says, strengthen growth, employment and social inclusion in the cities of the EU covered by the structural funds programmes. (p. 24, para. 2).

The working paper has a number of gaps and weaknesses, as follows:

Emphasis on jobs and growth

- The ‘jobs and growth’ axiom underlying the paper is couched in terms that subordinates social and environmental goals. EAPN takes the view that economic, social and environmental goals must be pursued simultaneously and given *equal* priority. We remind the Commission that a substantial number of people who are poor actually have jobs – the working poor. Nobody disputes the fact that jobs can be a significant contributor to the reduction of poverty – but they must be quality jobs above the poverty line. The staff working paper should have said so.
- The EAPN takes the view that social exclusion and unemployment are an outcome of structural inequality, not the more anodyne explanation of ‘market failure’ advanced by the working paper.
- The proposals for socio-economic development outlined here missed some important aspects of the urban environment, especially the importance of the social economy.

Need for coherence with other European Union policies

- The working paper failed to state the underlying importance of coherence between its policies for urban development and other policies pursued by the European Union, especially in the area of asylum and home affairs. There is little point in having an urban policy that works for the integration of immigrant communities while the European Union and national governments pursue national policies hostile to them.

Under-estimation of the role of Non-Governmental Organizations

- The role of Non-Governmental Organizations and community groups, while recognized, is not fully valued. NGOs appear to be valued as facilitators, mediators and providers, but not as political, social and economic actors. We have further comments on this below.

An underdeveloped, insufficient financial instrument

- The JEREMIE programme, if limited to loans, will have only limited value. To get the full value of such a programme, it must encompass grants and name NGOs and community organizations as final beneficiaries. Lending programmes invariably favour economic criteria over social; and those with more, rather than less, credit and can quite quickly be socially exclusive. We have further proposals below.

Key issues

The staff working paper puts forward four key issues for attention:

- Transport, accessibility and mobility;
- Access to services and amenities;
- The natural and physical environment;
- The cultural sector.

EAPN has a number of comments to make. *Cohesion policy and cities – the urban contribution to growth and jobs in the regions* acknowledges that affordable access to public transport is a key component of urban strategy, the strong link between mobility and social and economic inclusion and then makes an extraordinary statement:

‘ Those without cars or who are unable to drive, including older people and people with mobility impairments, need alternatives to the private car to access jobs and services’ (p5)

The underlying assumption of this statement is that the car is the norm and that anything else is ‘an alternative’. The working paper should have put public transport (train, bus, tram, light rail etc) as the *preferred* mode of transport, with the car as a minority mode of transport. The working paper’s assumption of the car as the norm is not only environmentally unsustainable, but it is socially exclusive. The working paper should have, instead, stated that:

- For environmental and social reasons, public transport should be the normal mode, the preferred and favoured means;
- It should be accessible, affordable, frequent and attractive.

The statement that it should be ‘improved’ is weak, as is the sentiment that transport should ‘take account of those without cars or those unable to drive’(e.g. older people and those with mobility impairments)’. Disability organizations have correctly argued for a right to mobility and a fully accessible built environment and this is the approach which the working paper should have followed. The working paper fails to recognize that a public transport preference will mean disfavoured and restricting urban car use, through means such as congestion charging.

The working paper is right to identify as a key issue *Access to service facilities* (6 – 7) for disadvantaged groups. It might have been useful for the paper to have proposed that the European Union working toward a code of minimum standards or *desiderata* for such services (hours, range of services provided, staffing, documentation, physical access).

The working paper is correct in emphasizing the social dimension to the key issue *Natural and physical environment* (7-9) and the importance of housing. The issue of fuel poverty was not mentioned and *Cohesion policy and cities – the urban contribution to growth and jobs in the regions* should have stressed the importance of measures against fuel poverty, principally insulation, efficient and affordable energy systems and passive heating. These sections should be strengthened. Instead of ‘municipal authorities have an important role to play in the promotion of energy efficiency’, they should set and reach targets for the elimination of fuel poverty.

More and better jobs

More and better jobs is the focus of a substantial section of *Cohesion policy and cities – the urban contribution to growth and jobs in the regions*. The working paper has welcome commitments to the importance of targeting efforts to those most disadvantaged, correctly identifies those groups most at risk of disadvantage, recognizes the continuing prevalence of unemployment and concentrated long-term unemployment and pays proper attention to the spatial aspects of deprivation (14-15). The conclusions, though, do not embrace the width of understanding of social inclusion in an urban context. The guidelines for promoting social inclusion, for example, state the need for:

‘The improvement of social services to rise to the challenge of child poverty and prevent the emergence of street children in European cities’.

Whilst welcome, this raises three questions: What action should be taken for the role of social services for *all* in poverty? What action should be taken on *adult* homelessness? And third, does the Commission realize that street children are already a feature of European cities?

The failure to recognize homelessness is a striking one in *Cohesion policy and cities – the urban contribution to growth and jobs in the regions*. The European federation for the homeless, FEANTSA, has already drawn attention to the severe problem of homelessness and it is probably the most visible evidence of extreme urban poverty and a serious failure of urban policy. Its omission from the guidelines is more than disappointing.

Under the section **Disparities within cities**, gender issues when referring to “single mothers” (17) should address the issue with the wider expression of “lone-parents”, so as to include the whole range of mono-parental households.

Governance

Governance is rightly recognized as a central issue by *Cohesion policy and cities – the urban contribution to growth and jobs in the regions*. The question of *how* urban policy should be developed is at least as important as to *what* that policy should be. The working paper rightly acknowledges the role of strategic partnerships and citizen participation. Recognition of capacity building is especially important.

Despite this, the working paper falls short of its potential:

- The section on capacity building is contextualized by assisting NGOs to deliver projects (21). NGOs are much more than deliverers of projects, although that is important, for they can empower disadvantaged communities and help them articulate their needs throughout local governance.
- Although the working paper speaks of ‘participation’ and ‘partnership’, it would have more authority if it were to endorse both the community development method and the concept of social capital and how that should be built and rebuilt. These two important value concepts, which help to make participation and partnership work, are missing. The Bristol conclusions refer to ‘empowerment’ and the need for ‘trust’, key concept in social capital.

The working paper falls far short of the aspiration for civil society expressed in either the European white paper on governance (2001) or the draft European constitution. The white paper on governance referred to the need for ‘structured channels for feedback, criticism and protest’ while article 47 of the constitution refers to ‘open, transparent and regular dialogue’ between civil society and government. Urban governance must include room for open, transparent and regular dialogue with NGOs and the working paper should have set this down as a principle. Participation and partnership, as proposed here, are tame ideas set against the ideals of the white paper and the constitution. The working paper should step up its ambitions in the field of governance and propose specific participatory mechanisms for the interaction between communities and citizens with the systems of urban governance. The Bristol conclusions rightly refer to the ideal of ‘effective engagement’ and to ‘the participation of civil society at all levels of government’.

JEREMIE

The JEREMIE proposal, whilst an interesting one, falls far short of its potential. The proposal briefly outlined here, is for a micro-credit facility to strengthen growth, employment and social inclusion. As outlined here, it is unlikely to fulfil this remit. This proposal should be seen in the context of the local social capital programme run by the European Union in 2001. Whilst the local social capital programme did fund microcredit, it was at least, if not more effective, in its role in support local economic and social development through intermediary bodies, mainly through small grants. The evaluation of the local social capital programme showed that it was one of the most imaginative and valuable run by the European Commission, especially its work in community economic and social development, which included many difficult urban environments. If JEREMIE represents a resurrection of the local social capital programme, that is welcome, but it would be an extraordinary disappointment if only one aspect of that programme were to be recreated. JEREMIE should instead be reconstructed around the full width, depth and values of the local social capital programme. If loans are to be used, then ethical banking institutions should be given consideration as accredited financial intermediaries for JEREMIE. They are appropriate institutions for tackling situations of poverty and social exclusion and investing in projects in deprived areas. They could also better partner with beneficiaries from the NGO and community sector.

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