

HANDBOOK OF

SUSTAINABLE URBAN DEVELOPMENT STRATEGIES

EXECUTIVE SUMMARY



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Almost 1,000 integrated sustainable urban development strategies have been implemented in the programming period 2014-2020, enabling investments for more than EUR 17 billion.

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The Handbook of Sustainable Urban Development Strategies provides valuable knowledge on how to implement integrated and place-based urban strategies under cohesion policy. It aims to serve local authorities, managing authorities and all other relevant stakeholders.

The Handbook is a joint initiative by the Commission's Directorates-General for Regional and Urban Policy (DG REGIO), and the Joint Research Centre (JRC), and which benefits from active involvement from policymakers, practitioners, and scholars. The Handbook relies on data available in STRAT-Board, a database and online tool which provides an overview of SUD strategies implemented in 2014-2020.

Both the Handbook of Sustainable Urban Development Strategies and STRAT-Board are available online on the Urban Data Platform Plus website (<https://urban.jrc.ec.europa.eu>).

CONTEXT AND FUTURE PROSPECTS

In our fast-changing world, Europe is facing pressing challenges – environmental damage and climate change, the digital revolution, demographic transition, migration, and social inequalities – and cities are often on the front line to deliver solutions.

These urban challenges are addressed on various policy levels, from local action to national urban policy frameworks, and global agendas.

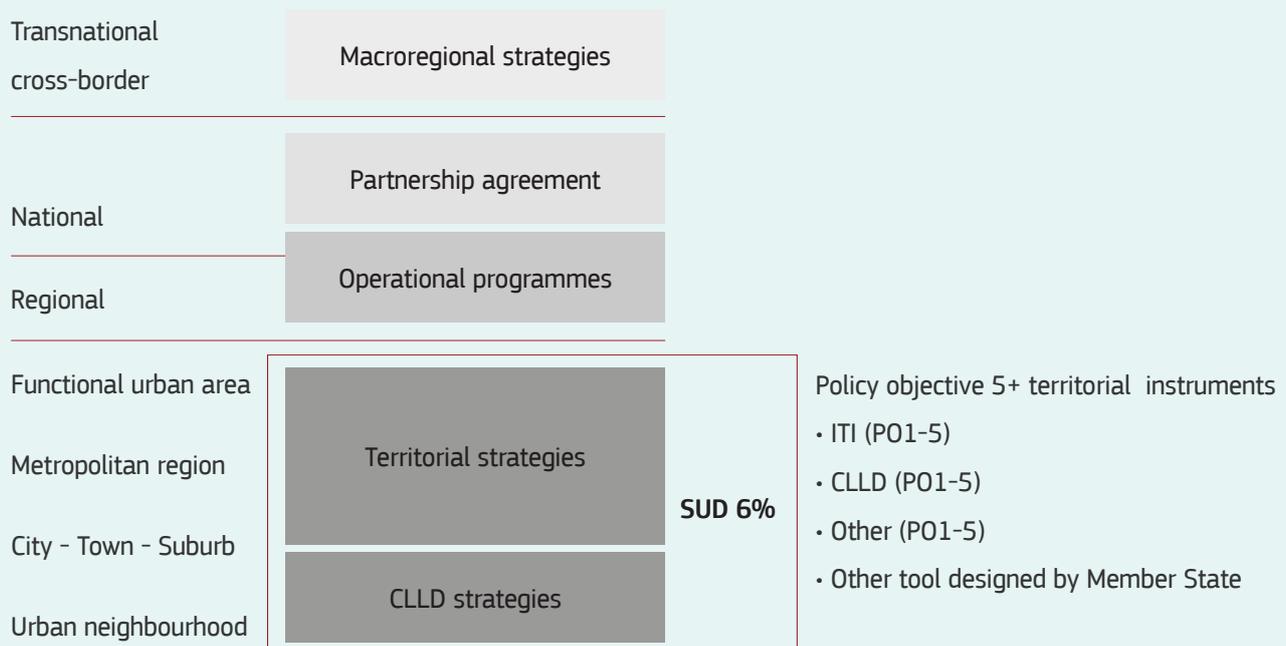
The European Union (EU) is relevant to this context, as it has consolidated a common integrated approach towards sustainable urban development over recent decades, thanks to milestones such as the Leipzig Charter, and the Urban Agenda for the EU.

The Leipzig Charter will be renewed in the second half of 2020 under the German EU presidency, and will include an implementation document defining the next steps of the Urban Agenda process.

Moreover, EU's cohesion policy provides operational tools to reinforce a common approach to sustainable urban development.

In fact, during the 2014-2020 programming period, support for sustainable urban development (SUD) became compulsory (5% of the European Regional Development Fund is earmarked in each Member State), and the strategic dimension of the integrated approach affirmed. Furthermore, new territorial instruments were introduced to implement strategies in urban areas, namely integrated territorial investment (ITI), and community-led local development (CLLD). These instruments emphasise the importance of integrating multiple sectors and funds (ITI), and of local community engagement (CLLD).

For the 2021-2027 period, cohesion policy proposes an even stronger urban and territorial dimension, putting emphasis on multi-sectoral policy, multi-level and multi-stakeholder governance, and promoting multi-territorial and community-led processes.



*Integrated territorial development as conceived in 2021-2027 draft regulations.
Source: own elaboration based on European Commission, 2018.*

THE HANDBOOK IN A NUTSHELL

The Handbook of Sustainable Urban Development Strategies serves two main purposes. Firstly, it provides an in-depth analysis of the state of play of urban strategies supported by cohesion policy over the 2014-2020 programming period. Secondly, it provides insights, examples, and recommendations for the design and implementation of the future generation of urban strategies.

The Handbook addresses sustainable urban development strategies as bridges between cohesion policy and local territorial governance systems, taking into account their corresponding rationale, rules, and actors. Therefore, it is conceived as a policy learning document, responding to the needs of different territorial and administrative contexts.

It does not provide a ‘quick fix’, but rather, it offers suggestions on how to tackle key challenges during the process of strategy design and implementation, by giving concrete examples, and referring to existing studies and guidelines.

The Handbook addresses the EU’s integrated approach to urban development by means of six building blocks: strategic dimension, territorial focus, governance, cross-sectoral integration, funding and finance, and monitoring. Each building block is discussed in a separate chapter, which addresses the most important and recurrent issues faced by policymakers.

Furthermore, for each of these issues, the Handbook provides information on how to address the key challenges, by providing inspiring examples, useful data, warning of potential risks, and linking to other resources. Finally, for each issue, a series of recommendations is listed.



Scheme of the structure of each building block.

THE INTEGRATED APPROACH IN SIX BUILDING BLOCKS

Strategic Dimension

Urban strategies can be seen as collective roadmaps, aimed at triggering a desired change. The emergence of a strategic approach in EU urban and regional policies parallels the enlargement of city development objectives and agendas. In this context, EU's cohesion policy promotes SUD strategies within the regional framework, under a common place-based approach. Therefore, SUD strategies represent a different way of working in a multi-level governance system.

The emphasis on SUD strategies in cohesion policy leads to two issues: their role as bridges between operational programmes and projects; and the synergies with other policy frameworks. The first issue addresses how to better align the intervention logic, and goals set out in the operational programme, with those set at the local level. To strengthen this link, it is crucial to work on the policy architecture, and reinforce the capacity for delivery, going from (good) design to (good) implementation. The second issue clarifies how SUD strategies can be connected to local, national, European, and global urban agendas. In this regard, it is particularly useful to explore synergies between SUD and the EU's innovation agenda, operationalised through Smart Specialisation.

Territorial Focus

For an SUD strategy to have an explicit territorial focus, the needs, challenges, and opportunities for development must match the appropriate spatial scale and territorial context. Choosing the appropriate area to implement the strategy is a policy decision, which can depend on policy agendas and available governance tools.

In this context, three main issues arise: targeting neighbourhoods, adopting the functional area approach, and promoting urban-rural linkages. The first issue concerns deprived neighbourhoods – already targeted by URBAN Community Initiative – where multiple challenges overlap, meaning that a multi-faceted integration of policies is required. The second issue concerns the interdependent relationships of multiple municipalities (e.g. functional urban areas), and how to overcome the fragmentation and inefficiency caused by 'mismatches' between administrative boundaries and territorial issues. Finally, 'urban-rural linkages' refers to the set of bi-directional links (e.g. labour market flows, public service provision, mobility, etc.) which blur the distinction between urban and rural, especially for small- and medium-sized cities and towns.

How do we achieve spatial concentration when issues and opportunities are not confined by neighbourhood boundaries?

Adopting an outward-looking perspective is useful to take into account the interdependence between different urban areas, and across scales. The aim of integrating the targeted area into a larger context, and the project into a wider strategic framework, requires flexibility, and so some funds must be allowed to be used outside of the action area, all the while keeping the strategy focused on the appointed neighbourhood(s). In Berlin (DE), the Future Initiative City District contributes to the Berlin 2030 strategy, building an overarching framework for neighbourhood regeneration strategies, and establishing five action areas with 'flexible' perimeters.

Governance

Good governance arrangements contribute to more transparent, inclusive, responsive, and effective decision-making. Within the context of SUD, 'governance' refers to how the relevant authorities and stakeholders decide to plan, finance, and manage a specific strategy. The three central components of governance for SUD strategies are: multi-level governance, the multi-stakeholder approach, and the bottom-up and participatory approach. The first component re-

fers to the coordination and alignment of actions between different levels of government. The second deals with the inclusion of all relevant actors throughout the whole policy cycle (next to local, regional, national, and EU/supranational administrative bodies and agencies, governance arrangements may include a wide variety of actors and institutions, such as civil society, Non-Governmental Organisations (NGOs), academics, community-based organisations, social movements, steering groups, and the private sector). The last component concerns the active involvement of citizens through specific territorial instruments (Community-led Local Development), as well as other alternative methods.

How do we apply the 'partnership principle' effectively throughout the strategy process?

In the majority of cases, the preparatory/design phase of the SUD strategy includes the widest range of stakeholders, largely through ad hoc mechanisms, rather than a systematic approach. To make the most of the partnership principle, stakeholders should be involved in the entire strategy lifecycle. Zagreb (HR) has ensured effective cooperation among many stakeholders by establishing a Partnership Council, comprised of all administrative levels, as well as other public bodies, universities, training and research centres, economic and social partners, businesses, and civil society. Its tasks are to prepare, de-

velop, and monitor the strategy's implementation.

As a general support document, the URBACT guidance on implementation challenges helps in maintaining stakeholders' involvement, and organising decision-making processes. It provides practical suggestions for common challenges, and offers specific tools, such as the URBACT Stakeholder Ecosystem mapping tool, and the Participants Learning Kit.

Cross-Sectoral Integration

The cross-sectoral approach to urban strategies aims at overcoming the 'silos' structure, which often characterises public organisations. The goal of the approach is to ensure coherence in policymaking principles and objectives across policy areas, and to ensure that actors from across different sectors cooperate in creating strategic policies. This approach helps to anticipate the possible negative externalities of one-dimensional policies at the local level, and it allows for multi-dimensional challenges to be tackled.

Two main facets of the cross-sectoral approach are presented: cross-sectoral integration within cohesion policy structure; and cross-sectoral integration in territorial governance. Regarding the former, the main challenge is to create an enabling environment for integration at all levels, and dealing with existing conditionalities – namely, thematic

concentration. The second aspect concerns local actors' struggle to overcome the strict internal organisation of administrations, and to include a wide range of public and private actors in the implementation of cross-sectoral projects.

Funding and Finance

The combination of multiple funding sources, and the associated increase in the significance of financial instruments, are two long-established trends in delivering EU's cohesion policy. The rationale behind the use of multiple funding sources is that this provides efficiency gains by exploiting synergies with European Structural and Investment Funds (ESIF), and that it mobilises a wider range of actors and resources. Three main issues are relevant to this topic: the integration of ESI funds amongst themselves, and with domestic funds; the involvement of private investors and the third sector in funding SUD strategies; and the use of financial instruments and financial products in SUD. The first addresses the need to match the administrative requirements and target groups of different type of public funds, under the umbrella of a SUD strategy. The second implies that cities must produce bankable projects in order to raise potential investors' interest. The third regards the potential of financial instruments in leveraging resources and managing risk, highlighting the role of the European Investment Bank (EIB) as an EU policy implementation agent.

Monitoring

Effective monitoring quantifies the developments set in motion by the logical framework (intervention logic), and strengthens the transparency and legitimacy of the SUD strategy process. SUD strategies often require multi-sector monitoring, whilst also attempting to measure the added effect of having an integrated approach. The key issues related to monitoring are: setting up a coherent and effective monitoring framework; measuring different types of effects; and aligning monitoring to different levels of objectives. The first issue pertains to the use and development of specific objectives, result indicators, and output indicators, as well as the application of techniques that can help to measure the added effect of using an integrated approach. The second issue deals with how to collect and manage data for interventions that are expected to have tangible effects, as well as for those that are expected to generate intangible effects. The last issue concerns the question of how to align the monitoring of local objectives with regional, national, or global sustainability agendas.

How can the monitoring of local objectives be aligned with regional, national, or global sustainability agendas?

The extent of alignment varies, depending on the size and scope of urban-level initiatives. A Coruña (ES) has developed a SUD monitoring system which takes into account indicators from several policy levels

(global, European, and national – e.g. the Spanish Urban Agenda, Indicators for the Sustainable Development Goals (SDGs) of National Institute of Statistics, and the Spanish Network of Sustainable Development Indicators). Integrating inputs from different frameworks allows for the monitoring of territorial specificities in A Coruña on the one hand, and benchmarking between urban areas and cities on the other.

To help local and regional governments to implement and monitor the delivering of the 2030 Agenda policies, two useful documents are available: the 'Roadmap for localizing the SDGs', published by the Global Taskforce of Local and Regional governments, the United Nations Development Programme (UNDP), and UN Habitat; and the 'Handbook for SDG Voluntary Local Reviews', by the JRC, DG REGIO, and UN Habitat.

KEY MESSAGES

1. SUD strategies are transformative roadmaps aimed at maximising the development potential of a place. When designing the strategy, it is fundamental to formulate a clear vision for change supported by a coherent, evidence-based intervention logic, which takes into account the implementation dimension. This will ensure directionality to the strategy deployment. Continuity with pre-existing local strategies and synergies with other relevant planning instruments can help speed up operations and increase impact.

62% of SUD strategies build on pre-existing strategies, with no changes (13%), or limited adaptations (48%). 38% of strategies have been specifically developed to meet SUD requirements.

2. The effectiveness of SUD strategies depends on a structured cooperation between all levels of government involved. The participation of local authorities should start early in the process, maintaining their involvement in all phases of the strategy life cycle (from the drafting of operational programmes to the projects' implementation), using bi-directional feedback. This way, any mismatches between top-down decisions, and local needs are overcome. Furthermore, this can ensure that the strategy is coherent with the operational programme logic, and that there is a clear rationale in the development of criteria for project selection.

3. SUD strategies work best when all potential stakeholders are properly mapped and involved throughout the process. In particular, citizen and third sector engagement is necessary to multiply the benefit of investment in public goods. This can be achieved by the use of pioneering platforms, such as participative budgets, crowdsourcing tools, and citizen assemblies. Community-led local development (CLLD) can be used to build up the engagement of the local community, and is especially fitted for specific areas within larger cities (e.g. deprived neighbourhoods), as well as small towns.

75% of strategies involve at least one additional governance actor, alongside the mandatory inclusion of local, regional, or national level governments, and the EU.

4. Urban problems are complex issues whereby social, economic, and environmental dimensions are intertwined. An evidence-based analysis of the context within SUD strategies leads to a better understanding of this correlation at the local level. Highlighting the multi-dimensionality of urban issues, and how they relate to the EU and domestic policy priorities facilitates the coordinated use of the appropriate funds. National and EU regulatory frameworks have an important role to play in defining the conditions and possibilities for integrating multiple funding sources under one strategy, and tackling multifaceted issues jointly.

5. SUD strategies are integrated planning processes that work across policy areas. Cross-sectoral integration has the ability to

boost innovation, fading boundaries between sectoral policies. To this end, the authorities involved should establish collaborations between actors and departments across local governance structures, enhancing the role of strategies in merging interests. Joint administrative boards or intermediate management bodies can ease coordination.

In terms of integrating themes, 27% of strategies use four thematic objectives, while around 36% of strategies integrate more than five investment priorities per strategy. The most commonly used thematic objectives are low-carbon economy (TO4), environmental protection and resource efficiency (TO6), and social inclusion (TO9).

6. SUD strategies need to be coupled with arrangements for capacity-building, especially for local authorities. Investing in public administration expertise is critical in order to ensure that officers can become fully knowledgeable about place-based approaches, and so to grasp all opportunities for further development. To this end, technical assistance funding is available. Also, setting national guidelines and policy exchange platforms on SUD strategies can ensure policy learning among the managing authorities and beneficiary local authorities, over programming periods.

7. SUD strategies can address areas which transcend administrative boundaries, focusing on the real spatial dimension of needs and opportunities. The functional area approach is suitable in areas formed by multiple

municipalities, where a specific interdependence (or function) occurs, and which may need to be governed jointly. It allows projects to capitalise on local potential, especially when it enhances a coherent mobilisation of urban actors, encouraging territorial democracy, and giving rise to new cooperation structures across municipal borders. It can also be used to promote urban-rural linkages.

8. The monitoring of SUD strategies should combine sectoral measurements with an assessment of the added effect of using an integrated territorial approach. Similarly, SUD strategies' implementation should be coordinated as much as possible with overarching frameworks. It is important to consider how SUD strategy indicators can be aligned with those that apply at city, regional, national, and global level, exploring the process of scaling-down – 'localisation' – of indicators. Ideally, with the information gathered, local and regional authorities should also participate in monitoring and evaluating the achievement of SDGs.

9. SUD strategies could widen their scope and diversify their funding sources, by integrating other public funding (beyond ESIF), and/or to attract private investments. Sound strategy design and stakeholder engagement not only reduce policy, planning, and political risks, but also help to attract private investors. Organising projects and multiple funding sources in an 'Investment Programme' format allows local authorities to manage the project pipeline and state aid issues more flexibly, thus facilitating strategy implementation, and boosting investor confidence.



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