

# **URBAN II Evaluation**

## Case Study: Dortmund



# 1.0 Introduction

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URBAN II in Dortmund was focused on an inner city area of 752 hectares in the northern part of Dortmund (the Dortmunder Nordstadt), an industrial suburb that was mainly developed in the 19th Century to serve the Westfalenhütte steelworks, port and rail freight depot. All of the residents live in a densely populated 300 hectare area (the most densely populated residential area in the state of North Rhine-Westphalia) with steelworks, port and railway lines acting as physical barriers cutting off the area from the city centre and other residential districts.

The area has been badly affected by the deindustrialisation of these heavy industries, with the target area developing a role as the home for growing numbers of immigrants and socially disadvantaged groups partly because of the availability of cheaper (although poor quality) accommodation. The Nordstadt area had above-average concentrations of social, economic and urban problems, with high rates of unemployment (26.5% in 2000 – or three times the national rate), alongside long-term unemployment (46.9% of the total) and high-rates of economic inactivity.

The main challenges were high unemployment (especially amongst young people and migrants), poverty and risk of exclusion, low level of qualifications, an unbalanced economy and poor external image (although there is no quantifiable evidence of this). It was also affected by high population turnover rates, effectively changing the population completely every 5 to 7 years as more successful residents chose to leave and were replaced by more disadvantaged groups. The area's poor living conditions and facilities for residents meant that it was already the recipient of national urban renewal programme funding

Strategy development was led by the city council, with detailed analysis of the target area's strengths and weakness (in economic, urban form and social terms) conducted by an external contractor, and informed by intensive consultation with local partners and residents. This sought to develop understanding of the spatial and economic drivers of the area's decline and its structural weaknesses, but also identify areas of potential. These include the Nordstadt's unique status in the Dortmund area as an ethnically diverse and vibrant area, with a strong cultural, creative and culinary offer and large numbers of small businesses.

Dortmund was allocated €29m, with €10m from URBAN II, €12.2 from the state government and €2.8m from the city council. Other contributors included the German employment service and private partners such as the Thyssen-Krupp foundation. Most resources were focussed on entrepreneurship and employment measures (42%) and physical and environmental (33%). A further 15% was spent on promoting social inclusion and 8% on technical assistance.

The main priorities were the creation and preservation of jobs, improving the urban fabric and housing, developing structures for residents in commerce, housing and culture and promoting social cohesion.

The programme also allocated significant resources to communication activity, seeking to publicise the programme and motivate people inside the Nordstadt to get involved in the renewal effort (either through projects or events). It also sought to address the area's negative image and media reporting (linked to crime and immigration), encouraging people from across Dortmund to visit the area.

## 1.1 Programme Realisation

The principal effects on the ground in the Nordstadt stem from successful implementation of a variety of projects, many of which are likely to have had an impact on people's lives and local living conditions. The vast majority would not have taken place at all without URBAN, and even those that would have – such as employment service programmes – would have taken a much more limited form.

The area benefits from a wide variety of potential project partners and service providers, many of whom developed new project ideas in conjunction with the city council. Several of these projects can be considered innovative in their use of new approaches or the way they link different programme themes. These include:

- Workshops providing supplementary income and work experience for marginalised groups
- Communications activity undertaken in conjunction with local media college
- 'Space for ideas' scheme providing unused buildings to local creative organisations
- International week promoting the diverse cultural and culinary offerings in the Nordstadt
- Moving the 'Big Tepee' from Expo 2000 in Hannover to create an adventure centre for young people in Fredenbaum park
- Supporting (three) local business associations and promotion of the 'ethnic economy'
- Neighbourhood management scheme
- Conversion of Wichern church building into community/meeting centre for local residents and groups
- Parents cafés at local school promoting parental engagement in their children's education
- Scheme preventing accidents involving children

In the course of consultations, different aspects of the programme were mentioned as successful, for example the physical, urban development projects were felt to have had a major impact, due to their greater visibility. Neighbourhood management was also highlighted, as it gives a defined contact point for people to discuss local problems and promotes the idea that the city council and other service providers care about the area and its residents. The communication work was also mentioned as important, publicising renewal work to audiences inside the Nordstadt and across Dortmund.

According to the consultations, there were no major strategic changes during the life of the programme which should imply that the original theory behind the programme remained valid.

However, in the light of a general deterioration in wider economic conditions and more job losses in the Nordstadt, there was a slight shift of focus towards protecting existing jobs, and this indicator was added to the evidence base. It seems that the team were reacting to conditions and seeking to prevent further decline, although they insist they continued to actively targeting the creation of new jobs in the target area.

This is also linked to national welfare reforms in Germany in 2005 (Hartz IV), which merged the different forms of unemployment and social welfare and reduced levels of financial support, especially for the long-term unemployed. This has also had an impact on the way employment programmes are carried out across Germany, as well as making direct comparisons in unemployment data between 2000 and 2006 problematic.

Other changes were at the project level, one project under axis 3, grassroots initiatives and structures the Nordpol project was not able to be implemented for reasons of economic viability, so resources were shifted into physical projects under axis 1 (urban environment) that needed extra resource.

## 2.0 The Impact of the Programme

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### 2.1 Direct Impacts

The table below provides a summary of all of the outputs and results collected by the programme (drawn from the 2006 annual report).

Indicator	Overall		
	Target	Actual	%
<b>Outputs</b>			
Created or improved public buildings (m <sup>2</sup> )	510	1735	340%
Created or improved green space (m <sup>2</sup> )	89380	116550	130%
Created or improved public buildings (m <sup>2</sup> )	2600	2704	104%
Number of all supported SMEs <sup>1</sup>	3600	3057	85%
Changed or improved public space (m <sup>2</sup> )	36000	30390	84%
<b>Results</b>			
Business starts	10	93	930%
Participants in education and training	400	3116	779%
Jobs (created and secured)	380	409	108%

The first observation is that the Dortmund programme collected significantly fewer indicators than many other programmes, although three of the five output targets had been achieved or exceeded by the end of 2006. All three relate to the creation of physical space. The strongest performance

<sup>1</sup> Includes 904 SMEs supported 'intensively'

was associated with the amount of space created or improved in public buildings (this relates to activity under the social inclusion theme), with the programme achieving three times more than originally foreseen.

Turning to results, the three targets related to economic measures and all three were achieved or exceeded. There were significantly more participants in education and training measures than predicted, which is an excellent result, but could also be interpreted as an under-estimation of the numbers of people likely to take part. The number of business start-ups also represents a significant achievement, although consultations suggested that the changes in German welfare policy<sup>1</sup> that occurred during the intervention period may also have encouraged a number of people to start businesses. No quantitative data was available on the results of social or physical interventions, or the longer-term indirect impacts of the programme.

The Nordstadt cannot easily be compared with other parts of the city as it is the only area with such a large population of immigrants and ethnic minorities. A statistical assessment of longer-term impact therefore has to be based on a comparison between local and city-wide trends. The city council have recently implemented a local spatial monitoring system, and this shows that the Nordstadt still has significant challenges and that the area's neighbourhoods still under-perform based on a number of different measures. Results from this system have not been made available for analysis.

Over the period in question the general economic situation has worsened, with socio-economic indicators suggesting that the Nordstadt lost ground on the rest of Dortmund. Between 2000 and 2008, the population of the Nordstadt fell by 2.6%, with the population of Dortmund as a whole falling by 0.8%. However, population turnover in the Nordstadt (in-movers and out-movers as a proportion of all residents) fluctuated only slightly between 2000 and 2008.

Consultations suggested that the Nordstadt's economy has mirrored developments in the wider economy, and annual unemployment figures support the relationship between the local economy and city or regional trends. While new jobs have been created through the activity of various projects but it would appear that these have been offset by new job losses over the period in question. Despite peaking at 34% in 2005, the unemployment rate in the intervention area has fallen back to the level seen in 2000. However, over the same period, unemployment across Dortmund fell by 1.7 percentage points. In both the Nordstadt and Dortmund, the long term unemployed account for a larger proportion of all unemployed in 2008 than they did in 2000.

In spite of this the programme team feel that the Nordstadt has made significant progress, and its prospects would be much worse without the URBAN programme. They feel that the current economic conditions would be affecting the area much more severely (mainly because people in the Nordstadt are likely to be among the first to lose their jobs in a downturn) and the area would have lost further ground relative to the rest of the city.

<sup>1</sup> The Hartz IV reforms of social welfare legislation and benefit system

As a consequence of URBAN activity the Nordstadt is a more attractive place to live facilities and services have been improved and local businesses supported. The programme has helped to develop economic structures and social support networks that are likely to assist future development and improve community cohesion (more needed on this impact- just a couple more sentences on what URBAN did to create this impact). It is also felt that the programme has helped to develop the confidence and capacity of local groups and residents, with one interviewee suggesting that people are beginning to help themselves in different ways (more needed on this impact- just a couple of more sentences to explain what projects URBAN instigated to create this impact).

Perhaps most significantly, the programme created a sense of progress, as well as a shared purpose across a range of local partners, co-ordinating efforts and improving inter-personal contacts, mainly through the careful encouragement of a sense of team spirit and shared goals across the different organisations. One example of this is the investment by housing associations in improving housing assets and local facilities.

The programme team also mentioned a survey carried out by the University showing that the Nordstadt now has a much better external image and levels of satisfaction among residents are higher. There is also a feeling that communication work and events such as the International Week have helped to increase the numbers of visitors and mitigate negative press reporting. There are no more no-go areas and the area has developed a better reputation through its social, cultural, gastronomic and sporting offer.

It is less likely that the URBAN programme has had a comparable impact on the economic prospects and employability of individual residents, although it is unclear whether this would have been a realistic aim for a programme of this size and scope. One of the respondents stated that such an outcome would require a much more active engagement with schoolchildren and at a much earlier age (although much of this activity would have been ineligible for funding under URBAN II).

## **3.0 Links with Other Programmes and Policies**

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There is a long-standing plan to regenerate the Nordstadt, but the city council did not have sufficient financial resources or the political backing necessary for a programme of this type. URBAN funding gave a structure to renewal efforts, and provided sufficient resources to implement pre-existing project ideas more fully and allow new project ideas to be developed.

URBAN was managed as an independent programme, linked via the URBAN project group to the programmes of other city departments. This project group contained representatives of the different municipal departments, enabling the city council to co-ordinate URBAN with the programmes of other departments and use their resources to complement activities, especially in relation to schools, youth and sports development. For example, the employment service (ARGE)

was involved in and contributed resources to the programme through a number of training and employment projects

The programme also links to a range of project activity supported under the 'Socially Integrative City'<sup>1</sup> a federal/regional renewal programme. This programme seeks to counteract widening socio-spatial rifts in cities across Germany, applying an integrated political approach to urban development, fostering local participation and cooperation. In Dortmund this included a range of physical renewal and modernisation projects but also anti-discrimination, conflict resolution and debt advice services.

Consultations highlighted a two-way relationship with local lessons from URBAN influencing the city's mainstream strategies, and vice versa. The methods, especially an integrated programme and engagement of local population and groups, have been applied to both. As previously mentioned, another main lesson has been the need to continue monitoring an area like the Nordstadt. The city council have set up a local spatial monitoring system for this purpose so that local developments can be tracked and neighbourhood-level trends can be compared to the rest of the city.

## 4.0 Factors of Success

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In Dortmund it is clear that a significant amount of work went into the detailed location analysis at the beginning of the programme, building evidence of the area's structural weaknesses and the priorities for intervention. This also included an assessment of the local economic structure and potential drivers of growth, such as the number of small and ethnic minority businesses, the diverse cultural and gastronomic offer and the numbers of local people working in the creative industries. This sought to turn negatives such as an association with immigrant groups and a perceived link with crime into positives, emphasising the Nordstadt's diversity, unique in the Dortmund area.

Another key factor has been the active engagement of the population and their willingness to get involved in turning the area around. While the communication and involvement work has had an important role in this, this may have been also driven by local people wishing to challenge negative images of the Nordstadt and the people who live there.

It appears that the intervention area benefitted from a shared URBAN mindset and mission, as well as the ongoing commitment of a number of local policymakers and project staff. Experience under URBAN has convinced the programme team of the value of a single co-ordination point for an intervention area like the Nordstadt, bringing together an overview of all public programmes, detailed local knowledge and contacts. At the same time, continuity of staff is a recurring theme across URBAN, and Dortmund seems to have been less affected (though not unaffected) by this than other programmes.

<sup>1</sup> Bund-Länder Programm "Stadtteile mit besonderem Entwicklungsbedarf- die Soziale Stadt"

Consultations mentioned the importance of good working relationships, especially between the regional, district and city levels. The programme team had good relationships with regional government, enabling them to benefit from their experience of URBAN I in Duisburg. Experience with European or large-scale programmes was also highlighted as important in programmes like this which are high-profile and put significant pressure on local policymakers.

In the light of a comparatively slow start and early delays to project implementation, the mid-term evaluation included recommendations on streamlining governance and decision-making, by replacing the original structure with a flatter organisational form composed of a cross-departmental URBAN project group with direct links to decision-makers in the relevant departments.

However, URBAN II provides cities with more freedom than other large-scale programmes to implement and manage the programme as they see fit, especially in terms of local economic development. The management of URBAN in Dortmund was not dominated by any single department such as urban planning, but this structure ensured a genuinely multi-disciplinary approach. Different specialisms were represented in the URBAN group and involved in steering the programme, including economic development.

URBAN II has also provided evidence of the need to employ sufficient resources to make a real difference on the ground, in proportion with the aims of the programme and sufficient to convince private partners and local businesses to invest in the local area. The visible success of the overall programme has also had an impact on local representatives, with many now convinced of the need to sustain renewal efforts into the future.

At the level of projects, the Nordstadt benefited from a range of organisations active locally, many of whom developed model projects from innovative ideas and were treated as partners by the city council. While the council as managing authority signed broad, long term service agreements with project deliverers, the exact terms and conditions were reviewed every six months in conjunction with the projects. This enabled projects to influence the way funds were spent, as well as providing a degree of flexibility that allowed them to react to changing conditions or priorities.

One of the key benefits of URBAN is that once agreements have been signed, this provides (often small) project teams with the financial security to plan for the future and keep hold of key staff. However, many of the smaller, private project organisations struggled with the exacting control and monitoring mechanisms of URBAN II, so support from staff at the city council (and the resources and capacity to provide this) was vital to the successful administration of many projects.

## **5.0 Integrated Approach**

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Perhaps more important than activity under any single theme was the implementation of a range of mutually supporting projects (linking physical, economic and social benefits), creating a greater sense of progress and a wider impact than would have been possible by concentrating on any one

theme. The city council had little experience of developing an integrated approach to urban development in Dortmund before URBAN, but it is now applied to ongoing city renewal work.

The creation of synergies and lasting impacts was a key consideration in Dortmund, the measures combined a range of approaches and connected projects with activity under other measures. Several of the physical projects also supported social or economic aims, for example;

- Big Tepee/ Adventure World Fredenbaum was the largest single physical infrastructure project, but was also used for school events, becoming an additional local learning facility
- Improvements to Fredenbaumpark were linked to skills training in gardening and carpentry
- The ecological modernisation project provided opportunities for local schools, groups and residents

Indeed, the environmental pillar was provided as an example of integrated working: parks and green spaces were built, which had an impact on the environment in the neighbourhood but also on the social dimension and quality of life in the neighbourhood. This work also attracted visitors to the area, creating an economic impact and changing perceptions of the Nordstadt amongst people from the rest of Dortmund and further afield. Another example of synergy effects relates to the links between resident engagement and local economic development – through development of the local gastronomic offer and creative industries.

The interviews suggested that a genuinely integrated programme provides much improved impacts, but also requires lots of project ideas covering the different themes. In Dortmund these were a mix of pre-existing and new ideas which were then worked up into a comprehensive programme. At the same time, an integrated approach can also serve to generate additional project ideas through the joint working of different projects and agencies.

The programme team in Dortmund also commented that that an integrated approach must allow cities flexibility to shape their programmes according to local needs circumstances.

## **6.0 Programme Management and Partnerships**

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Programme management appears to have been good and while there were delays - especially in the early days - these were not felt to have endangered the basic aims and priorities of the programme. As previously mentioned, the original hierarchical structure was replaced by with a flatter organisational form composed of a cross-departmental URBAN project group with direct links to the city director and decision-makers in the relevant departments. This helped to streamline processes and eased implementation. 5% of the total programme budget was allocated to management and implementation, a figure of €1.4 million in total or €0.4m from the ERDF.

While a number of result and impact indicators were collected, there is no evidence that they were used to steer the programme or amend its thematic balance. One respondent commented that this would require giving programmes the freedom to make mistakes, a difficult proposition given the profile of URBAN programmes and the pressure on URBAN teams to meet their targets. The only changes to the programme were administrative or tactical rather than strategic, for example when it became evident that a project could not be implemented in its planned form, or when resources were more urgently required elsewhere in the programme.

The consultations highlighted a range of problems to do with the administrative complexities of managing an URBAN programme. Lots of energy and resources went into administration, especially at the city council level and amongst the projects, all time that was absorbed into programme costs and could arguably have been put to better use. Where projects are commissioned to provide a service, they become a contracting authority and responsible for compliance with funding conditions and regulatory requirements. For example, a project involved in a building scheme is required to know and comply with all building regulations and legal requirements. One example was given of a building project that ran into difficulties because they had not complied with all building regulations (that the URBAN team and project were not aware of) on the fixtures and fittings required. This led to money being clawed back, at the expense of the city council and the project organisation concerned.

The control mechanisms, especially financial/accounting procedures were described as too bureaucratic and often beyond the abilities of small organisations and projects. The process of approving and transferring payments was criticised, especially as regards the reimbursement of project expenses and staff salaries. It was difficult to prove the payments made to individuals (were not allowed to use the official tax card for this) and it was unclear how to deal with health insurance and pension payments. This was resolved by getting each staff member to confirm and sign the amounts received on a monthly basis.

An alternative to this arrangement would have been to contract out all service provision to private organisations (via open tenders), but this would have meant that relationships and networks would have to be re-built from scratch. One respondent suggested the establishment of an overall 'package amount' per job, where costs up to a certain point will be met, without the need to process and confirm individual payments.

Project expenses had to be reviewed as individual transactions, with the cost of administration often outweighing the item concerned. Often, the individual items needed by projects for their work were not eligible for funding, and as many of the smaller organisations do not have access to capital to cover such costs, these had to be met by the city council. Costs such as professional and technical services provided by other council departments cannot be reclaimed as there is no record of a transaction.

There were also legal complexities, where the URBAN programme has to comply with European and national law and in the case of Germany with federal and district level regulations. At the same time different funding streams have differing requirements and the various levels of

government have their own interpretations of legal and governance requirements. Consultations suggested that the programme were able to avoid some problems because of their good contacts with staff in the regional ministry and the guidance they were able to provide.

There were local networks existing before URBAN, but partnership working has intensified and the programme has been the driving force behind the creation of new forms of networking and joint working. The consultation group still exists, with the urban planning department having taken over responsibility from the URBAN project group. This group meets in different configurations for different themes of activity, and can be composed of local politicians, projects, housing associations, renters' groups and the representatives of different municipal departments.

According to the consultations, projects and local agencies were treated as equal partners; the city council did not go around telling people what to do but fostered a sense of co-operation and team spirit amongst all those involved. It is likely that consulting projects on their emerging priorities every six months has contributed to this sense of co-operation.

URBAN has also helped to build local capacity by promoting networking that is independent of the city council, example include companies liaising with each other through the local business associations, resident forums as part of neighbourhood management and resident juries supervising the work of projects. All of the physical projects involved and consulted with residents, especially the potential users of services as diverse as transport improvements, parks and playgrounds. There was a feeling that potential customers will always see things differently to professional experts, and this has to be taken into account if the service is to be well-used and sustainable in the longer-term.

## **7.0 Sustainability and Legacy**

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The main legacy of the URBAN programme is to be found in the achievements of projects and ongoing project activity in the Nordstadt. As well as the physical and environmental impacts, many (any idea of how many- ?- half, two thirds?) social and economic projects are continuing post URBAN funding (either with replacement funding from the city council or alternative sources of income). These include local services like neighbourhood management, the Wichernhaus community centre, local business associations and additional income workshops. There are also a number of community business ventures with viable business models, including a wooden toy shop.

Following the success of URBAN, the mayor's office has initiated a special programme to target disadvantaged areas of Dortmund, establishing a citizen's fund enabling new project ideas to be taken forward. A series of local events were held, generating 54 new project ideas, 11 of which are now being implemented. However, the real test of sustainability is under way, with the city executive currently deciding on funding for the successor programme. This depends on the financial resources available to the city and whether urban renewal is seen as a political priority, although consultations suggest that URBAN II in Dortmund has shown people what can be

achieved through these programmes and helped to develop a consensus in favour of continuing support.

Another significant legacy of the programme is the continuing existence of the local consultation and partnership groups, with high levels of engagement and participation from local groups and residents. The shared mindset and commitment to renewal among a range of actors is cited as a major factor in maintaining progress and ensuring the sustainability of local achievements. URBAN II brought people together and helped to develop new structures in the Nordstadt, such as the craft / business associations (one gathering Greek and Turkish businesses) many of which would not now exist in their current form without the URBAN programme.

One of the interviewees suggested that in future it would be useful for programmes to have the option of holding an amount of funding in reserve for legacy projects (subject to further funding application) to publicise the achievements of the programme or enabling support to be phased-out more gradually.

The programme has certainly improved living conditions in the Nordstadt and done a lot of work aimed at laying the groundwork for future improvements. It is less clear whether the programme has addressed the fundamental causes of the Nordstadt's decline as this would require a significant improvement in the economic prospects of Nordstadt's residents – especially in terms of educational attainment and skill levels. Analysis of socio-economic data up to 2008 would suggest that this is not yet the case, although this may require a longer-term view and is clearly dependent on trends in the wider economy.

A further legacy has been the transferring of URBAN techniques such as integrated programme development and multidisciplinary approach to urban development strategies. This includes a recognition of the need to keep abreast of local developments through initiatives such as the spatial monitoring system.