EXPLANATORY MEMO: EUROPEAN URBAN INITIATIVE- POST 2020

ARTICLE 104(5) CPR PROPOSAL AND ARTICLE 10 ERDF/CF PROPOSAL

SYNTHESIS

The Commission's proposal for the post-2020 ERDF/CF Regulation provides for a new instrument providing coherent support for cities that builds on all thematic priorities of the Urban Agenda for the EU (UAEU) and covers all urban areas: the European Urban Initiative (EUI) (Article 10 of the ERDF/CF Regulation proposal). This proposal is in the context of the current, 2014-2020 programming period, background of a highly fragmented governance structure and stakeholders' representation.

This initiative aims to strengthen integrated and participatory approaches to sustainable urban development and provide a stronger link to relevant EU policies, and in particular, cohesion policy investments. It will do so by facilitating and supporting cooperation and capacity building of urban actors, innovative actions, knowledge, policy development and communication in the area of sustainable urban development.

The proposed EUI is aligned with the Pact of Amsterdam (point 38) that calls upon the European Commission to "*further strengthen in a transparent way its coordination and streamlining of policies directly or indirectly impacting on Urban Areas, in order to enhance the complementarity of the policies and strengthen their urban dimension, in particular in the areas of Better Regulation, Better Funding and Better Knowledge*".

This memo describes (1) a possible intervention logic and (2) a possible governance structure for the implementation of this initiative proposed by the Commission. It is based on the content of the Commission's regulatory proposal.

EUI INTERVENTION LOGIC

According to Article 104(5) of the Common Provisions Regulation (CPR) proposal, the EUI will be allocated EUR 500 million ERDF (from Investments for jobs and growth goal). **The EUI will combine three main strands of activities** (Article 10(2) ERDF/CF Regulation proposal). The below breakdown of the budget between the three strands is indicative. It takes into consideration the current envelopes of the URBACT Programme and the Urban Innovative Actions (UIA). It would be important to provide for budget flexibility to enable the EUI to adapt to the shifting of needs.

a) support for capacity-**building** (20% of the budget)

b) support for **innovative actions** (60% of the budget)

c) support for **knowledge, policy development and communication** (20% of the budget)

The three strands are based on the aim of the initiative to strengthen integrated and participatory approaches to sustainable urban development and provide a stronger link to relevant EU policies, and in particular, cohesion policy investments. It will do so by facilitating and supporting cooperation and capacity building of urban actors, innovative actions, knowledge, policy development and communication in the area of sustainable urban development. The logic is to create an effective value chain between the three strands. Such a value chain (set out below) will increase the quality of strategies, the efficiency of funding and will create natural and logical synergies between actions for the benefits of cities.

Strand a) will foster a community of practice supporting urban practitioners and local stakeholders of **cities of all sizes** throughout Europe. (This strand is based on the current URBACT and Urban Development Network (UDN)1).

The objective of this strand is to improve the capacity of cities to design and implement sustainable urban development strategies. The activities under this strand will allow for improving practices in an integrated and participative way with a specific focus on cities responsible for the proposed 6% urban earmarking. There will be no limitation for participation as concerns the size of the city. The practitioners and decision makers will have increased access to thematic knowledge and will be able to share know-how on sustainable urban development.

The strand will be implemented through the provision of support to cooperation networks of cities (thematic, knowledge and innovation transfer), peer-2-peer exchanges (city-to-city), as well as through the provision of methodological support and thematic expertise to cities in relation to issues of a cross-cutting nature in relation to integrated urban development (pool of experts).

Strand b) will support experimentation in the area of sustainable urban development focusing on innovation in governance, strengthening the integrated and participative approaches, linking with the policy objectives of cohesion policy, EU policies and the objectives of the Urban Agenda for the EU. (This strand is based on the current Urban Innovative Actions.)

This strand will aim at developing transferable and scalable innovative solutions to urban challenges. The core activity will be experimentation at urban scale. In order to allow for stronger demonstrational effects and mainstreaming into cohesion policy programmes, the transferability of innovative solutions will be also covered by Strand a) by the means of cooperation networks and Strand c) by means of capitalisation and dissemination (demonstration of transferability).

Strand c) will support the deepening and **evidence-based** demonstration of urban facts and policies together with capitalising and disseminating results of experiences and expertise "from the ground".

The objective of this strand is to create a structural knowledge base in support of better policy design, implementation and mainstreaming of sustainable urban development. This will be achieved through data mining and linking as well as taking stock of existing urban knowledge based on various knowledge providers and initiatives (e.g. JRC, ESPON, , Joint Programming Initiative Urban Europe, other Commission services, OECD, World Bank, International Financial Institutions, United Nations) for further use under Strands a) and b). In particular, the EUI should be a structured mechanism to streamline and expand support to the implementation and localisation of the SDGs in the EU cities2. Practical knowledge, experiences and lessons learnt from the activities of Strands a) and b) as well as from the implementation of cohesion policy (evaluations, good practices, impact assessments etc.) will be capitalised, shared and disseminated with national contact points, workshops, conferences and digital media. The Urban Agenda for the EU would also be supported by this strand.

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1   Article 9 of Regulation (EU) No 1301/2013: **Urban Development Network**

    1. The Commission shall establish, in accordance with Article 58 of Regulation (EU) No 1303/2013 an urban development network to promote capacity-building, networking and exchange of experience at Union level between urban authorities responsible for implementing sustainable urban development strategies in accordance with Article 7(4) and (5) of this Regulation and authorities responsible for innovative actions in the area of sustainable urban development in accordance with Article 8 of this Regulation.

    2. The activities of the urban development network shall be complementary to those undertaken under interregional cooperation pursuant to point (3)(b) of Article 2 of Regulation (EU) No 1299/2013 of the European Parliament and of the Council (11)

2   In 2015, the EU has committed to adopt and implement the 2030 Agenda for Sustainable Development and its 17 Sustainable development goals, internally as well as externally. In the current setting, several of the urban intiatives to be gathered under the EUI are already contributing to the implementation of the Sustainable Development Goals (SDGs) at the local level in the EU. Indeed, the Urban Agenda for the EU was designated as the main delivery mechanism of the New Urban Agenda, the first implementing agenda of the 2030 Agenda. By supporting local authorities in the implementation of their strategies and of cohesion policy at the local level, UDN and URBACT also contribute to localise the goals as many strategies relate to their themes and objectives in a significant way, notably through the underlying and overarching notion of sustainability.

Value chain of the EUI
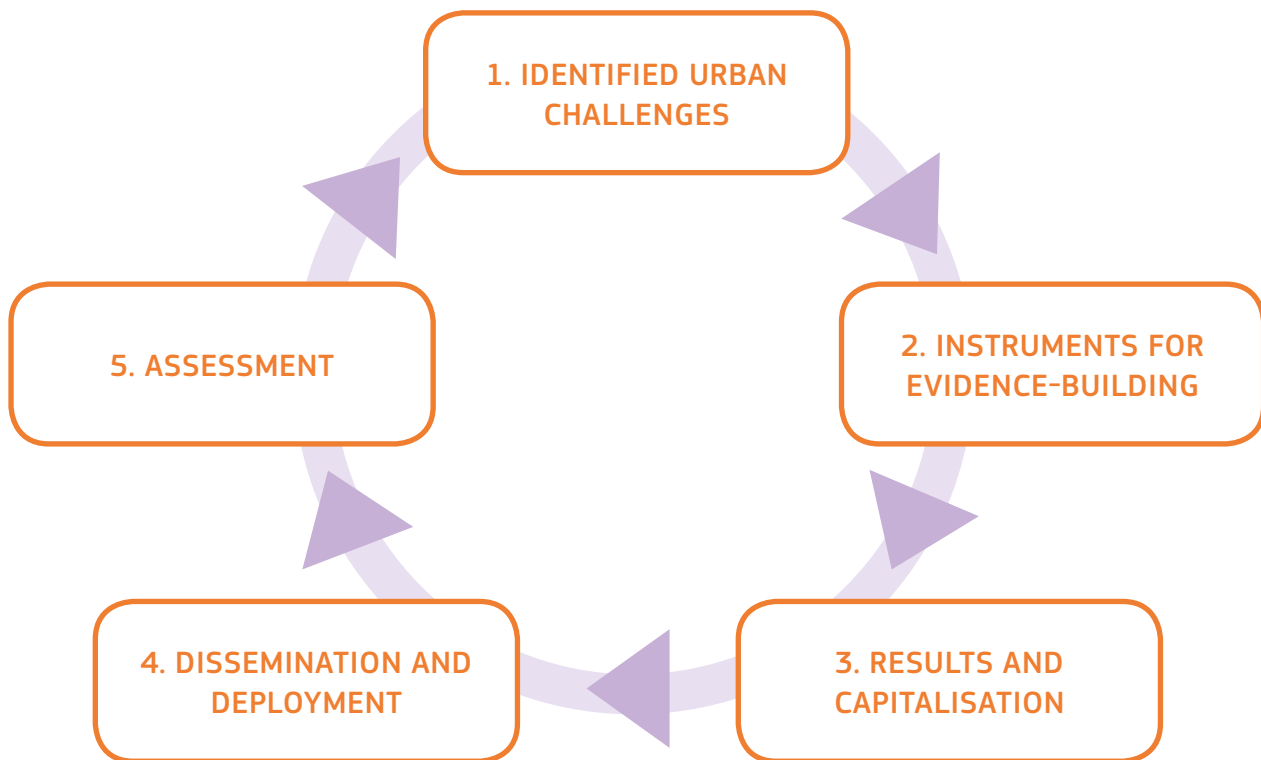
The **value chain** will help to establish effective policy cycles by strengthening the feedback loop between the three strands and by creating more explicit links with investments on the ground funded by cohesion policy. At the same time, it will support evidence-based policy making in relation to urban matters on all levels.

The value chain of the initiative that is presented below represents the logical approach to the development of the three strands and their interactions, allowing for synergies between the activities. The different steps are being developped for all three strands, taking into consideration the dynamic of the logic.

1. **Identification** of pressing urban challenges in the area of sustainable urban development and EU policies and related implementation gaps for and within cities, in particular concerning the implementation of cohesion policy.

2. Development of **specific instruments** to tackle the identified urban challenge: cooperation between cities on urban challenges, testing innovative solutions and best practicies,

3. **Results** of cooperation networks and thematic partnerships as well as experimentations. **Capitalisation** and assessment of transferability of experiences and knowledge developed under Strands a) & b) by production of studies, tools, methods and processes. **Stock-taking and data mining** of existing urban knowledge (from Strands a) & b), other EU and international initiatives as well as from the Urban Agenda of the EU (UAEU)). **Warehousing** of collected knowledge and data. Preparation of **targeted studies** in the areas of knowledge gaps.

4. **Dissemination and deployment** of results through transfer networks and promotion of mainstreaming/ upscaling. Dissemination and communication through multiple channels: dashboards, networks, initiatives, policy labs, events, reports, briefs, etc.

5. **Assessment** of the performance by the uptake of knowledge and practices in urban policy and integrated urban strategies, in particular within cohesion policy beneficiaries.
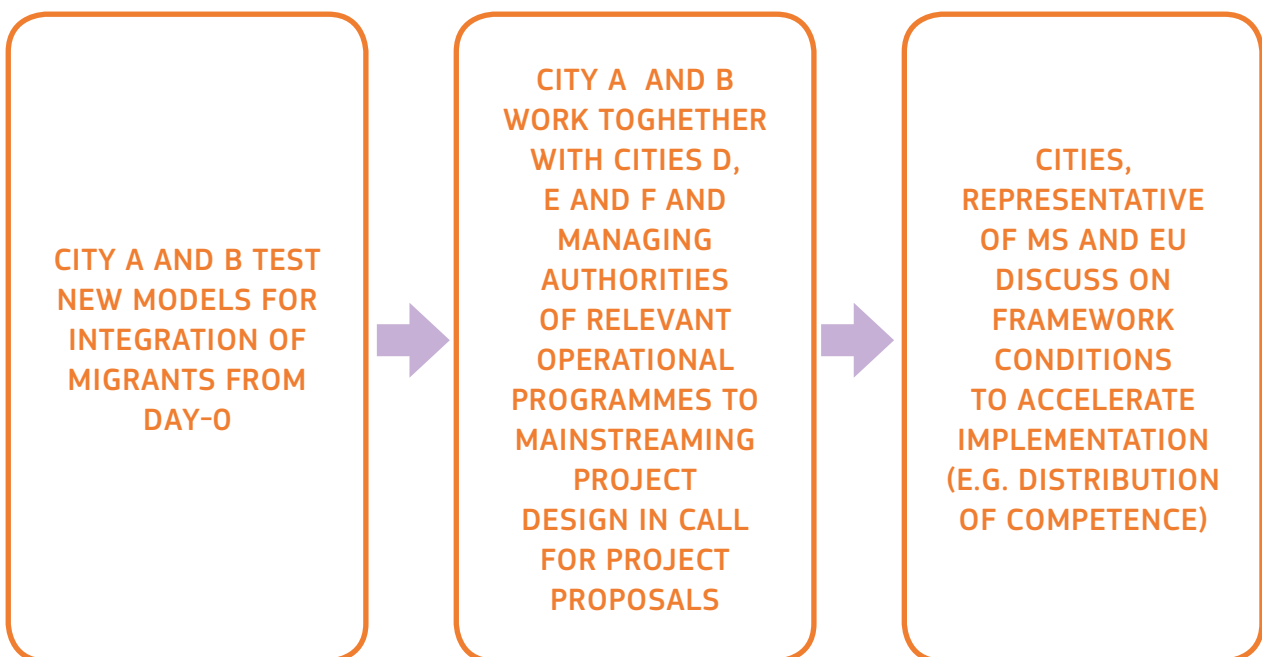
The intervention logic in the table further below provides more information on the three strands, activities and interconnections among them.

To develop further the potential of this value chain, external expertise will be commissioned. Such expertise will enrich the intervention logic and the discussion with the Member States and other stakeholders as well as provide support for negotiation of the contribution agreement with the selected entrusted entity at a later stage.

As concrete examples,

▶ the results of the experimentation in Strand b) can be transferred to a cooperation network of Strand a (transfer network as under URBACT);

▶ the actions of the Urban Agenda for the EU that are supported under Strand c) can be implemented in Strand a) cooperation network, or through a knowledge workstream in Strand c), or tested under Strand b);

▶ the outcomes of an URBACT network could issue an urban challenge that reflects a gap in EU policy making that needs to be adressed (in Strand c)) and could possibly be linked to an Urban Agenda Partnership and result in an action proposal to achieve better regulation, funding and/or knowledge. An outcome of an URBACT network could as well be tested as an innovative approach under Strand b).

Illustration of the example

CITY A AND B TEST NEW MODELS FOR INTEGRATION OF MIGRANTS FROM DAY-0

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CITY A AND B WORK TOGHETHER WITH CITIES D, E AND F AND MANAGING AUTHORITIES OF RELEVANT OPERATIONAL PROGRAMMES TO MAINSTREAMING PROJECT DESIGN IN CALL FOR PROJECT PROPOSALS

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CITIES, REPRESENTATIVE OF MS AND EU DISCUSS ON FRAMEWORK CONDITIONS TO ACCELERATE IMPLEMENTATION (E.G. DISTRIBUTION OF COMPETENCE)

Intervention logic of the EUI

EUROPEAN URBAN INITIATIVE	Activities	Output/performance Indicators	Results	Result indicators	Assumptions/ conditions
OVERALL OBJECTIVE					
To strengthen integrated and participatory approach to sustainable urban development and provide a stronger link to EU policies and cohesion policy in particular	Summarise activities of Strands a) to c)	Implementation rate of sustainable urban development strategies in cities participating in EUI	Improved governance of sustainable urban development under cohesion policy	Composite result indicator as per below components	
STRAND A) SPECIFIC OBJECTIVES					
i) To improve capacities of cities in the design of sustainable urban policies and practices in an integrated and participative way ii) To improve the design and implementation of sustainable urban strategies and action plans in cities	Cooperation networks of cities (action planning, implementation, transfer) Dedicated support to Art 9 cities through thematic and country specific seminars/ workshops Deployment networks and investment on transferability of innovative solutions with participations Sustainable Urban Development cities and MAs Peer-to-peer exchange E-learning solutions and active learning solutions Pilot initiatives on governance Methodological support for capacity building networks Targeted support by experts (pool of experts) deployed through the networks Benchmarking for integrated development	Number of completed networks; Number of integrated action plans developed Number of cities receiving funding under ERDF Article 9 covered by networks Number of Art 9 cities aligning their involvement in Strand a) of the EUI with the Art 9 implementation Number of cities having applied a good practise Number of cities in completed networks Number of active stakeholders involved in networks (local support groups) Number of peer to peer exchanges (city to city) Number of peer reviewed strategies Number of peer review events Number of agreed standards to measure use of territorial and participative approach Benchmarking scheme	Urban authorities capable of effective and efficient policy response to urban challenges	Output of cooperation networks mainstreamed into cohesion policy Uptake of best practice by cities Share of benchmarked integrated strategies Uptake of peer reviews	Supported by the research and evidence produced in Strand c) of EUI

EUROPEAN URBAN INITIATIVE	Activities	Output/performance Indicators	Results	Result indicators	Assumptions/ conditions
STRAND B) SPECIFIC OBJECTIVES					
Develop transferable and scalable innovative solutions to urban challenges	Experimentation: investment projects as proof of concept Capitalisation: populating of registry of conditions for successful scale up and transfer UIA projects; Adaptation: confronting and combining evidence from other EU programmes and initiatives	Urban innovation projects tested; Participation in capitalisation events; Participation in workshops and road-shows	Innovative solutions mainstreamed in sustainable urban development	Uptake of innovation through investments supported by cohesion policy	Alignment of priorities in 2021-2027 programmes with topics covered by EUI Evidence collected on EU policy implementation needs coming from Strand c) but also from Strand a) – to feed into scope of calls assuming the right balance between focus on needs and freedom to cities to provide their own solutions
STRAND C) SPECIFIC OBJECTIVES					
To develop knowledge base in support of better policy design, implementation and urban mainstreaming To ensure easier access to thematic knowledge and share know-how on sustainable urban development	Urban data mining and classification Screening of Impact assessment and evaluation studies Urban research coordination and streamlining Information and knowledge sharing National EUI contact points Communication and information dissemination at EUI level Ensuring link between innovation, capacity building and policy development Secretariat of the UAEU and intergovernmental work (if requested by Member States)	Data fact sheets per Member State Data fact sheets per theme City dashboard Case studies and policy recommendations Project fact sheets Number of targeted research studies/ policy reviews in support of strands a) and b) Number of Contact Points established created Number of events organised by national contact points website, newsletter, apps, events	Structured, maintained and client friendly urban knowledge base	Operational Urban data platform in use Operational empirical knowledge platform in use Stakeholder reach out	Supplied by empirical knowledge and evidence from Strands a) and b) and other external knowledge providers (JRC, ESPON, JPI, OECD, WB, EIB, UN etc.)

GOVERNANCE OF THE EUI

The current intiatives (during the 2014–2020 programming period) reflect a highly fragmented governance structure and representation for the different stakeholders. Therefore, the steer of urban matters at EU level remains partial, without involving cities directly and multiplying fora of cooperation. Analysing the governance of URBACT, UIA, Urban Agenda for the EU (UAEU) intergovernemental cooperation (Urban Development Group (UDG) Directors General in Urban Matters (DGUM)) and the Urban Development Network (UDN):

The EUI governance should provide a decision making and implementation mechanism that enables the delivery of the synergies described in the intervention logic. A key success factor for the **governance structure** is to find the appropriate equilibrium between the need to ensure a participatory process for strategic decisions involving a large number of relevant stakeholders and an efficient and effective operational management for rapid execution of tasks. It is therefore proposed to create two bodies, i.e. "EUI Steering Group" and "EUI Supervisory Board", where the Commission will guarantee the appropriate translation from the strategic level to the operational one.

Indirect management allows the Commission to delegate the management of the EUI to an entrusted entity (as listed in Article 62(1)(c) of the Financial Regulation3). The selection process of the entrusted entity is not subject of this explanatory memo.4 As an example, the graph below indicates the possibility for the entrusted entity to create a secretariat under its responsibility for the day-to-day management of the initiative.

Management of activities might include also support the intergovernmental cooperation in urban matters as envisaged by the proposed ERDF/CF Regulation.

Roles	Cities	Member States	European Commission	Management
URBACT (shared management)	Not represented	Strategy steering. Management by one Member State	Supervision	Managing authority – secretariat CGET
Urban Innovative Actions (UIA) (indirect management)	Not represented	Not represented	Management	Entrusted entity Secretariat
Urban Agenda of the EU (UAEU) (intergovernmental process, direct management of administration)	Represented by CEMR and cities network	Supervision	Management	EC – Framework contract
Urban Development Network (UDN) (direct management)	Not represented	Not represented	Management	EC – Framework contract
EUI based on the Commission proposal (indirect management)	Strategy steering	Strategy steering	Strategy steering and management	Entrusted entity Secretariat

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3   http://ec.europa.eu/budget/library/biblio/publications/2018/financialregulation_en.pdf

4   To be eligible for indirect management the entrusted entity must be pillar assessed pursuant to Article 154 of the Financial Regulation.

EUI proposed governance structure
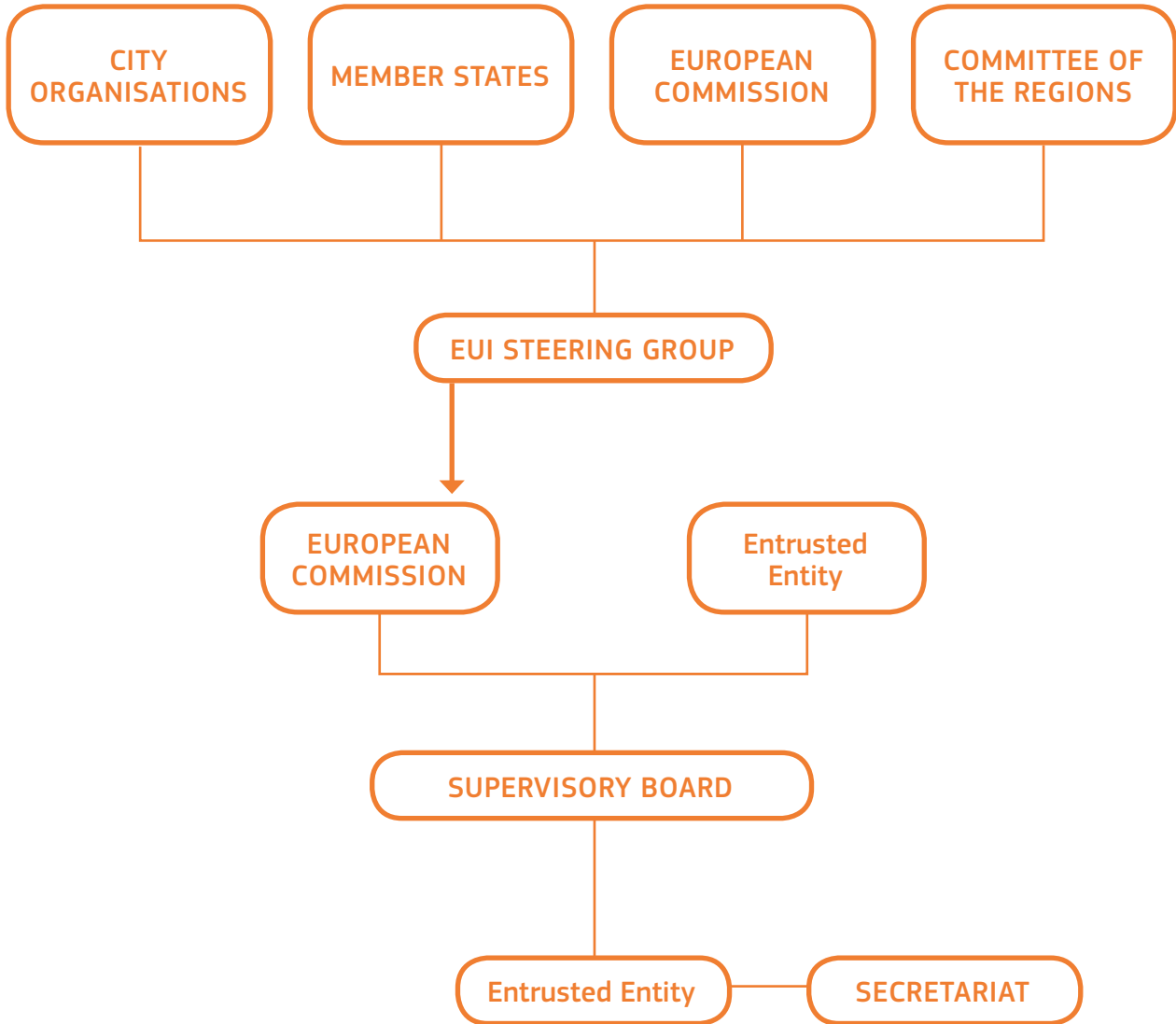
Role of the EUI Steering Group: it provides strategic direction to the initiative. Such direction would require input from cities on their most pressing needs and future challenges (bottom-up), from national goverments and EU institutions to link EUI results with other cities related policies at EU and national level (top-down) and thus would increase the impact, for example better implementation of cohesion policy. The governance principles to be followed should then be the transparency of the decision, the aim to decide by consensus, result orientation in particular for the cohesion policy objectives and non-discriminatory and justified decisions.

Composition of the EUI Steering Group: one representative per Member State, one representative of city organisations of each Member State (to be nominated by the Member State), one representative of the Commission, one representative of the Committee of the Regions and two representatives of EU-level city organisations (CEMR and Eurocities). The Commission chair the meetings of the EUI Steering Group in close cooperation with the Presidency of the EU. In fact, it might be opportune that the EUI Steering Group meets once a year back-to-back with one of the DGUM (Director-General meeting on Urban matters) meetings organised by the Member State holding the Presidency of the Council and share some agenda points. The Commission would call a first meeting with the above counterparts after political agreement on the CPR and ERDF/CF regulations to work on the set up of the EUI Steering Group.

Once in place, the entrusted entity in charge of executing tasks will support the Commission on reporting to the EUI Steering Group.

Example of activities of the EUI Steering Group:

▶ Adopt its rules of procedure

▶ Approve the overall objective and specific objectives of EUI.

▶ Advice on priorities of the EUI, meaning for example the thematic choices covered by activities under the three strands.

▶ Assess the triannual work rolling programme of the initiative proposed by the secretariat. The work programme should contain the priority topics of actions, the activities of the intiative for three years.

▶ Assess the implementation of the work programme presented by the secretariat of the initiative at least once a year.

▶ Assess, on their own initiative, issues that affect the initiative's progress towards achieving its objectives.

▶ Publish open data shared with the steering committee on the web site of the initiative in compliance with General Data Protection Regulation (GDPR).

▶ Assess the performance of the initiative and

▶ Assess the evaluation plan of the initiative and review the results of the evaluations.

▶ Assess the methodology for the selection of actions in the framework of the intiative such as the calls for innovative projects or cooperation network under strands a) and b). This methodology must be non-discriminatory and transparent, ensure gender equality and take account of the Charter of Fundamental Rights of the European Union and the principle of sustainable development and of the Union policy on the environment in accordance with Article 11 and Article 191(1) of the TFEU.

▶ Be informed of the of the results of the assessments of the calls.

Role of the EUI Supervisory Board: to oversee efficient and qualitative implementation of the EUI strategy, e.g. overall objectives and specific objectives. Scope of the EUI Supervisory Board is to ensure that strategic decisions of the EUI Steering Group are properly translated in operational activities. Such cooperation between the Commission and the entrusted entity does not affect respective responsibilities in relation to delegated administrative tasks (e.g. management of calls for project proposals, selection of experts, organisation of provision of services) to be defined in the Contribution Agreement and it complies with provisions on indirect management EU Financial Regulation 2018/1046.

Composition of the EUI Supervisory Board: DG Regional and Urban Policy for the Commission and the entity entrusted with the implementation of tasks.

Example of activities of EUI Supervisory Board

At Initiative Level

- to provide operational follow-up to the overall objective and specific objectives approved by the EUI Steering Group

- to review implementation of the Initiative and progress made towards achieving overall and specific objectives as well as difficulties encountered by the entrusted entity in the implementation of the EU

- to identify at operational level synergies with other EU programmes and initiatives to capitalise on results from EUI

At Project Level

- to be informed on project progress and results implemented within the EUI and issue recommendations on the dissemination of the results and lessons learnt

- to share information on other activities relevant for EUI projects

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