

STRATEGIC DIMENSION

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Emerging and long-standing urban development issues (e.g. urban regeneration, city and regional planning, shrinking cities, urban sustainability, attracting investments, city marketing, social segregation) require the **development of a strategic framework**, and challenge traditional approaches to urban policy and planning.

Sustainable Urban Development (SUD) as promoted under EU cohesion policy coherently emphasises the importance of having a strategic framework in place. A key requirement for the success of interventions by the European Regional Development Fund (ERDF) is ensuring that individual investments are part of a long-term strategy, with a strong innovative component (AEIDL, 2013). More specifically, in the 2014-2020 programming period SUD is to be operationalised through **'strategies that set out integrated actions'**. In the post-2020 regulation, the emphasis on the strategic approach to SUD is even stronger (EC, 2018). The proposed new **Policy Objective 5 (PO5) 'Europe closer to citizens' highlights the opportunities which integrated strategies** present for the city of the future and its citizens. Furthermore, strategic planning is one of the three core elements - together with scale and stakeholders - that structure the OECD Principles of Urban Policy (OECD, 2019). From a European policy perspective, the key question is how to support local governments in drafting strategies that contribute to structural changes at territorial level (Calafati, 2014a; Calafati, 2014b).

In order to effectively improve cities' development trajectories, strategic planning requires **collective planning processes and tailor-made and realistic visions** (EC, 2011). Moreover, there has been a shift from fixed plans and solutions towards an **adaptive process involving the management of change** (Albrechts, 2015; Albrechts et al., 2016).

SUD strategies represent **a different way of working between administrative levels in a multi-level governance system**, and produce **transformative roadmaps** that include relevant actors such as citizens, companies and umbrella organisations (see chapter on Governance).

As part of the EU funding structure, SUD strategies should guarantee the coherence and integration of operational programmes (OPs), thematic objectives, (TOs) and operations with local strategies and

projects¹. Moreover, the projects associated with the strategy have a direct impact on people and places. For this reason, SUD strategies should also serve as agendas for implementation.

This strategic approach matches the increased attention for the **place-based approach** advocated in the Barca report (2009) as a guiding principle for cohesion policy in 2014-2020, which will be maintained for the post-2020 programming period. Strategic policy frameworks that support place-based approaches recognise that urban challenges manifest themselves differently in different places. This is true not only in relation to different social, economic and institutional morphologies, but also to different spatial morphologies (Secchi, 2010). The place-based approach not only addresses the specific needs of each territory, but also draws on the knowledge and skills concentrated in those places to shape integrated and tailored solutions for territorial development². Ultimately, local knowledge matches external interventions, supporting innovative collaboration, ideas and solutions.

EPRC (2017) INTEGRATED TERRITORIAL AND URBAN STRATEGIES: HOW ARE ESIF ADDING VALUE IN 2014- 2020?

This study investigates how Member States have implemented strategies for sustainable urban development and other territorial strategies under the 2014-2020 regulatory provisions of EU cohesion policy. It analyses knowledge integration in strategy design and implementation, which means:

- facilitating strategic thinking and enforcing prioritisation of actions and concentration of resources at local levels;
- providing opportunities for capacity-building at the local level, empowering local communities to implement social and economic development initiatives, and endorsing participative governance and public participation in the strategic development of an area; and
- enabling new thinking and innovative approaches.

Additional resource

¹ The difference between “operations” and “projects” is adapted from Colini and Tripodi (2010) where “operations” are the lines of intervention eligible for financial support in the OP text while “projects” are the individual interventions taking place at local level to respond to the strategic aims of the OP.

² As mentioned by Barca (2009), the OECD has used the terms ‘territorial development policy’, or ‘new paradigm of regional policy’ to refer to a policy approach whose objectives are to enhance well-being and living standards in specific regions, and to generate and sustain regional competitive advantages with a fuller and better use of regions’ assets.

The study encapsulates the main challenges and main types of benefit associated with the implementation of SUD in 2014-2020. One noteworthy challenge consists in institutional and administrative capacity to manage and implement strategies, also linked to the perceived increase in the complexity of EU regulations. Other concerns include ensuring a proper understanding of integrated place-based approaches and the need to align the implementation of the strategy so that it contributes to the overall goals of operational programmes as well as to domestic or other policy frameworks.

Besides challenges, **the study highlights that SUD has strengthened knowledge and awareness of the role and importance of strategic and integrated programming.** Moreover, the study finds that there is **a clear process of local-level capacity-building underway** and that the development of the **SUD measure has improved the standard of city strategic planning**, with local authorities now more actively involved in implementing cohesion policy. It also acknowledges **strategic integration of policy goals from multiple sectors.**

For more information

Van der Zwet, A., Bachtler, J., Ferry, M., McMaster, I., Miller, S., *Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020?*, Brussels, 2017. Available at: <https://op.europa.eu/en/publication-detail/-/publication/01fce46b-e6d6-11e7-9749-01aa75ed71a1/language-en/format-PDF/source-105076479>

Furthermore, the emergence of the strategic approach in EU urban and regional policies parallels **the enlargement of city development objectives and agendas**, ranging from the enhancement of local economies and innovation, to the management of natural resources, and the provision of urban services and beyond. This creates the need for a **common strategic integrated approach** to face the increasing diversification and complexity of processes. This complexity and variation illustrates that a 'one size fits all' approach is no longer adequate, and that is crucial to build on **cities' diversity** and **existing resources**.

A careful analysis of the strategies implemented during the 2014-2020 programming period disentangles these complex processes, and reveals the main aspects of strategy-making that need to be addressed in order for the approach to advance.

SUD strategies show a wide range of approaches that can be summed up in four families: **small-scale projects** with strategic objectives; urban regeneration strategies usually covering **larger urban areas**; strategic frameworks that work as overall **organisational schemes** for area-based interventions; finally, in few but emblematic cases, strategies are organised as **collaborative platforms** and **develop challenge-led agendas**. This variation is firmly in line with the place-based paradigm and is explained by factors such as the **financial resources** involved, **domestic planning traditions** and **pre-existing policy frameworks** as well as **specific regional/national guidelines** for cohesion policy.

The variation in strategies can also be explained referring to the **management, relational and learning skills of public authorities**; strategic efforts are operationalised in different policy areas and by different implementing actors, mainly local authorities (LAs) and managing authorities (MAs) with different instruments and administrative functions. In fact, an effective SUD strategy reflects the capacity of public authorities to produce a vision and bring it forward.

Thus, SUD offers a new way of doing strategic planning, stressing the importance of how strategies are embedded in existing local organisations, resulting in very diverse arrangements.

Because SUD strategies must link up with EU programming objectives and financial opportunities, they can have a narrower focus than overall city development frameworks (for instance, spatial strategic plans). Anyway, a specific focus does not ensure that objectives, expectations, expertise and timing are aligned among managing authorities, intermediate bodies (IBs) and local authorities. Divergent views may still exist on what SUD strategies should aim at, how they should be implemented, what tasks are to be performed and by whom, and who will take part in shaping the strategy. This **conflict interplay** is inherent to the complex architecture of SUD and must be tackled within the design and implementation process.

For this reason, the assumption that place-specific strategies are more efficient and deliver better results when they are embedded in well-designed **larger policy frameworks** (EC, 2009) seems valid. EU instruments like SUD can play a crucial role in steering the process in terms of strategic thinking, connecting all actors' efforts to **a single reference strategy** that sets out the development objectives for the city as a whole. The issue is even more critical in view of the **increasing interaction between local action and global agendas**, i.e. the UN Habitat Agenda 2030 and Sustainable Development Goals (SDGs), New Urban Agenda, and the Paris Agreement, including the Urban Agenda for the EU and the forthcoming Leipzig Charter 2020.

The emphasis on strategies and their positioning within cohesion policy pose specific challenges to policymakers that can be described within two main themes that are the focus of this chapter:

- strategies as bridges between operational programmes and projects;
- synergies with other policy frameworks.

The first section will address **how to better align the intervention logic and goals set out in the OP with those set at local level**. To strengthen this link, it is crucial to work on the **policy architecture** and **reinforce capacity for delivery**, going from (good) design to (good) implementation.

The second section elaborates **how SUD strategies can be connected to local, national, European and global urban agendas**. In this respect, it is critical to set the conditions for ‘acting strategically’ (Mäntysalo et al., 2015), which implies reciprocally adapting policy phases, funding priorities and internal knowledge-exchange networks.

In this regard, **better coordination between SUD and the EU innovation agenda**, which is operationalised through **Smart Specialisation**, is explicitly suggested by the Pact of Amsterdam (2016). It seems particularly useful to explore synergies between these two strategic frameworks as they are both based on a place-based approach and could therefore mutually reinforce each other.

STRATEGIES AS BRIDGES BETWEEN OPERATIONAL PROGRAMMES AND PROJECTS

In this section we address:

How to ensure that SUD strategies bridge operational programmes and local policies?

How to enhance strategic capacity at local level?

How to ensure that SUD strategies and projects are aligned?

The added value of an EU agenda for urban policies is that its SUD funding ensures a minimum budget **to foster a wider integrated planning process**. In so doing, it encourages strategic alignment of programming instruments across EU Member States.

The post-2020 programming period, in particular, stresses the importance of integrated territorial development strategies, which should be built on:

- an analysis of development needs and the potential of the area;
- a description of the integrated approach addressing the identified development needs and potential; and

- a list of operations to be supported.

From an operational point of view, a strategy should then contain the following elements:

- a diagnosis of the urban area and a selection of the target area(s) (see Territorial Focus chapter);
- a description of the governance model (see Governance chapter);
- a definition of the general strategic framework, which should include a long-term vision, strategic goals, specific goals, and lines of action, and should specify the intervention logic and plan for periodic review. This requires deep reflection on how goals and lines of action are integrated (see Cross-Sectoral chapter);
- prioritisation of actions to be supported by European Structural and Investment Funds (ESIF);
- a monitoring system which links OP indicators with strategy-specific indicators (see Monitoring chapter);
- an action plan that translates the long-term strategy and goals into investments with a budget and a schedule referring to the programming period of the ESIF (see Funding and Finance chapter).

How to ensure that SUD strategies bridge operational programmes and local policies?

Many challenges originate from the fact that SUD strategies are asked to contribute to both city development goals and EU programmes managed at regional or national level.

An analysis of 2014–2020 SUD strategies highlights the importance of the overall **policy architecture** in achieving better alignment between OPs and SUD strategies.

The data show varied approaches towards strategy programming, formulation, selection and delivery in the different countries.

The total number of MAs involved in ERDF management is 108. The number of strategies between Member States differs greatly, ranging from Spain having more than 150 strategies under the same MA, and Finland, Luxembourg and Malta having only one strategy for the entire country. In the majority of the EU Member States (17), SUD is managed only at national level, while in 10 countries SUD is managed at sub-national level, with regional MAs taking responsibility. Italy is a unique case: it is the only Member State where SUD is implemented using both a national OP, which targets 14 strategies across the country, and regional OPs. At European level, however, around one-third (319) of strategies depend on national OPs while

Learning from data

two-thirds (663) are run under regional OPs. It seems that national authorities tend to retain control of funding management, but OPs at regional level are responsible for more strategies; this structure may present a challenge for coordination between domestic policy and regional programs.

Arguably, OPs at the national level can more easily fulfil their role of interfacing with EU goals. However, when managed at the regional level, they can be more closely attuned to local needs. This in-between position of OPs can be balanced out by their relation with SUD strategies. While OPs guarantee a financial and goal-oriented background to sustainable development initiatives, SUD strategies are the instrument used to **select the most coherent projects at local level** and collect them into a **comprehensive and multi-scalar vision** which can fulfil the instances set in OPs.

Learning from practice

IMPLEMENTATION PLAN - ITI OPPORTUNITIES FOR ROTTERDAM 2014-2020 (NL)

The SUD strategy in Rotterdam is built on a long tradition of integrated planning that combines economic, social and physical objectives.

The SUD is particularly focused on the Rotterdam South district, which is one of the most deprived areas in the Netherlands, and already the target of the National Programme for Rotterdam South (NPRZ). The NPRZ was signed in 2011 by a group of 17 stakeholders, including the city of Rotterdam, the national government and the local residents' committee. It integrates physical regeneration of the area through improvements to buildings and the environment with socio-economic regeneration through investment in people (people-based approach).

The SUD Implementation Plan translates the NPRZ long-term objectives into measurable goals and concrete actions.

The related regional Operational Programme (OP), with the city of Rotterdam as managing authority, covers the highly urbanised Randstad region (which includes the four largest cities: Amsterdam, Rotterdam, The Hague and Utrecht, the so-called G4 cities).

The OP provides support for high-value economic sectors and entrepreneurship while at the same time **improving job seekers' chances** of finding employment.

This is well aligned with the approach that has characterised national urban policy since 1995, with a focus on large cities and city networks, as well as the objectives of the Dutch Urban Agenda (2014), i.e. economic growth, innovation and quality of life.

The current approach is supported by novel practices in city management such as more emphasis on co-creation processes, increased contributions from private initiatives and a new role for local government as a process facilitator. Strategy design and implementation have benefitted from **delivery-oriented organisation of the municipal administration**. As an example, the information chain within the administration, from the UE office to the city departments, has been significant in ensuring that strategy management is not hampered by poor information and low awareness of opportunities in the different policy areas involved.

The case of Rotterdam shows that:

- **strategic alignment among frameworks is important** but
- **implementation challenges call for better integration of policy goals** (developed at city level) **and policy delivery instruments** (provided at regional level).
- In this respect, the **strong delivery-oriented approach adopted by the municipal administration of Rotterdam** has proved effective.

For more information

STRAT-Board strategy factsheet:

<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=NL-002&fullscreen=yes>

UDN peer review:

https://ec.europa.eu/regional_policy/sources/conferences/udn_seville_2016/rotterdam_south_bank.pdf

If OPs are the pillars that connect EU goals with the existing local agendas, SUD strategies are the instrument used to **channel those goals** into the selection and **enhancement of innovative local projects**. (FIG.1)

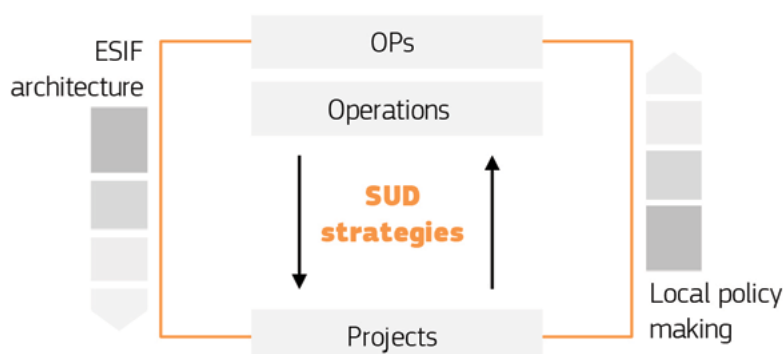


FIG.1. Relationship between operational programmes, SUD strategies and projects.
Source: own elaboration.

Learning from data

Linking EU and local goals through SUD strategies is critical to avoid **two main misalignment risks**.

First, the focus on the specific territorial delivery mechanism (TDM) chosen to implement SUD (mainly a dedicated Operational Programme, Priority Axis or integrated territorial investment) can overshadow **the importance of strategies themselves**. In some cases, the rules governing the policy instrument cause the strategies to ‘disappear’ under the operational demands of the instrument, keeping an integrated approach formally intact but losing the long-term vision. In this case, the architecture of EU funds risks reducing the impact of strategic planning.

Secondly, the type of **financial contribution can impact on this misalignment**.

Around 40% of all strategies commit less than five million euros of ESIF contributions. In eight countries (Austria, Belgium, Denmark, Germany, Spain, Ireland, Italy and Luxembourg), over 50% of national strategies receive this minimum amount of money. Given the comparatively small amounts of money involved and the consequently small number of projects to be implemented, **SUD strategies risk being conceived as similar to project applications**, failing to act on existing local trajectories and processes. To counter this risk, it is important that SUD strategies be coupled with other policy frameworks and funding streams (see Funding and Finance chapter).

More generally, in order to prevent this misalignment, SUD strategies must foster coherent cooperation between higher level management (managing authorities) and local authorities, with the aim of achieving integrated development. **A focus on integration prevents SUD strategies being seen as formal documents** used by local authorities to access ERDF funds. Conversely, **the goal must be to enhance alignment in the long-term, building outcome-oriented agendas**.

In view of this, the integration of urban action into the mainstream of EU regional policy in 2007-2013 was based on the explicit **need for co-operation between cities and their regional/national MAs**. Relevant studies on the programming period 2007-2013 (EC, 2008; EC, 2010) also stress that the involvement of cities in the OP should be maintained throughout the delivery and implementation phases, with **bi-directional feedback** in place.

However, this does not always happen in practice. An in-depth analysis of a selection of strategies during 2014-2020 reveals the main bottlenecks encountered by cities in collaborating with MAs, namely **mismatches between allocated funding and local needs, restriction on eligible activities and beneficiaries, and unclear auditing rules**.

MAs and LAs mediation on these issues may smooth the elaboration of SUD strategies and ensure that the specifics of the territory are taken into account in drafting the OP. This is illustrated, for example, by the collaboration between the Croatian managing authority and Zagreb (see Governance chapter).

The key to ensuring that overall national/regional SUD objectives align with local resources is the process of **selecting strategies and, consequently, LAs**. It is important that this process reflects the **organisational capacity of both MAs and LAs**, building where possible on **existing frameworks for selection**, and providing clear **eligibility criteria**.

In the 2014 – 2020 programming period, almost 35% of LAs were designated at an early stage of programming, either in the Partnership Agreements or in the OPs, while the majority of them (52%) were appointed by means of calls with pre-selection criteria, meaning that competitive selection was guided by regional or national strategic approaches and territorial visions. Only a small percentage of LAs (1.3%) resulted from open competition based on strategy proposals.

Also, both **time management** and the **administrative capacity** to deal with political cycles are crucial in ensuring that the selection process is managed smoothly.

The competitive selection process inevitably requires an extended period of time, possibly leading to some **delays in the take-up of SUD**, particularly when a large number of strategies are expected.

There is an obvious temptation for MAs to reduce the complexity of implementation as much as possible. In some cases, this can lead to a decision to concentrate SUD opportunities in only a few cities, and steer action towards specific interventions (such as the renovation of existing buildings at the neighbourhood scale). This approach can also adversely affect the **integrated nature** of actions during the implementation phase (see the chapter on Cross-Sectoral Integration). Although in some cases such an approach may be appropriate, it could be damaging if it is adopted without a high-quality assessment of the coherence between the programme logic and the development potential of the area.

How to enhance strategic capacity at local level?

Networking among beneficiary cities can play a role in ensuring that both cities' needs and their upgrade are taken up by the programming.

In fact, in order to create an effective strategy, it is necessary to facilitate **interplay between bottom-up local knowledge and top-down operational and analytical expertise**, with the two being of equal

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Be careful!

importance. This is true, for instance, of the Slovenian Association of SUD cities (see the full example in the Governance chapter), with delegated responsibilities for strategy evaluation and project selection, functioning also as a coordination body for SUD.

SUD strategies can only be integrated into the policy framework if higher level authorities such as MAs and higher tiers of government **ensure coordination and policy learning opportunities**. France and Spain are good examples of this. In France, The French Urban Europe Network³ brings together actors involved in implementing the urban dimension of cohesion policy, i.e. MAs, cities and inter-municipal associations, which put SUD strategies, regional support structures, national networks of cities and professional organisations, and national services in place. It aims to **provide guidance, facilitate exchange of practice between cities**, and ensure coordination across levels of government and European institutions.

In Spain, the Network of Urban Initiatives (Red de Iniciativas Urbanas, RIU)⁴ initiated their works in the 2007-2013 programming period to provide local authorities with coordination and support for the implementation of SUD strategies. RIU is managed by the national body responsible for cohesion policy (Ministry of Finance) and that responsible for urban policies (Ministry of Public Works), the Spanish Federation of Municipalities and Provinces and representatives of local administrations that implement SUD (article 7). At the European level, peer-to-peer engagement and capacity-building activities are supported by the Urban Development Network (UDN) managed by the European Commission.

Additional resource

THE URBAN DEVELOPMENT NETWORK OF THE EUROPEAN COMMISSION

The Urban Development Network (UDN) gathers together cities and urban areas across the EU responsible for implementing Sustainable Urban Development (SUD) strategies financed by the European Regional Development Fund. The UDN has been set up in 2014 to review how EU funds are implemented in practice in cities, and to support exchange between cities involved in SUD strategies. To that end, the UDN has run a series of technical and dissemination events, cluster events, plus peer review workshops based on an adaptation of the peer review methodology developed by the S3 Platform of the Joint Research Centre (JRC) of the European Commission. Peer reviews boost cooperation among urban author-

³ <https://www.europe-en-france.gouv.fr/fr/reseau-europe-urbain>

⁴ <http://www.rediniciativasurbanas.es/>

ities to tackle specific challenges they are facing in designing and implementing SUD strategies.

The UDN has so far promoted peer reviews at EU level (Seville 2016, Ghent 2016 and, Espoo 2017) and at national level for Spain, Greece, Cyprus and Latvia (Cordoba 2016, Barcelona 2016, Athens 2017, Liepaja 2018). The UDN peer review has been adopted by other bodies, including the Spanish Federation of Municipalities and Provinces (FAMP), which has organised three regional workshops between 2018 and 2019 for Andalusian cities involved in SUD.

Peer reviews bring together a select number of SUD strategies and allow officers from the responsible urban authorities to present what they consider challenging policy questions. Each question is discussed in small groups together with other policy officers from local authorities and managing authorities, EC representatives and invited experts. This approach creates an environment that facilitates mutual learning and policy exchange on key issues, as well as lessons that urban authorities commit to implement in the near future.

Peer reviews have been proven to be an effective tool for sharing, exchanging and integrating knowledge on SUD strategies, facilitating:

- integration of expertise and knowledge from a variety of sources (peers, invited experts, European Commission);
- focus on specific issues;
- sharing of good practices.

For more information

The Urban Development Network (UDN) webpage:

https://ec.europa.eu/regional_policy/en/policy/themes/urban-development/network/

UDN national peer reviews in Spain:

https://ec.europa.eu/regional_policy/es/information/publications/reports/2017/urban-development-network-in-spain-udn-informe-sobre-los-talleres-peer-review-de-estrategias-de-desarrollo-urbano-sostenible-e-integrado-espana-2016

Regional peer reviews in Andalusia (in Spanish):

<http://www.famp.es/es/redes-observatorios/racc-edusi/>

Guidance on enhancing strategic capacity can anyway be provided at the national and regional level in a range of different formats (Van der Zwet et al., 2017):

- formal guidance for strategy design provided by MAs, possibly including templates or standardised formats for SUD;
- network activities and exchange between eligible cities prior to the selection phase;
- establishment of a permanent space for dialogue between cities and MAs or national authorities; and
- technical guidance on specific requirements.

For LAs that are small and do not have previous experience in building strategies, either in SUD or EU programmes, it can be especially **difficult to carry out management tasks** during the implementation and monitoring phases. In these cases, LAs can decide to hire external experts/consultants or to promote capacity-building internally. Some experiences presented at the UDN peer reviews seem to suggest that the second option is more successful as it favours greater **empowerment of city technical departments and engagement with the strategy on the part of technicians**. Experiences on the ground also present some different innovative solutions, proving the need for adequate tools and incentives for programme managers. In small administrations, with fewer personnel and less resources, an **innovative solution to enhance the internal coordination and efficiency may be required**, such as the introduction of economic incentives or limited changes in terms of management.

In larger and better equipped administrations, a **dedicated city office** can be set up. This has been done in Ghent (BE), where a new strategic office for the city was created with the aim of translating long-term thinking into a city-wide strategy across all local public authorities. This strategy included a strategic conceptual framework tailored to the specific situation, a strategic cycle integrated into the budget-planning cycle, toolkits for project and programme management, change management and a supporting ICT application. This approach was also applied to other EU-funded investments (see Cross-Sectoral Integration chapter).

Another useful example is provided by the city of Alba Iulia (RO), where a City Manager position was created within the local administration in order to follow up on the SUD strategy. The City Manager is assisted by the Programming Director of the municipality, the directors of the different policy areas and an external group of relevant stakeholders. In addition, a dedicated secretariat was formed to coordinate cooperation between the city and the Regional Development Agency, as well as between municipal departments. Moreover, the relevant institutions provide assistance for projects which can be found in the SUD portfolio but for which the municipality does not have the necessary competence.

CLIMATE-KIC (2016) VISUAL TOOLBOX FOR SYSTEM INNOVATION

Climate-KIC developed the 'Visual toolbox for system innovation' to help improve the application of system innovation relating to climate change at the individual, professional and organisational level. The toolbox is a booklet-format collection of ready-to-implement tools designed to help structure and manage this transition. It is directly applicable to those strategies that are closely connected to smart cities initiatives and whose overall goals are clearly oriented to the transformation of cities into laboratories for innovative solutions. However, **the toolbox addresses capacity building in the field of strategic thinking and thus provides useful tools that can be applied to any urban strategic and systemic process**, from design to implementation.

The toolbox can be used in two ways: at the beginning of a system project/strategy, starting with the problem definition and then going through the modules, or as stand-alone tools according to the specific phase and the specific problem in strategy management. The toolkit is modular and allows users to easily pick out the tools that best fit their challenge.

The tools are designed to provide support with project management, risk management and organisational change. They address:

- problem definition
- stakeholder management (6 tools)
- multi-level perspective (4)
- visioning and backcasting (4)
- niche management (2)

All tools provide detailed instructions and visuals that help with practitioners' every-day work.

For more information

De Vicente Lopez, J., & Matti, C., *Visual toolbox for system innovation. A resource book for practitioner to map, analyse and facilitate sustainability transitions*. Brussels: Transitions Hub, EIT Climate-KIC, 2016. Available at: <https://www.climate-kic.org/insights/visual-toolbox-for-system-innovation/>

Finally, analysis of SUD strategies demonstrates that TO11 (Institutional Capacity) is seldom directly used for strategy and project development. This does not mean, as all the examples above demonstrate, that support for

capacity building does not exist. What is evident is that increasing strategic capacities is achieved indirectly, while the emphasis is by and large on policy outcomes.

How to ensure that strategies and projects are aligned?

Projects operationalise the strategic priorities as part of a “transformation roadmap”. They can be newly developed or already part of existing strategic development plans, but in both cases, they must respond to specific requirements.

According to ECORYS (2010), a well-designed package of urban development investment projects includes:

- projects that are clearly related to the policy goals of a development strategy; and
- projects that complement each other to form a coherent whole.

In a similar way, a recent URBACT study on Integrated Action Plans (2019) helps identify two possible ways of addressing the apparent **tension between a broad strategy and a more detailed action plan**.

1. The action plan may specify only one part of the overall strategy. In this case, there is a need to clarify how the proposed projects meet the strategy goals;
2. The action plan can be seen as more of a strategic tool that can itself be broken down into more specific actions, with a certain level of flexibility. In this case, high strategic capacity is required in order to plan actions over time and ensure overall coherence.

SUD strategies integrate elements that do not necessarily move in a concerted way, such as EU policy goals and local policy instruments. The **long-term perspective** required for strategies and the project short-term time horizon risk distorting the focus on overall goals. In this respect, some of the most-debated issues in the UDN peer reviews relate to **defining strategies in times of change and uncertainty**, the difficulties of sustaining **strategic effort at governance level in the long-term**, and **the need to ensure political and institutional commitment** during the implementation phase.

Moreover, a possible bias has been identified in the **‘projectification’** drift in the public sector (meaning the increasing use of projects and project management techniques in the activity of public administrations), which may jeopardise the continuity and efficacy of a strategy in the long-term.

Be careful!

METROLAB BRUSSELS (BE)

Metrolab Brussels (MLB) is a project financed under the Sustainable Urban Development (SUD) strategy of Brussels Capital Region (ERDF Operational Programme 2014-2020), and it works at the interfaces between critical urban research and policy-making. More specifically, it consists of an interdisciplinary laboratory based on the collaboration of four existing research institutions (pertaining to the Université catholique de Louvain and the Université libre de Bruxelles), and involving a larger set of scientific partners, administrative partners (regional institutions) and local associations.

The project has a twofold aim:

- Policy-oriented, testing the capacity of university scholars to bring improvement to the Brussels SUD strategy, and enhancing the reflexive capacities and the critical skills of both local project leaders and regional representatives.
- Research-oriented, advancing the way in which urban research is conducted, interlinking the theoretical level with the applied one, requiring researchers to get involved with SUD actors in a concrete collaboration.

Under the theme 'Urban Metabolism', the Brussels SUD strategy is structured along three axes - inclusive metropolis, green metropolis, smart metropolis - and is implemented through 46 projects.

Metrolab is involved in various research streams organised along the three axes of the Brussels strategy (reframed as urban inclusion, urban ecology, and urban production) and applied to the SUD projects. Metrolab researchers work in an interdisciplinary way, and they look for transversal threads linking the various projects.

It is important to stress that Metrolab does not work as a 'consultant'. It didn't play a role in designing the strategy, nor directly in the design of the projects. Its work must be seen more in terms of following and monitoring the implementation of the strategy, and improving it through feedback. In other words, Metrolab works as an interface between the Brussels SUD strategy and its implementation projects, and between the SUD strategy and the OP.

Theoretical and applied research activity serves to:

- support individual projects using case studies, action-research projects, masterclasses and conferences, and publications;
- stimulate interlink and coherence among projects;

- bring projects back to the strategy, questioning and reframing the three axes on which the Brussels strategy is based, and eventually revising the strategy itself.

For more information

Metrolab Brussels official website:

<http://www.metrolab.brussels/>

However, these challenges and risks can be faced by making the distinction between the design and the implementation phases explicit, for example by elaborating different documents corresponding to different outputs of the strategic process, or using different instruments in different phases of the strategic process, as shown by the example of Metrolab Brussels.

The prioritisation of project-related operations leads to the definition of the project pipeline included in the SUD strategy, which could already be drafted in an early phase of the strategic process. Nonetheless, **ongoing quality checks and clearly formulated criteria for revision would allow strategies to adapt** when changes happen (for example due to political redirection, new priorities, project unfeasibility, etc.). In this regard, the strategy delivery process from design to implementation should be understood as a **nested collection of project cycles** (URBACT, 2013). This means that priorities might be modified and new priorities might be added.

Learning from practice

CORK CITY DEVELOPMENT PLAN 2015-2021 (IE)

The Cork City Development Plan is one of the 20 strategies implemented in Ireland under the EU-supported Designated Urban Centres Grants Scheme 2014-2020, which follows the approach set at national level for balanced regional development. The National Spatial Strategy, launched in 2002, has a time horizon of 20 years and aims to support a network of main cities and towns across the country (Gateways and Hubs) that have sufficient scale and critical mass to act as growth poles and spread benefits in the wider region, outside the sphere of influence of Dublin.

Due to the relatively high number of strategies and limited EU funding in Ireland, a small budget is allocated to each city. The Cork Development Plan is the main strategic planning document and it guides the overall development of the city between now and 2021.

The SUD projects enable the integration of regional-level priorities into local-level strategies. This alignment has been facilitated by well-established links between the managing authority and the local authority.

More specifically, given the limited SUD budget and the specific focus on individual interventions, **the integration between the OP and the city strategy has been worked out mainly at project level.** The city of Cork having full responsibility for the selection of the projects to be implemented by ESI funding, has been a challenge for strategic capacity at the city level. This has provided the city with an opportunity to think more strategically about the project pipeline, including in terms of feasibility. Thanks to the SUD process:

- During the preparation phase, 20 project proposals were developed and then prioritised based on a scoring system, and discussed by a selection committee.
- The city council has introduced a more robust system for setting priorities, to ensure that projects are able to deliver results in line with wider strategic objectives.
- Different ranking criteria were considered, including the capacity to deliver within the prescribed deadlines.
- The final two projects selected could be delivered within the limited financial resources available, as well as within the comparatively tight timescales required for cohesion policy funding.
- At the same time, the process facilitated the development of new project proposals, possibly to be funded through other means.

For more information

STRAT-Board strategy factsheet:

<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=IE-009&fullscreen=yes>

In Poland, responsibilities for management and implementation of SUD strategies are shared between regional managing authorities and local authorities that act as IBs. For example, in the case of the ITI strategy of the Katowice Central Subregion, located in the region of Śląskie, the MA is responsible for the formal assessment of project proposals while their qualitative evaluation is shared with the IB. The IB assesses the coherence between the projects and the SUD strategy based on selection criteria

specifically developed by the MA in cooperation with the local authorities in a dedicated working group (Ferry and Borkowska-Waszak, 2018).

Selecting projects based on transparent and evidence-based logic builds trust among decision-makers and can help to achieve consensus in terms of future changes. Also, there is a need for deeper inclusion of local authorities in the management of SUD in order to ensure better fit in terms of content and timing. An example of how this could work is offered by the experience generated by URBACT networks, and related toolkits.

Additional resource

URBACT (2013) THE URBACT II LOCAL SUPPORT GROUP TOOLKIT

URBACT (FORTHCOMING) THE URBACT DIGITAL TOOLBOX

The URBACT II toolkit illustrates useful applications of a **cyclical planning model** where policy goals are pursued in several short, successive consecutive cycles to facilitate evaluation and learning. Each tool is clearly explained and rounded off with an example, recommendations presented in a clear and simple way, rich how-to tools, examples and training exercises. The toolkit is clear, concise, flexible and available in different languages so that is broadly disseminated at local level. There are useful references of three types:

- URBACT documents,
- project planning and project cycle management documents,
- participation and consultation documents.

Even if guidance does not directly target Sustainable Urban Development, the methodology of integrated action plan could still be applied to SUD strategies.

URBACT is currently working on a digital toolbox that focuses on the **seven most common Implementation Challenges** encountered by URBACT cities in executing integrated action plans. The toolbox has been designed primarily for the URBACT III Implementation Networks but is relevant for all European cities implementing integrated strategies for urban development. It provides examples drawn from 36 cities from URBACT implementation networks, made available through videos and case studies, solution stories and concrete examples of tools that cities have used and tested.

The Implementation Challenge 4 (IC4) 'Moving from strategy to operational action-plan' addresses the issue of **ensuring coherency between strategic goals and operations**. URBACT has focused on this challenge because most cities do not usually develop plans for implementation but only broad strategic documents

For more information

The URBACT II Local Support Group Toolkit:

https://urbact.eu/sites/default/files/urbact_toolkit_online_4_0.pdf

RECOMMENDATIONS

- Build the SUD strategy as an integrated planning process that works across governance levels and policy sectors, investing in the construction of a vision for the future of the urban area.
 - ▶ Conceive strategies as living documents, and therefore subject to revision, aimed at maximising the development potential of the area.
 - ▶ Take the implementation dimension into account since the design phase.
- Operationalise the strategy.
 - ▶ Define the analytical framework, the administrative and governance structure, a direct link with the priorities and indicators of the Operational Programme, and an action plan.
 - ▶ The action plan shall include a project agenda, which may be subject to revision.
- Ensure that the strategy is coherent with the OP logic.
 - ▶ Include an assessment that an integrated approach is assumed for both strategies and projects.
 - ▶ Formulate a clear rationale for the intervention, and develop criteria for project selection that demonstrate how projects contribute to the objectives of the local strategy as well as the aims of the Operational Programme(s) involved.
 - ▶ Programme coherence assessments on the basis of periodic consistency checks.
 - ▶ Keep track of other relevant projects funded outside SUD provisions, and explain their contribution to the strategy.
- Ensure smooth implementation of projects throughout the strategic process.
 - ▶ Establish a step-by-step approach, with different time horizons.

- ▶ Build in criteria for revision through which strategies can be adapted when changes happen (political redirection, sudden unforeseen priorities etc.), particularly as strategy implementation necessarily takes more than one EU programming period in most cases.
- ▶ Develop national repositories of good practices on the selection of operations and eligibility of expenditure.
- Engage structured cooperation between managing authorities and local authorities.
 - ▶ Formulate explicit criteria for the selection of LAs, taking into account the organisational capacity of both MAs and LAs, building on existing frameworks for selection, and providing clear eligibility criteria.
 - ▶ Maintain the involvement of LAs in defining the OP and in the delivery and implementation phases, using bi-directional feedback. A permanent working group or mechanism connecting the relevant government departments, MAs and LAs can be useful in providing a conduit for local objectives to be taken into account when drafting SUD measures at the OP level.
- Work on SUD timing in the management of operational programmes.
 - ▶ Develop and select strategies early on so that the SUD implementation phase is not delayed and can work within the time horizon of cohesion policy.
 - ▶ Introduce a deadline for the approval of SUD strategies to ensure timely implementation, especially when a high number of strategies are expected.
 - ▶ Avoid pre-allocation of funding before local development needs are identified.
- Provide capacity-building for all stakeholders that are involved in designing and implementing strategies at all levels (MAs and LAs).
 - ▶ Adjust institutional capacity to the workload, investing in local administration expertise in order to ensure that officers can understand place-based approaches and grasp opportunities.
 - ▶ Enhance technical expertise relating to strategic planning and complexity management at MA level, and EU funds management at local level.
 - ▶ Use technical assistance and administrative capacity building measures to uphold resources for local capacity building.
- Promote policy learning among beneficiary local authorities:
 - ▶ Develop templates for SUD strategies as part of national guidelines to facilitate benchmarking of strategies and collection of basic information.
 - ▶ Manage national policy exchange platforms on SUD strategies.
 - ▶ Promote networking in order to help people team up and influence national agendas.

SYNERGIES WITH OTHER POLICY FRAMEWORKS

In this section we address:

How to build an SUD strategy when a strategy for the city already exists?

How to connect SUD strategies with national and global urban agendas?

How can SUD strategies develop synergies with regional/national Research and Innovation strategies for Smart Specialisation?

The post-2020 SUD strategies will be designed and implemented in a context of radical transformations and rapid change. In order to cope with this fluid situation, it is crucial to **find effective ways of using available planning instruments strategically**. The strategic way to do things does not necessarily require a full integration of strategic frameworks and a full set of goals, but enables punctual improvement of synergies and complementarities, in several ways and domains, according to contingent needs and available resources.

The **ability of cities to implement strategies** using ERDF funds is mainly influenced by (ECORYS, 2010):

- previous experience in the field of integrated urban development;
- a conducive national/regional institutional and policy framework.

Moreover, synergies between SUD and Research and Innovation strategies prove to be of interest for EU and local policy makers.

How to build an SUD strategy when a strategy for the city already exists?

Previous experience in strategic planning and **existing frameworks in place at local level can lead to different uptake of strategies**.

Analysis of strategies shows that out of 841 strategies, 62% have been built on pre-existing strategies, with no change (13%) or limited adaptation (48%). Only 38% of strategies have been specifically developed to meet SUD requirements. They include all strategies in the Czech Republic, Finland, Croatia, Lithuania, Malta, Slovenia and Slovakia, and a rather high proportion of strategies in Greece, Spain, Italy, Poland, Romania and UK.

There are **more SUD strategies that rely on pre-existing strategies** in more developed regions than in less developed regions.

Learning from data

Be careful!

Capacity and experience certainly help in realising SUD strategies. In the 2014-20 programming period, the beneficiary LAs in Flanders were reduced from 13 (in the 2007-13 funding period) to two (Ghent and Antwerp). The towns excluded from SUD measures were receiving substantial domestic funds – guaranteeing broad political consensus at regional and national level – while the two selected cities already had their long-term plans, and could invest ESI Funds where they saw it fitted them. In comparison, Portugal's SUD strategies suffered severe delays since many local authorities had to start drafting strategies from scratch (EPRC, 2019).

Nonetheless, **newly drafted strategies** are not necessarily due to local organisation shortcomings or challenging precedents in strategic planning. Drafting new strategies can be motivated by the **use of innovative approaches with regard to new geographical configurations**, new **institutional relationships**, new **thematic focus** (like innovation policy), and **new operating methods and ways of working**.

Likewise, relying upon existing strategies without any further adjustment to the specific nature of SUD under cohesion policy could be a missed opportunity as it could hinder, for example, the deployment of more effective strategic approaches, **the inclusion of relevant stakeholders or policy learning, along with the exchange of practices and information**. Adaptation of existing strategies in many cases refers in fact to the necessary redrafting of established strategic frameworks already in place in compulsory formats and contents specified by MAs. Beyond these formal requirements, it also refers to the translation of specific goals and actions into the OP operations' logic and taxonomy. This process is not straightforward and easy as it implies changes in the way policymakers at local level address needs and challenges.

To ensure a stable framework and capitalise on previous experience and capacity, SUD strategies can benefit from **existing local policy structures**. This is the case, for example, in Romania, Hungary and Poland, where dedicated resources in the 2007-2013 programming period were directed to **strategy design**. In those countries, the 2014-2020 strategies have therefore benefitted from past efforts which enabled them to **start implementation promptly**.

INTEGRATED TERRITORIAL PROGRAMME OF DEBRECEN CITY (HU)

Debrecen is the most populated of the 22 cities in Hungary targeted by Sustainable Urban Development during 2014-2020. In the country, SUD strategies were the outcome of a comprehensive planning process, which had its roots in the previous programming period. From 2007 to 2013, one challenge for implementing Integrated Urban Development Strategies (IUDS) was the fact that regional operational programmes did not include any financial envelope, so the funding of projects depended on competitive calls. The new strand of funding presented an opportunity to build on those existing strategies. Each city has designed multi-layered strategies that include:

- a long-term integrated settlement development concept;
- a medium-term Integrated Settlement Development Strategy, align to the IULDS elaborated in 2007-2013;
- an Integrated Territorial Programme (ITP) for the 2014-2020 period to operationalise and harmonise the city mid-term IULDS with the funding opportunities provided in the seven-year term.

Because of the direct link with the financial opportunities provided by the EU programme, the ITP has been formulated in close cooperation between the LAs and the MA.

Following this pattern, **the current SUD strategy of Debrecen continues the trajectories set forth in the previous IUDS**, as well as its economic development strategy: it pursues essentially the same goals and harmonises them with thematic objectives covered by the related OP priority axis.

This broader framework is narrowed down into the Integrated Territorial Programme (ITP), which operationalises strategy objectives by emphasising local economic development and public sector efficiency. The ITP has been developed by the city of Debrecen in collaboration with the Urban and Economic Development Centre (EDC), a not-for-profit local development company, and benefits from the political supervision of the Mayor's office. The ITP narrows the scope of the city strategy in order to reconcile it with a centrally pre-defined and standardised menu of interventions of the OP.

The implementation of the SUD strategy in Debrecen was deemed particularly successful in the field of economic and business development.

The most influential internal factors for the Debrecen strategy are:

- strong political commitment,
- establishment of a long-term trajectory,
- capacity to build on previous planning and delivery experience.

In particular, the internal organisation of public administration has been improved in terms of coordination, cooperation among stakeholders and knowledge management, helping to prevent bottlenecks or to respond to emerging issues more quickly.

For more information

STRAT-Board strategy factsheet:

<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=HU-015&fullscreen=yes>

As the Debrecen (HU) example demonstrates, clarifying the relationship between the SUD strategy and other pre-existing strategic frameworks requires also means breaking long-term strategies down into the short time-frame of EU programmes.

How to connect SUD strategies with national and global urban agendas?

The role of domestic frameworks in this interplay is not to be underestimated. These frameworks, which may be National Urban Policies (NUPs) or more informal but still binding agreements, can have a major influence on the final SUD strategy (Van der Zwet et al., 2017). Many planning instruments at national and sub-national level in fact have a strategic as well as a regulatory dimension, so that **MA**s must be able to **combine and align their own strategic choices with higher strategic frameworks in a multi-level governance context**. At the same time, **cohesion policy may trigger the introduction of national and regional strategic planning** instruments to steer and coordinate the implementation of ESI Funds⁵. According to this, the European discourse on urban matters is an invitation to develop national urban agendas within the European Union (Calafati, 2014a).

The Italian case shows how (partially) incorporating strategic intentions into the national OP could miss the point of defining comprehensive SUD

⁵ See ESPON Compass: <https://www.espon.eu/planning-systems>

strategies at urban level, but can be a first step for national authorities to frame a domestic strategy, when it does not already exist.

ITALY - NATIONAL OPERATIVE PROGRAMME - PON METRO (2015)

ITALY - NATIONAL STRATEGY FOR INNER AREAS - SNAI (2014)

Italy does not have a national urban agenda. Due to the diversity of the urban and territorial structures and the highly variable financial allocations across the regions, funds were used in a fairly heterogeneous and composite situation in the 2014-2020 programming period, with several delivery mechanisms chosen for SUD. In particular, Italy is the only country where SUD is channelled through both a dedicated multi-fund national OP for metropolitan areas, known as PON Metro, and through 16 ERDF regional OPs.

Two main initiatives at national level have nonetheless started in the last decade to pave the way towards a comprehensive framework, making direct reference to the EU cohesion policy.

The aforementioned PON Metro is focusing on **metropolitan cities**, although, despite its name, the implementation bodies were the core municipalities. This is because metropolitan cities were institutionalised only in 2015 and could therefore not be responsible for the management of SUD strategies in the 2014-2020 programming period. Within the ESIF framework, the 14 Italian metropolitan cities have been asked to elaborate a development strategy and to propose related development projects, in line with the chosen TOs (TO2 Digital Agenda, TO4 Sustainable energy and quality of life, and TO9 Social inclusion and fight against poverty). PON Metro refers to the Partnership Agreement for establishing its main objectives, establishing a direct link to two of the three main development drivers individuated in it: **Smart city for re-designing of urban services** and **Social inclusion and social innovation**.

The other strategy with a territorial focus is the National Strategy for Inner Areas (Strategia Aree Interne), elaborated by the Italian Agency for Territorial Cohesion and based on ESI Funds distributed at regional level (with other national and local additional funds). Regions, along with the elaboration of their OPs, selected specific

Learning from practice

projects aimed at improving the quality of life and economic well-being of people living in **relatively isolated and sparsely populated areas**, thus reversing negative demographic trends. The strategy underlines the need to provide adequate education, health and transport services to **reduce socio-economic disparities**, as a fundamental starting point for implementing further development projects. The selected projects resulted in an array of interventions covering all thematic objectives, combining ERDF, ESF and the European Agricultural Fund for Rural Development (EAFRD).

The Inner Areas strategy also envisions a **Federation of Projects**, gathering the authorities in charge for the project-areas (could they be individual municipalities or associations or even unions of municipalities) and offering several services (monitoring and evaluation, comparison of cases, assistance, good practices database, sharing of indicators, links with ordinary policies).

This approach is interesting for three main reasons:

- In the absence of an explicit national urban policy, the territorial instruments of cohesion policy **can push to establish strategic frameworks at national level**, directly linked to the EU's thematic priorities.
- It produces continuous **circular feedbacks linking national and local priorities**, maintaining a flexible learning process and steering attention to urban and territorial problems and needs.
- It may shine a light on the added value of **cooperation among municipalities**, focusing strategies on complex territorial configurations (metropolitan areas, inner areas) and promoting the creation of a city network based on sharing practices and indicators.

For more information

STRAT-Board Country factsheet:

<https://urban.jrc.ec.europa.eu/strat-board/#/factsheetcountry?id=IT&name=Italy&fullscreen=yes>

PON Metro: <http://www.ponmetro.it/eng/>

SNAI: <http://www.agenziacoesione.gov.it/lacoesione/le-politiche-di-coesione-in-italia-2014-2020/strategie-delle-politiche-di-coesione/strategia-nazionale-per-le-aree-interne/>

In addition, NUPs have increasingly been identified as important tools for governments to implement and monitor the **progress of global agendas, providing a link with strategies at local level** (UN-Habitat and OECD, 2018). For instance, in defining the monitoring indicators for strategies it is possible to directly align them to the SDGs. In this way, monitoring of the strategy will coincide with an appraisal of how the strategy responds to SDGs (see Monitoring chapter). This process has been facilitated by the set-up of the UN Agenda 2030 and the New Urban Agenda, which are pushing for the adoption of NUPs worldwide.

UN HABITAT AND OECD (2018) GLOBAL STATE OF NATIONAL URBAN POLICY

The Global State of National Urban Policy is the first report to monitor and evaluate NUPs at the global scale, covering 150 countries. The report sets a solid foundation for a **common methodology**, building on regional studies by UN-Habitat and the OECD's analysis of NUPs for the 35 OECD member countries. It is also a significant contribution to the monitoring and implementation of the New Urban Agenda and Sustainable Development Goals (SDGs).

It contributes to the National Urban Policy Programme (NUPP), which aims to remove obstacles and to facilitate the worldwide development of NUPs. The NUPP is a global initiative launched by UN-Habitat, OECD and Cities Alliance at the Habitat III Conference in 2016 and strengthened by the wide engagement of stakeholders from all levels of government, civil society, the private sector and academia.

The report provides:

- key findings from the analysis of the 150 countries covered, presented for each dimension investigated by the study
- recommendations for policymakers to develop and implement their NUPs
- 10 key recommendations for NUPs in support of global agendas.

For more information

Global State of National Urban Policy: www.oecd.org/regional/global-state-of-national-urban-policy-9789264290747-en.htm

Additional resource

Appraisal of the state of NUP in the EU Member States shows that only nine countries have set an explicit framework for urban development, while 14 have partial elements of it in place, with a multiplicity of policy and legislative documents that coexist, and overlapping governance arrangements. Moreover, most of them are in the early stages of policy formulation, and have therefore not been applied to SUD strategies.

Although not widespread, there are good examples to build on. Strategies in France and Germany, for example, have been supported through their explicit NUPs and policy support platforms in order to **make SUD contribute to national objectives for urban development**. Another approach is provided by Sweden, where the link between current domestic priorities for integrated approaches to urban development and SUD strategies is managed by a platform made up of five government agencies including the Agency for Economic and Regional Growth (MA for the ERDF programmes). The recently-approved Urban Agenda for Spain provides a framework that local urban agendas can take into account to link SUD measures to the objectives of higher strategic agendas, like Agenda 2030 (SDGs), the New Urban Agenda and the Urban Agenda for the EU (FIG.2).

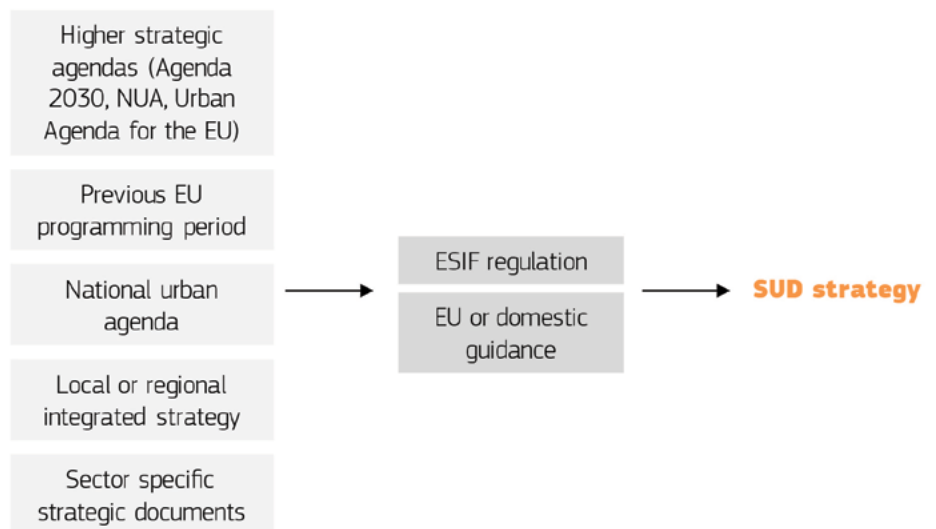


FIG. 2. Existing frameworks for SUD strategies.

Source: Van der Zwet et al. (2017) and own elaboration

How can SUD strategies develop synergies with regional/national Research and Innovation strategies for Smart Specialisation?

Complementarities and synergies between strategies supported by the EU measure for SUD and other EU strategic frameworks often remain unexplored and present a challenge both for local authorities and for regional/national managing authorities.

However, the role of innovation-related measures has grown significantly in the past 25 years of Structural Funds implementation, placing the innovation agenda at the core of EU cohesion policy, which thus becomes a vehicle for an increasingly **spatially targeted form of innovation policy** (Morgan, 2017). Innovation policy in EU Regional Policy is presently implemented by means of Smart Specialisation⁶. For this reason, **exploring mutual relationships between Sustainable Urban Development and Smart Specialisation (S3) strategies can present significant opportunities**, since Smart Specialisation operationalises regional or national R&I investments through ‘integrated, place-based economic transformation agendas’.

In parallel to this, innovation has emerged as a new policy field for cities, and has become part of the EU discourse on integrated sustainable urban development and related urban initiatives promoted through cohesion policy and Urban Innovative Actions, which are both expected to continue in the post-2020 programming period, and are linked to the Urban Agenda for EU (2016) initiatives.

Among the strategies mapped by STRAT-Board, 40 strategies include thematic objective 1 (Research and Innovation), with both hard (research infrastructures) and soft interventions (promotion of innovation-led business ecosystem). Although the number is not high, it marks a step change in the approach to urban development under cohesion policy, signalling a departure from the traditional focus on economic and social regeneration of troubled urban areas and a replacement by a **focus on innovation**. This is confirmed by the far higher number of strategies (340 out of 842) that also include investments under TO2 (Information and Communication Technologies) or TO3 (Competitiveness of SMEs). At the same time, findings show that 264 strategies out of those 340 refer to some extent to social inclusion, social innovation and deprived neighbourhoods. Although this is far less than was previously typical in URBAN programmes, even when approaching innovation, entrepreneurship and technological upgrade, SUD strategies maintain a clear link with the legacy of the URBAN initiatives and its anti-poverty orientation (Atkinson and Zimmermann, 2016), as well as with the principles of the Leipzig Charter.

The future positioning of European cities will depend to a significant extent on the ability of urban economies to **determine new development**

⁶ Smart Specialisation is an innovative approach that aims to boost growth and jobs in Europe by enabling each region to identify and develop its own competitive advantages. Through its partnership and bottom-up approach, Smart Specialisation brings together local authorities, academia, business spheres and the civil society, working for the implementation of long-term growth strategies supported by EU funds.

For more information see the Smart Specialisation Platform website managed by the Joint Research Centre of the European Commission: <http://s3platform.jrc.ec.europa.eu/>.

Learning from data

paths, to support the **upgrading of their economic structure** and to **raise the profile of their R&I organisations**. More specifically, the Urban Agenda explicitly mentions the need for sound and strategic urban planning linked with Smart Specialisation strategies.

Cities are in fact central to innovation processes. They facilitate social, economic and cultural interactions on which the **production and circulation of new knowledge** are grounded. Research and innovation may help address the main challenges of urban areas (sustainability, economic development, health and well-being and social inclusion) through the introduction of new products and collective services produced by the interaction between research centres, universities, companies, intermediate bodies, civil society's associations and citizens (Vandecasteele et al., 2019).

Smart Specialisation, and the broader economic regeneration strategy that it promotes, can support a comprehensive view of innovation and also help to tackle the interplay of skills, space and infrastructure that is often managed at the urban level. Mutual synergies can help to achieve more effective and meaningful strategic planning by **combining responsibilities between economic development policies and urban planning**, and allowing better management of intensive **developments in new and dynamic sectors** of the local economy.

Learning from practice

THE SIX CITY STRATEGY – OPEN AND SMART SERVICES (FI)

In Finland, Smart Specialisation (S3) is embedded in regional strategic programmes and overseen by Regional Councils, so that it is tightly coupled with regional plans and objectives, and coordinated by the central government. As a complement to the regional programme, Smart Specialisation is also used at urban level to implement innovation strategies. A national city-led scheme for SUD based on Smart Specialisation, called the Six City Strategy (6 AIKA), combines regional innovation strategies with broader urban development objectives. With a clear economic development focus, the Six City Strategy builds on a city network made up of the six largest cities in Finland (Helsinki, Espoo, Vantaa, Tampere, Turku, and Oulu) and aims to make Finland more competitive and improve the quality of urban services.

The strategy is based on a **solution-oriented thematic approach**, considering the network of the six cities as a unique marketplace for developing innovative solutions coming from companies and R&D organisations. Significantly, the highest decision-making body is the six cities' joint management board, formed

by the directors in charge of the six cities' *business and innovation agencies*.

This approach was initiated as part of the national Innovative Cities (INKA) Programme (2015–2017), which aims to **strategically engage cities in RDI collaborative networks promoted by Smart Specialisation**. The Six City Strategy strengthens the role of city authorities by focusing on three implementation areas:

- open innovation platforms, i.e. innovation communities for companies to test and develop new services and products together with cities, resident representatives and R&D&I organisations, plus other interest groups;
- open data and interfaces, i.e. opening up and harmonisation of public data to help companies scale up their business;
- open participation and customership, i.e. provision of more effective city services in co-operation with users and providers from the business and research sectors.

Since 2014–2015, the six cities have worked together on three-year leading projects in each of the three focus areas. Furthermore, as of 2018 the six cities have already launched up to 30 smaller pilot and trial projects, from smart mobility and clean tech to health and education, to create development environments for product testing and to boost open data for business.

The Six City Strategy has **reinforced cooperation among cities as well as between regions and cities**, while at local level it has **strengthened systemic involvement of local stakeholders**. Current efforts aim to improve communication and exchange of good practices, committing stakeholders to deliver Smart Specialisation at the city level.

For more information

STRAT-Board strategy factsheet: <https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=FI-001&fullscreen=yes>

Six City Strategy website: www.6aika.fi

Raunio M., Nordling N., Ketola T., Saarinen J.P., Heinikangas A., 6AIKA Open innovation platforms. An approach to city development, 2016. Available at: https://avoimetinnovaatioalustat.files.wordpress.com/2016/02/kc3a4sikirja_eng.pdf

UDN peer review: https://ec.europa.eu/regional_policy/sources/conferences/udn_espoo/6city_strategy.pdf

Synergies can be built by devising **collaborative platforms** according to the Quadruple Helix model promoted by Smart Specialisation, also

Be careful!

devising an active role for local authorities in a multi-level governance setting (Larrea et al., 2019).

This implies major and challenging changes for the public sector including (Raunio et al., 2016):

- new types of partnerships and cooperation models to be managed;
- a more community-driven and bottom-up approach;
- a switch from a linear innovation process to open innovation processes;
- the development of a different mindset about the facilitating role of urban administrations in an innovation ecosystem.

Cities can thus become **living labs** to test out innovative solutions for societal challenges through the involvement of universities and research organisations, public authorities, the business sector, civil society organisations and citizens. An open innovation platform is described as an approach to urban development that systematically strives to open the urban environment and its services to be developed by third parties.

Furthermore, SUD strategies can complement S3 by covering a variety of activities that could support the implementation of innovation policies at local level directly. For example, by including R&I in their portfolio or investing in complementary policy areas such as education, training, infrastructures and entrepreneurship, as in the case of the SUD strategy of Rotterdam (NL). Moreover, Smart Specialisation can help build connections not only with EU Structural Funds for research and innovation but also with **EU research policy**, especially considering the new mission-oriented approach introduced in Horizon Europe for post-2020.

Additional resource

NESTA (2015) CITY INITIATIVES FOR TECHNOLOGY, INNOVATION AND ENTREPRENEURSHIP (CITIE)

The City Initiatives for Technology, Innovation and Entrepreneurship (CITIE) report provides city policymakers with a resource to help them **develop the policy initiatives that catalyse innovation and entrepreneurship** in cities.

CITIE comprises four main components:

- a framework for understanding how policy in key areas can be used to support innovation and entrepreneurship at the city level;
- a diagnostic tool that allows cities to self-assess how they perform against this framework relative to 40 global cities;
- a range of examples and case studies from around the world that shine a light on best practice;

- findings derived from the analysis of 40 leading cities around the world.

City performance is measured against nine policy roles that city governments can adopt to support innovation and entrepreneurship. The roles are Regulator, Advocate, Customer, Host, Investor, Connector, Strategist, Digital Governor and Datavore.

For each of these roles, the report highlights its scope, identifies the specific actions that constitute good practice and presents examples, shows how each city performs, and extracts lessons from top-performing cities.

For more information

City Initiatives for Technology, Innovation and Entrepreneurship (CITIE):

<https://www.nesta.org.uk/report/citie-a-resource-for-city-leadership/>

RECOMMENDATIONS

- Build SUD strategies on pre-existing local strategies, where possible, and in any case, taking them into account.
 - ▶ Draft them as specific documents, even when they rely heavily on existing strategies.
 - ▶ Adapt the existing strategy to the OP's goals and logic, for example through an action plan, and include a section where it is clearly stated how the activities described contribute to the programme objectives.
 - ▶ Ensure a stable framework, facilitating synergies among existing policy instruments and creating a learning path across programming periods.
 - ▶ Capitalise on previous arrangements for administration and management of ESIF and projects.
- Provide clear links to domestic policies at the local, regional and national levels.
 - ▶ Member States should align SUD strategies to domestic policies as much as possible in order to ensure synergies and, where an NUP does not exist, develop purpose-built schemes.
 - ▶ Make explicit the mechanisms that show how the integrated SUD strategies are interlinked with other strategies and national policy frameworks.
 - ▶ Gather knowledge and select actions related to other policy frameworks and funding streams.
 - ▶ Provide national frameworks to align SUD strategies to SDGs and other supranational urban agendas.

- Build mutual synergies between SUD and Smart Specialisation strategies, using the common urban development perspective to strengthen the social and inclusive dimension:
 - ▶ Identify ways to connect urban development strategies to R&I strategies for territorial development, blending different disciplinary approaches and communities of professionals and policymakers.
 - ▶ In those countries where the nexus among the two strategic frameworks is stronger, for example those countries where SUD focuses greatly on innovation, ensure that cities participate in setting up the priorities of S3, according to the quadruple helix approach.
 - ▶ Set open innovation platforms at city level with the participation of urban and regional government authorities, research centres and think tanks, universities, economic organisations, private firms and entrepreneurs as well as citizens' associations.
 - ▶ Platforms should be run under collaborative leadership principles.
 - ▶ Use S3 to build connections with EU Research Policy (like Horizon Europe).

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