



EUROPEAN COMMISSION

DIRECTORATE-GENERAL
REGIONAL POLICY

**CITIES AND THE LISBON AGENDA:
ASSESSING THE PERFORMANCE OF CITIES**

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1. INTRODUCTION

This document analyses the current state of European cities and assesses how they contribute to the Lisbon Agenda. The document is divided into two sections. The first focuses on how cities contribute to jobs and growth in the regions. The second section focuses on social cohesion within cities and their neighbourhoods. Throughout the text, examples of successful projects related to the issues at stake, have been included.

The analysis is based mainly on data from large and mid-sized cities¹ gathered by the Urban Audit and data from the European Spatial Observatory Network². The Urban Audit is a unique instrument that brings together urban statistics for 258 large and mid-sized cities across 27 European countries. It contains over 200 statistical indicators presenting information on matters such as demography, society, the economy, the environment, transport, the information society and leisure. It contains data for 1991, 1996 and 2001. It will be updated in 2006. The analysis of the Urban Audit will be further developed and lead to the publication of a full State of European Cities Report, by the end of 2006.

One Overarching Trend: Cities are radically different

From the analysis, one overarching trend emerges. Cities are radically different from their countries. The profile of city residents differs from country residents on almost every socio-economic indicator. City residents are more likely to be single. They are less likely to have young children, and if they do have children they are more likely to be single parents. They are more likely to have a tertiary education. They are less likely to be working or looking for work. They are more likely to be unemployed. These differences are due in part to the suburbanisation of very specific groups and in part to the state of European cities.

National and global trends are not felt the same way by different cities. Some cities lead while others lag behind these trends. For example, some cities maintain low unemployment despite a global downturn, while others fail to benefit from a global upswing. As a result, the disparities between cities are far greater than the differences between regions or countries. Analysing cities reveals the biggest challenges to cohesion in Europe.

One example of how big these disparities between cities can be is population change. Figure 1 shows how the population has changed in cities in the EU15 and in the new Member States, Romania and Bulgaria. Within the same country, cities can be growing rapidly or declining. In the UK and Germany, for example, half the cities were growing while the others were declining, despite a moderate increase in national population.

¹ Large cities are defined as a having a population over 250 000, while midsize cities have a population between 50 000 and 250 000.

² ESPON, the European Spatial Planning Observation Network, supports policy development and builds a scientific community in the field of European of European territorial development. ESPON research addresses the 25 EU Member States as well as Norway, Switzerland, Bulgaria and Romania.

Population Change over 5 years in Cities 1996-2001

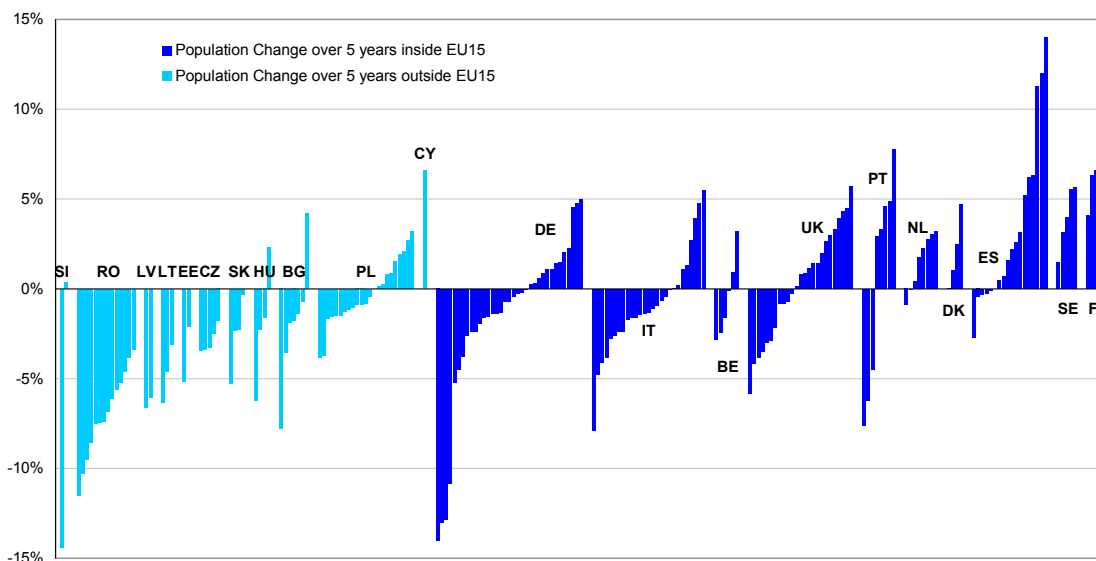


Figure 1: Population change in cities between 1996 and 2001. Source *Urban Audit*.

Almost all the cities in the new Member States, Romania and Bulgaria were losing population between 1996 and 2001. Most of these countries, however, also experienced a decline in their national population during this period. Yet these trends at the city levels differed greatly from those in the country as a whole. The cities in Romania and the Czech Republic, lost a bigger proportion than their country. Cities in Slovakia even lost population while the country's population grew. Cities in the three Baltic states and Bulgaria tended to lose a smaller share of their population than the countries as a whole.

2. CITIES AS ENGINES OF REGIONAL DEVELOPMENT

This section looks at some of the key city indicators related to the three main goals of the revised Lisbon Agenda: 1) making places attractive places in which to work and invest, 2) innovation and the knowledge economy and 3) more and better jobs.

2.1. Are European cities attractive places to work and invest?

Global rankings of quality of life in cities provide a rough indication of how Europe's capitals and large cities perform. The Mercer Quality of Living Report³ of 2005, for example, featured 15 European cities in its top 25⁴. Such rankings focus on the largest and most well known cities. To obtain a more complete picture of how attractive large and mid-sized European cities are, five key factors will be analysed in this section: transport connections, metropolitan transport, ICT infrastructure, environment and culture.

³ Quality of Living Report. 2005. Mercer Human Resource Consulting. www.imercer.com

⁴ Because three of these cities were Swiss, 12 cities out of the 25 were in the EU.

2.1.1. Transport connections between cities

Transport is a key component of the attractiveness of cities and plays an important role in decisions about where to work and invest. For businesses, the first concern is access to markets⁵. Because Europe is a highly urbanised continent, access to markets usually means access to cities. For knowledge workers, a key factor influencing where they decide to live and work is how easy it is to get there.

Different industries require different mixes of transport connections. Manufacturing relies on goods transportation by water, rail, road and air, while the service and knowledge economy rely more on flights and high-speed rail connections. With the shift of manufacturing to low cost locations, European cities increasingly rely on the services industry. As a result, the air and high-speed rail connections are becoming more and more important for cities.

Transport connections, however, are not distributed evenly over European cities. Some cities are important transport hubs, while others due to their location or infrastructure, are difficult to reach. To get a better view of the accessibility of the 258 Urban Audit Cities, they were linked with their corresponding accessibility indicator⁶.

Access to European markets by rail and road follows a clear core periphery pattern⁷, favouring cities located in the centre of the European Union (roughly the area circumscribed by London, Paris, Milan, Munich and Hamburg).

At the other extreme are the cities in peripheral countries, such as Greece, Portugal, Ireland, Denmark, Sweden, Finland, the three Baltic states, Romania, Bulgaria, Cyprus and Malta. The most northern cities in the UK, the most eastern cities in Poland, the most southern cities in Italy and the most southern and eastern cities in Spain are also included in this group.

The intermediate group covers the remaining cities in Italy, Spain, France, Poland and the UK. All the cities in the Czech Republic, Slovakia, Slovenia and Hungary fall into this category too.

Air connections

Air connections break with this core-periphery pattern. Accessibility depends solely on the proximity to an important airport or a good connection to a major hub. Cities with a peripheral location, such as Dublin and Helsinki, have good air connections, which has allowed them to develop and attract an important ICT industry.

Capitals have good air connections. For example, half of the 27 capitals in the EU27 have good air connections. The remaining capitals, located in many of the new Member States, Romania, Bulgaria and the more peripheral, older Member States, have only average or below air accessibility.

⁵ European Cities Monitor 2004, Cushman & Wakefield, Healey and Baker.

⁶ Calculated by the ESPON project 1.2.1. Transport Services And Networks: Territorial Trends And Basic Supply Of Infrastructure For Territorial Cohesion (2002-04) www.espon.lu

⁷ Same as above

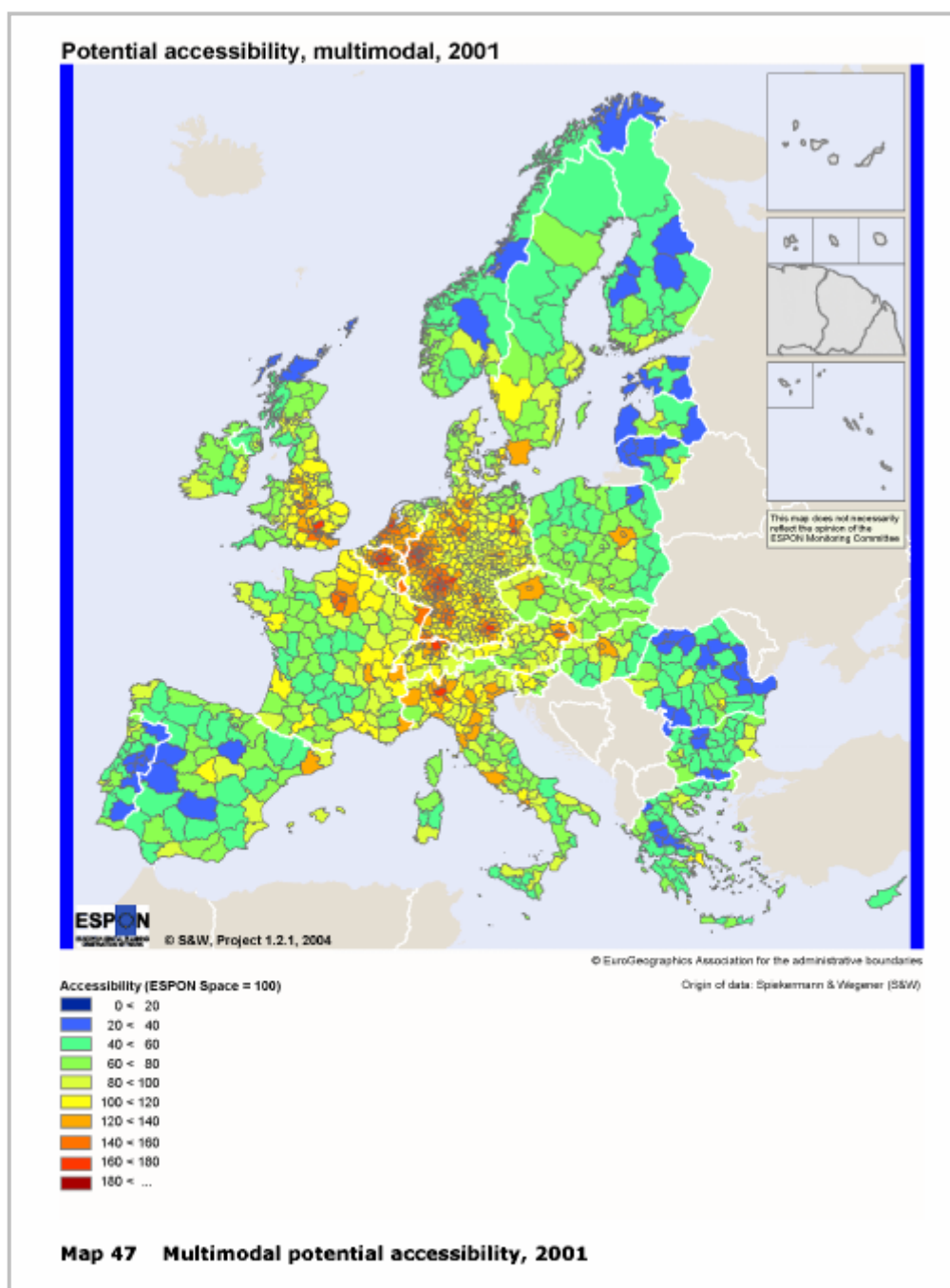


Figure 2: Multimodal potential accessibility, 2001. Source *ESPON Project 1.2.1*.

The air accessibility of capitals tends to be much better than that of other cities in their country. The gap between capitals and the other cities is far greater in the new Member States, Romania and Bulgaria than in the EU15. Half of the non-capital cities in the EU15 have above average air connections, but only one out of seven of non-capital cities in the new Member States, Bulgaria and Romania score above average.

Multimodal accessibility

The multimodal accessibility map (Figure 2), clearly shows a polycentric pattern with more distant capitals and large cities providing fairly good accessibility. Comparing

multimodal and air accessibility of cities to the city GDP per capita (Figure 3:) shows that both are extremely closely linked, which underlines the growing importance of air connections for European cities. Road and rail accessibility, however, showed no correlation with GDP per capita in UA cities.

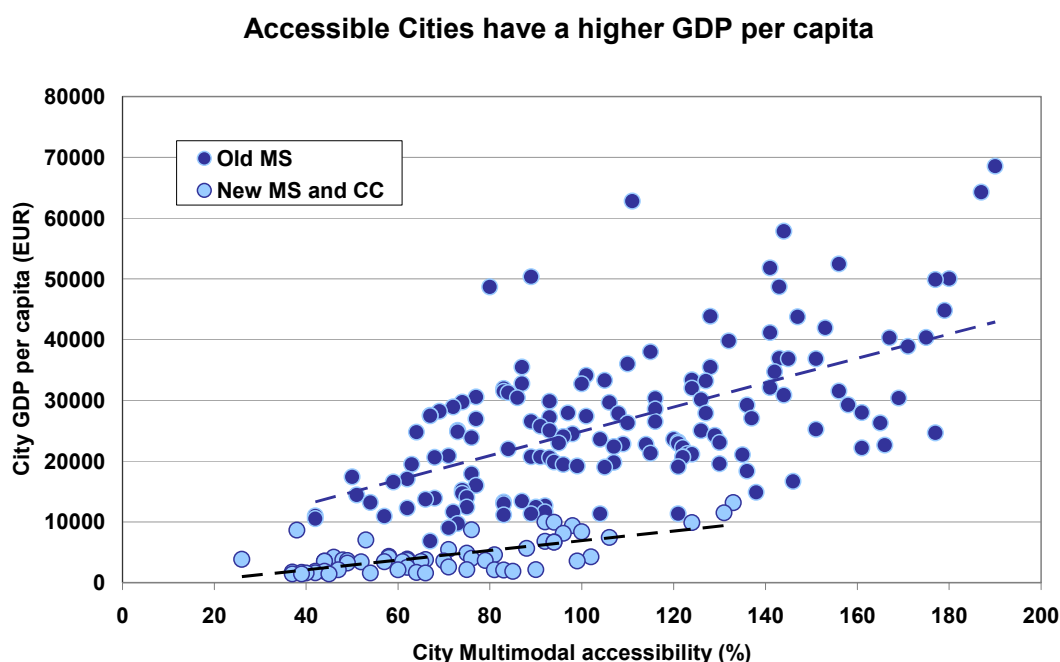


Figure 3: GDP per capita and multimodal accessibility, 2001. Source *Urban Audit and ESPON*

The cities in the new Member States, Romania and Bulgaria have relatively high accessibility in relation to their GDP per capita. This means that given their level of economic development their transport connections are good, which is likely to help these cities develop, especially now that they are (becoming) part of the European single market.

2.1.2. Metropolitan Transport

Cities are centres of employment, leisure, culture and retail, which attract many people and a substantial amount of traffic. Commuting to work generates a large share of this traffic. The Urban Audit shows that, on average, one out of every three jobs in cities goes to someone living outside of the city. In twenty cities, over half the jobs go to commuters.

The cities in the new Member States have already seen a large increase in car ownership and a corresponding drop in the use of public transport. The Urban Audit, however, shows that a high level of car ownership does not have to correspond with a high share of car trips (Figure 3). Cities in the Nordic countries have been very successful in encouraging different forms of transport and discouraging people from driving into the city centre.

Car ownerships and journeys to work by car

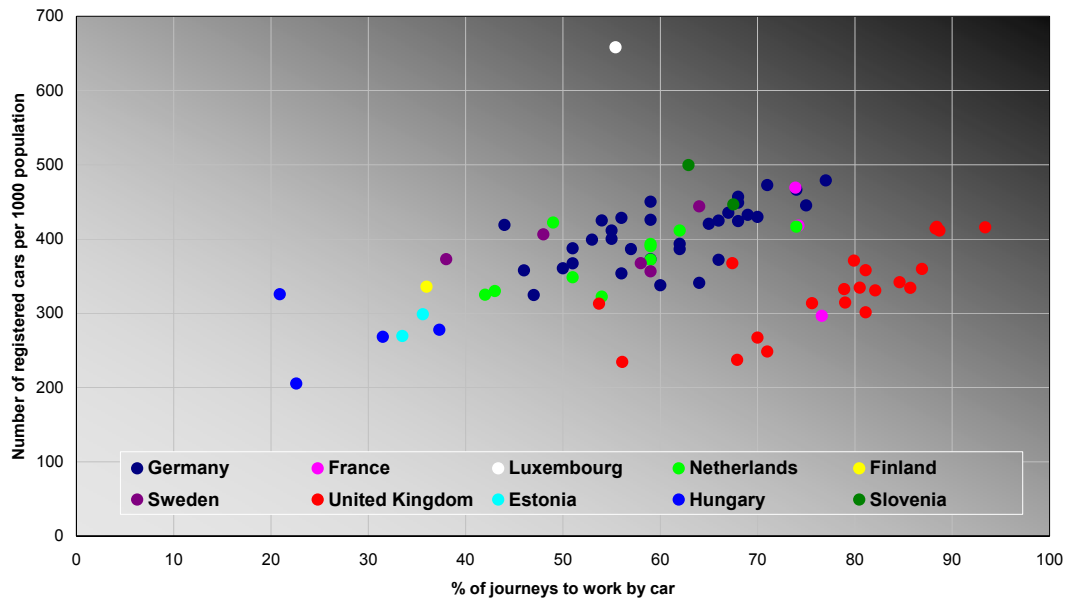


Figure 3: Car ownership and journeys to work by car, 2001. Source *Urban Audit*.

If public transport offers an attractive travel option and there are incentives not to drive, many urban residents are prepared to leave their cars at home. For example, in Stockholm, Helsinki and Copenhagen only around 35% of residents drive to work although the car ownership is of 373, 335 and 214 cars per 1000 inhabitants respectively. Other cities do less well, for example, 82% of Sheffield residents drive to work and they own 330 cars per 1000 inhabitants. In Budapest, residents own the same number of cars per capita as in Sheffield, but only 21% drive to work. The challenge for cities in the new Member States is to avoid huge increases in car trips in the context of rapidly rising car ownership.

Nantes (France) has re-implemented a tram system and, in doing so has brought new dynamism to the transport network and the city itself. The city strongly links its urban development and transport policies. With 3 tramway routes totalling 40 km, the Nantes tramway network is the longest in France. As part of the Commission's CIVITAS Initiative, the city of Nantes has recently introduced 155 clean buses that run on natural gas. As a result of its investments in its public transport system, over the past few years, Nantes has witnessed a significant reduction in the use of the private car.

A cluster of **eleven EU research projects**⁸ have investigated the links between transport policy and land use planning with the aim of devising new approaches to promote sustainable urban mobility. More than one hundred European cities have gained access to new planning tools to ensure that land use decisions do not affect urban mobility and vice versa.

The **Nottingham** Tramway : Reliable service, cleanliness and security guaranteed, the Nottingham tramway (UK) brought investment back to the inner city. The secret of this success? A fair division of risk between public and private partners. This project received

⁸ www.lutr.net

the Public Private Partnership award 2005 for best partnership. The project was the first in the UK under the Private Finance Initiative. The private partner, Arrow, is a consortium of several enterprises. Arrow was responsible for financing, but the state undertook to reimburse 70 % of the initial outlay over a period of 27 years. Over the same time and to stimulate inner city investment, the city adopted a policy of reducing urban sprawl outside the agglomeration. Construction firms build student housing and apartment blocks for young professionals in the inner city. Cafes, restaurants and other businesses have followed.

2.1.3. ICT

Information and communication technologies such as the internet, have reduced the dependency of cities on transport connections and physical proximity. European ICT research and innovation are still concentrated in urban areas, but new technologies have altered the mono-centric structure of connectivity in Europe, centred in and around the 'core,' towards a more polycentric structure, in which smaller and more peripheral cities, such as Oulu in Finland or Cork in Ireland, have been able to compete in the global knowledge economy.

The digital divide existing in Europe today is complex and avoids the traditional 'core-periphery' distinction. The Nordic countries are clearly leaders on all aspects of ICT uptake. Mediterranean countries, however, have outperformed the 'core' countries on some aspects of ICT uptake. For example, in December 2004, Spain and Portugal had a similar share of broadband users as Germany⁹. However, the most distinct division exists between Western and Eastern Europe, even if some Eastern countries such as Slovakia and Estonia perform rather well.

Comparing cities to rural areas shows that a big digital divide exists in the uptake of computers and the (broadband) internet, whilst levels of demand for mobile telephony in rural and especially peripheral regions are often comparable, or even greater than centrally located and urban regions. In the EU25, households living in densely populated areas were 30% more likely to have access to a computer and 45% more likely to have access to the internet, in 2004¹⁰. The biggest divide exists in terms of uptake of broadband internet. Households in densely populated areas were more than twice as likely to have access to broadband internet than households in thinly populated areas. This very large divide was found in all 25 Member States.

- **Manchester** (UK) has improved access to ICT infrastructures, thanks to a high speed network in deprived areas, offering a cheap and reliable service to both citizens and enterprises.
- **Gijón** (Spain) has created an electronic "citizen's card" which allows citizens or visitors to easily and rapidly access various municipal services (bus, parking, swimming pools, libraries). This has modernised public services and improved their capacity to serve users.

⁹ OECD Broadband subscribers per 100 inhabitants, by technology, December 2004

¹⁰ Source: Eurostat (2005), Community survey on ICT usage in households and by individuals in 2004.

2.1.4. Environment

Air quality is improving and pollutants such as lead and sulphur dioxide are no longer significant concerns in urban areas. Only three cities out of 174 cities reporting SO₂ had one or more days when it exceeded warning levels. However, particulate matter (PM), nitrogen oxides and ozone, remain a serious issue. PM₁₀ exceeded the health warning level of 50 µg/m³ at least once a year, in almost all UA cities. On average, UA cities had 34 days a year when PM₁₀ exceeded this level. Nitrogen dioxide exceeded the health warning level of 200µg/m³ for at least one day, in one out four UA cities, reaching levels as high as 47 days a year.

In 2001, seven out of ten UA cities had days when ozone exceeded safety levels. Three out ten UA cities even had ten or more days which exceeded these levels. Not surprisingly, city dwellers are concerned about air quality. The Urban Audit Perception Survey found that in 27 out of 31 cities in the EU15, the majority of respondents thought that air pollution was a big problem.

City dwellers are also concerned about noise. The Urban Audit Perception Survey¹¹ showed that in 27 out of 31 surveyed cities in the EU15, the majority was concerned about noise levels. In Southern European cities, the concern about noise pollution was especially high, with three out of four respondents (strongly) agreeing that noise was a problem. The Urban Audit requested data on exposure to noise, however, only 32 cities replied. Within those cities, one in four residents was exposed to noise levels over 45dB at night and one in three was exposed to noise over 55dB during the day.

To encourage compact development and reduce sprawl, cities should re-use sites in their centres that are not or no longer used. Within the Urban Audit, 98 cities provided figures on unused land, including contaminated sites. On average, these cities included 1.75% of unused land and for some cities the figure was even higher than 10%. This shows that (re)using land within cities is a critical issue in many cities.

The URBAN II project in **Cáceres** (Spain) aims to convert a disused industrial site into a training, leisure and culture facility for the local community and a workspace for small and medium-sized enterprises. Building renovation will demonstrate energy efficiency and environmental sustainability and solar panels, recycled rainwater and sewage purification systems are included. The project recovers 3,000 square metres as green space. The programme aims to tackle high unemployment, depopulation, a deteriorating urban environment and social and economic exclusion through the environmentally friendly renovation of derelict sites, the development of local employment pacts, waste treatment and social integration.

The city of **Köln** coordinated the EU NORISC research project¹² on the revitalisation of contaminated sites in urban areas. The project led to improved techniques for site

¹¹ The Urban Audit Perception Survey measured the perceptions of the residents in 31 cities in the EU15. The goal of this survey was to complement the data in the Urban Audit with the perceptions of city residents. The survey was conducted in January 2004 by EOS/Gallup. At least 300 residents in each city were interviewed by phone. This survey will be repeated in 2006 in over 50 cities in the EU25.

¹² www.norisc.com

characterization and risk assessment and reduced time and cost for investigation, redevelopment and remediation.

Within the Urban Audit, approximately 130 cities provided information on solid waste collection. In these cities, on average half the solid waste was put into a landfill, a quarter was incinerated, and a fifth was recycled and the remainder was processed through different methods. These figures, however, conceal the huge disparities between cities, with many cities relying almost exclusively on landfill (30%), or on incineration (10%). Some cities are very successful at recycling solid waste, recuperating over half of the solid waste, but half of the cities recycle less than 10% of their solid waste.

2.1.5. *Culture*

Culture has become an important tool to promote a city and to attract “creative industries.” Culture is now seen by many mayors as an important “soft” locational factor in attracting knowledge workers. Recent urban research¹³ emphasises that informal cultural activities are particularly important: a lively nightlife scene with many small concerts in bars and cafes are at least as important as an opera or a symphony orchestra.

The Urban Audit shows that capitals dominate in the more formalised cultural institutions, such as theatres and museums. A few regional capitals, however, manage to rival their country’s capital. Barcelona, for example, has more museums than Madrid and Munich has more theatres than Berlin.

The Kulturgewerbliches Gründerzentrum RAW-tempel e.V (Arts and Crafts Centre) in **Berlin**, Germany, promotes small cultural and craft enterprises and houses artists in disused railway buildings. This former industrial area suffers from dereliction and high unemployment.

This URBAN II project is an example of the integrated approach, since culture is the catalyst for economic development and urban renewal. The project is renovating architecturally significant buildings and providing training for small businesses. It is also intended that a network of good practice will emerge between the different enterprises occupying the renovated buildings. In all, 25 units are being created with artists, cultural and craft workers. Twelve enterprises should be in place by 2006.

Many cities will use cultural events to enhance their (international) profile. The European Capitals of Culture¹⁴ programme is a well-known example. Events have become a key tool for attracting visitors and changing a city’s image. For example, the traditional San Fermin fiesta in Pamplona, with its famous bull run, attracts thousands of visitors from all over the world. The Rotterdam summer carnival attracted 900 000 people in 2005. Music festivals and blockbuster exhibits are also used to market a city and attract people.

¹³ The rise of the creative class. 2002. Richard Florida. Perseus Books Group, New York, NY.

¹⁴ The European Capitals of Culture managed by the Directorate-General for Education and Culture http://europa.eu.int/comm/culture/eac/other_actions/cap_europ/cap_eu_en.html

The Zinneke Parade was born in 2000 out of the programme "**Brussels**, European Capital of Culture". Today, the Parade is a biennial event that has become part of the Brussels landscape and has helped to create a new cultural, urban and popular space. The Zinneke event fits in seamlessly with the urban renewal policy of the Brussels Capital Region. Through the community work in the districts and municipalities, together with the cultural centres, theatres, youth centres, community centres and all kinds of associations, it is a catalyst for the creative dynamism of the people of Brussels. A particular feature of the parade is that community groups must find a partner for each event, promoting co-operation between communities.

The small town of **Hultsfred** (population 5,500), deep in the forest of Småland in Southern Sweden, has hosted the biggest rock festival of Sweden since 1986. It has become the meeting place de rigueur of the Swedish rock and pop world. All the year round, musicians have the infrastructure necessary for practice, recording and performing. The Swedish government has decided to support the creation of an enterprise centre in this small town, specialising in music and entertainment. The local school offers courses in music and the performing arts. The wide range of facilities in the town has been discovered by the music, television and cinema industry alike.

2.2. Are European cities innovative and entrepreneurial?

2.2.1. Innovation

Just a few places produce most of the world's innovations. Innovation remains difficult without a critical mass of financiers, entrepreneurs and scientists, often nourished by world-class universities and flexible corporations.

Richard Florida¹⁵

Patent applications are distributed extremely unevenly. They tend to be concentrated in large metropolitan areas which bring together researchers, businesses and capital. In the United States, the patents applications per inhabitant are highest in New York, San Francisco and the Boston area. In Europe, most of the patents come from urban areas. For example, in 2000, the European Patents Office received only 73 patents applications per million inhabitants from rural France, while urban France sent it more than four times as many applications per inhabitant, at 317 applications per million inhabitants.

A strong network between universities and local businesses can facilitate the transition of new knowledge to new application. The City of Helsinki, for example, recognises that its university plays an important role in stimulating their knowledge economy. As a result, the city has recently decided to increase its financial contribution to the Helsinki University. Germany is recognised for its strong universities and their many inventions. Many obstacles still slow down the process of making these inventions ready for the market.

Marinha Grande, an industrial town in the central region of **Portugal**, has a traditional dependence on manufacturing (accounting for 63.2% of jobs), particularly in the

¹⁵ Florida, Richard. 2005. *The World is Spiky. Globalisation has changed the economic playing field but not levelled it.* The Atlantic Monthly, October 2005 p. 48-51, New York.

advanced processing of glass and plastics. Faced with a need for re-conversion of the glass-making industry, a partnership “Marinha Grande Territorial Employment Pact” led by the local authority and including local entrepreneurs, developed a strategy to increase the competitiveness of the town’s glass and moulding industry for consideration by the Portuguese Government as a ‘zone of excellence’.

2.2.2. Knowledge workers

Cities should aim to retain or attract highly skilled workers. Research in the US¹⁶ has shown that an attractive environment with high quality amenities and services is an important factor in retaining and attracting knowledge workers. Figure 5 shows the share of tertiary-educated residents in cities, with each bar representing a city and the national share of tertiary-educated residents shown as a horizontal line. It shows that three out of four UA cities attract a higher share of tertiary-educated residents than their country as whole. Some capitals and successful secondary cities, such as Paris and Edinburgh, have managed to attract even twice the national share.

Proportion of the population with tertiary education

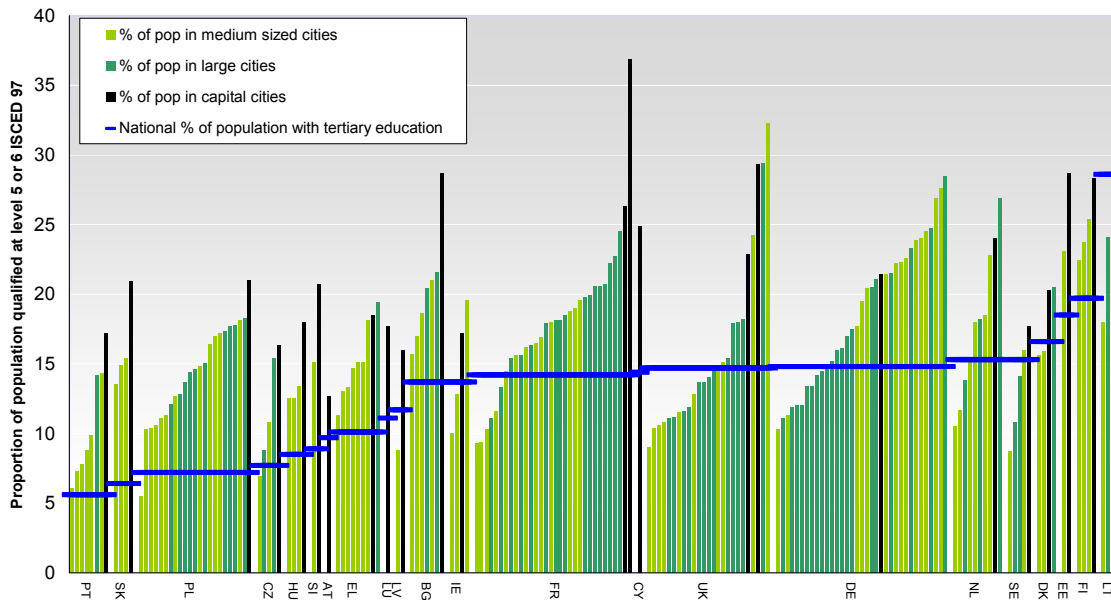


Figure 4: Proportion of the population with tertiary education, 2001. Source *Urban Audit*.

The fact that so many European cities attract highly skilled residents is good news. People with a tertiary education tend to be geographically mobile and have a high income, which means they can be very selective about where they live and work. Cities with a high share of tertiary-educated inhabitants must have interesting employment opportunities and be more attractive places in which to live, than the suburbs. Factors which are often cited in this regard include attractive housing (in terms of quality and price), high-quality services, a lively cultural scene and an open social structure.

¹⁶ For example: Florida, Richard. 2004. *The Rise of the Creative Class*. Basic Books, NY.

Amongst large and mid-sized cities, there are still too many who lag far behind, with less than two thirds of the national share of tertiary-educated residents. When the most educated leave or avoid a city, it inevitably reduces the city's economic potential.

2.2.3. *Where are the jobs? Employment in the service sector*

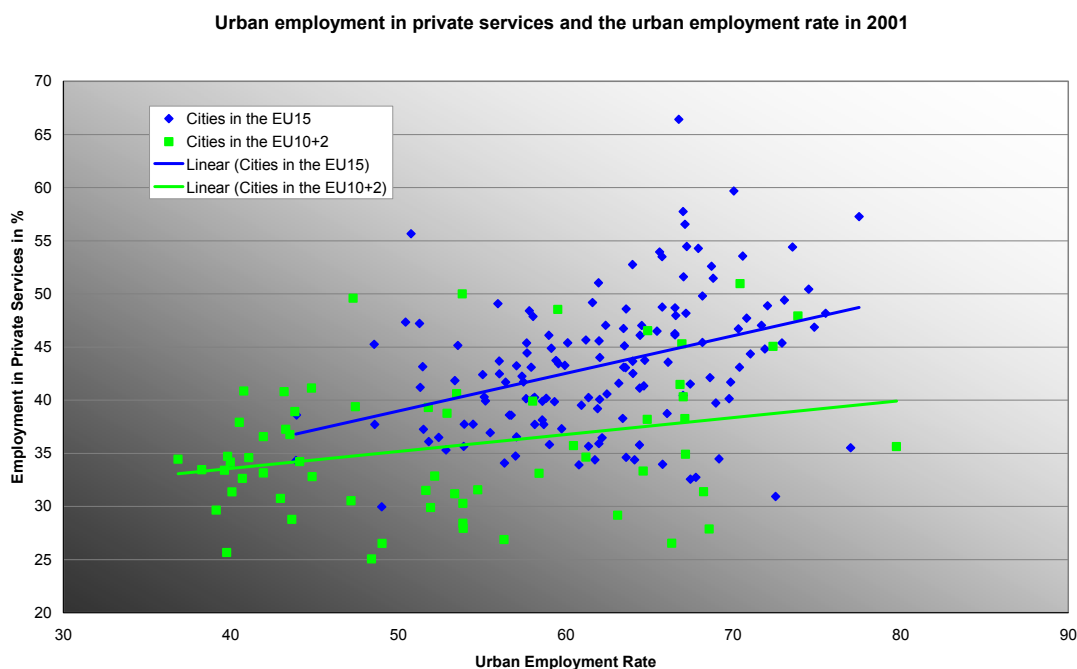


Figure 5: Urban employment rate and employment in private services, 2001. Source *Urban Audit*

Many cities in the EU15 have suffered due to drastic economic restructuring, with a steep decline in employment within the heavy manufacturing sector and slow job growth in the service economy. Cities in the new Member States, Romania and Bulgaria still rely to a higher degree, on manufacturing. For example, 25% of jobs in cities in the old Member States are in industries. The average for cities in the new Member States, Romania and Bulgaria is 33%, rising to over 40% in several Polish and Romanian cities.

Figure 5 shows that cities in the EU15 and in the new Member States, Bulgaria and Romania (EU10+2) have a higher employment rate when they have a higher share of jobs in the private service sector. Both in terms of service jobs and employment rates, cities in the new Member States, Bulgaria and Romania lag behind cities in the old Member States.

The Dortmund Project stimulates the structural changes from steel production to innovative sectors with a bundle of well-adopted measures by different regional stakeholders. The Project was set up as a private-public-partnership in the year 2000, having one mayor steel company and the City of Dortmund as driving forces. It was co-financed by the ERDF under Objective 2 programme.

It focuses on achieving the ambitious goal of creating 70.000 jobs until 2010 by making targeted investments and taking specific actions within a network of business, science, academia, politics and professional associations. Actions comprise systematic support of the expansion of three 'future industries' (information technology, microsystems

technology and e-logistics), targeted assistance to established companies with a view to expansion and innovative potential and consistent promotion of the city's international profile as a location for science and knowledge. Concrete target figures for each industry help to measure the success of actions taken. <http://www.dortmund-project.de>

2.3. Working in the city? The Urban Paradox

Cities present a real paradox in terms of employment. European cities concentrate both jobs and the jobless. Cities are centres of employment, providing work not only to their own residents, but also to many people who live in their regions. However, three out four cities have a smaller proportion of employed residents than their country. This section explores the various indicators measuring employment and what could explain this paradox.

2.3.1. *Urban economic activity rates tend to be lower*

This first indicator is the activity rate. This indicator basically measures how attractive the labour market is (see box), by dividing the people who are working or looking for work by the working age population. In cities, where many jobs are concentrated and living expenses tend to be higher, one would expect a high share of the population to be economically active. The results from the Urban Audit, however, tell a different story. In 70% of the UA cities, the activity rate of city residents is below that of their country. Thus, most European cities have a larger proportion of residents who are not working or looking for work than in their country as a whole.

There is a wide range of reasons why people decide not to work or look for work. There may be a lack of (affordable) child care facilities. They may lack the right skills. This can especially be the case in cities which have undergone a drastic industrial restructuring or in cities with higher shares of recent immigrants. People may face discrimination in the labour market because they belong to an ethnic minority, they are considered too old or too young, or because they are female.

2.3.2. *Urban employment rates tend to be lower*

The Lisbon Agenda sets the ambitious goal of increasing the European employment rate to 70%, by 2010. In 2001, only 10% of the UA cities had reached this level, with cities lagging behind the national averages. Figure 6 shows the city employment rate (one bar for each city) and the national employment rates (as a horizontal line). The figure shows that urban residents are (far) less likely to be working than residents of their country. In many countries, none of the cities or only one or two of the cities have an employment

Measuring employment: The difference between the employment rate, activity rate and unemployment rate?

- **Employment rate** is the number of people working (either as employees or as self employed) divided by the working age population (15-64 years old)
- **Activity rate** is the number of people working or looking for work (called the economically active population) divided by the working age population
- **Unemployment rate** is the number of people looking for work who are currently not working (ILO definition) divided by the economically active population

rate which is higher than the national rate. Overall, three out of four cities have a lower employment rate than their country as a whole.

With many different job opportunities, cities could be good places for women to work. However, female urban employment rates also lag behind country-wide rates. In 68% of the UA cities, female employment rates are lower than the national rates.

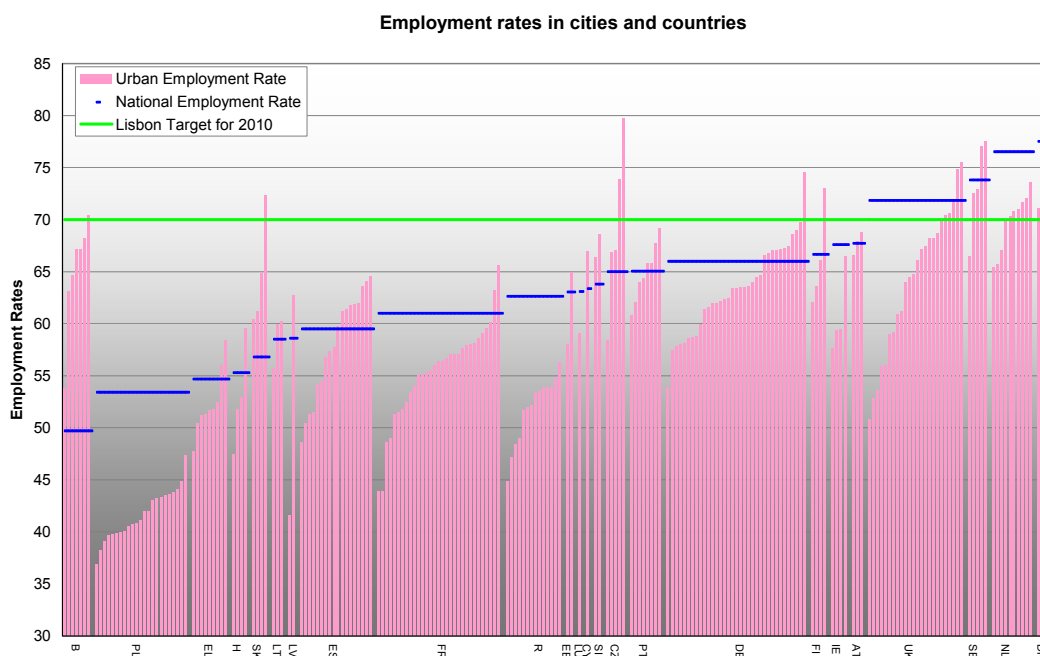


Figure 6: National and city employment rates, 2001. Source *Urban Audit*

To increase the EU employment rate, the urban employment gap needs to be addressed. Increasing the employment rates in the UA cities up to their national averages, would necessitate the creation of an extra 2 250 000 jobs.

In a few countries, cities have been more successful in providing employment for their residents. All or almost all cities in Bulgaria, Slovakia, the Czech Republic and Slovenia have higher employment rates than in the country as a whole. In all other countries, only a few cities have reached higher employment rates than their country. They tend to be capitals such as Paris and Stockholm or large regional capitals, such as Munich and Barcelona.

The Hedef project stimulates access to employment for immigrant groups in **Rotterdam**. Its main objective is to develop a working method for the reintegration of target groups into the labour market. Activities consist of drawing up 150 individual ‘route-plans’ into work, education and care, per year. Counsellors approach the target groups by active recruitment, information, outreach, house visits or work with third parties (police force, legal services and stakeholders from civil society).

In **Greece**, the second round of Equal has funded a project entitled Action for Equal Participation at Work. The Development Partnership Plan aims at drafting and operating an integrated system so that unemployed Roma (long term unemployed and newcomers) are integrated into the labour market.

This system includes structures, tools, processes and pilot activities, that will be disseminated to those who design and exercise policies regarding Roma people. Among the Development Partnership's activities is the development and operation of a Pan-Hellenic network of "One-Stop-Shops" that will function in the services of 62 Municipalities and will provide integrated services of professional advisory, training and promotion into the labour market.

Comparing the employment rates of cities with that of their suburbs, shows different patterns of suburbanisation. In most cities in the old Member States, suburbs have a higher share of employment rates than the cities themselves, which means that more people with jobs have chosen to live in the suburbs. In the new Member States and Bulgaria, however, this is not the case. In half or more than half of their cities, the suburbs have lower employment rates, which implies that people with jobs have not left for the suburbs (yet).

One should note that some of the people who appear in the statistics as not working, may actually hold a job in the informal economy. The share of people working in the informal economy will vary from city to city and country to country. Nevertheless, it is clear that in some neighbourhoods, the informal economy will provide a significant share of all jobs.

2.3.3. Urban unemployment rates tend to be higher

Unemployment also tends to be concentrated in cities. Figure 7 shows the unemployment rates for cities and the national rates. In 67% of UA cities, the unemployment rate is higher than the national rate. In certain cities, the unemployment rate is far higher. For example, in Naples, an unemployment rate of 32% was more than three times higher than the national average of 9% in 2001. These high unemployment rates also lead to extreme concentrations of unemployment in deprived urban neighbourhoods.

City and national unemployment rates in 2001

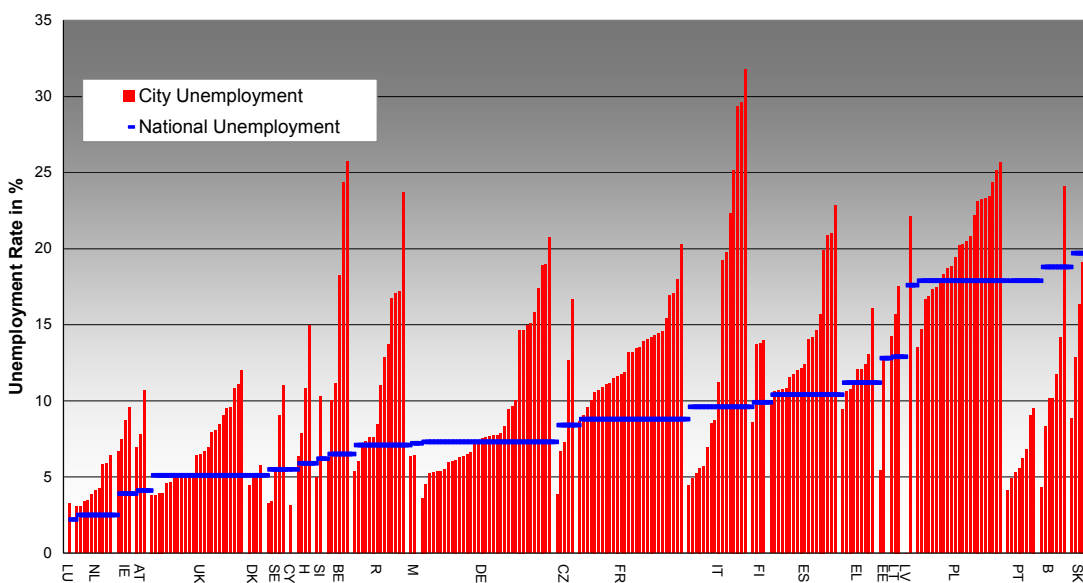


Figure 7: City and national unemployment rates, 2001. Source *Urban Audit*.

Although the Urban Audit was not able to obtain data on city residents without secondary education for many cities, where such data exists, for example in the Netherlands and France, it points towards a polarisation of qualification levels. Cities have a disproportionately high share of residents with tertiary education and a disproportionately high share of residents without secondary education. This could, in part, explain why employment rates tend to be low and unemployment rates tend to be high.

3. DISPARITIES WITHIN CITIES: SOCIAL COHESION

Many cities, even affluent cities, have neighbourhoods with concentrations of deprivation. These neighbourhoods suffer from a combination of concentrated poverty, unemployment, crime, poor housing and/or poor quality public transport connections. The combination of deprived neighbourhoods and very affluent neighbourhoods, creates big disparities within cities, bigger than can found between cities or regions.

3.1. Disparities between neighbourhood unemployment rates

The Urban Audit reveals huge disparities in neighbourhood unemployment rates, underlining that unemployment tends to be concentrated in particular neighbourhoods. Figure 8 shows both the city unemployment rate (red dot) and the highest and the lowest neighbourhood unemployment rates (connected by a vertical line). It shows that many cities have very large disparities in neighbourhood unemployment rates. The issue of high concentrations of unemployment does not only concern large cities. Surprisingly, even medium-sized cities can harbour huge disparities.

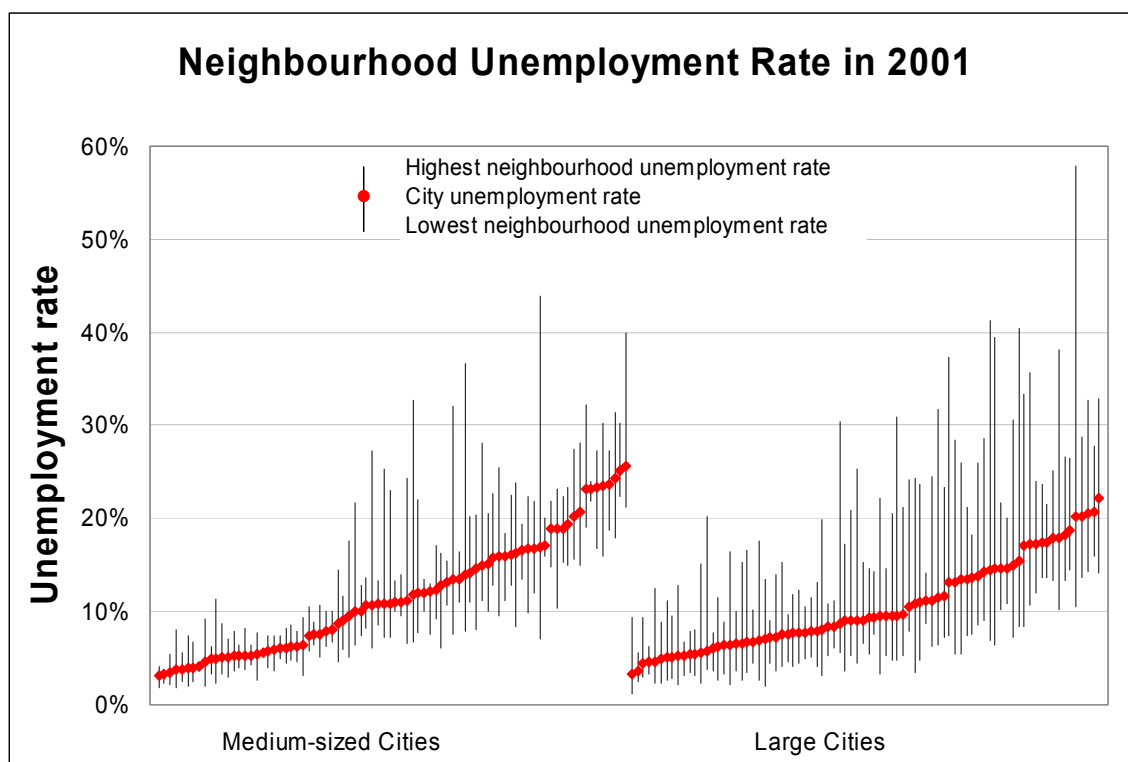


Figure 8: Neighbourhood and City Unemployment Rates, 2001. Source *Urban Audit*.

When a city's unemployment rate exceeds 10%, the disparities between neighbourhoods tend to be more marked. In these cities, neighbourhoods often have twice the city unemployment rate, reaching up to 40% or even 60%. In neighbourhoods with such high unemployment rates, other factors of social exclusion will often be evident, such as poverty, poor health, poor quality housing, crime and poor transport connections.

Neighbourhoods with high unemployment rates often exist as clusters in specific parts of the city. For example, in Berlin, the neighbourhoods with unemployment rates above 20% were clustered in to the southeast and northwest of the city centre.

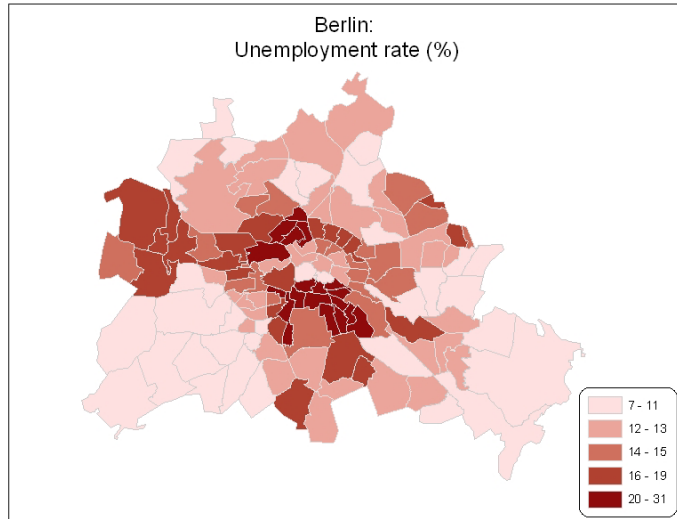


Figure 9: Unemployment in Berlin by neighbourhood, 2001. Source *Urban Audit*.

3.2. Immigration is a predominantly urban phenomenon

Figure 10 shows the share of foreigners (people who are not citizens of the country they reside in) that living in cities, alongside the national share. Foreigners are concentrated in cities. More than half of UA cities have a higher share of foreigners than their country. Within a country, foreigners are not spread evenly across cities. In Germany, for example, Munich has 24% of foreigners, whilst Erfurt and Weimar only have 2.5% foreigners. All countries tend to have both cities with very high shares and cities with very low shares of foreigners.

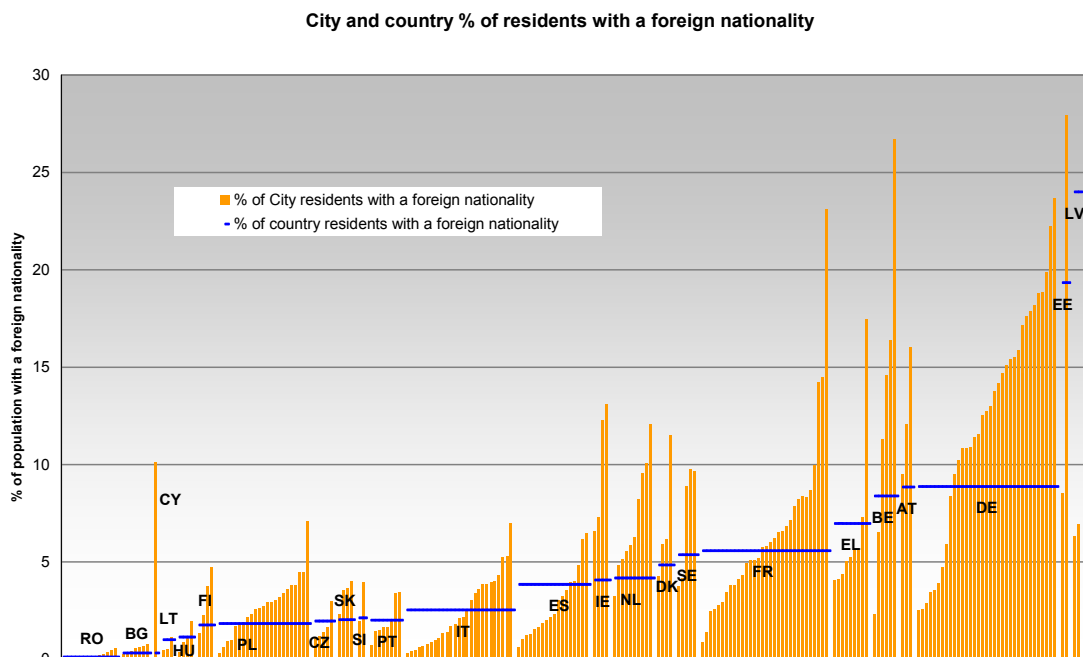


Figure 10: National and city shares of non-nationals, 2001. Source *Urban Audit*.

Foreigners are especially concentrated in capitals and large cities. For example, in 2001, half of the large UA cities had more than 5% of foreign residents, whilst only one in four of the mid-sized UA cities had such a share. These foreigners are also mostly from outside the EU15. The share of foreigners coming from other EU countries is rather small, despite the fact that EU15 residents have the right to settle elsewhere in the EU.

Foreigners present an opportunity as well as a challenge to their host cities. For example, American cities with many newcomers and thus a more open social structure, have been shown to be more innovative. At the same time, many foreigners lack the right (language) skills to be easily integrated into the labour market.

The urban share of foreigners depends on the national share. The new Member States, Bulgaria and Romania, have an extremely low share of foreigners, with the exception of Estonia and Latvia, both of which have a large share of residents with Russian citizenship.

“Het Klooster” is an URBAN II funded project in inner city **Rotterdam**. The aim is to give focus to the lives of young immigrants and to reduce problems of criminality, nuisance and school dropout rates in the target neighbourhoods. The transition to life in the Netherlands has not been easy for these families. Economic opportunities and educational levels are low and many of the youth turn to crime, particularly drug-related crime.

A “Recovery Plan” has therefore been formulated that gives attention to empowering families and building the capacity of the local community to help themselves. Local community groups, as well as schools, social workers and the local police, are key partners in the project.

“Het Klooster” involves the establishment of a community centre which functions as a second home to the young and focuses on education and training, as well as on recreation. Activities include music, drama productions, discussion groups, guest parents reading aloud from books, coaching with homework and computer building. In addition, there is an emphasis on equal opportunities within the immigrant community, including separate classes for girls and sensitivity training for boys. Activities which provide a bridge between Dutch people and immigrants are also offered, to promote inclusion within the wider Dutch community.

How to measure the share of immigrants

To measure the share of immigrants, the Urban Audit collects data about non-nationals living in cities, which is available for all countries except the UK¹⁷. However, once immigrants obtain citizenship of their country of residence, they will no longer appear in the non-national statistics. As a result, this indicator underestimates the total share of immigrants.

¹⁷ In the UK, residents can categorise themselves according to ethnic categories. These ethnic categories are used to analyse immigration and data on citizenship is not collected at the urban level.

To account for this phenomenon, the Urban Audit collects data on nationals who were born abroad, which is available for all countries except UK, Germany, Spain and Malta. In half of the UA cities adding the nationals born abroad to the category of immigrants, doubles the share of immigrants.

Second and third generation immigrants remain heavily underrepresented by these figures, as they are not born abroad and most will have obtained citizenship from their country of residence. For example, in Amsterdam in 2001, 13% of residents had a foreign nationality, 17% had the Dutch nationality and were born abroad and another 15% of residents were second generation immigrants. Therefore, depending on the definition, Amsterdam has 13%, 30% or 45% of immigrants. The Netherlands expects that the majority of residents in Amsterdam, Rotterdam and The Hague cities will be immigrants, first and second generation, by 2010.

3.3. Housing conditions

The Urban Audit analysed the presence of dwellings lacking one of the basic amenities, such as running water, hot water or shower, at the neighbourhood level. Deprived urban neighbourhoods often have a disproportionately high share of sub-standard housing. In Warsaw, for example, on average 5% of all dwellings lack basic amenities, but in some neighbourhoods, this rises to 34%.

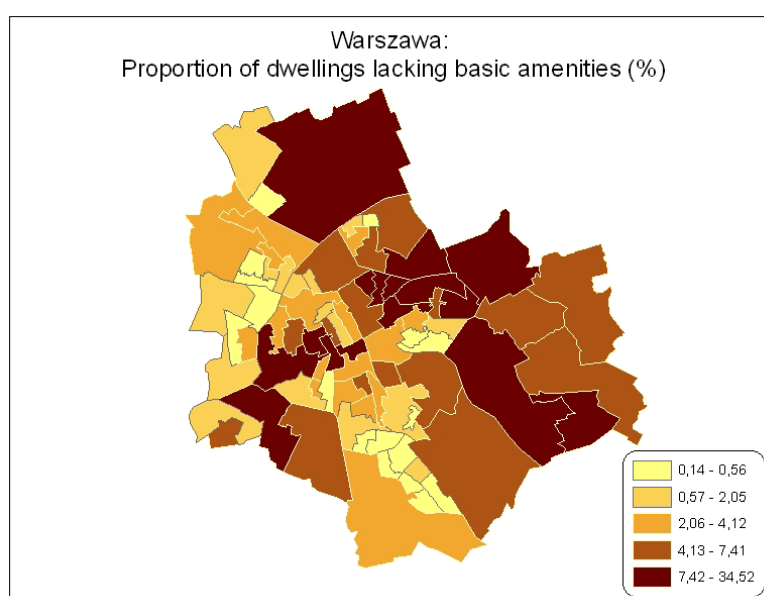


Figure 11: Dwellings lacking basic amenities per neighbourhood in Warsaw, 2001. Source *Urban Audit*.

In Liverpool, 27% of all dwellings lack basic amenities, but in certain neighbourhoods, this rises to above 50%. People living in neighbourhoods with a high concentration of sub-standard housing tend to move out as soon as they can afford to, leaving behind the poor.

The Urban Audit Perception Survey also highlighted the question of affordability. In only two out of 31 cities, the majority agreed that it is easy to find good housing at a reasonable price.

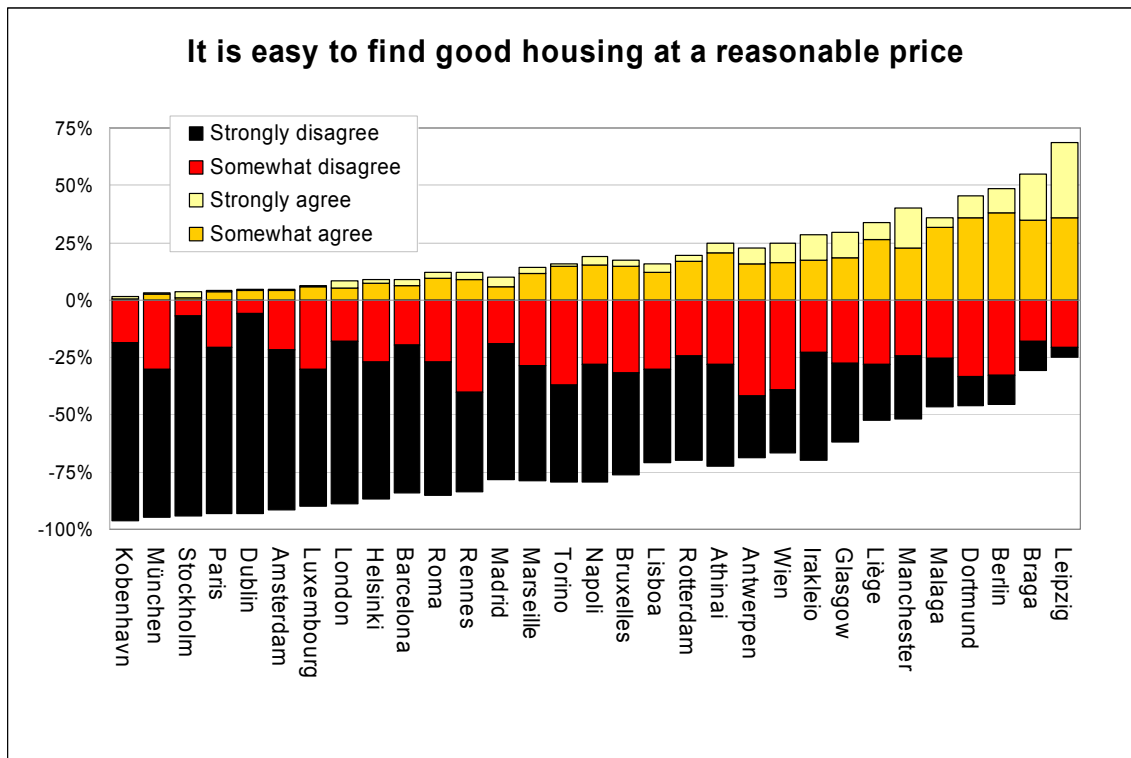


Figure 12: Perception of housing costs, 2004. Source *Urban Audit Perception Survey*

3.4. Poverty

Although poverty is not exclusively an urban issue, even affluent cities have neighbourhoods with a concentration of poor households. For example, in some Amsterdam neighbourhoods, one in four individuals relies on social security for over half of its income - double the city average.

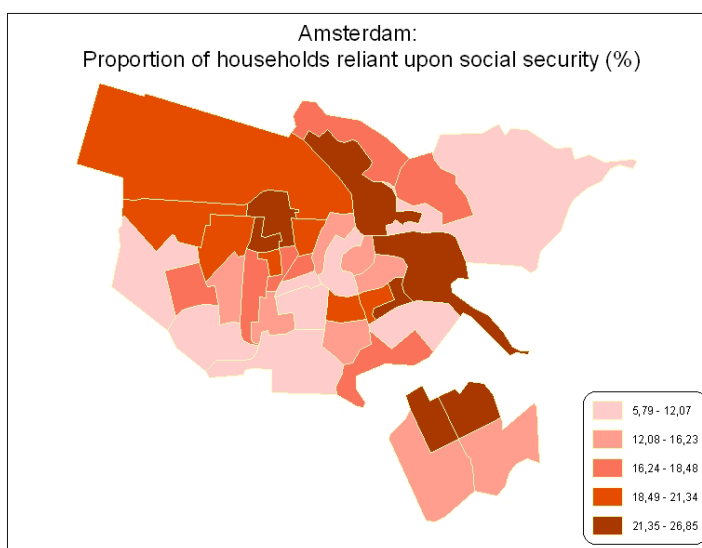


Figure 13: Poverty at the neighbourhood level in Amsterdam, 2001. Source *Urban Audit*

3.5. Crime

Crime is concentrated in cities. Almost all cities have higher crime rates than the national rate. In almost half, crime rates are even 50% higher than the national rate. Not all cities face the same crime issues, however. For example, the Urban Audit Perception Survey showed that in 22 cities out of 31, the majority did not always feel safe. Yet in some cities, four out of five residents always felt safe.

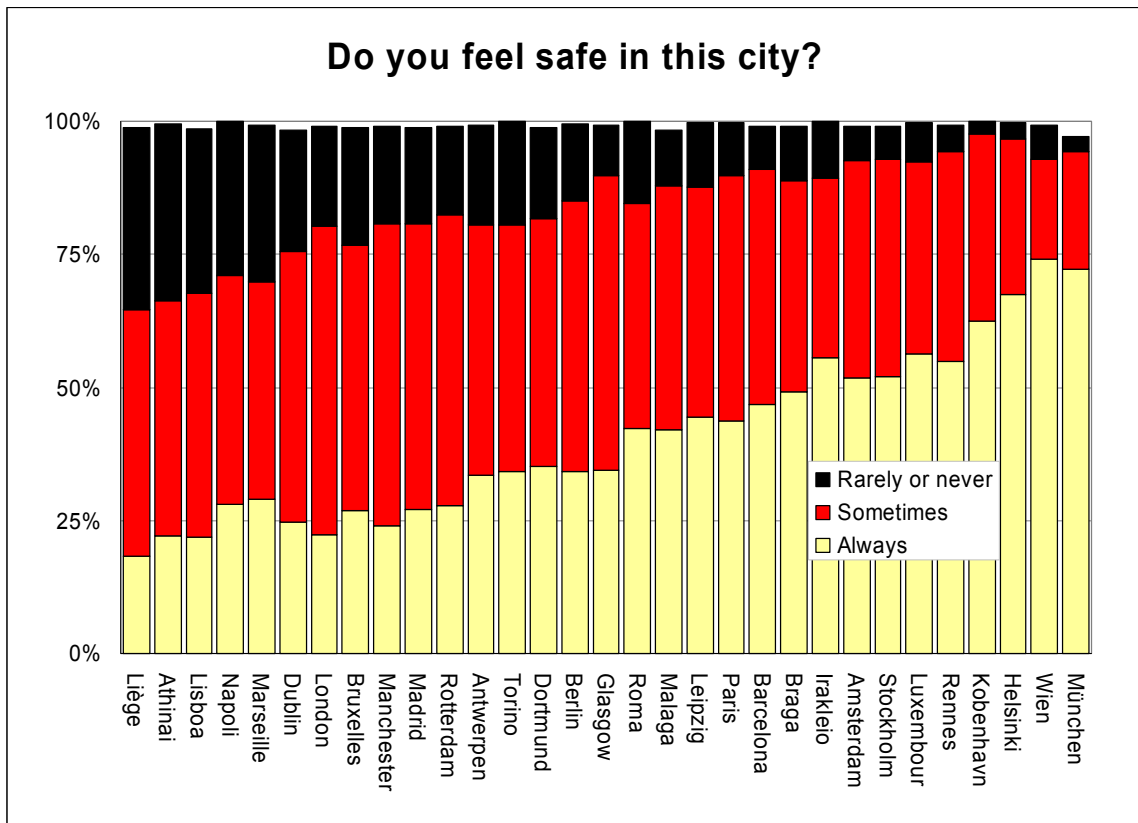


Figure 14: Perception of safety, 2004. Source *Urban Audit Perception Survey*

Crime is not only concentrated in cities, it is also concentrated in specific neighbourhoods. The Urban Audit collected crime rates per neighbourhood and demonstrates staggering differences in neighbourhood crime rates.

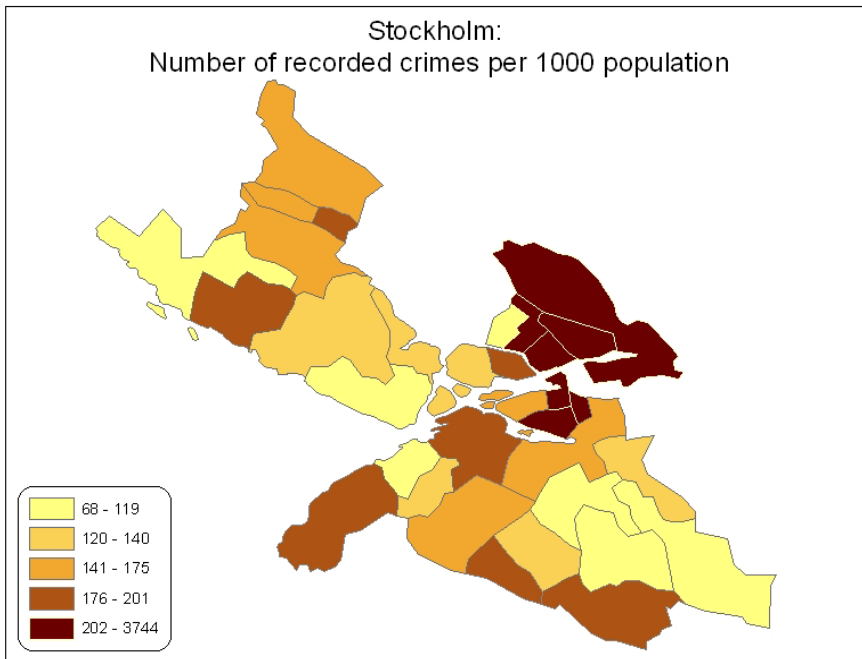


Figure 15: Crime rates at the neighbourhood level, 2001. Source *Urban Audit*.

The historic city centre of **Genova** was characterised by a high rate of microcriminality. In 1998, 873.6 of every 10 000 inhabitants were denounced for misdeeds and the commercial activities decreased consistently (50% of shops located on the ground floor were disused). Moreover, drugs smuggling and prostitution were typically located in small streets in the centre of the town.

The "Security plan for the historic city centre" focussed on the closure of streets with gates, the improvement of street lighting and the installation of a supervision system with video cameras in some parts of the city centre. Five streets have been closed and the area monitored by video cameras has been extended from the original core to several streets in the city centre. These activities were coupled with social inclusion measures.

Abbreviations used in graphs:

EU or EU-25 (European Union, including the 25 Member States);

EU10+2 (the ten new Member States, Bulgaria and Romania)

BE (Belgium)

CZ (Czech Republic)

DK (Denmark)

DE (Germany)

EE (Estonia)

EL (Greece)

ES (Spain)

FR (France)

IE (Ireland)

IT (Italy)

CY (Cyprus)

LV (Latvia)

LT (Lithuania)

LU (Luxembourg)

HU (Hungary)

MT (Malta)

NL (Netherlands)

AT (Austria)

PL (Poland)

PT (Portugal)

SI (Slovenia)

SK (Slovakia)

FI (Finland)

SE (Sweden)

UK (United Kingdom)

BG (Bulgaria)

RO (Romania)