

# CITIES AND THE ECONOMIC CRISIS

A survey on the impact of the economic crisis and the responses of URBACT II cities

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*\* The introduction, chapter 1 on the framework and the conclusions chapter provide an overview of the study.*

# Introduction and methodology

This report presents the results of a survey carried out by the URBACT programme in the 4<sup>th</sup> quarter of 2009 on the impact of the economic crisis on European cities and their responses to it.

The survey forms part of a broader package of work on cities and the crisis being undertaken by the URBACT II programme. Each phase of the work is associated with different outputs.

- **The survey**

The survey itself has two main parts – firstly, the nature of the impact of the crisis on different kinds of cities and secondly, the nature of their response. The aim of the first part of the survey is to produce an overview of the ways in which the crisis is affecting the extremely diverse cities found in Europe today. As cities do not generally have access to comparable sources of data the purpose is not to try to quantify the impact but to try to identify a series of central or common themes among the very complex processes which are being played out at enormous speed across our urban landscape.

The second part of the survey provides an early picture of the types of response to the crisis that are being explored by European cities. Both parts of the survey will be used to help select and frame the case studies to be developed in the following phase of the study.

- **In depth case studies**

Based on the results of the survey and a discussion with other key organisations and experts working in the field, a series of around 10 cities will be chosen for in depth case studies. The aim will be to reflect both the diversity of impacts and home in on innovative policy responses developed at local level in European cities. The outputs will not so much be a set of academic studies as the identification of practical policies, tools and recommendations that practitioners and policy makers within cities can adapt to their own circumstances.

- **A “recession watch” webspace**

In parallel with the two parts above, URBACT has a dedicated [webspace](#), to bring to light and display resources and tools to support local practitioners.

# The methodology used in the survey

A questionnaire<sup>1</sup> was sent to 190 cities from 24 EU countries and Switzerland during the 4<sup>th</sup> quarter of 2009. No specific criteria were used for the selection of the sample. The informants were simply cities participating in the 28 URBACT projects of the First Call for proposals.

131 cities responded, representing a participation rate of just under 70%.

The questionnaires were self-completed by URBACT partners in each city although encouragement and support was provided by URBACT lead experts<sup>2</sup>. URBACT partners come from different city departments and in some cases liaised with other relevant parts of the municipality, which allowed them to gather a variety of viewpoints.

The questionnaires were then collected and summarised by the lead experts of each network. This provided information about the impact on and response of cities working on the main themes covered by URBACT (for example, innovation policy, science districts, youth policy, active aging, cultural heritage, metropolitan governance).

The analysis for this report was undertaken using both the answers of the cities to the questionnaires and the analysis and conclusions of the lead experts.

Based partially on previous studies by the OECD LEED Programme, the survey examined both the impact and the response of the crisis on cities in four main fields:

- On businesses
- On employment
- On social conditions
- On city budgets and projects

The statistical data used in the survey was all provided by the cities themselves and is their responsibility. In fact, many of the cities could not provide statistical data because the latest available was pre-recession. In addition the situation was evolving rapidly and some were only starting to think about recovery plans. The numbers of responses from different countries also varies considerably. This makes it impossible to draw rigorous comparisons in statistical terms. Thus, the charts in this report have not been presented in percentage terms but as numbers of cities.

Nevertheless, a combination of the statistical data provided by the cities together with their opinions and direct quotes does provide a very interesting flavour of how the crisis is affecting European cities

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<sup>1</sup> See the appendix

<sup>2</sup> URBACT lead experts assist the Lead Partner of each network or working group in the development and implementation of a work programme and the production of outputs

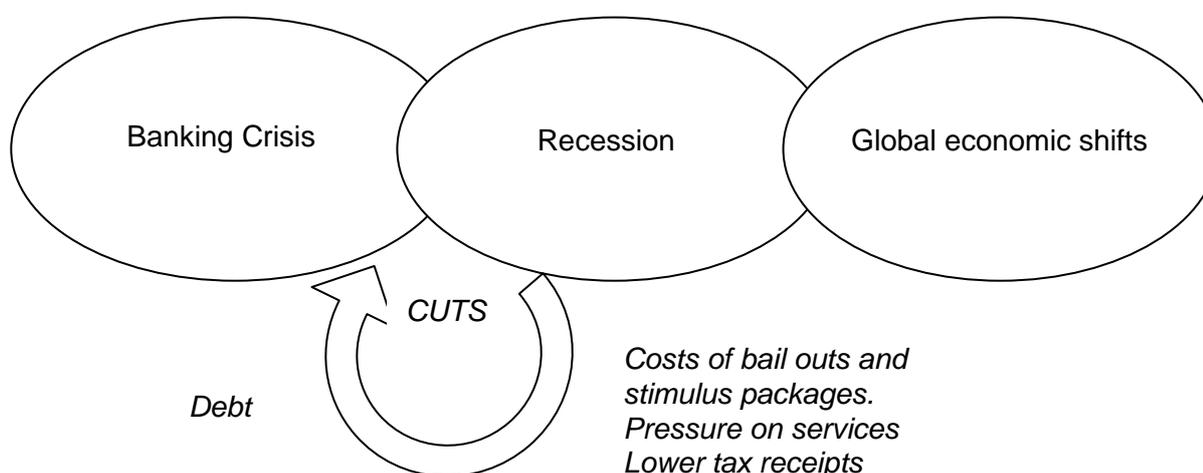
## A. Impact of the economic crisis on cities

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### 1. A general framework.

The survey uses a framework that was first discussed in an URBACT City Laboratory in Lyon in May 2009 and was written up in an article for *Pouvoirs Locaux*<sup>3</sup>. This itself draws on the work of several organisations which are deeply involved in analysing the effects of the crisis on European cities and take part in the Advisory Group for this study.

Firstly, in a recent publication on “the role of local economic leadership in a global crisis”<sup>4</sup> the OECD LEED programme argued that one of the reasons that cities find it so difficult to disentangle the effects of the crisis and design a coherent response was that there were at least three interrelated processes taking place at the same time: the financial crisis, the recession and long term shifts in the global economy. Changes in one of these processes causes waves in the other which, in turn, affect different sectors, social groups and places in different ways and with different time lags.



In a similar vein, European Commission<sup>5</sup> insists that there are three main transmission mechanisms for the crisis: via the connections with the financial system itself, via wealth and confidence effects on demand, and also via global trade. The crisis started with the credit crunch and generally those countries, sectors and cities that were most exposed suffered most and first. However, the consequences quickly spread to other consumption and export led sectors.

Since URBACT started its work on the crisis in early 2009, a further twist of the wheel has meant that the costs of bailing out the banks and financing recovery packages, coupled with lower tax receipts and greater demand for social services, has led to an escalation of public debt. As in the case of Greece, this has led to further financial instability and/or cuts in public expenditure – with the risk of choking of demand and jobs just when they are needed. We will see that cities are at the cutting edge of this dilemma.

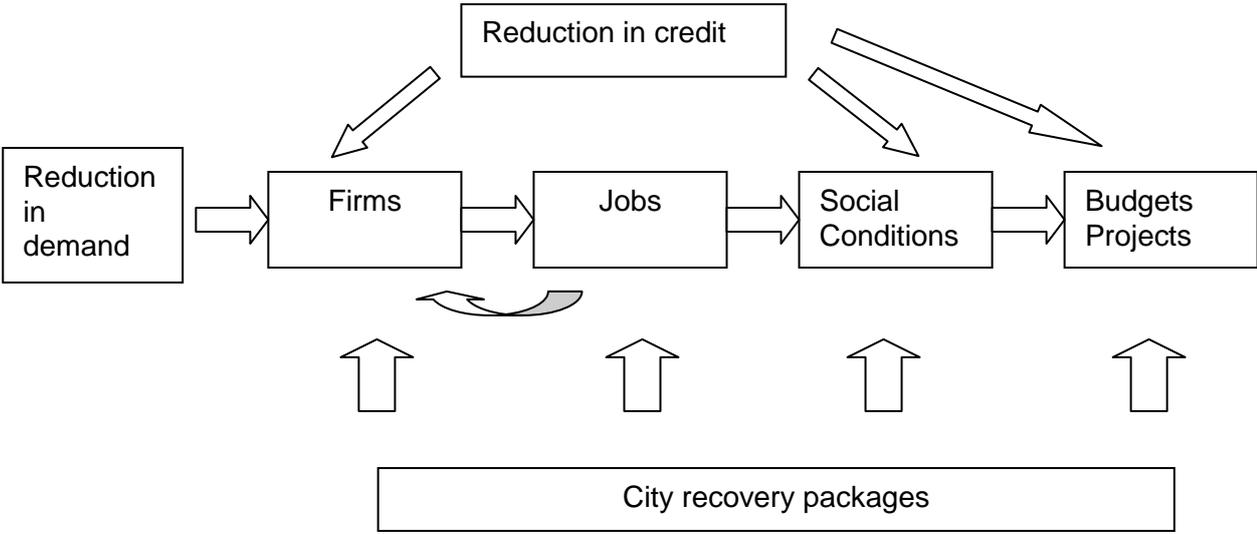
<sup>3</sup> Paul Soto, 2009. *Cities and deprived neighbourhoods in the crisis. How can they contribute to the recovery*. URBACT article published in *Pouvoirs Locaux*.

<sup>4</sup> Clark, G, 2009. *Recession, Recovery and Reinvestment: the role of local economic leadership in a global crisis*. OECD. LEED. 2009.

<sup>5</sup> *Economic Crisis in Europe: Causes, Consequences and Responses*. Economic and Financial Affairs. European Commission 2009. COM(2008) 800 final

Eurocities<sup>6</sup>, the CEMR<sup>7</sup> and the Committee of the Regions<sup>8</sup> have all recently carried out surveys which aim to cast light on how the crisis is affecting cities and regions of different types and sizes, on different sectors and social groups and on public budgets and projects. We will use many of their findings as a reference point for our own survey. While no survey of this type is able to conclusively prove cause and effect, they do point to a series of trends and patterns which urban policy makers and practitioners should take into account when designing their response to the crisis.

For example, although the credit crunch can simultaneously infect firms, households and public institutions, the main transmission mechanism to the real economy seems to be through private sector firms through to the labour market which then affects social conditions in a number of complex ways. As mentioned local authorities tend to feel the heat later as a result of falling real estate values and tax receipts, greater demand for social services, and the evaporation of private finance for urban projects (Public-Public Partnerships).



The initial impact on **firms and the urban economy** seems to depend less on the size of the city than on its economic function and composition. The sectoral breakdown is very important as is the public-private mix, the size of firms and the extent to which they serve local markets or export, consumption and credit led markets. In fact the very characteristics, which were seen as an asset leading to rapid growth in the boom years, are often a source risk in the recession. It remains to be seen which of these elements are temporary and which will return to their previous course.

The transmission mechanism from firms to **labour markets** is complex but seems to be strongly affected by the weight of the main economic sectors hit by the crisis in each city. This influences the skill levels, gender, age and ethnic composition of the people who lose their jobs. For example, large numbers of relatively skilled male workers in financial services and car manufacturing, unskilled men, young people and migrants in construction, and unskilled women and young people in tourism and retailing. However, the initial impact of job losses among one group can have a series of knock-on and displacement effects on recruitment practices and family income - with unforeseen consequences on other parts of the labour market (for example, increased self-employment and more women at work in some places).

Similarly, while households have also been directly hit by mortgage and credit defaults, the main impact on **social conditions and cohesion** in cities also seems to come directly from the labour market. In this context, the accounts of growing poverty and social exclusion in our survey give the

<sup>6</sup> EUROCITIES survey on recession and recovery in cities 2009, <http://www.eurocities.eu/main.php>  
<sup>7</sup> The economic and financial crisis: Impact on local and Regional Authorities, Council of European Municipalities and Regions, March 2009. [http://www.ccre.org/publications\\_en.htm](http://www.ccre.org/publications_en.htm)  
<sup>8</sup> European Economic Recovery Plan in Regions & Cities: One Year On, January 2010. <http://portal.cor.europa.eu/europe2020/news/Pages/EERPSurvey.aspx>

impression of being the menacing tip of an iceberg of social problems waiting to collide with our cities.

Finally, the credit crunch has affected **urban finances and projects** directly in the case of cities that were highly exposed to toxic assets (as in the case of some German and UK cities) and indirectly by the withdrawal of private finance from regeneration projects. This situation is then exacerbated by falling tax revenues, real estate values together with increasing demands for social services.

One strong conclusion to emerge from this survey and other studies is that national governments can design policies which cut or drastically reduced the transmission of the crisis from firms to labour markets, social conditions and city projects. The classic example, is the use of short time working and other labour hoarding incentives to prevent a fall in economic activity spilling over into redundancies. Germany has used these kinds of policies to keep its rise in unemployment to only 0.6 percentage despite the fact that its GDP was forecast to fall by 5.4% whereas Spain's unemployment rate doubled (10.8 percentage points) even though its GDP was forecast to fall by only 3.2%.

Similarly, some national governments have reduced the transmission of the crisis between firms, labour markets, social conditions, urban budgets and projects by making massive injections of public money to local authorities. We will see that effects of these two kinds of **national policy** have a major impact on the context faced by cities and their margin for manoeuvre in responding to the crisis.

Finally, a central concern that emerges from many of the previous studies (and particularly, the Young Foundation<sup>9</sup>) as well as this survey is the need to find ways of aligning short term firefighting responses to the credit crunch and the recession with longer term responses which put cities in a stronger position to survive in the future. This is probably one of the most difficult and important questions facing urban decision makers today.

For example, it is clear that in the short term many of the export and consumption led activities which were the engines of growth of the past are now a source of risk. Will they return to their former glory in a future boom or will propping up jobs in these sectors simply store up worse problems for tomorrow? Similarly, up until now the public sector has been a relatively safe haven from the recession in most countries. But will this continue when budget deficits start to be reduced? And what role will municipal authorities be expected to play in the future?

In fact the European Commission's vision for Europe 2020 suggests that countries should firmly position themselves around emerging sectors and activities that are "smart", "green" and "inclusive". But in a growingly sombre panorama of budget cuts what action can cities take to move in this direction? What conditions are required and how can they help put them in place?

This survey is the first instalment of a quest to understand and share how cities are dealing with these issues<sup>10</sup>.

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<sup>9</sup> Murray, R. 2009. *Danger and opportunity: Crisis and the new social economy*, NESTA, September 2009.  
[http://www.nesta.org.uk/publications/reports/assets/features/danger\\_and\\_opportunity\\_crisis\\_and\\_the\\_new\\_social\\_economy](http://www.nesta.org.uk/publications/reports/assets/features/danger_and_opportunity_crisis_and_the_new_social_economy)

<sup>10</sup> The diagram above only shows the direction of some of the main transmission mechanisms of the crisis. It is not possible to show all the loops and feed backs. Clearly, one of the main functions of the recovery packages is to compensate for the reduction in private credit and demand as well as finding ways preventing the contagion spreading from one part of the system to another.

## 2. Businesses

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### The context: countries and cities affected in different ways

According to the European Commission<sup>11</sup>, “the financial crisis which hit the global economy since the summer of 2007 is without precedent in post-war history.... From then onward the EU economy entered the steepest down-turn since the 1930’s.”

The table below shows that GDP was forecast to contract by 4% in the EU during 2009 but that there were major differences between countries. The Commission identifies three main categories of countries depending on the following criteria

- *The extent to which housing markets had been overvalued and construction industries oversized.* This group includes the Baltic Countries, Ireland the UK, Spain and to a lesser extent France. The forecast decline in GDP for 2009 was -13.1% in Latvia, -11.0% in Lithuania, - 10.3% in Estonia, -9.0% in Ireland, -3.8% in the UK, -3.2% in Spain and -3.0% in France
- *The export dependency of the economy.* This group included Germany (-5.4%), Austria (-4.0%) and the Netherlands (-3.4%). However, as we shall see later all of these countries, as well as France in the previous group put in place measures to encourage short time working which temporarily prevented the fall in economic activity feeding through into the labour market as it did in Spain, Ireland or the Baltic countries.
- *The size of the financial sector and/or its exposure to risky assets.* This group includes the UK; Ireland and Luxembourg (-3.0%).

It is very instructive to note that the countries which were found to be less affected in the autumn of 2009 included Poland, Bulgaria, Malta, Cyprus and Greece

We would clearly expect the crisis to have a bigger impact on cities in the three categories mentioned above. Similarly, we would expect the firms in those cities with a particularly strong exposure to one or more of the criteria above to be in a particularly risky position.

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<sup>11</sup> See footnote 5.

The Commission forecast by country			
GDP (% growth)	2008	2009	2010
Belgium	1.2	- 3.5	- 0.2
Germany	1.3	- 5.4	0.3
Ireland	- 2.3	- 9.0	- 2.6
Greece	2.9	- 0.9	0.1
Spain	1.2	- 3.2	- 1.0
France	0.7	- 3.0	- 0.2
Italy	-1.0	-4.4	0.1
Cyprus	3.7	0.3	0.7
Luxembourg	- 0.9	- 3.0	0.1
Malta	1.6	-0.9	0.2
Netherlands	2.1	- 3.5	- 0.4
Austria	1.8	- 4.0	- 0.1
Portugal	0.0	- 3.7	- 0.8
Slovenia	3.5	- 3.4	0.7
Slovakia	6.4	- 2.6	0.7
Finland	0.9	- 4.7	0.2
<b>Euro area</b>	<b>0.8</b>	<b>- 4.0</b>	<b>- 0.1</b>
Bulgaria	6.0	- 1.6	- 0.1
Czech Republic	0.2	- 2.7	0.3
Denmark	- 1.1	- 3.3	0.3
Estonia	- 3.6	- 10.3	- 0.8
Latvia	- 4.6	- 13.1	- 3.2
Lithuania	3.0	- 11.0	- 4.7
Hungary	0.5	- 6.3	- 0.3
Poland	4.8	- 1.4	0.8
Romania	7.1	- 4.0	0.0
Sweden	- 0.2	- 4.0	0.8
United Kingdom	0.7	- 3.8	0.1
<b>European Union</b>	<b>0.9</b>	<b>- 4.0</b>	<b>- 0.1</b>
United States	1.1	- 2.9	0.9
Japan	- 0.7	- 5.3	0.1

Table 1

Source: European Commission Spring Forecast<sup>12</sup>

## The survey

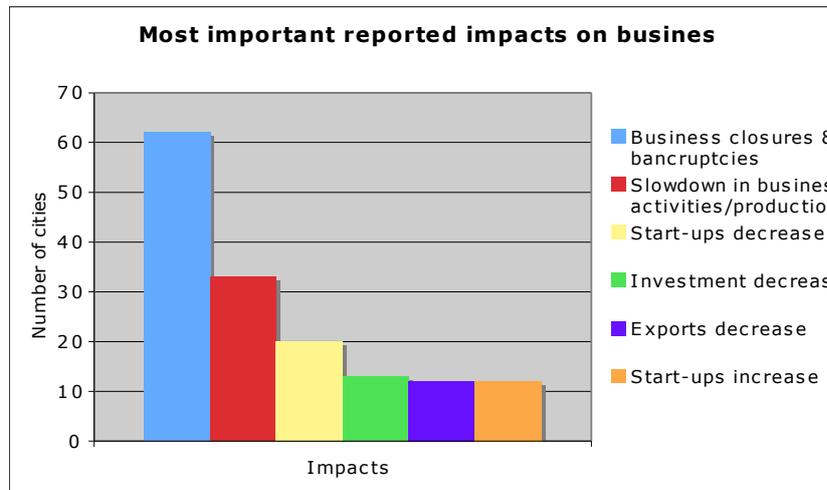
Over 80% of cities in the survey reported that the economic crisis had had a major impact on their businesses. This is true for large multinationals as well as for small and medium-sized businesses. At the same time, some cities seemed to have escaped the most severe effects of the crisis while others had even seen the number of business start-ups increase.

The following negative effects on businesses are reflected in *figure 1*:

- An increase in the number of business closures and bankruptcies

<sup>12</sup> In Economic Crisis in Europe: Causes, Consequences and Responses. See footnote 5.

- A slowdown in business activities and production
- A decrease in investment, both as a result of the credit crunch and of the reluctance of businesses to take risks in times of uncertainty
- A decrease in the number of start-ups
- A decline in exports



**Figure 1**

Business closures and bankruptcies were overwhelmingly the most frequently reported impacts. The highest increase in the number of bankruptcies was registered in Birmingham (UK) and Kaunas (Lithuania) where, in 2009, business closures doubled in just one year for the former and the number of bankrupt SMEs increased by 58% in the latter.

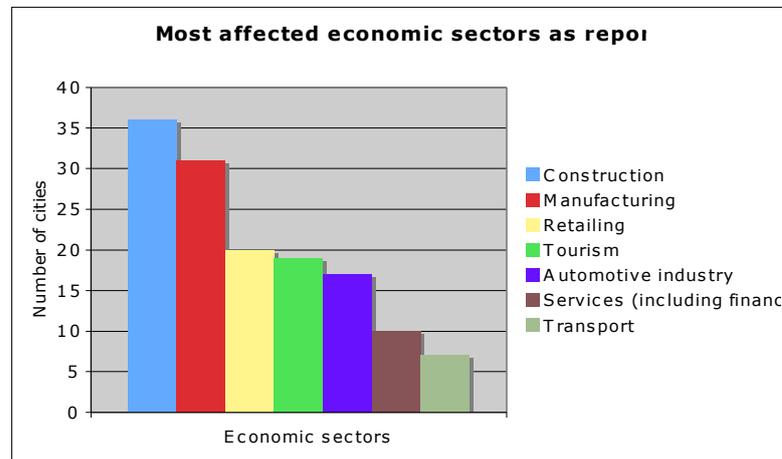
**In figures:**

- In the first half of 2009 alone, bankruptcies in **Piraeus** (Greece) increased by 20%
- In **Lille Metropole** (France), 21.8% of companies were involved in a recovery or liquidation plan. Furthermore, two big groups of electronic retailing, La Redoute and Les 3 Suisses, an important economic sector of the city of Lille, announced restructuring plans at the end of 2008.
- **Seville** (Spain) registered a loss of 9.7% of its companies in 2009, which represents in absolute numbers: 371 less companies than in 2008.
- Henkel closed its factory in **Chalons-en-Champagne** (France)
- Nokia closed its R&D centre in **Jyvaskala** (Finland) with 300 academic jobs being lost.
- General Motors in **Antwerp** (Belgium) announced closure by the end of 2010, where 5000 jobs are expected to be lost (directly and indirectly).

Cities clearly identified the two main sources of transmission of the crisis on businesses:

- The difficulty of accessing **credits** from the banks to set up a new business or to sustain an existing one. Conditions for approval of loans by banks became more restrictive.
- A fall in **demand** for products and services

The crisis has affected core economic sectors of the heavily hit cities, with the construction sector being the hardest hit, followed by the industrial sector (*figure 2*).



**Figure 2**

There is not simple answer as to why some cities have been harder hit than others, however, certain cities that reported a strong impact on their businesses also indicated that their economies were:

- dependent on one or two major employers in the city
- also highly connected with international markets.

For instance, the cities of Graz, Gothenburg, Umea and Częstochowa reported the automotive industry as being *the* biggest employer - the high number of redundancies in this sector therefore had a major impact on these cities. Other examples that stand out are: Vienna, whose financial industry is "*heavily exposed to central and eastern Europe, where the crisis has been very severe overall*" and Rotterdam whose economy was "*harder hit than the rest of the Dutch economy*".

## Cities that escaped the crisis

In its report on "*Recession, Recovery and Reinvestment: the role of local economic leadership in a global crisis*" (2009)<sup>13</sup>, the OECD identifies four factors to explain differences in impact between local economies: the size of the locality; its economic composition; its location and global positioning; and its social composition and culture.

In this context, it is interesting to examine the characteristics of those cities which reported that firms had suffered less than elsewhere. Despite the vast majority of cities reporting negative impacts on businesses, 17% (23 cities) of those surveyed reported little impact on businesses so far. This was the case for the following cities:

- Warsaw, Leszno, Kielce, Lublin, Bialystock, Ruda Slaska, Starogard (Poland);
- Berlin, Halle, Rostock, Leipzig, Potsdam and Magdeburg (East Germany);
- Munich and Hamburg (West Germany);
- Herrljunga, Solna and Sodertalje (Sweden);
- Poitiers (France);
- Rome, Florence and Faenza (Italy)
- and Salford (UK).

The first thing that stands out about this list is that there is a strong country effect. Poland in particular is one of the countries that has suffered least from the crisis and it is normal that many of its cities should have the same experience.

<sup>13</sup> See footnote 4

Germany, Sweden, France, Italy and UK were all heavily effected by the crisis. All but the UK put in place measures to reduce the impact on employment through short-time working but this did not prevent firms suffering a decline in economic activity. So there must have been other reasons to explain why the firms in these cities did not suffer so severely.

Another point that emerges is that size alone does not seem to explain the difference. The groups above contains both large capital cities and much smaller provincial cities.

The cities themselves identified the following factors listed below (see also Table 2).

- The main economic sector of the city, e.g. the **service sector** was less affected.
- The **size of businesses**: city economies based on small and medium-sized enterprises operating locally proved more resilient.
- The existence of an important **internal demand**, as is the case of some Polish cities
- The non-use of bank credits: city economies based on small businesses that are **self-financed** and not dependent on bank credits to operate
- **Global connectivity**: Economies less connected to international markets
- The ramifications of previous crises: e.g., in Eastern Germany, cities had experienced a **previous crisis** during the 1990s, when they had to restructure their economies, which had a stronger impact than the present crisis.

However, these statements have to be taken with some caution. For example, for the cities of Rome and Hamburg, they indicate only a “delayed” impact of the economic crisis and expect more visible effects for 2010.

**Table 2: How cities explain the limited impact of the economic crisis on their businesses**

Germany	<b>Halle:</b> <i>“the city’s business structure is marked by medium-sized enterprises, no large corporations, less exposed to global competition and therefore less affected by the collapse of exports”<sup>14</sup></i>
	<b>Rostock:</b> <i>“The years after 1990 influenced the economic structure of Rostock and its region more, than this temporary crisis.”</i>
	<b>Leipzig:</b> <i>“Leipzig claims that the difficulties in access to funding also increased the number of insolvent businesses but figures tend to show that the increase in the number of insolvent businesses did not start with the crisis, but much before in 2006 and that this number stabilised and even decreased slightly during the crisis”<sup>15</sup></i>
	<b>Potsdam:</b> <i>“no impact measured due to the economic structure in Potsdam being based on services”</i>
	<b>Hamburg:</b> <i>“no visible impacts of the crisis yet- most stakeholders expect the effects for 2010. The impact was felt in some port activities (transport and logistics)”<sup>16</sup></i>
	<b>Berlin:</b> <i>“After the structural changes in the Berlin economy in the 1990s there are few export oriented industries left in Berlin. This is why the reduction in GDP for Berlin is smaller than the reduction in GDP for Germany as a whole due to the crisis ( -2% vs. -7%)”</i>
Italy	<b>Rome:</b> <i>“Rome has an economy mainly oriented to the services sector. For this reason, the crisis, that at national level has had a strong impact on the industry sector, has delayed its effects on the Capital.”</i>

<sup>14</sup> Report of the lead expert of the URBACT NODUS network

<sup>15</sup> Report of the lead expert of the URBACT FIN-URB-ACT network

<sup>16</sup> Report of the lead expert of the URBACT SUITE network

France	<b>Poitiers:</b> <i>“Poitiers is a city with a strong tertiary sector and the crisis so far had no stronger impacts on businesses”</i>
Poland	<b>Kielce:</b> <i>“the situation is quite good, as it is in Poland, because of huge internal demand. Companies living on internal market didn’t really feel the crisis. Companies exporting a lot and acting globally, felt it a lot.”</i>
	<b>Bialystock:</b> <i>“Economy not affected by the credit crunch because mostly dependent on very small firms that operate rather locally. Most of them are self-financed and do not depend on bank loans<sup>17</sup>”</i>
Sweden	<b>Herrljunga:</b> <i>“The financial crisis has had a relative small affect on the local business life so far. The companies are small and medium-sized and often locally, family owned businesses. They are often solid and can suffer losses during some time. Some of the sub-contractors to the automotive industry suffered losses”.</i>

Overall, therefore, it appears that the economic composition of the city is crucial in the sense that having a stronger service and public sector and not depending excessively on the sectors that have been most affected by the crisis appears to be a significant mitigating factor.

However, it also seems that the nature of the firms, their main markets and sources of finance is very important. At this stage of the crisis, at least, the cities that are most resilient seem to be those with smaller firms, serving domestic demand and using own finance.

## Business start-ups increase in some cities

One surprising finding was that some cities reported an increase in the number of start-ups. While the number of new companies registered decreased in most cities, several have registered an increase in business creation and in interest in creating a business (*Figure 1*).

Two reasons were offered:

- the **difficulty of finding a job**, depicted as *“forced self-employment”* by the City of Birmingham, but also
- **new measures** put in place by governments to **facilitate business creation**, e.g. France and Sweden.

In *Lille Metropole*, for example, the number of business start-ups increased by 55% in the first 8 months of 2009, due to the implementation of the new “auto-entrepreneur” status at the beginning of January 2009. Moreover, a positive correlation was found between the growth of job seekers and the growth in number of businesses created in 2009. The number of new start-ups in France was 300,000 in 2008 and reached 580,000 in 2009 mainly due to the new “auto-entrepreneur” status. Without such a measure, the number of “classical” enterprise start-ups would have been 260,000<sup>18</sup>.

In Umea (Sweden), the increase is believed to be a consequence of the changes undertaken by the Swedish government *“to facilitate business creation. However this is also part of a wider policy to decrease official owned public services and make them private”*.

<sup>17</sup> Report of the lead expert of the URBACT REDIS network

<sup>18</sup> Le Monde, Editorial of February 2<sup>nd</sup> 2010 “Auto-entreprise”, [www.lemonde.fr](http://www.lemonde.fr)

### 3. Employment

#### The context: major differences in the size and timing of unemployment.

Since its low point in March 2008 until March 2009, unemployment in the European Union rose by 5.4 million people to 21.5 million or 8.9%<sup>19</sup> (Table 3). However, the timing and impact varied enormously between countries. The largest increases took place in the Baltic States where unemployment tripled to around 15% in May 2009 and in Spain where it doubled to 18.7%. In Spain alone an additional 2.6 million people became unemployed, nearly one third of the EU total (29%). Unemployment also rose rapidly in Ireland (to more than double).

However, in other countries the increase in unemployment was much milder – under two percentage points in most cases. In Poland, for example, the increase was only of 1.3 percentage points to 8.1% and in the Netherlands unemployment was still remarkably low at 3.2%. (+0.5 percentage points) In addition, Germany only experienced an increase of 0.6 percentage points despite suffering a 5.4% decline in GDP.

**Table 3: Unemployment developments- May 2009**

	Turning Point	Situation at turning point		Current situation (May 2009)	
		Rate (%)	Level (x1000)	Rate (%)	Level (x1000)
EE	Apr-08	3.7	26	15.6	114
LV	Nov-07	5.4	66	16.3	206
LT	Nov 07	4.0	64	14.3	241
ES	May-07	7.9	1749	18.7	4386
IE	Aug-07	4.5	101	11.7	271
HU	Oct-08	7.8	329	10.2	432
SE	Jun-08	5.6	274	8.9	447
<b>EU27</b>	<b>Mar-08</b>	<b>6.7</b>	<b>16055</b>	<b>8.9</b>	<b>21462</b>
BG	Nov-08	5.1	181	6.5	233
CZ	Sep-08	4.3	227	6.1	326
DK	Jun-08	3.1	93	5.7	172
CY	Aug-08	3.5	14	5.3	21
SI	Sep08	4.2	43	5.9	61
SK	Sep-08	9.0	243	11.1	302
UK*	Apr-08	5.1	1590	7.2	2251
BE	May-08	6.6	314	8.2	393
DE	Nov-08	7.1	3051	7.7	3322
EL**	May-08	7.5	370	8.7	432
FR	Feb-08	7.5	2166	9.3	2705
IT**	May-07	5.9	1461	7.4	1850
LU	Sep-07	4.0	9	6.4	14
MT	Sep-08	5.8	10	7.1	12
NL	Nov-08	2.7	244	3.2	288
AT	Jun-08	3.6	151	4.3	183
PL	Sep-08	6.8	1159	8.1	1408
PT	May-08	7.6	423	9.3	514
FI	Apr-08	6.2	169	8.1	220
RO**	May-08	5.7	572	6.2	616

Source: Eurostat

\* Current situation is March 2009 \*\* Current situation is 2009Q1

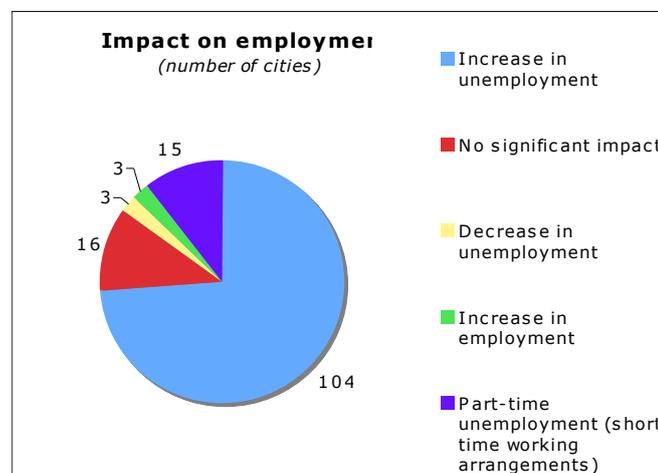
<sup>19</sup> The impact of the economic crisis on unemployment. Eurostat. Most recent data. Table 2 adapted.

The explanation given by most analysts is that most countries in continental Europe have used short time working to prevent the fall in demand feeding through to the labour market in core export driven sectors, car manufacturing and, in certain cases, financial services. However, in countries like Spain, Ireland and many of the Baltic States the crisis fed through directly to many of the low skilled casual jobs in the construction sector, leisure and tourism that had been create in the boom years.

As in the case of the impact on firms we would expect these national developments to have an important influence on cities.

## The survey

Our findings indicate that, as a consequence of the economic recession, unemployment rates increased in 80% of the cities responding to URBACT's survey - both in the public and private sectors (*Figure 3*). Many cities from Austria, Germany, France, Italy and Bulgaria reported that they made use of short-time working arrangements to prevent massive redundancies. Employment was less affected in some cities and others have even registered a decrease in unemployment.



**Figure 3**

## Certain cities were hit especially hard by unemployment

Very high unemployment rates were registered in 2009 in the cities of Valencia (Spain), with 21.2% unemployed, Tallin (Estonia) where the number of unemployed in the first quarter of 2009 increased by 182% year-on-year

In Rennes Metropole (France), unemployment increased by 37%, albeit from a much lower base. Similarly, in the cities of Kirklees and Medway unemployment was significantly above the UK national average. In Medway, for example, unemployment increased by 97% from 2008 to 2009.

The city of Syracuse in Sicily, where the unemployment rate reached 14%, describes the situation as follows: *"the economic crisis has reduced the number of jobs and the possibility of finding one. It has reduced hope and therefore the will of those involved to take on all the difficulties is weaker"*

Even in the Polish city of Częstochowa, the unemployment rate increased by 6.5% in September 2008 and 9.3% in August 2009 due to large job-cuts in the automotive industry.

## Other cities have managed to contain unemployment.

Those cities where the economic crisis had little impact on businesses also escaped significant increases in unemployment. This is true for both the Eastern and Western German and Polish cities mentioned in the previous chapter.

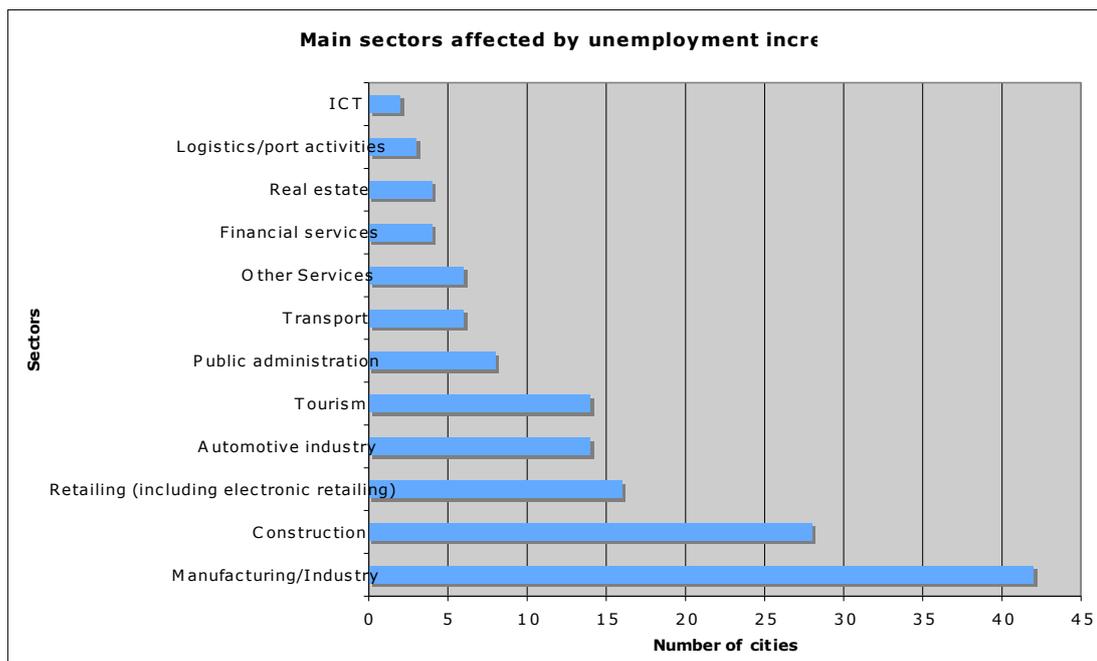
In Eastern Germany, unemployment even decreased slightly between 2008 and 2009, with Leipzig passing from 15.5% to 14.8% and Halle, from 17,444 unemployed to 15,967. In Berlin, in 2009, the number of unemployed increased by 1.4%, but the number of people employed also increased by 1.6%. However, Munich, where unemployment was stable for 2009, was expecting a rise in the future.

In Warsaw unemployment increased slightly in manufacturing, construction, and real estate but, at the same time, employment increased in the trade (1.8%), travel and catering sectors (5%). Furthermore, compared with 2008, the average monthly salary increased by 6.1% in the construction sector, 5.6% in industry and by 4.2% in trade.

The city of Linz (Austria) did not report any significant change in unemployment rates but did highlight that businesses were making use of short-time working arrangements, which may explain the low impact on employment. The risk with these arrangements is that of “overstaffing, and hence a delayed dramatic impact on unemployment once the schemes end”<sup>20</sup>. In fact public support of this type is usually fixed over a defined time period and it is, therefore, unclear what will happen once this bridging period ends.

## Key economic sectors affected.

The main economic sectors where jobs were lost are represented in *figure 4* below. These are generally very similar to those reported in the previous section as being vulnerable for firms. Those cities that are heavily dependent on these vulnerable sectors generally suffer higher job losses.



**Figure 4**

However, while cities generally reported the construction sector as being the most affected by the crisis in terms of business closures and bankruptcies, it is in the industrial / manufacturing sector where most job losses were reported. One reason for this apparent contradiction is that many redundancies may not have been officially registered in the construction sector given the fact that informal employment tends to be widespread. Those redundancies in the manufacturing sector on the other hand are more likely to show up in the statistics.

Some cities also reported that the public sector also registered losses as a consequence of cuts in public spending. In the city of Herrljunga (Sweden), unemployment affected the public sector more

<sup>20</sup> See footnote 5

than it did the private sector. In the municipalities of Riga (Latvia) and Antwerp (Belgium), again, the number of employees was reduced; 800 jobs were lost in the city of Antwerp and 200 in the city of Vilnius.

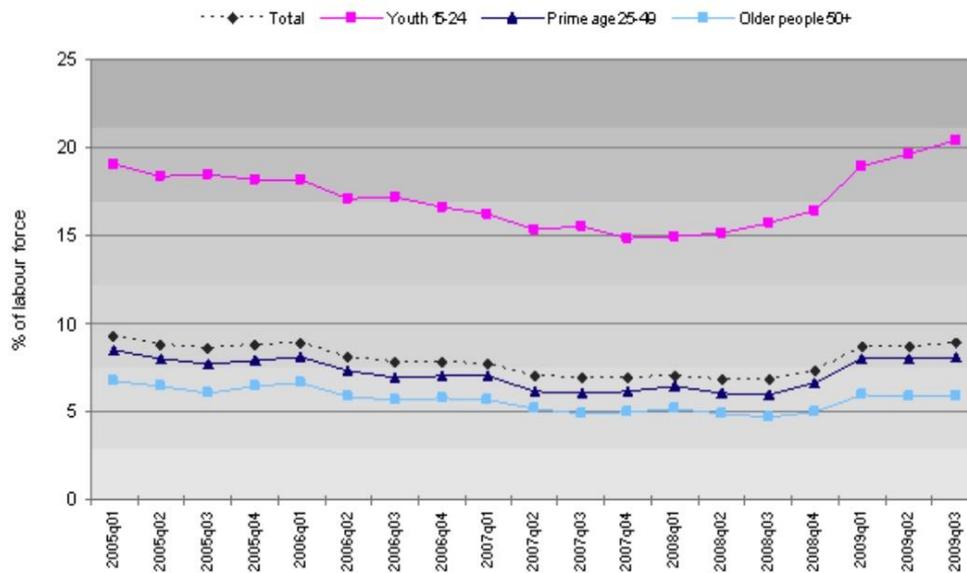
## Young people are hit hardest.

Youth unemployment was already particularly high before the crisis (*Figure 6*) “but until recently, the rate was mitigated by a boom in short-term temporary contract work, which does not always require employers to offer expensive benefits. These jobs went, disproportionately, to young people”<sup>21</sup>. These jobs in construction, retailing and leisure have been among the first to dry up in the recession. In this context young people have been the first to be fired, or not have the contract renewed in times of economic downturn.

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<sup>21</sup> Lowrey, A. *Europe's New Lost Generation. Young Europeans are facing the worst job market in years -- and that has some scary implications now and down the road*, Foreign policy, (July 13, 2009). [www.foreignpolicy.com](http://www.foreignpolicy.com)

**Figure 5: Unemployment rates by age for the EU**



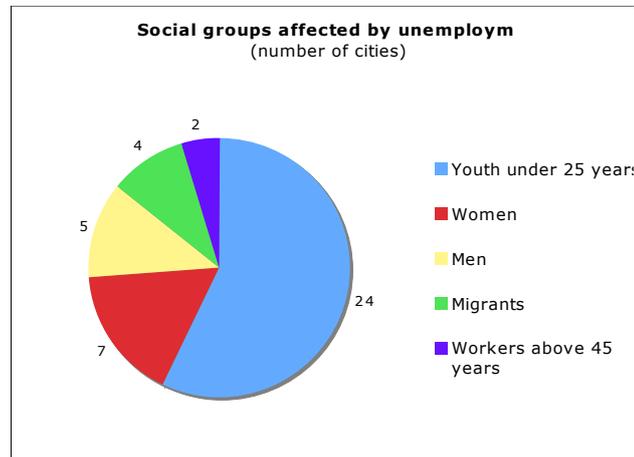
Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted.

In the EU as a whole, youth unemployment increased more than twice as fast as unemployment as a whole between 2008 to 2009 (3.7 percentage points compared to 1.6 percentage points), leading to a youth unemployment rate of 18.4%. However, this figure hides huge disparities between countries (6% in the Netherlands and 33.6% in Spain)<sup>22</sup>.

In this context, it is not surprising that in 24 cities out of the 42 providing information, youths were those most affected by unemployment (*Figure 6*). University towns such as Poitiers (France) and Jyvaskala (Finland) are particularly hard hit. Indeed, in Poitiers the number of young job seekers increased by 30% in 2009. In Birmingham (UK), the figures are quite alarming: “youth unemployment has been the key driver of increases in total unemployment with youth unemployment accounting for 79% of the overall increase in unemployment in Birmingham”. In the city of Aveiro (Portugal), “young people below 25 years old are the ones suffering more with the crisis. In this age group, unemployment rates increased by 54% from June 2008 (when they made up 12% of total unemployed) to June 2009 (16% of total unemployed)”. Unemployment also affected low skilled youths in cities such as Antwerp and Umea.

Moreover, unemployment, some cities reported, is leading to the emigration of qualified youths: “unemployment has risen so much that young people leave the city and very often graduates look for and find jobs in the European market” (*City of Campobasso, Italy*). The city of Brasov reported that “in Romania the highest unemployment rate (19.2%) is registered among young people (15-24 years). Young graduates are emigrating to other EU countries, the United States and Canada”.

<sup>22</sup> See footnote 19



**Figure 6**

The reasons indicated are the reluctance of employers to take risks by hiring inexperienced employees as well as the fact that the costs of youth dismissal are lower than those of making experienced workers redundant. As the city of Brussels reported, quoting a report of the High Council of Employment, “*the crisis affects young people more than other groups. Moreover, they are the first victims of restructuring, because their notification is less costly*”. Again, Arezzo mentioned “*great difficulties for young people to find jobs because companies do not invest and do not want to take risks*”. It is also likely that certain companies under pressure have operated a recruitment freeze, which again disproportionately impacts on those seeking to join the bottom rung of the employment ladder

## Women, Men, Migrants and over 45s

Until recently the evidence suggests that the crisis has affected men more than women. According to Eurostat, this is because the construction, financial services and automotive sectors, all of which employ traditionally more men, have been especially hard hit. Between 2008 and 2009 the male unemployment rate increased more than the female rate in all Member States except Malta, Poland and Romania. Despite this, female unemployment is still slightly higher than male unemployment rate.

Cities gave different reasons for female unemployment. In the cities of Haidari and Kavala (Greece) and Mizil (Romania) the ready-to-wear industry employs mostly women and is this economic sector that has been most affected by the crisis. In Xativa (Spain), it is unskilled women that suffered the most from unemployment increases. In Barakaldo (Spain) women’s unemployment is higher than men’s unemployment, but since 2007 male unemployment has increased more rapidly than female unemployment:

- 12.5% of women unemployed against 6.7% of men in 2007;
- 12.8% women against 7.9% men in 2008 and
- 15.3% women against 13.2% men in 2009.

Interestingly, the increase of male unemployment in Rome, Venice and Medway actually led women to enter or re-enter the labour market. In Rome, for example, where the number of women who were looking for a job is higher than for men, “*the need to counterbalance the loss of men’s salaries has driven many inactive women to enter the labour market*”. In Medway (UK), many women had to “*return to some form of employment*”.

The increases in male unemployment are also linked to the type of economic activity affected by the crisis. Unemployment affected mostly men in the cities of Valencia (Spain), Sighisoara (Romania), Graz (Austria) and Vilnius (Lithuania) where the most affected sectors of the economy are the car industry and construction.

Migrants have also suffered disproportionately from the crisis. Since the start of the crisis, the

unemployment rate of non-EU workers grew faster than for other workers and reached 18.9% in the third quarter of 2009, as against 13.6% one year before<sup>23</sup>.

In Castellon (Spain), important job losses were registered among migrants, in particular migrants from Romania who *'worked in the construction sector, which was hard hit by the crisis'*. In Venice, the impact on migrants is reflected in the duration of working contracts; they are offered shorter contracts than before the crisis.

Workers over 45 years old are amongst the most affected in Sighisoara and Haidari.

## Different skill levels affected

According to Eurostat<sup>24</sup> low skilled jobs have been declining far faster than medium skilled or high skilled jobs during the recession. The cities surveyed were not able to provide much detailed information on this subject. 12 of the cities providing information on this question indeed indicated low skilled workers as the most affected.

However, the effects on skill levels clearly depends heavily on the mains sectors affected. For example, in the "knowledge" cities of Jyvaskala (Finland), Eindhoven (Netherlands), Aarhus (Denmark), job losses were registered particularly in the academic sector and among the highly skilled workers. In the university town of Poitiers, unemployment is highest in university graduates. It seems therefore that the crisis has played out differently depending on the economic and social composition of each city.

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<sup>23</sup> Joint Report on Social Protection and Social Inclusion, European Commission, 2010.

<sup>24</sup> European Economic Forecast. Autumn 2009. Table 1.2.1 P. 36

## 4. Social conditions

### The context: the social impact of the crisis has many facets

According to the report on the Second Joint Assessment by the Social Protection Committee and the European Commission of the social impact of the economic crisis and of policy responses, many households have seen their income drop and considerable numbers are more exposed to poverty and over-indebtedness and many have lost their homes. The severity of the impact varies among Member States, depending on the increase rate in unemployment and on the initial situation of the country.

Poverty has increased in many Member States as a consequence of the crisis, albeit at different rates. For example, 90% of the citizens in Bulgaria, Hungary and Romania now feel that poverty in their country is widespread compared to an average of 34% in Denmark, Cyprus and Sweden<sup>25</sup>. Financial hardship is widespread as one in fifth households are facing financial difficulties and a similar percentage have had no money on occasions to pay ordinary bills and buy food in the last 12 months<sup>26</sup>.

The crisis has also exacerbated over-indebtedness of households and has now extended to include heating bills in Lithuania and Latvia, two countries severely hit by the crisis, as indicated by the European Commission 2010 Joint Report on Social Protection and Social Inclusion<sup>27</sup>. The same report mentions a worsening of the housing situation reflected in the increased number of home repossessions, particularly in the UK and Spain.

This situation is reflected at local level in the vast majority of cities with different degrees depending on the support mechanisms cities put in place to reduce the impact felt.

### The survey

The majority of the cities surveyed reported that large increases unemployment had had a strong impact on social conditions leading to an increased demand for social support.

However, in those cities where local economies and labour markets were not affected by the crisis no significant change in the social situation of their residents or in the delivery of social services was reported.

It is also interesting to note that, in some cities the negative impact of the crisis on businesses and employment of the crisis did not feed through to affect social conditions. A number of different reasons were given for this: the existence of strong social support systems, the decision of the city not to make cuts in social services budget, the use of additional funds to cover increasing demand for social assistance.

The impacts of the crisis on the social conditions of people and on service provision are summarized in the following table:

**Table 4: impacts on social conditions**

Consequences for people and society	Consequences for social and other public
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<sup>25</sup> Eurobarometer survey, September 2009, in European Commission 2010 Joint Report on Social Protection and Social Inclusion

<sup>26</sup> Eurobarometer survey, July 2009, in Joint Report on Social Protection and Social Inclusion, European Commission 2010

<sup>27</sup> See footnote 23.

	services
<ul style="list-style-type: none"> <li>▪ Poverty is on the rise</li> <li>▪ Informal economy is on the rise</li> <li>▪ Indebtedness is on the rise</li> <li>▪ Home repossessions and homelessness are on the rise</li> <li>▪ Access to health services becomes more difficult</li> <li>▪ The elderly and disabled need more care</li> <li>▪ Crime is on the rise</li> <li>▪ Social cohesion is threatened</li> </ul>	<p>Increased demand for:</p> <ul style="list-style-type: none"> <li>▪ Unemployment and other types of social benefits</li> <li>▪ Social housing and affordable housing</li> <li>▪ Basic needs and services: food, shelter, clothes, transport, heating, water</li> <li>▪ Elderly care</li> <li>▪ Debt advice</li> <li>▪ Places in public schools</li> </ul> <p>Increased workload</p> <p>Increased costs of providing services</p>

## Rising poverty

Many people have seen their incomes reduced as a consequence of unemployment, temporary unemployment, a decrease in salaries, unpaid leave, and so forth. Many others have been left without any source of income when their unemployment allowances have run out. In Dobrich (Bulgaria), it is entire families that were left without resources because *“the majority of workers of light industry companies are entire families. When they lose their job it is the entire family that remains without any source of income”*.

This situation is contributing to the rise of many forms of poverty. The increase in the number of people asking for basic assistance to obtain food, clothes, and shelter is alarming. In Vilnius (Lithuania), *“the number of applicants to get support from the food banks increased 6.5 times in one year: 800 in 2008 and 5234 in 2009”*. In many Spanish cities early signs of social exclusion and poverty have already been reported since the beginning of the crisis. The demand for food and shelter registered in charities such as Caritas, for example, has tripled in Valencia and in Vitoria-Gasteiz, *“the number of people living on non-monetary support (food and transport) has increased by 41%”* last year.

### **Rising demand for social benefits**

- **Belfast:** people claiming unemployment benefits has doubled: 5,902 in January 08 to 10,469 in January 2009
- **Kirklees:** job seeker allowances were 80% higher in August 2009 than in August 2008.
- **Vilnius:** the number of socially supported people increased by 51.21% between 2008 and 2009
- **Porto:** the number of recipients of unemployment benefits registered at the Solidarity and Social Security district centre of Porto rose by 35% from August 2008 to August 2009

However, these are not the only cities affected. Rome, Amiens, Limoges, Dunkerque (France) and many others also report growing poverty. Dunkerque, a city *“traditionally affected by social difficulties and where the demand for social services is constantly high”* has recently registered an even higher number of people claiming benefit because they have no other source of income, while in Limoges there was a *“20% increase in the number of requests for emergency aid (food, transport...) in July 2009 compared with July 2008”*.

In Arezzo (Italy), the number of families asking for support from the social services has increased *“because they can’t get by on their own salaries anymore”*. In the French city of Limoges, *“the proportion of working people seeking aid is increasing”*.

## The informal economy also on the rise

The increase in unemployment and the lack of labour market demand has led, in numerous cases, to a rise in the informal economy, entailing the deterioration of working conditions and a fall in tax revenues to pay for social services.

For the city of Riga (Latvia), the informal economy increased in the wake of the economic slowdown and tax increases that were introduced as a result. As a consequence *“enterprises are trying to decrease costs and are starting to pay salaries for the employees in illegal ways”*. In Greece, *“flexible and informal employment patterns are widespread. These inequalities are becoming more acute due to the economic crisis and fiscal instability”* (city of Rhodes). In Xativa (Spain), social benefits and the informal economy are reported to have engendered the emergence of a sort of *“subsistence economy”*.

## Indebtedness: a growing problem

The majority of cities surveyed reported problems of increased indebtedness. In the UK, Glasgow, for example, registered a 62% increase in the number of unemployed seeking debt advice from 2007 to 2008. In Medway, where the unemployment rate is above the national average, *“the caseload is such that people with non-priority debt must wait up to 5 weeks before they can be seen in person”*.

Indebtedness has been largely related to the inability to pay home mortgages. Rome is an example of one city in which many families are indebted because they are unable to pay their mortgage. Florence indicated an *“increased demand for debt advice from low income families who can no longer afford to pay the mortgage on their home”*. Scottish cities reported that the problem of high levels of debt, which existed before the crisis, had worsened considerably.

## Housing and Homelessness: further symptoms

Unemployment, indebtedness, home repossessions, a lack of sources of income and a lack of social protection were all identified as the factors contributing to the increase in homelessness and in the demand for housing support and social housing.

Medway (UK) social services saw a rapid rise in demand last year, particularly in the number of people seeking temporary accommodation. In Baia Mare (Romania), the number of homeless people is increasing *“because local authorities cannot offer social protection”*. In Gothenburg (Sweden), changes in house prices are causing an increasing geographical segregation of homes, because *“house prices have continued to increase in many popular areas whereas in less popular areas, they have decreased”*.

### Home repossessions

- **Glasgow:** *“there were 14,884 new repossession cases from January to March, 2009 alone. This continued with a further 13,610 by June”*.
- **Edinburgh:** *“affordable housing shortages have been combined by a slowdown in property development (the majority of affordable housing provision in the City of Edinburgh is delivered via private sector contributions)”*.
- **Medway:** 70-80 repossession cases every week

### Social housing

- **Rome:** *"By May 2009, 32,871 people have been registered on the waiting list for social housing"*
- **Birmingham:** *"increase in waiting lists for social housing across the west midlands region"*

## Health, care and education services: too expensive

The impact on access to health and care services was reported by the cities of Trikala and Kavala in Greece, Campobasso in Italy, Baia Mare in Romania, Dobrich in Bulgaria and Liverpool (UK).

The URBACT survey revealed some alarming trends in the ability of many people to afford basic health care. In Baia Mare, for example, the number of people opting for the anti-flu vaccine fell by 50%. In Campobasso (Italy) *"medical care costs and taxes increased and retired people are living with difficulties"*. Trikala and Kavala both reported an increased need for health assistance – although neither explained why that should be.

The demand for care for the elderly and the disabled have also increased in cities such as Trikala and Liverpool, perhaps due to the financial burden of supporting elderly relatives. The financial burden of caring for one's own is reported in Dobrich, where *"the demand for services providing care in a family environment for individuals with severe physical disabilities increased because of the inability of their families to care for them"*.

The cities of Bristol and Liverpool in the UK and Kavala in Greece mentioned the increased demand for places in state schools, as parents are no longer able to meet the fees for private schools.

## Social cohesion under threat

In some cities social cohesion is threatened by an increase in tension between the migrant population and nationals. Medway identified such an increase in "certain deprived communities within Medway central area". In Kirklees (UK) "early signs of community tensions" have been identified. Intra-family relationships are also affected, as reported by the city of Faenza (Italy) where the municipality had had to provide psychological support and protection for children.

## Increasing crime in some cities

Growing poverty is leading to an increase in crime (robbery etc.) in cities such as Kirklees (UK); Vilnius (Lithuania), where a 4.1% increase was reported between 2008 and 2009; and in Halandri (Greece), where *"a slight increase in daily police activities regarding small thefts and burglaries has been recorded"*.

In Belgium, in the first 9 months of 2009, Belgian Federal Police statistics report the incidence of 5000 more domestic burglaries than in the whole of 2008. This represents an increase of 13%<sup>28</sup>. In addition, some cities reported an increased risk of falling victim of usury.

## The impact on migration

Immigrants in many cities have been particularly hit by the economic and social impacts of the crisis. In Porto, for example, the number of claimants of unemployment benefits was higher among migrants than nationals: it was reported that for immigrants *"the percentage change was even higher, reaching 56% in august 2009 compared to august 2008"*.

<sup>28</sup> De Morgen, "Aantal woninginbraken met 13 procent gestegen", 4 March 2009. [www.demorgen.be](http://www.demorgen.be)

In Venice, the increase in demand for social housing is coming mainly from immigrants. However, the closure of many immigrant businesses has not only had an economic significance but also a social one for those involved, because opening a business represents “a social promotion for many migrants”.

Meanwhile, Edinburgh reported that “the cost to the city of providing services such as housing support, translation and education to immigrants rose from £1,171,540 in 2007/2008 to £1,747,795 in 2008/2009”.

Cases of migrants returning home have been also reported. In Venice, for example, migrants have been reported to have moved back to their country of origin because the cost of living is cheaper and the tendency for migrant families is to spend more time in their home countries during summer time. In Birmingham, “migrants from the A8<sup>29</sup> countries have been returning home due to the economic downturn and the fall in value of Sterling”. The spectacular manifestation of this phenomenon in the case of Eire has been widely documented. The return of Eastern European migrants from old member states to their countries of origin is “increasing the pressure on the labour market and social protection systems” in many Eastern European countries (city of Dobrich, Bulgaria).

In Catalonia (Spain) where, as in the rest of Spain, immigration increased drastically during the last decade, “the number of entries of migrants is decreasing and the number of returnees is increasing for the first time since 2000”. But this is contrasted by the increase in the number of newcomers settling in other Spanish cities such as Barakaldo. This growth may be induced by internal movements of migrants within Spain looking for better job opportunities. The city of Syracuse in Southern Italy reports that the decrease in the number of new comers is evident: “figures for the number of people arriving in Sicily and in southern Italy, including on the island of Lampedusa, for January 1 to July 5, 2009 showed a marked drop. Some 6,760 immigrants arrived in 2009 compared with 14,800 in 2008, a fall of 54%.”

Intra-EU migration movements are also on the rise. In Venice the number of new Bangladeshi children registered in schools declined drastically and were replaced by the arrival of children from Romania and Moldavia.

Conversely, many Italian and Romanian cities are experiencing the emigration of youths, particularly qualified ones, to the EU, and in the case of Romanian cities even to Canada and the United States.

## The consequences of rising social needs

The consequences of these rising social needs depends fundamentally on how cities respond to the emerging challenges. Two opposite approaches have appeared:

- Some cities have **increased the budget allocated to social services** and provision of new forms of support (*Tuscany region, Brussels, Rostock, Nyíregyháza*).
- Others have **cut social services budget** (*Dobrich, Gothenburg, Berlin, Regensburg*)

Some cities mention that they no longer have the capacity to provide social protection (*Baia Mare, Brasov, Campobasso*), while others state that they can no longer offer guarantees for the provision of certain basic benefits in the long-term (*Tallin*).

**Table 5: examples of responses to increased demand for city services**

Italy	<b>Faenza:</b> “Due to the fact that most of the new jobless people receive a social salary at least for the first six month of the crisis, the delivery of services has
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<sup>29</sup> Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia.

	<p><i>not been affected yet in a remarkable size. The great challenge, anyway, concerns the middle term, when the social salary could expire and the return to the job salary it is not sure at all.</i></p> <p><b>Faenza:</b> the crisis has impacted also intra-family relationships. Psychological help and protection for the children were provided</p> <p><b>Tuscany region:</b> provision of extra-resources to <i>increase unemployment</i></p> <p><b>Campobasso:</b> <i>"few aid for the needy people is available"</i></p> <p><b>Naples:</b> Creation of the "poorest" bank to help economically disadvantaged people</p>
Romania	<p><b>Baia Mare:</b> <i>"Because an increasing number of people remained without jobs or without the possibility to pay the rent they have increased the number of people living on the streets. Furthermore, as an effect of the crises the Local Authorities cannot keep pace with this trend in offering social protection"</i></p> <p><b>Brasov:</b> <i>"The increasing need for services is rather poor covered by the service providers"</i></p>
Bulgaria	<p><b>Dobrich:</b> <i>"the number of candidates increases for the use of social services in institutions. At the same time the budget in the Republic of Bulgaria for funds for social services have been reduced by 10%".</i></p>
Estonia	<p><b>Tallin:</b> <i>"the number of people receiving subsistence benefits increased by 63% from feb 2008 to feb 2009, and the budgetary resources available are sufficient for only the first 6 months"</i></p>
Hungary	<p><b>Nyiregyhaza:</b> <i>"new form of support is provided for people whose credit was increased 20% or their income reduced between sep 2008 and 2009 due to the economic crisis"<sup>30</sup></i></p>
Sweden	<p><b>Gothenburg:</b> <i>"lower tax revenues for the coming years has necessitated cutbacks in the services offered by the municipality"</i></p>
Germany	<p><b>Berlin:</b> <i>"So far there have been no cuts in social services but due to increased debt of the state it is clear that there is no room for additional social services and that cuts might be on the agenda"</i></p> <p><b>Magdeburg:</b> <i>"the city of Magdeburg has explicitly decided no to cut on education and science"<sup>31</sup></i></p> <p><b>Rostock</b> maintained its social policy at the same level, combining federal, lander (regional) and city funds<sup>32</sup></p> <p><b>Regensburg:</b> <i>"Strong reduction of revenues of local business tax for the city administration demand also strong reduction of budgets in social fields".</i></p>
Belgium	<p><b>Brussels:</b> <i>"the budget allocated by the Public Centres of Social Action (CPAS) to punctual actions has increased by 10% due to a higher number of unemployed persons"</i></p>
Spain	<p><b>Xativa:</b> increase in social services delivery using state and regional funds</p> <p><b>Vitoria-Gasteiz:</b> the budget for social support, educational and employment projects has not been reduced</p>
UK	<p><b>Edinburgh:</b> purchasing homes that developers have been unable to sell for social and market renting- Edinburgh</p> <p><b>Gateshead:</b> one-stop-shop for advice to residents: housing, debt, economic development for <b>individuals</b> and businesses</p>

<sup>30</sup> Report of the Lead Expert of the URBACT Reg Gov network

<sup>31</sup> Report of the Lead Expert of the URBACT REDIS network

<sup>32</sup> Report of the Lead Expert of the URBACT Repair network

## Some cities have managed to protect social conditions

As mentioned earlier, cities where local economies and labour markets were not affected by the crisis did not experience any significant change in the social situation of their residents. This is particularly true for the German cities of Munich, Potsdam, Hamburg and the Polish cities of Warsaw, Gdansk, Lublin and Katowice and the Swedish city of Solna. In Leszno and Bytom (Poland), the number of people living on social benefits has even decreased. In Bytom, they were 12,729 in 2006 and 10,520 in 2009.

Other cities that reported little or no impact are:

- The city of **Antwerp** where the economic crisis had a more limited social impact, despite the important increase in unemployment, due to the existence of a strong social support system.
- The city of **Berlin** did not make any cuts in social services, which limited the social impact of the crisis, but due to the increased debt of the state, there is no room for additional social services and budget cuts might be on the agenda
- City of **Rostock** maintained its social policy as at the same level, combining federal, Lander (regional) and city funds.
- **Haidari** (Greece) evokes family support as the reason behind the relatively slight impact on social conditions

The question is how long these cities can avoid the full impact of the crisis

## 5. City budgets and projects

Local budgets have been reduced in over 80% of the surveyed cities with the main reasons reported being lower tax revenues and lower state contributions. Cities where businesses were severely hit by the crisis and where budgets are highly dependent on local tax revenues are likely to be more exposed to significant reductions in their budgets. This combined with a growing demand for social services and welfare is reducing the financial capacity of cities to deliver services, to execute existing projects, to invest in future projects and subsequently to act against the local impacts of the crisis.

### Decline in economic activities and growing unemployment has reduced city revenues

City revenues from corporate and personal tax have diminished significantly. The majority of cities reported having increased difficulties in collecting taxes in 2009 as both businesses and individuals are unable to pay because they face financial hardship. The recessionary economic year of 2009 had consequences on the collection of taxes for the previous fiscal year, which had to be paid with present revenues, and this is going to have impacts on city budgets for the following years.

The city of Duisburg (Germany) indicated that according to a survey undertaken by the German Association of Towns and Municipalities in North Rhine-Westphalia (one of Europe's major regional economic poles), only 35 of the 360 members have a balanced budget in 2009 compared to 48 of them in 2008/2009. One of the main reasons is the decline in corporate tax income, which reached on average 13% and in some localities even exceeded 50%.

In Satu Mare (Romania), *"the budget of the local authorities has also been shrinking due to the fact that the local citizens pay their taxes and fees much slower and with high delays"*. In the city of Budapest<sup>33</sup> *"employers ask for installments and deferred payments in their present tax payment obligation, as they have to pay this from their present revenues"*.

The decline in the construction market and land value has also affected city revenues. In Liverpool, income from planning and building control fees decreased due to a reduced number of planning applications and building starts, especially involving major applications. As a result, the city council is seeking to reduce its planning and building control staff by around 15%. In Gateshead, the reduction of tax income is a result of reduced land value. In Glasgow, *"a number of potential land sales by the city council have already been affected by the withdrawal of the purchaser or by requests to review the terms of the sale"*.

### Access to credits affected by currency fluctuation or loan restrictions

In the Hungarian municipalities of Nyíregyháza and Budapest, as is the case in many cities in the new member states from the non euro-zone (NODUS Lead Expert), the change in exchange rates following the crisis have caused a considerable increase in the interest rates of loans taken in foreign currency. As a result, the municipalities have seen their costs increasing and are facing difficulties repaying these loans and accessing new bank credits. In Romania, as indicated by the city of Satu Mare, *"the municipalities have less chances of using credits from banks because the government has decided on stricter rules related to the loans taken by municipalities"*.

### Central government cuts widespread

Many cities reported receiving less contribution from the central government. Romanian cities are experiencing a 20% cut in their operating costs, reducing expenditure and salaries in these cities. For instance, Baia Mare reported that the government has prohibited the hiring of new staff for

<sup>33</sup> Analysis of the city of Budapest is a contribution of the Lead Expert of the NODUS network <http://urbact.eu/en/projects/metropolitan-governance/nodus/homepage/>

vacant positions and reduced salaries, leading to a lack of motivation of staff and reduced operative capacity. Moreover, central government has halved its co-financing for infrastructure projects.

Likewise, in the case of Italian cities national social funds assigned to municipalities have been decreasing. In Rome, since 2000, national social funds assigned to the municipality decreased by 50% and in 2011 it is expected that the decrease will reach 70%. The city of Naples reports that cuts in the budget will affect primarily social projects and all departments in the city of Venice have seen their budget reduced by 20% in 2008 and will be reduced further in 2009 by 30%.

The city of Vilnius (Lithuania) had to cut its budget twice in 2009 by 6,7% then by 7,4%. State contributions to Tatabanya projects were also cut, as in many other Hungarian cities.

## **Private partners withdraw causing projects to be downsized, postponed or halted**

Major projects supported by private funding have seen the private partners withdrawing for different reasons: their inability to access credits from the banks and the reluctance to take risks and the fall in demand as in the case of housing projects. As a consequence, important infrastructure projects have been downsized, delayed or simply halted. In Satu Mare (Romania) some investors have stopped, interrupted or totally abandoned crucial projects for the development of the city. These include the construction of a parking place under the central park – a crucial project for the development of the city, as the central square suffers from excessive and unmanaged traffic. The construction of the underground garage, which had already obtained private financing, had to be stopped, as the investor was no longer supported by his bank.

In Bologna, the crisis has caused the downsizing of the new integrated complex of the railway station. There is a tender winner for the plan, but there are not enough funds to carry it out. The financial plan for the regeneration of the whole area around the station was based on public private partnership, but at the moment the private partners are delaying their investment.

During the crisis, investment and property development dried up throughout the agglomeration of Saint-Etienne (France). Investors have either withdrawn from projects or altered the projects. While, urban regeneration projects, largely government financed, remain essentially unaffected, private sector leveraging around these projects is not materializing – despite the quality of projects. Likewise, as a result of the crisis there has been a significant drop in homebuyers, notably those of higher or medium income families. While regeneration policies cannot be said to have failed, there are concerns for the future and with regards to the probable need for increased and longer sustained support in certain areas experiencing more difficulties (city of Saint-Etienne).

### ***Impacts on key urban development projects***

- The decline in land values and the subsequent reluctance of developers to start projects have caused a slowdown in most regeneration projects in **Medway** (UK).
- **Edinburgh**: a tramline that would have connected the city centre to the disadvantaged area of Edinburgh Waterfront is postponed indefinitely in light of the recession.
- The redevelopment of a district of **Barnsley** town centre (with the potential of creating over 3000 permanent direct jobs in addition to construction opportunities), within the framework of Barnsley Renaissance regeneration programme, has been postponed as a result of the downturn and because no

private funding is in place.

- Quintas d'Obidos, a tourist resort in the city of **Óbidos** (Portugal) is now downsizing. Tourism is a key focus of Óbidos development strategy, largely based on the resort pattern and real estate developments.

## The poorer cities are more at risk of exclusion from the European Structural Funds

A direct consequence of the decline in budget revenues is the inability of cities to provide the required co-financing for projects supported by the European Union Structural Funds, particularly in the New Member States where the flow of such funds is important. This is leading to serious aggravation of an existing situation where many cities cannot apply for the funds or have to withdraw after approval of their projects because their financial capacity was reduced and the available budget had to be re-allocated to meet urgent needs emerging from the crisis.

The danger is that the poorer cities most in need of these funds are those which are most likely to be excluded from them, as they cannot provide the necessary local contribution, and the funds are consequently shifted to richer cities that have the capacity to secure the co-financing.

For instance, the municipality of Budapest, where budgetary revenues have decreased considerably as a result of a decrease in tax receipts and in national subsidies, had to sell some of its assets in order to secure the required 15 to 25% co-financing for important infrastructure projects.

In Romania, the Managing Authorities of the European Regional Development Funds (ERDF) have already approved 200 projects but some of the cities have withdrawn because they can no longer provide the required co-financing, as they have seen their budgets reduced by 20% in 2009 and expect future cuts in 2010. Other cities such as Brasov, could simply not apply for regeneration projects for contaminated industrial sites – a major axis of the Romanian Regional Operational Programme – due to the reduction in their budgets.

Similar situations are being experienced in Polish cities, where the funds are currently re-distributed to cities that can still afford the local co-financing, and Dutch cities where many projects have been stopped leading to Managing Authorities re-allocating the money to other cities. In Hungary, it is unclear how many cities are going to be able to make use of the structural funds.<sup>34</sup>

German cities of North Rhine-Westphalia, such as Duisburg – unable to balance their budget deficit, partly as a consequence of a decline in business tax income as mentioned earlier – enter into a category called “emergency budget”. Under such a category legislation only allows cities to deliver and finance basic compulsory services such as schools, waste collection, etc. They are no longer allowed to invest in new projects in the field of urban development, using public and ERDF funds, which are seen as “voluntary” projects under such laws<sup>35</sup>.

The European Economic Recovery Plan<sup>36</sup> acknowledges the risk that pressure on national budgets will slow down the rate of planned investment and, as such, measures were taken aiming at accelerating the use of the structural funds by increasing the commission's pre-financing and by recommending member states to use the available flexibility to frontload the financing of projects by enhancing the part financed by the Community. These measures have been taken up by some member states. For example, in the case of Romanian Managing Authorities, these facilities were

<sup>34</sup> Report of Joint Seminar for Managing Authorities & European Commission: *Managing Authorities as Partners of the European Commission in Sustainable Integrated Urban Development*, October 2009. Regional Governance of Sustainable Integrated Neighbourhood Development URBACT Working Group  
[http://urbact.eu/fileadmin/Projects/Reg\\_Gov/outputs\\_media/MA\\_SemReport.pdf](http://urbact.eu/fileadmin/Projects/Reg_Gov/outputs_media/MA_SemReport.pdf)

<sup>35</sup> Report of the Lead Expert of the URBACT Reg Gov network

<sup>36</sup> Communication from the Commission to the European Council. A European Economic Recovery Plan. November 2008.

used to accelerate the procedures for project selection and to explore the possibilities of providing cities most in need with 100% subsidies for important projects that had been agreed before the crisis<sup>37</sup>. However, not all Member States have been able to use these facilities, as they are sometimes incompatible with national rules.

## **The pressure on local budgets is pushing cities to revise priorities**

As we have seen, reductions in city budgets and withdrawal of private investors have pushed cities to downsize or stop important regeneration and infrastructure projects and to allocate funds to more urgent needs.

Other cities, however, have prioritised certain regeneration projects (eg Gothenburg), and large infrastructure and building projects to stimulate the economy and employment. Such is the case of Greater Manchester, where a number of public capital development projects have been brought forward; the region of Eindhoven, which accelerated infrastructure and construction projects and the city of Graz, which maintained the execution of large-scale investment projects in an attempt to fight against the crisis.

For the cities of Campobasso (Italy) and Valencia (Spain), local funds are used to target as a priority the groups most affected by the crisis: youths in the former and the unemployed from the construction and services sector for the latter, where unemployment increased to such a degree that young graduates are very often emigrating towards other EU cities to find jobs.

In an effort to increase their resources, Greek cities, such as Patras, and the city of Riga (Latvia) have geared their efforts towards attracting European Union funds. In addition, the recent adoption by the Latvian parliament of a new regulation for public private partnerships is seen by Riga as announcing the right moment to implement projects. Likewise, the city of Krakow is trying to encourage private investments on the basis of public private partnerships, as the city itself has fewer funds available for new investments and for social housing.

## **In some cities projects were not affected during 2009**

Close to 20% of the surveyed cities – largely Greek and Polish – reported that the economic crisis did not affect the execution of their projects for 2009. Some of these cities attributed this to:

- The decline in city revenues being less significant than in the rest of the country. This includes the German cities of Halle and Leipzig and the Swedish city of Solna where businesses were less affected by the crisis.
- Funds having already been secured for 2009, through bank credits (Sighisoara - Romania), EU structural funds (Obidos - Portugal), or EU funds for the city of Linz (Austria) as a cultural capital of Europe.

In the case of Poland, the generally reduced effect of the crisis on the country may in part explain such a finding. However, it remains unclear how these circumstances will endure into 2010 and the following years.

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<sup>37</sup> See footnote 32

## B. City responses to the crisis

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### 6. Conditions which influence city responses

In this part of the report we provide a preliminary overview of city responses to the crisis based on the same questionnaire used in part one. As mentioned this was self completed by 130 URBACT partner cities with the support of URBACT Lead Experts. As before, this method allows for a larger and more detailed coverage than many other surveys but it suffers from the same lack of comparable data available to the cities and the partial information accessible to the people surveyed.

In addition, a number of additional issues have to be taken into account when interpreting city responses to the crisis. For example, one would expect the size and type of response to be heavily influenced by the size and type of the impact on city firms, jobs, social conditions, budgets and projects. However, a number of other factors intervene:

Firstly, the response at city level is obviously heavily dependent on the national reaction to the crisis. In some countries such as Spain, the initial response has included large injections of local investment to compensate for the decline in private construction (Plan E<sup>38</sup>). In others such as Ireland and Latvia major cuts in public expenditure were already affecting local authorities. It is clear that the size, nature timing of national policies for public expenditure have a strong effect on the urban response to the crisis

Secondly, the margin for manoeuvre for cities to develop new initiatives in a context of budget constraints depends heavily on the extent to which their budgets are financed out of national transfers or local taxes and charges.

Thirdly, the legal powers for cities to act in certain fields vary enormously between countries. In some countries cities have a long tradition of involvement in local economic development, entrepreneurship and training. In other countries, these responsibilities are managed by national or regional bodies. One cannot expect cities to develop innovative solutions where they have no competences.

Finally, the political expectation that cities should take a strong initiative on the recovery – also varies considerably. This is especially important when considering the question of which cities have a “formal recovery plan”. In the first instance, one might expect those cities that have officially adopted an identifiable policy statement on the recovery to be more advanced and, therefore, for it to be easier to identify innovative responses that could be useful to other cities. Unfortunately this is not the case.

For example, it is clear that there is a strong tradition for both UK and Dutch cities to adopt formal recovery plans. From *Appendix 1* it can be seen that many of these do indeed contain potentially innovative and transferable measures. However, to be sure of this it is necessary to analyse the content of each plan and distinguish between genuinely new measures and the repackaging of existing policies.

There can also be a very narrow divide between those cities that have adopted individual policies and measures in certain fields and those that have adopted a formal and integrated recovery plan. In some cases, the boundary between the two was not very clear. Moreover, there is no reason to suppose that the individual policies or measures cannot be just as promising - if not more - than a formal urban recovery package.

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<sup>38</sup> Plan español para el estímulo de la economía y el empleo <http://www.plane.gob.es/>

This is particularly the case for cities that have gone through previous periods of severe crisis and/or have adopted long term strategies to develop a more sustainable future. In some cases the crisis has reinforced the thinking behind these strategies while in others it has led to adjustments. Both cases are clearly worth exploring.

## Overview of city responses to the crisis

From the table on the overview of city responses in the appendix (section 8), it can be seen that a significant majority (close to 70%) of the cities surveyed said that reported that they had put into place some sort of plan or measures to combat the crisis. These measures can take the following forms

- *The development of formal city recovery plans to stimulate the economy and employment, combining short and medium-term and in some cases long-term strategies.* 24% of the cities said they have formal recovery plans of this kind. This is particularly the case for Dutch cities and UK cities.
- *The development of certain individual measures to combat the effects of the credit crunch and the recession.* 33% of the cities said they had put into place new measures of some kind.

This includes the city implementation of national recovery plans *such as* the Spanish 'plan E', the German economic stimulus package developed by the federal government, and the national plans of France, Malta, Lithuania and Cyprus. Depending on the nature of the plan, there might be enough room for manoeuvre for the city to implement the plan in an innovative way.

It can also include defensive responses, focused on cutting expenditure or stopping the increase in salaries and limiting investment expenditures, so as to save on city budget. Examples include the "*Austerity plan*" of the city of Valencia and many Romanian and Greek cities.

- *The adaptation of existing strategic development plans to respond to the long term impact of the crisis.* 11% of the cities reported that they already had a long term strategic development plan and did not think it was necessary to develop a separate strategy or plan to address the impacts of the economic crisis. They opted for adapting or strengthening one or another aspect of their existing long term development programmes.

Finally a minority of cities (30%) either they said they did not have any measure or were in the process of finalizing their plans or did not provide information. Among the cities that did not take any measures are those that reported a small impact of the crisis - Warsaw and Bialystock (Poland), Halle and Potsdam (Germany), Solna and Herrljunga (Sweden) and Florence and Faenza (Italy)-, and some Greek and Romanian cities that indicated that it is the competence of central government to take measures to stimulate the economy.

## The need to direct short term action to achieve long term sustainability

The second pillar of the European Economic Recovery Plan explicitly refers to the need “to direct short term action to reinforce Europe’s long term competitiveness. The plan sets out a comprehensive programme to direct action to “smart” investment.”<sup>39</sup>. Since then the need to align short term “firefighting” responses to the crisis with actions which gradually shift the economy towards longer term, more sustainable paths of development has been reinforced by the Commission’s Europe 2020 strategy which argues explicitly that “our exit from the crisis must be the point of entry into a new economy”<sup>40</sup>. According to the Commission three priorities should be the heart of Europe 2020:

- “Smart growth – developing an economy based on knowledge and innovation.”
- “Sustainable growth – promoting more resource efficient, greener and more competitive economy”
- “Inclusive growth – fostering a high employment economy delivering economic and territorial cohesion”

The Commission “calls on all parties and stakeholders (e.g. national/regional parliaments, regional and/or local authorities, social partners and civil society, and last but not least the citizens of Europe) to help implement the strategy.” In this context, it is particularly relevant to use the current study to explore the actual and potential role of cities in developing measures in response to the crisis which create the long term conditions for more sustainable urban development. Clearly the current survey can only be able to provide a very first, very general idea of the kinds of activities being undertaken by European cities but this can then become one of the main focuses of the more detailed city case studies that will follow.

In fact, one in four cities reported having a formal recovery plan, but only some of them refer to explicit long-term strategies. Examples include Rotterdam, Rennes Metropole, Newcastle, Birmingham, Eindhoven Jyvaskala Gothenburg and Obidos

For example, the city of Rotterdam has designed a comprehensive recovery plan focusing on the economy, employment, education and social issues. The plan combines short-term initiatives, such as temporary subsidised jobs, with long-term strategies, such as a special fund for innovative companies in the energy and climate sectors as well as the renewal and digitalisation of the care sector.

Rennes Metropole, Jyvaskala and Eindhoven all have strategic development plans which aim to shift the economic composition of their economies towards knowledge industry and innovation<sup>41</sup>. Rennes community programme was adopted in 2006 and in the context of the crisis the city council reaffirmed its aims to develop innovation, favour the diversification of economic activities and support local employment and local competences.

Similarly, the city of Newcastle established funding to support the developing cluster of offshore and environmental technology industries along the North Bank of the Tyne (table 6 below).

Eindhoven regional strategic development programme, *Brainport Navigator 2005-2013*<sup>42</sup>, is based on four key factors- people (job market, education, entrepreneurship, etc); technology (innovation centres) business (business development, clustering...) and basics (image, quality of life, ICT)- and on the triple helix approach: cooperation between the business community, knowledge and educational institutions and government. In the context of the crisis, special arrangements were implemented to prevent the redundancy of 150 knowledge workers, by placing them with other local companies and the university to carry out new research projects.

<sup>39</sup> See footnote 34

<sup>40</sup> Europe 2020. A strategy for smart sustainable and inclusive growth COM (2010) 2020

<sup>41</sup> Miguel Rivas, Report on the impact of the crisis on Creative Clusters URBACT II network

<sup>42</sup> The entire programme can be found on

[http://archief.brainport.nl/Brainport\\_C01/default.asp?CustID=354&ComID=33&bottest=&modid=2345&itemid=0&time=8328](http://archief.brainport.nl/Brainport_C01/default.asp?CustID=354&ComID=33&bottest=&modid=2345&itemid=0&time=8328)

Similarly, the city of Jyvaskala, branded *the human technology city*, is actively reshaping mature industries and promoting new productive sectors related to knowledge, technology and creativity. This includes clusters such as Forest Industries, a Bioenergy cluster, Nanotechnology and the so-called “wellness sector” based on technologies concerning sports and health sciences. In the context of the crisis, the city of Jyvaskala is reinforcing its programme.

Gothenburg reported that it has been working for many years to diversify its economy so that it is not solely dominated by the car industry by investing in the sectors of information technologies, biomedicine, tourism, logistics and many other types of services, to make the city less vulnerable

The city of Birmingham reports that long-term, over-arching, strategic economic priorities for the city of Birmingham remain the same despite the recession. However funds have been reallocated to develop new measures to mitigate the impact of the crisis, consisting mainly of providing loans for SMEs and a procurement web based portal and the extension of successful retail development pilot programme.

At a much smaller scale, the Portuguese city of Obidos, has been implementing since 2002 an economic development strategy focused on tourism, culture and creative industries, which “is *proving to be successful despite the economic recession*”.

## 7. Types of response

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The following sections summarise the results contained in the table on the overview of city responses in the appendix (section 8). This provides a preliminary description of the kinds of responses the cities surveyed mention, divided into the same four categories as used in the description of the impacts: measures to support local businesses and entrepreneurship, measures to support employment and reduce the impact of unemployment, measures to address the social impact of the crisis and measures to support investment in infrastructure.

In each case, we try to distinguish short term responses from those which also have longer term goals. However, the distinction should be treated as a very first approximation as we have little detailed information on the projects. The difference between long and short term is not clear-cut as “the long term comprises many short-terms and preparation can start immediately”<sup>43</sup>. In general, the list should be seen as an invitation for cities to come forward with further examples of the work they are doing.

### Measures to support local businesses and promoting entrepreneurship

The most frequently reported types of measures to support local businesses involve short-term interventions to improve the access of SMEs to credits and tax relief to so as to temporarily ease their cash flow. To facilitate the access to credits, cities have become lenders as in the case of Spanish cities using the national recovery plan funds “Plan E”<sup>44</sup>, or negotiated agreements with banks by taking financial guarantees for businesses (Linz and Trikala).

Some cities have put in place measures to support business creation with the most significant example being the use by French cities of a new administrative framework for “auto-entrepreneurs” established by the French government. This drastically simplifies the administrative procedures, reduces social security costs and taxes for new micro-enterprises and self-employed people. As a result, the number of new start-ups almost doubled in a year (see Chapter 2) and could become an efficient tool against the informal economy.

In addition to measures to ease the flow of credit, some cities have tried to boost demand by, for example, the promotion of local public procurement in the cities of Gateshead and Kirklees and the “Be local Buy local” campaign in Brighton & Hove aimed at supporting local jobs and the survival of local businesses. The Campaign encourages residents to shop locally and local businesses to promote their products and services online<sup>45</sup>. A similar action to support local farmers in the city of Vilnius consisted of opening small kiosks for them to sell their agricultural products.

Long-term investments are concerned with economic diversification strategies in Edinburgh and Rennes Metropole, and investments for the promotion of environmental technologies and renewable energies.

Table 6 below highlights the types of measures implemented by cities to support local businesses, differentiating between short term measures to ease the flow of credit, provide business support and substitute public for private markets with longer term investments to reorientate the economy.

**Table 6. Main local responses to support businesses**

	Short/ medium-term	Long-term
	Filling gaps in credit for firms:	Rotterdam Climate and Innovation Fund for

<sup>43</sup> See footnote 9

<sup>44</sup> See footnote 36

<sup>45</sup> <http://buylocal.brighton-hove.gov.uk/index.cfm?request=a2000>

<p><b>Businesses</b></p>	<p>Lending money to SMEs (Vitoria Gasteiz, Brussels, Matosinhos), providing Non-refundable funds for SMEs (Tirgu-Mures), and Negotiating agreements with banks (Tuscany region, Trikala).</p> <p>Gothenburg support for businesses in the automotive industry through time-limited tax relief</p> <p>Auto-entrepreneur status established by French government for start-ups simplifying procedures and reducing social security costs and taxes for new micro-businesses</p> <p>Reims and Eindhoven crisis websites providing support for businesses</p> <p>One-stop-shop to provide advice for businesses (Gateshead)</p> <p>Promoting local public procurement to support local economy in Gateshead, Kirklees (UK).</p> <p>“Be local buy local” campaign in Brighton &amp; Hove to encourage residents to shop locally.</p> <p>Supporting the development of the home shopping industry- an important sector of Lille</p>	<p>new innovative companies in the energy and climate sector</p> <p>Edinburgh innovation programme to help companies diversify their services and energy efficiency programmes for SMEs.</p> <p>Rennes Metropole has also a programme for developing innovation and promoting the diversification of economic activities</p> <p>Newcastle funding scheme to support cluster of off-shore and environmental technology industries along the North bank of the Tyne</p> <p>Matosinhos (Portugal) initiative to stimulate social economy investments and Tallin’s financial support for the creation of social enterprises</p> <p>Malta capital investment programme to promote tourism</p>
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## Measures to combat unemployment and create lasting and quality jobs

The 2009 OECD report *Putting in place jobs that last - A guide to re-building sustainable employment at the local level*<sup>46</sup>, indicated that “many local communities are currently placing an emphasis on increasing the quantity of jobs available locally. However in the longer term, a greater focus on the quality of local jobs is needed”. It also argues that temporary jobs in the public sector for instance can constitute a means for maintaining labour market attachment in the short-term, but real and sustainable jobs need to be created in the longer term.

The responses to unemployment from the cities surveyed can be broadly divided in two types: those aimed at creating immediate jobs, such as temporary jobs in municipalities for those who lost their jobs by bringing forward infrastructure investment (see table 7 below) and those aimed at preparing workers for the upturn through for instance training in future growth sectors and internships and apprenticeships in municipalities to equip people with work experience.

In fact, few cities mentioned *the creation* of longer-term jobs as such. One was the city of Santiago de Compostela (Spain), which reported a measure aimed at creating quality jobs in partnership with economic and social actors by developing the care service and a favorable environment for business creation and development. A second example is the investment in environmental technologies (mentioned in table 6 above)

The issue of sustainable jobs is particularly crucial for young people, who are the most affected by unemployment. Short-term, precarious and temporary contracts that helped containing youth unemployment before the crisis have proved their limits. However, few cities introduced specific actions targeted at youth unemployment and when they did they focused on creating internships and apprenticeships in the municipalities, which in the short-term will certainly help young people gain work experience and complete their studies. Another example is the Cyprus recovery plan which provides financial incentives to firms to hire young graduates.

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<sup>46</sup> Froy, F. & Giguere, S. (2009), “*Putting in Place Jobs which Last, A Guide to Re-Building Sustainable Employment at the Local Level*”, OECD LEED programme, OECD, [http://www.oecd.org/document/23/0,3343,en\\_2649\\_33956792\\_44464727\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/23/0,3343,en_2649_33956792_44464727_1_1_1_1,00.html).

**Table 7. Principal local responses to support employment**

	Short/ medium-term	Long-term
<b>Employment</b>	<p>Temporary jobs in the municipalities (Alzira) to provide people who lost their jobs with new sources of income</p> <p>Job search skills for redundant workers (many cities)</p> <p>Agreement with unions on a four-days week to safeguard jobs threatened by the crisis with employees attending training on the fifth day which is paid at the minimum wage level (Malta)</p> <p>Creation of Employment zones: offering tax incentives and planning flexibilities, 12 month-free rent, access to training for workforce, geared to the needs of future economic growth sectors (Gateshead)</p> <p>Internships in the municipalities for the unemployed (Gothenburg)</p> <p><b>Youth:</b> Support for apprenticeships (Bristol, Newcastle, Kirklees)</p> <p>Internships in the municipalities for young people to gain work experience (Kirklees)</p> <p>Financial support for companies to recruit young graduates (Cyprus national recovery plan)</p>	<p>Training and re-skilling of people who lost their jobs (many cities)</p> <p>Maintaining young people in schools to ensure additional qualifications in promising economic sectors: technology, health care, education (Rotterdam)</p> <p>Training and re-skilling opportunities (many cities)</p>

## Measures to address the social consequences of the crisis

The survey highlighted a number of social problems that emerged as a consequence of rising unemployment and the decrease in people's income (table 2). It has also illustrated how problems that already existed before the crisis, such as the large numbers of working poor and over-indebtedness have been exacerbated by the crisis. Addressing these social consequences of the economic crisis requires providing immediate support for people who lost their jobs and for their families as well as developing longer term measures to address the informal economy, the deterioration of working conditions, the working poor and over-indebtedness.

From the survey, it appears that the immediate response of cities to rising social needs has consisted mainly of certain types financial support to complement unemployment benefits, as in the case of Tuscany Region, and other types of social benefits, debt advice, and mortgage rescue schemes to protect against home repossessions. The transformation of unsellable homes into social houses in Alzira (Spain) and Edinburgh can contribute to improving social housing policies, particularly in Spain. As mentioned previously, these responses depend on budgetary capacities of

cities, their competences and priorities. Some have increased spending on social services while others, on the contrary, have cut expenditure. For example, in countries such as Romania and Bulgaria, social protection systems are already very weak and cities suffer from very limited capacity to meet the rising needs of their citizens for social support.

**Table 8. Principal local responses to social needs**

	<b>Short/ medium-term</b>	<b>Long-term</b>
<b>Social conditions</b>	Strengthening of unemployment benefits (Tuscany Region)	Purchasing homes that developers have been unable to sell for social and market renting (Edinburgh, Alzira).
	Financial support for groups at risk: e.g. families with children (Bologna)	
	Social support for the elderly (Agueda)	The city of Naples has established a "Poorest Bank", promoted by the Curia Arcivescovile of Naples to help economically disadvantaged people (Naples)
	One-stop-shops for debt and housing advice (Gateshead)	
	Mortgage rescue scheme and housing support (Liverpool)	Renewal of the care sector: internet and multimedia applications in the healthcare sector (Rotterdam)
	Lowering the prices of school meals to help families (Poitiers)	Social Micro-credit of 1000 to 5000 euros for economic emergencies of households (Venice)
	Support for access to health (Varna)	
	Scholarships to guarantee access to education (Vitoria-Gasteiz).	

## Measures to support investment in infrastructure

The impact of the economic crisis on local budgets has led many cities to postpone important development and regeneration projects. In order to avoid this situation some cities have made more use of the structural and other EU funds. Others, like Riga and Krakow, have developed new regulations on public private partnerships to attract private investment in the cities.

However, a high proportion of cities have brought forward public investment projects, taking advantage of lower land prices and prioritising those projects with a higher potential of creating jobs. For example, the city of Lille took advantage of lower land price to build infrastructures for business parks.

Many cities have also undertaken energy efficiency works in public buildings that allow them to save costs in the medium and long term and to provide local jobs in the short-term. For example, Edinburgh has tried to promote a change of behaviour among residents and council staff by promoting walking and cycling and switch-off campaigns. Castellon, in Spain, has implemented new forms of energy efficient public lighting. Low carbon transport schemes include the tram project of Graz that the city brought forward as a motor against the crisis

**Table 9. Principal local responses to improve budgets and generate jobs**

	Short to medium-term	Long-term
<b>City budgets and projects</b>	<p>Accelerating infrastructure and regeneration projects (many cities)</p> <p>Applications for EU funds to increase sources of funding (Greece and some new member states)</p> <p>New regulations on PPP to attract private investment</p> <p>Improving tax collection procedures (Dobrich)</p>	<p>Energy efficiency measures:</p> <ul style="list-style-type: none"> <li>- Insulating public buildings</li> <li>- Improving heating systems</li> <li>- Awareness raising actions: promotion of active transport (walking and cycling); Switch-off campaign across council building, energy efficiency training for council staff (Edinburgh)</li> </ul> <p>Investment in transport (Vilnius) and Tram connection with central railway station (Graz)</p> <p>Purchasing sites at lower prices for future regeneration projects (Newcastle)</p> <p>Developing new business parks (Lille Metropole)</p> <p>Creating municipal waste management and cleaning company (Tallin)</p>

## C. Conclusions

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### **The impact of the crisis on private business has spread rapidly to other fields.**

Over 80% of cities reported that they had been severely affected by the crisis.

At the time of writing the main transmission mechanism appeared to be through the impact on private sector businesses on the labour market, which in turn fed through to social conditions. The cities which reported minor impacts on business also tended to be those with the lowest increase in unemployment. Similarly, those with relatively stable levels of employment seemed to escape the general worsening of social conditions.

The most common reasons cited by cities for the problems faced by businesses was the drying up of both private credit and private markets - with the sectors most affected being construction and (export led) industry.

### **Some cities are more resilient**

Twenty-three cities particularly from Germany, Poland, and Sweden reported that the impact on businesses and employment was relatively minor. While the national context is certainly relevant to explain in part the relative insulation of these cities, local economic characteristics are also key. These cities referred to a number of different factors that reduced the impact: a local economy based on SMEs operating locally and self-financed rather than dependent on bank credits; an economy based on the service sector; lower connection to international markets and an important internal demand.

Some cities among this group also referred to having experienced previous crises which had led a restructuring of their economies and registered a decrease or a stabilisation in unemployment rates between 2008 and 2009 in some of them. A further investigation of the reasons for the insulation of these cities should provide insights on what makes them more resilient in the short-term and how to strengthen their long-term capacity to cope better with future crises.

### **Cities have both a need and an opportunity to encourage entrepreneurship.**

Surprisingly, the number of start-ups increased in some cities, despite the overall downward trend. Such increases were partially a spontaneous response to growing unemployment but also a result of extra support and facilities put in place by some governments for business creation. The current crisis provides an opportunity to create a favourable environment to promote entrepreneurship in localities where the administrative and tax burdens for start-ups are still important inhibiting factors of business creation.

### **City labour markets are undergoing radical restructuring.**

Unemployment increased in 80% of the cities, threatening all jobs. However, some types of jobs and some types of worker are more affected than others.

The main transmission mechanism from firms labour markets is complex but seems to be strongly affected by the weight of the main economic sectors hit by the crisis in each city. This influences the skill levels, gender, age and ethnic composition of the people who lose their jobs. For example, large numbers of relatively skilled male workers in financial services and car manufacturing, unskilled men, young people and migrants in construction and unskilled women and young people in tourism and retailing. However, the initial impact of job losses among one group can have a series of knock-on and displacement effects on recruitment practices and family income with unforeseen consequences on other parts of the labour market.

Although the evidence generally points to low skilled workers being more affected, exceptions were found in “knowledge” cities of Jyvaskala, Eindhoven and Aarhus, which registered job losses in the academic sector and among the highly skilled workers. These workers are probably not traditional job seekers and tailored responses need to be put in place for them as well.

### **Young people are the most affected**

Overall, young people were clearly identified as the group most severely affected by the crisis and this is believed to be due both to the lower cost of firing young people and the reluctance of employers to take on unqualified, inexperienced workers. In some cities, high levels of youth unemployment is said to be leading to a “brain drain” of qualified young people to other EU countries, the United States and Canada.

Until recently, youth unemployment was kept at bay by the growth in temporary contracts but a high proportion of these have dried up during the crisis. Cities now face a major challenge in finding sources sustainable, local sources of quality jobs that can retain their young people and prevent the brain drain.

### **Migrants and women have also been hit.**

Migrant workers have been particularly vulnerable, as unemployment rates within this group grew faster than for other workers from the start of the crisis. Cities report cases of migrants returning home as well as a reduction in the number of new comers in cities in Southern Europe. At the same time, the return of Eastern European migrants from old member states to their countries of origin is increasing the pressure on the labour market and social protection systems. This group is going to require further support to prevent severe hardship and further breakdown in social cohesion.

One important observation from the survey is that the need to compensate for the loss of male salaries has driven many inactive women, particularly in Italian cities, to try to enter the labour market, some of them for the first time. This also entails putting in place adequate policy measures, including training and guidance, to remove potential barriers to the access of women to employment.

### **Cities are facing an alarming increase in social problems**

From the accounts of the cities, the job losses and labour market problems mentioned above are the tip of an iceberg of related social problems that are placing increasing strain on their services: increased poverty, informal economy, indebtedness, homelessness, health problems, crime and threats to social cohesion. Above all the crisis appears to be worsening problems, which were latent in many cities before the crisis.

However, the impact of the crisis on both social conditions varies considerably depending on the response of cities. The decline in tax receipts and cuts in budgets have led some cities to postpone and downsize projects or simply to halt them. Some cities now report that they are unable to provide neither social protection nor guarantees on continuing the provision of social benefits in the long-term. However, in other cases, cities have been able to use EU money, national recovery programmes or their own resources to do just the opposite and to increase social expenditure and/or bring urban projects forward.

In the future this is likely to lead to growing questions about both the sources of city budgets and the kinds of current and capital expenditure that should be prioritised to make them less susceptible to future crises and more sustainable in the long term.

### **City budgets are being cut, forcing cities to revise priorities.**

80% of cities report a reduction in their budgets. However, the timing, nature and size of the reduction depend on the make up of city finances. Some cities have been hit by the fall in city

revenues from corporate and personal taxation, others from the fall in construction and land values, from currency fluctuations and/or from central government cuts. In many cases, this has led to the withdrawal of private partners from regeneration projects. As a result some poorer cities are finding that they cannot access EU funds for lack of cofinancing.

On the one hand this is leading to the delay and downsizing of certain regeneration projects. But on the other hand some cities are bringing forward investments which are particularly labour intensive, can contribute towards business recovery and shift activity towards greener, smarter growth.

### **More than two out of three cities are developing a response to the crisis**

One out of four of the cities had a formal recovery plan – a trend that is especially prevalent in UK and Dutch cities. However, these plans require deeper analysis before it can be confidently be said that they are more innovative or far reaching than the individual projects and measure put into place elsewhere

The largest group of cities (one out of three of the cities surveyed) referred to individual measures to combat the crisis. These varied from the application of national recovery plans to fire fighting measures to cut expenditure to more innovative measures which could be very relevant for other cities.

Over 10% cities referred to the adaptation of existing strategic development plans to respond to the long term effect of the crisis.

Finally just 30% of the cities said that they had not yet developed a response or provided no information. These included many that had not been severely affected by the crisis.

### **Aligning short term responses to long term needs.**

Most of the measures to support business involve trying to find ways of temporarily fill the gaps in credit for firms, provide more business support, reduce the costs of entrepreneurship, open up public procurement and buy local campaigns. However, some cities are also actively encouraging a shift towards “smart” emerging sectors in fields like energy production and saving and social fields

### **Most of the measures to combat unemployment will not necessarily create lasting quality jobs.**

City responses to unemployment broadly fall into two types, those aimed at creating immediate but temporary jobs in municipalities (by bringing forward certain labour intensive investments) and those aimed at preparing workers for the upturn by, for example training in the skills required for future growth sectors. There are few initiatives which focus on the demand side of how to create quality sustainable jobs for especially vulnerable groups like young people.

### **The social response**

The immediate response of cities to rising social need has consisted mainly complementing unemployment and other social benefits, debt advice and mortgage rescue schemes. Some cities have been exploring alternatives like purchasing homes that developers have been unable to sell for social housing, micro credit schemes, and innovations in social care.

However, at the time of the survey some cities were increasing social services in response to social needs while others were already being forced to make cuts.

### **The crucial role of investment**

In addition to bringing certain investments forward and reducing red tape, many cities have been investing in energy saving and efficiency measures in building and transport, buying land and housing at reduced prices and developing business infrastructure. The investments in enterprise innovation and economic diversification, green energies and the care sector are also designed to create jobs even though it is unclear what type, how many and for whom. While these are important initiatives, in general, only a small number of the measures can be considered long-term interventions which prepare cities for the post-crisis. Few cities for example had been able to come to terms with the stark fact that many job opportunities have dried up for young people and are not likely to return in the near future.

**To conclude this report we would argue that the URBACT cities surveyed have provided many important insights into the complex ways in which the crisis is spreading through our cities as well as a preliminary overview of the kinds of responses that cities are developing. However, it is clear that each new insight raises more questions and points to the importance of trying to understand more fully the new challenges that the crisis is creating for cities in different parts of Europe.**

**There is no question that cities are on the front line when it comes to the impact of the crisis and that they will play a major role in both exploring and implementing many of the solutions which directly effect people's lives. During the next stage of the study, URBACT proposes to analyse many of the questions raised in far more detail through ten in depth case studies.**

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## E. Appendices

### 8. Overview of responses by city

#### Formal recovery plans developed at city level

Country	City	Document provided	Sectors addressed	Type of actions
Netherlands	Rotterdam	Yes.	Employment	<ul style="list-style-type: none"> <li>• <b>Counseling</b> activities;</li> <li>• Temporary <b>subsidized jobs</b> (500/year) in care, city cleaning, city monitoring and education</li> </ul>
			Training and education	<ul style="list-style-type: none"> <li>• Strengthening <b>internships</b>;</li> <li>• Maintaining young people <b>in schools</b> to ensure <b>additional qualifications</b> in promising sectors (technology, healthcare, education);</li> <li>• Increasing <b>workers' qualification</b></li> </ul>
			Business	<ul style="list-style-type: none"> <li>• Rotterdam <b>Climate and Innovation Fund (RCIF)</b> for new innovative companies in the <b>energy</b> and <b>climate</b> sector</li> <li>• Renewal of <b>care</b> sector: <b>Internet and multimedia</b> applications in the healthcare, a <b>Care Portal</b> for healthcare.</li> <li>• <b>Energy-saving measures</b> in schools, swimming pools and municipal buildings</li> <li>• A guarantee scheme for new entrepreneurs to get a <b>loans</b></li> <li>• Accelerating <b>investment in infrastructure</b> and municipal property</li> <li>• <b>Buying land</b> to develop; <b>accelerated procedure</b> for certain types of construction and demolition permits</li> </ul>
			Social	<ul style="list-style-type: none"> <li>• Preventing poverty and indebtedness: hard to reach <b>families below poverty line</b>; agreements with housing associations; buying <b>unsellable homes</b> for public sale or rental</li> </ul>
	Utrecht	Yes.		Document available only in Dutch
	Delft	No.		A 30 points action plan to fight the effects of the economic crisis, focusing on the promotion of employment, maintaining social welfare conditions and business development Other measures: widening <b>education policies</b> to include education and training for jobseekers; developing <b>employment</b> projects, <b>subsidized jobs</b> to provide either temporary or interim jobs.

	Amsterdam	Yes.	Employment and business	<p>The plan focuses on 4 areas:</p> <ul style="list-style-type: none"> <li>• Employment and training</li> <li>• Economy</li> <li>• Land development and housing</li> <li>• Sustainable development</li> </ul> <p>The actions of the plan are aimed at both <b>mitigating the effects</b> of the crisis and providing <b>long-term exit strategies</b> beyond the crisis.</p>
Spain	Valencia	Yes: "Austerity Plan 2009"	Employment	Increase in <b>active employment policies</b>
			Business	Increase in <b>investments</b> by 2.7%
	Barakaldo	No	Employment and training	<ul style="list-style-type: none"> <li>• Programmes for unemployed of all types and ages (90% of the action plan)</li> </ul>
			Business	<ul style="list-style-type: none"> <li>• Information on financial support for SMEs</li> <li>• Training programme for new entrepreneurs</li> </ul>
	Castellon	Yes: <i>Castellon Confidence Plan</i> April 2009	Business	<ul style="list-style-type: none"> <li>• Physical infrastructure of the city: <b>construction</b> of new buildings, <b>renovation</b> of existing public buildings and squares</li> <li>• <b>Energy efficiency</b> in public lighting</li> </ul>
	Vitoria-gasteiz	No		<ul style="list-style-type: none"> <li>• Adoption of Spanish Recovery Plan (Plan E) focusing on: Funds increase for <b>loans</b>; <b>scholarships</b> to guarantee access to education, 5000 million EUR for <b>SMEs</b>, 10000 million investment in <b>medium enterprises</b>, 3000 million EUR to help the <b>municipalities</b> with their payments</li> </ul>
Sevilla	Yes		<ul style="list-style-type: none"> <li>• <b>Plan Proteja</b> (developed by the regional government, Junta de Andalucia).</li> <li>• <b>Plan 8000</b> (implementation of PLAN E developed by central government)</li> </ul>	
Germany	Rostock	Yes	Business	<ul style="list-style-type: none"> <li>• Physical infrastructure of the city: <b>Constructing</b> new public buildings, <b>renewing</b> and <b>extending</b> existing ones</li> <li>• <b>Energy efficiency</b> of public buildings</li> </ul>
			Other	<ul style="list-style-type: none"> <li>• Strategies for <b>local and regional economic development</b></li> </ul>
	Berlin	No. "Berlin defies the crisis".		No details provided
Italy	Tuscany Region	Yes	Employment	<ul style="list-style-type: none"> <li>• plans to hire staff in the region</li> </ul>
			Business	<ul style="list-style-type: none"> <li>• direct support to enterprises</li> <li>• support through the banking system</li> </ul>
			Social	<ul style="list-style-type: none"> <li>• increase of unemployment benefits</li> <li>• support to the most needed</li> </ul>

UK	Glasgow	Yes: <i>"the credit crunch: promoting development"</i> January 2009	Business	<p>Cutting red tape to keep flow of investment in the physical infrastructure of the city:</p> <ul style="list-style-type: none"> <li>• selling sites on an 'off-market' basis</li> <li>• prioritizing the processing of projects with significant <b>employment and regeneration benefits</b></li> </ul>
	Edinburgh	Yes: <i>"The economic resilience plan"</i> October 2008	Employment	<ul style="list-style-type: none"> <li>• Set up rapid redeployment teams to <b>secure job and training opportunities</b></li> <li>• Develop <b>training bursaries</b> for key skill shortage area</li> <li>• Refocus Business Gateway service for people who lost jobs <b>set up in business</b></li> </ul>
			Business	<ul style="list-style-type: none"> <li>• Set up <b>innovation programme</b> to help companies diversify their services</li> <li>• Development planning</li> <li>• Retain construction industry employment capacity?</li> </ul> <p><b>Energy efficiency</b></p> <ul style="list-style-type: none"> <li>• Develop energy efficiency <b>programmes for SMEs</b>;</li> <li>• Promotion of <b>Active Transport</b> (walking and cycling)</li> <li>• <b>Switch off campaign</b> across council building;</li> <li>• Energy efficiency <b>training for staff</b>;</li> <li>• Reconfigure existing building <b>insulation programme</b> for all council properties</li> </ul>
			Social	<ul style="list-style-type: none"> <li>• <b>Purchasing homes</b> that developers have been unable to sell for social or market renting.</li> <li>• Establishing a city (region) <b>housing land bank</b> to establish a public sector controlled land bank for housing development in the City</li> <li>• Secure government <b>investment for affordable housing</b> in the city</li> </ul>
			Other	<ul style="list-style-type: none"> <li>• Forums for preparing new strategic and local <b>development plans</b></li> </ul>
	Brithon and Hove	No	Business	<ul style="list-style-type: none"> <li>• Business, Relief Package including free surgeries</li> <li>• "Be Local Buy Local" campaign</li> <li>• Tourism Promotions</li> <li>• Third Sector Recovery Plan (Draft)</li> <li>• Recession Task Force Report</li> </ul>
	Kirklees	Yes: <i>"Real Help Now"</i>	Employment Business Social	A recession mitigation strategy offering information and advice for individuals, unemployed, businesses.
			Other	Development of <b>Economic and Sustainable Investment strategy</b> (using the principles of the Leipzig charter for sustainable development) as <b>one of the key products in the LC-FACIL URBACT network</b>

Bristol	Yes: <i>"Beat the recession"</i>	Employment	<ul style="list-style-type: none"> <li>Investing in building new facilities to generate new jobs</li> <li>Creating apprenticeships</li> </ul>
		Business	<ul style="list-style-type: none"> <li>Extending payment periods of business rates</li> <li>Promoting/attracting investment in the city</li> </ul> <b>Energy efficiency:</b> <ul style="list-style-type: none"> <li>Insulating privately owned homes,</li> <li>Improving heating in council housing</li> </ul>
		Social	<b>housing</b> (delivering affordable new homes) – <b>social support</b>
Newcastle	Yes: <i>"Newcastle's response to the economic downturn" June 2009</i>	Businesses	<ul style="list-style-type: none"> <li><b>Purchasing strategic sites</b> at lower prices for future <b>regeneration projects</b>, most importantly a Tower to be let to the UK leading green support services company EAGA. Excepted to retain 200 jobs in Newcastle and create 500 new jobs</li> <li><b>Joint Venture</b> with EAGA to bid for works from other public sector organizations</li> <li>A funding to support the developing cluster of off-shore and <b>environmental technology industries</b> along the North Bank of the Tyne</li> <li>backing a scheme which will provide businesses with access to a pool of <b>energy-efficient cars</b></li> <li>investment in <b>infrastructure</b> and <b>regeneration</b> projects in the next three years.</li> <li>Improve access to procurement contracts</li> <li>Maintaining momentum in regeneration schemes</li> </ul>
		Employment	<ul style="list-style-type: none"> <li>Local Employment Partnership (LEP) with Job Centre Plus, improving access to jobs within the Council.</li> <li>increasing the number of <b>new apprentices</b> starting 2009 from 34 to around 115.</li> </ul>
		Social	<ul style="list-style-type: none"> <li>Targeted support to those made redundant: job search, skills assessment, debt and housing advice, training</li> </ul>
Gateshead	Yes: <i>"£200Million for a 10 Point Plan for Economic Resilience in Gateshead" February 2009</i>	Employment & business	<ul style="list-style-type: none"> <li>Support to business: <b>employment zones</b> offering tax incentives and planning flexibilities; 12 month <b>free rent</b>; access to <b>training for workforce</b> for the needs of future economic growth sectors</li> <li><b>Enterprise and Innovation Fund</b> to support <b>investment and job creation</b> and make Gateshead more competitive and able to <b>attract job creating projects</b>.</li> <li>Buy Local (Local Procurement Strategy)</li> <li><b>Accelerate and explore environmental technology</b> as a new economic growth sector for the future.</li> <li>Explore the potential for the <b>establishment of a Council owned energy company</b>.</li> </ul>

			Social	<ul style="list-style-type: none"> <li>One Stop Shop for advice to residents: housing, debt, economic development for individuals and businesses</li> </ul>
	Liverpool	Yes: Establish ment of the <i>Economic Review Group</i> by city council.	Business	Support for Growing the City's economy: Help to small and large businesses; Business advice including social enterprises; development of a package of enhanced Business creation programme; Knowledge based business
			Social	Support for developing our communities: development of an "advice line"; mortgage rescue scheme; housing support
			Employment and training	Support for empowering our residents
Poland	Gliwice	No	Business	<ul style="list-style-type: none"> <li>Infrastructure investments</li> <li>Selling building plots</li> <li>Ease procedures for issuing construction permits</li> </ul>
	Częstocho wa	No		<ul style="list-style-type: none"> <li>Reinforcing <b>PPP projects</b>,</li> <li><b>Infrastructure</b> investments</li> <li><b>Tax aid</b> for companies</li> <li><b>Energy efficiency</b> projects</li> </ul>
Romania	Cluj-Napoca	No	Business	<ul style="list-style-type: none"> <li>Strategies to <b>attract new industries</b> (concessions of land for new investments, clusters for new SME')</li> <li>Active measures for the professional <b>re-conversion of workers</b> in partnership with regional job fairs</li> <li>New measure: employment in the local administration of workers in departments that are dealing with service provision</li> </ul>
	Tirgu-Mures	No		<ul style="list-style-type: none"> <li>Covers 5 domains: infrastructure, economy, environment, human resources and tourism.</li> <li>For all 5 domains local authority representatives encourage SMEs to <b>access non-refundable funds</b> instead of applying for bank credits.</li> </ul>
	Sacele	No		Investing in public infrastructure: <ul style="list-style-type: none"> <li>Rebuilding streets</li> <li>Extending potable and sewing system</li> <li>Regenerating the city centre</li> </ul>
	Baia Mare	Yes: " <i>Strategic Manifesto for Baia Mare</i> " May 2009	Strategy for sustainable development of Baia Mare Municipality using PPP contracts and JESSICA funding concepts.	<ul style="list-style-type: none"> <li>Infrastructure development: roads, railways, airport,</li> <li>Promotion of healthy and clean <b>environment</b>,</li> <li><b>Business support</b> and creating favourable <b>business environment</b></li> <li>Initiating a new <b>international region</b> together with Romanian counties and neighbours from Ukraine and Hungary</li> </ul>
France	Chalons-en-Champagne	No	Employment	<ul style="list-style-type: none"> <li>A recovery plan has been voted by the municipal council the 29<sup>th</sup> of April 2009 for sustaining employment, stimulate employment and accelerate the public investments.</li> </ul>

	Lille metropole	No	Business	<p>A support plan for businesses, in particular very small ones:</p> <ul style="list-style-type: none"> <li>• contribute with 1 M€ the regional innovation fund aimed at co-financing the metropolitan companies R&amp;D projects;</li> <li>• contribution to the regional financial watching system created by the State and the regional Council;</li> <li>• speeding up of the « 1 000 hectares » project, which aims at developing new business parks;</li> <li>• Lille métropole and the Regional Council signed an agreement, in accordance with the home shopping industry's organization. aiming at supporting the development of this sector.</li> </ul>
Portugal	Matosinhos	No	Business	<ul style="list-style-type: none"> <li>• Public investment, stimulate private investment and <b>Social Economy investments</b></li> <li>• Stimulate <b>creativity and incubators</b></li> <li>• Develop the restaurants sector to stimulate the municipal market</li> <li>• Municipal support fund for enterprises</li> <li>• Portal for enterprises divulgation and enterprise office</li> </ul>
			Social	<ul style="list-style-type: none"> <li>• Housing support (municipal fund and creation of Housing Advisory Council), reinforcing social services in general</li> </ul>
			Partnerships	<ul style="list-style-type: none"> <li>• Socio-Economic Observatory working on social-economic problems, including Advisory Council of Education and Training, the Employment Office, the Social Observatory, Schools and others social actors.</li> </ul>
Greece	Haidari	No		<ul style="list-style-type: none"> <li>• <b>Promoting Entrepreneurship</b> thought outreaching for potential new entrepreneurs with focus on specific groups (young people, women, the elderly and people with special needs)</li> <li>• <b>Increasing employability</b> of groups with low accessibility to the labour market (older workers ,women, young people, early school leavers and people with special needs), through improving their qualifications using new technologies.</li> </ul>
Estonia	Tallin	Yes. "Tallinn City Economic Recession Assistance"	Employment	<ul style="list-style-type: none"> <li>• Creating <b>social jobs</b> in municipal companies</li> <li>• Financial support for the creation of <b>social enterprises</b></li> <li>• Creating municipal waste handling and street cleaning company or agency</li> <li>• Providing public work to the unemployed (emergency work)</li> </ul>

		<i>Package for Residents and Entrepreneurs” April 2009</i>	Business	<ul style="list-style-type: none"> <li>Financial support measures for entrepreneurs</li> <li>New industrial park to be established at Suur-Sojamae St. in the Lasnamae district</li> <li>Business incubators and the launch of an incubator for creative industries</li> <li>Stimulating Youth Entrepreneurship</li> </ul>
			Social	<ul style="list-style-type: none"> <li>Social and housing support and Counselling Services for People Experiencing Difficulties</li> <li>Decreasing costs on thermal energy</li> <li>Protecting consumers</li> </ul>

### New measures

Country	City/Region	Actions
Italy	Tuscany region	<ul style="list-style-type: none"> <li>Measures against the credit crunch (creation of <b>guarantee funds</b> for SMEs, special <b>agreements with banks</b>, deferred <b>tax payments</b>)</li> <li>Measures against the impact of the recession: financial and internationalization <b>support for SMEs</b>; financial support for the <b>unemployed</b>; active policies for <b>staff recruitment</b> for the region; access to <b>bank loans</b> for the poor.</li> </ul>
	Bologna	<ul style="list-style-type: none"> <li>Financial support for families in difficulties</li> </ul>
	Naples	<ul style="list-style-type: none"> <li>Adaptation of Naples ERDF funded Strategic Plan to include activities to support employment in the city.</li> <li>Creation of the “poorest bank” to help economically disadvantaged people</li> </ul>
	Arezzo	<ul style="list-style-type: none"> <li>Creation of Taskforce Municipality, Province, Chamber of Commerce</li> <li>Agreement with banks to guarantee the opening of credit lines and prevent that the banks interrupt credit lines to companies in difficulties</li> </ul>
	Venice	<ul style="list-style-type: none"> <li>Social Micro-credit: financing from 1000 to 5000 euro to afford an economic emergency; interest rate of 5%, to be paid off in 36 months.</li> <li>Front Desk on excessive indebtedness and training on budget management</li> </ul>
Sweden	Gothenburg	<ul style="list-style-type: none"> <li>Support to businesses in the automotive industry through time-limited tax suspension (2009 only)</li> <li>Creation of 1000 internships in the municipality for unemployed persons</li> </ul>
Austria	Linz	<ul style="list-style-type: none"> <li>Support to local businesses by taking financial guarantees for enterprises</li> </ul>
	Vienna	<ul style="list-style-type: none"> <li>A package of almost 700m Euro to support a number of extra investments in construction, health, schools, kindergartens, the environment, and infrastructure<sup>47</sup>. Most of the money is used to restructure public housing estates<sup>48</sup>. The city strongly supports start/ups, and organises activities to help SMEs dealing with banks to obtain credits.</li> </ul>
	Graz	<ul style="list-style-type: none"> <li>Big investment projects (tram connection with central railway station) on the way as a motor against the crisis</li> <li>Intensifying of economic development investments of the city (start up packages for founding companies).</li> </ul>

<sup>47</sup>

<http://www.wirtschaftsverband.at/dt/portal/wirtschaftsverband.php?id=2744&regionId=2&topicId=1>

<sup>48</sup> <http://www.vienna.at/news/wien/artikel/2-wiener-konjunkturpaket-200-mio-euro-fuer-wohnbau/cn/news-20090428-01392005>

UK	Stoke-on-Trent	<ul style="list-style-type: none"> <li>• <a href="http://www.supportwm.co.uk/">http://www.supportwm.co.uk/</a> providing information and advice for individuals looking for a new job and business who are suffering from the impact of the crisis, as well as and financial support to businesses.</li> <li>• Measures: Facilitating the payment of <b>council tax</b> and <b>business rates</b>; <b>housing</b> advice and guidance support service (including vulnerable residents and those in danger of repossession); <b>Working with housing partners and Registered Social Landlords (RSLs)</b> to ensure that those facing eviction or repossession have access to flexible solutions to help them stay in their homes; <b>training and re-skilling</b> opportunities for young people and those who are unemployed; Supporting information and advice agencies in the voluntary and community sector to provide timely financial and debt counselling services and work with Credit Unions; increasing promotional campaigns to target benefit availability to ensure people are accessing their full entitlement and the lowest energy tariffs available; Extending advice and guidance support on <b>energy saving measures</b> and consider further activity to tackle fuel poverty including; Speeding up <b>payment of invoices</b> from Small and Medium Enterprises (SMEs) and the third sector by the Local Authorities.</li> </ul>
	Medway	<ul style="list-style-type: none"> <li>• Medway Council has introduced 10 Counter Recessionary Measures to assist various sectors of the economy: Employ Medway, a high street facility to assist individuals with employment &amp; skills training, a <b>£1000 business start up grant</b> and graduate placement scheme.</li> </ul>
	Kirklees	<ul style="list-style-type: none"> <li>• Support to <b>individuals and families</b></li> <li>• tackling <b>worklessness</b> and the skills gap: Support for apprenticeship- the council is developing an <b>innovative proposal</b> to offer work experience placements to young people who would then move into permanent employment within the private sector.</li> <li>• supporting <b>businesses</b>: Increasing <b>local procurement</b> to support the local economy - <b>simplify</b> the procurement process</li> <li>• driving <b>physical renewal</b>: installing <b>artwork to empty shop</b> units to minimize the negative effects of empty shop fronts - Supporting <b>unemployed residents</b> to become self employed market traders</li> <li>• supporting the <b>voluntary and community sector</b>, responding on issues around safer, stronger communities and cohesion</li> </ul>
	Barnsley	<ul style="list-style-type: none"> <li>• Signing up to the <b>Regional 12 point pledge</b>: Pay promptly; Buy locally where possible; Support local businesses to get good information on contracts and opportunities within the Council; Support local businesses to get good information on business support opportunities provided by Business Link and Yorkshire Forward; Notify Council vacancies to Job Centre Plus to ensure people who lose their jobs can be made aware of opportunities within the Council; Work to build and promote the skills of our citizens so they are ready to exploit employment opportunities; Bring forward refurbishment and maintenance work to help keep businesses going in the downturn; Ensure good access to money advice and debt counselling and housing aid services for local people experiencing difficulties; Work to ensure that there are housing options for those in financial difficulty maintaining a flow of affordable housing locally; Ensure that regional support agencies are working effectively/flexibly/responsively in our local area to support businesses and individuals; Support schools and health providers to make sure families, children and individuals affected by the downturn can get the support they need to deal with their situations; Work to develop the local economy in preparation to take up future economic opportunities</li> </ul>

France	Rennes Metropole	<ul style="list-style-type: none"> <li>• Launching of “<b>Activ’Emploi</b>” programme to support employees threatened by unemployment or industrial transfer and to secure their work transition.</li> <li>• Through the land tax there is also a fund for financial support to investors and the creation of jobs.</li> </ul>
	Reims	<ul style="list-style-type: none"> <li>• Support for businesses facing financial difficulties and special communication tools (website) for the crisis.</li> </ul>
	Limoges	<ul style="list-style-type: none"> <li>• Reducing operating costs; negotiating with banks low interest rate loans to protect the city from financial risks</li> </ul>
	Poitiers	<ul style="list-style-type: none"> <li>• Use of targeted state funds for municipalities to invest in the building and infrastructure sector supporting thus jobs.</li> <li>• Lowering the prices of school meals to help families</li> </ul>
	Amiens	<ul style="list-style-type: none"> <li>• Increase of local taxes has been halted</li> </ul>
Germany	Leipzig	<ul style="list-style-type: none"> <li>• Round Table, established by the Chamber of Commerce: they listed a wide range of methods to support enterprises in difficulties due to the crisis, e. g. KfW-Sonderprogramm 2009 (a special programme of a bank), special programmes for guarantees by the Bürgschaftsbank Sachsen and national programmes for temporary jobs.</li> </ul>
	Hamburg	<ul style="list-style-type: none"> <li>• ‘Hamburg <b>Konjunkturoffensive</b>’, medium-term measures to act against the increase of unemployment expected for the future</li> <li>• Federal Recovery Plan (Economic Stimulus Package II) with special emphasis on education, infrastructure and climate change and the construction sector</li> </ul>
	Magdeburg	<ul style="list-style-type: none"> <li>• A 14,3 m. crisis-package developed by the region and the federal government. The money is mainly used to finance investments in schools and kindergartens.</li> </ul>
	Munich	<ul style="list-style-type: none"> <li>• Use of federal money for recovery in Germany is obligatory in many projects in Munich.</li> </ul>
Poland	Lublin	<ul style="list-style-type: none"> <li>• Access to information for businesses to deal with the crisis and training sessions</li> </ul>
	Kielce	<ul style="list-style-type: none"> <li>• An anti crisis task force was created by the Mayor of the City, which monitors the situation in the City, gives recommendations and initiates new action, projects, e.g. for start up companies mainly for unemployed, new strategies to attract investments, building of a park of technology, promoting entrepreneurship especially among young generation.</li> </ul>
	Opava	<ul style="list-style-type: none"> <li>• Saving 10% of city departments expenditures for 2009</li> <li>• focusing on projects co-financed by EU Funds.</li> </ul>
	Zabrze	<ul style="list-style-type: none"> <li>• Zabrze</li> </ul>
	Gdansk	<ul style="list-style-type: none"> <li>• Cutting city’s expenditures</li> </ul>
Lithuania	Vilnius	<ul style="list-style-type: none"> <li>• Support for small enterprises: Opening of small kiosks in the city for farmers to sell their agricultural products; Opening of new Summer cafes in the city; and reducing the procedures for opening by 6 months</li> <li>• Investment in transport infrastructure</li> <li>• Cutting public expenditure and reducing municipality’s staff (200 were fired out of 900, 1 October 2009).</li> </ul>
	Kaunas	<ul style="list-style-type: none"> <li>• Stimulating SMEs located in the main pedestrian street Laisves avenue (book sellers, cafes, bars and other services) by reducing (-30%) real estate taxes</li> </ul>
Malta	Valletta	<p>At state level:</p> <ul style="list-style-type: none"> <li>• National stimulus package and a capital investment programme in tourism (increasing marketing efforts, accessibility and product development) and manufacturing.</li> <li>• Agreement between national governments and banks to offer hotels a one year moratorium on capital loan repayments</li> </ul>

		<ul style="list-style-type: none"> <li>• Task force to assist major companies in Malta (tourism and manufacturing) to identify new investment opportunities; training for new business lines; conversion of tax credits into investment aid.</li> <li>• Government developed a new scheme through ESF funds to retrain and reintegrate people who lost their jobs as a consequence of the economic crisis.</li> <li>• Union's agreement of a four-day week to safeguard jobs threatened by the crisis. Employees will attend training on the fifth day.</li> </ul>
Romania	Brasov	<ul style="list-style-type: none"> <li>• Emergency measures to make savings on local budget</li> </ul>
Spain	Xativa	<ul style="list-style-type: none"> <li>• Strengthening opportunities for re-training workers and young people using school workshops (escuela taller) and life-long learning.</li> <li>• Taking advantage of the regeneration of public infrastructures using national and regional funds.</li> </ul>
	Enguerra	<ul style="list-style-type: none"> <li>• Local Employment Plan for the construction sector</li> <li>• Temporary reduction of some local taxes for SMEs in 2009 and 2010 municipal budgets</li> <li>• Investment in infrastructure using regional and national funds</li> </ul>
	Hospitalet	<ul style="list-style-type: none"> <li>• Investing in public infrastructure: elimination of architectonic barriers, schools, cultural and sports centres improvements, street maintenance, etc.).</li> <li>• Vocational training programmes</li> </ul>
	Santiago de Compostella	<ul style="list-style-type: none"> <li>• "Local Pact for Employment" for the <b>creation of quality jobs</b>, in partnership with economic and social actors active in the labour market field. Contents: development of the care service, crating a favouring environment for business creation and development, training programmes and customised professional guidance services.</li> <li>• Increasing social benefits for families</li> <li>• Implementing national government PLAN E to accelerate public works that would create 200 new jobs and keep old jobs in the sector.</li> </ul>
	Alzira	<ul style="list-style-type: none"> <li>• Offers temporary jobs (6 months) in municipality services for one member of a family unit where all members are unemployed.</li> </ul>
Portugal	Agueda	<ul style="list-style-type: none"> <li>• Measures to mitigate the effects of the crisis: creation of an <b>Enterprises incubator</b>, a program to support <b>urban regeneration</b> with financial supports to renewing houses, commerce and services; pay promptly city suppliers; Creation of modern spaces to accommodate new businesses at reduced costs; initiatives for providing <b>social support</b> such as the project Águeda Solidária for old people. Provision of housing at regulated prices for those in need and young couples.</li> </ul>
Greece	Trikala	<ul style="list-style-type: none"> <li>• A special program for supporting small and middle size businesses (bank loans guaranteed by the public sector)</li> </ul>
	Kavala	<ul style="list-style-type: none"> <li>• Social supermarket; Free schooling; Rental subsidies; In house support for the elderly</li> </ul>
	Rhodes	<ul style="list-style-type: none"> <li>• Tax reduction; facilitating lending to SMEs and people; accelerating infrastructure projects; increasing funds allocated for advertising tourist local products; financial support for businesses to maintain staff working full-time; reinforcing social services; implementation of EU and state-funded projects.</li> </ul>
	Patras	<ul style="list-style-type: none"> <li>• <b>reduce city's expenditure</b> (limiting extra-working hours, office supplies and maintenance, contracts with external experts, number of participants in business travels)</li> <li>• city applying for <b>projects</b> funded by <b>national or EU funds</b></li> </ul>
Belgium	Brussels Capital	<p>Two measures for enterprises:</p> <ul style="list-style-type: none"> <li>• <b>a short term credit</b> from the Regional Company of Investment of Brussels</li> </ul>

	Region	<p>(SRIB), a public institution.</p> <ul style="list-style-type: none"> <li>the “<b>express guarantee</b>” from the Brussels Fund of Guarantee to finance classical professional investment such as construction, financial leasing, immaterial investments, buildings purchase... the bank has a guarantee limited to five years.</li> </ul>
Bulgaria	Dobrich	<ul style="list-style-type: none"> <li>Reducing administrative costs and improving tax collection</li> </ul>
	Varna	<ul style="list-style-type: none"> <li>Reducing city expenditure</li> <li>Health, education and social support for people in need</li> <li>Protection of transport company through subsidizing transport costs for retired and students</li> </ul>

### Revision of or maintaining/continuing with already existing strategic development plans

Country	City/Region	Comments
UK	Birmingham	<ul style="list-style-type: none"> <li>Existing strategic framework deemed <b>sufficient</b>: Economic development partners have agreed that the development of a separate strategy or plan to address the impacts of the current economic downturn is not necessary given the robustness and flexibility of the strategic framework already in place.</li> <li>New measures <b>City Council’s Recession Package</b> to mitigate the impact of the recession: Extending successful <b>retail development</b> pilot programme; loans to SMEs; procurement web based portal; support on business rates.</li> </ul>
	Medway	<p>Revision of the Economic Development Strategy and refresh of the Social Regeneration Strategies. Completed with new measures (see above)</p>
	Salford	<p>Through the Core Strategy the Council will look to diversify its economic base and built upon its existing strengths. Examples of growth areas include advanced manufacturing and engineering (includes chemicals, aerospace, automotive and flexible materials), financial and professional services, media, creative and cultural industries, biomedical (biotechnology, pharmaceuticals and medical devices), ICT / digital, and communications</p>
Sweden	Gothenburg	<ul style="list-style-type: none"> <li>Existing strategic plan deemed sufficient.</li> </ul>
Netherlands	Eindhoven region	<ul style="list-style-type: none"> <li>Brainport Navigator 2013: a regional strategic development programme</li> </ul> <p>other: <a href="http://www.crisiswijsbrainport.nl">http://www.crisiswijsbrainport.nl</a> portal concerning the economic crisis that provides information and support for individuals including “knowledge migrants” and businesses.</p>
Czech Republic	Karvina	<ul style="list-style-type: none"> <li>a strategic plan of economic development for the town with several planned and realisable projects. In addition there are programmes for the development of business: financial support to the entrepreneurs in the city of Karvina paid from town budget; support for people, who build their own house in the city; municipal support for an enterprise zone.</li> </ul>
	Brno	<ul style="list-style-type: none"> <li>Strategic economic development plan is processing. Focus on local economic development without direct response to economic crisis.</li> <li>Other measures: investment in infrastructure (roads building, ring)</li> </ul>

Portugal	Obidos	<ul style="list-style-type: none"> <li>Since 2002, Óbidos has been implementing an economic development strategy focused on Tourism, Culture and Economy “Creative Obidos”. Some further measures were take within this strategy to create an enabling environment for investors and new and qualified jobs: New <b>creative industries incubator</b> in an ancient convent, that opened in September with nine small companies and start ups, the attraction of <b>three new companies</b> for the Technology Park and the <b>Bank of Hours</b> (weekly financial and legal support for companies to apply to EU fundings). These measures proved to be successful despite the economic recession.</li> </ul>
	Aveiro	<ul style="list-style-type: none"> <li>Financial recovery plan already in place to recover the financial stability of the city, caused by high levels of debts from previous inadequate investments</li> </ul>
France	Rennes Metropole	Rennes Métropole has a <b>community programme</b> , adopted in 2006, in which <b>Knowledge Economy</b> is the stake of strategic development. In the context of the current crisis, the council has reaffirmed four aims: <b>encourage business settlements in the area, develop innovation, favour the diversification of the activities, and support local employment and competencies.</b>
Poland	Bytom	The collapse of the industry and consequently also of the economy already happened in the late 80s. So recovery plans and strategies, such as the <i>Development Strategy of Bytom</i> , the <i>Local Revitalisation Program</i> , the <i>Investment Plan</i> , etc., were already developed at that time.
	Mazovia region	Marshal plan of the region adopted the following measures in the budget: stoping growth of salaries in the regional organizational units; limiting all regional organizational units expenditures; encouraging regional organizational units to obtain EU funds; limiting investment expenditure of Warsaw city for 2010-2012.
Finland	Jyvaskala	<i>The human technology city</i> , is active reshaping mature industries and promoting new productive sectors through knowledge, technology and creativity, with clusters such as Forest Industry Future, Bioenergy cluster, Nanotechnology or the so-called “wellness sector” on technologies around sports and health sciences.

#### Recovery plan/measures under development

Country	City/Region	
Belgium	Antwerp	
Romania	Mizil	

#### Formal recovery plans developed at national/state level

Country	City/Region	Comment
Spain	Vitoria-Gasteiz (Basque country)	Vitoria-Gasteiz has adopted the Spanish Recovery Plan (Plan E) to its needs and focuses on the following actions out of Plan E: Funds increase for <b>loans</b> , scholarships to guarantee <b>access to education</b> , 5000 million EUR for <b>SMEs</b> , 10000 million to ICO ( <b>investment in medium enterprises</b> ), 3000 million EUR to <b>help municipalities with their payments.</b>
Germany	Leipzig	the nation-wide “economic stimulus packages” are used and the Chamber of

		Commerce has installed a “round table”.
Malta	Paola Corradino	<ul style="list-style-type: none"> <li>The national government of Malta announced a stimulus package and a capital investment programme for the two most affected sectors by the economic crisis (manufacturing and tourism) to increase their competitiveness and support investments.</li> <li>Agreement between the national government of Malta and commercial banks to offer hotels a on-year moratorium on capital loan repayments</li> <li>A task force chaired by the Malta minister of finance was set up to develop tailor-made solutions for companies in danger (in the manufacturing and tourism sectors). The task force works with the major companies of Malta, assisting them in identifying new investment opportunities. Financial aid, in particular in the form of training for new business lines and the conversion of tax credits into investment aid is being delivered.</li> <li>Agreement with unions on a four-days week to safeguard jobs threatened by the crisis with employees attending training on the fifth day and get paid at minimum wage for it.</li> </ul>
Lithuania	Kaunas	<i>Economic stimulation plan</i> created by government and implemented by national institutions and local, regional institutions participate in plan's activities
Cyprus	Athienou	Special recovery program to counter the impact of the economic crisis in Cyprus. Five actions including: <ul style="list-style-type: none"> <li>Vocational training programmes for employees of businesses with difficulties in maintaining full employment of their staff</li> <li>Internships in companies through providing funding and guidance for employers in order to provide individualized training of unemployed people by employing them, according to the identified needs of each company.</li> <li>Technical assistance and financial support to entrepreneurs and managers in order for them to recruit and train young higher education graduates.</li> <li>Intensive vocational training for unemployed in order to employ them in jobs with demand for skilled labour force.</li> <li>Improving skills and qualifications of people who lost their jobs as a consequence of the economic crisis.</li> </ul>

## 9. List of respondent cities and size

Country	City/Region	Population
1. Austria	1. Graz	253.000
	2. Linz	190.000
	3. Vienna	1.700.000
2. Belgium	4. Antwerp	1.190.000
	5. Brussels capital region	1.020.000
3. Bulgaria	6. Dobrich	115.000
	7. Varna	350.661
4. Czech Republic	8. Opava	60.000
	9. Karvina	63.045
	10. Brno	370.000
5. Cyprus	11. Athienou	5.200
6. Denmark	12. Aarhus	300.000
7. Estonia	13. Tallin	400.000
8. Finland	14. jyvaskylä	130.000

9. France	15. Departement charente-maritime	576.855
	16. Reims	187.000
	17. Dunkerque	210.000
	18. Amiens	136.000
	19. Limoges	140.000
	20. Châlons-en-Champagne	46.300
	21. Lille	3.500.000
	22. Poitiers	83.500
	23. Rennes Métropole	400.000
	24. Saint-Etienne	400.000
10. Germany	25. Rostock	200.000
	26. Leipzig	500.000
	27. Munich	1.300.000
	28. Potsdam	150.000
	29. Hamburg	1.770.629
	30. Berlin	3,400.000
	31. Halle	230.000
	32. Duisburg	495.668
	33. Magdeburg	230.000
	34. Regensburg	147.270
11. Greece	35. Patras	200.000
	36. Agrinion	Official 57.174 Unofficial 100.000
	37. Koropi	Official 24.453 Unofficial 60.000
	38. Trikala	75.000
	39. Haidari	48.494
	40. Kavala	63.774
	41. Halandri	75.000
	42. Rhodes	official 53.709 unofficial 60.000
	43. Piraeus	200.000
	12. Hungary	44. Tatabánya
45. Pécs		178.190
46. Nyíregyháza		119.000
47. Székesfehérvár		106.000*
13. Italy		48. Venice
49. Florence	700.219	
50. Campobasso	52.000	
51. Tuscany Region	3.600.000	
52. Faenza	57.000	
53. Arezzo	95.229	
54. Bologna	371.217	
55. Rome	2.700.000	
56. Napoli	3.000.000	
57. Lecce	93.529	
58. Siracusa	123.322	
14. Latvia	59. Riga	747.200
15. Lithuania	60. Kaunas city	415,700
	61. Vilnius	20.000
16. Malta	62. Paola Corradino	9.500
	63. Valletta	6.300
17. Netherlands	64. Rotterdam	600.000
	65. Utrecht	300.000

	66. Eindhoven Region	208,461
	67. Delft	96.000
18. Poland	68. Warsaw	1.630.000
	69. Gdansk	500.000
	70. Leszno	63.955
	71. Gliwice	192.726
	72. Częstochowa	245.000
	73. Kielce	200.000
	74. Krakow	807.000
	75. Katowice	320.000
	76. Bytom	184.765
	77. Zabrze	194.000
	78. Lublin	351.000
	79. Bialystok	300.000
	80. Ruda Slaska	145.000
19. Portugal	81. Porto	263.131
	82. Aveiro	73.626
	83. Agueda	no data
	84. Obidos	10.875
	85. Matosinhos	169.104
20. Romania	86. Tirgu-Mures	150.000
	87. Avrig	14.260
	88. Mizil	16.319
	89. Brasov	400.204
	90. Cluj-Napoca	343.131
	91. Sacele	32.288
	92. Alba Iulia	100.000
	93. Sighisoara	35.000
	94. Baia Mare	137.976
	95. Iasi	366.000
	96. Satu Mare	113.688
21. Slovenia	97. Celje	48.000
22. Spain	98. Valencia	810.000
	99. Xativa	28.597
	100. Enguera	5.000
	101. Alzira	43.038
	102. Barakaldo	98.153
	103. Castellón	174.710*
	104. Sevilla	700.000
	105. Vitoria-Gasteiz	233.399*
	106. l'hospitalet del Llobregat	270.000
	107. Catalonia-generalitat	1.595.110 (Barcelona 7.210.508)
	108. Santiago de Compostela	93.000
	109. Manresa	75.000
23. Sweden	110. Gothenburg	493.500
	111. Karlskrona	35.400
	112. Umea	111.571
	113. Herrljunga	9.280
	114. Solna	65.000
	115. Sodertalje	84.000
24. Switzerland	116. Zurich	380.000
25. United Kingdom	117. Glasgow	580.690
	118. Edinburgh	448.624

119.	Medway	251.700
120.	Birmingham	1.000.000
121.	greater manchester	2.600.000
122.	Briton and hove	251.000
123.	Barnsley	82.000
124.	Salford	218.029
125.	Gateshead	192.000
126.	Stoke on trent	455.300
127.	Kirklees	403.900
128.	Bristol	410.950
129.	Liverpool	435.500
130.	Belfast	267.374
131.	Newcastle	260.000

Source: [www.urbact.eu](http://www.urbact.eu) and cities<sup>49</sup>

<sup>49</sup> Kirklees: <https://www.nomisweb.co.uk/reports/lmp/la/2038432030/report.aspx?town=kirklees#tabrespop>

Castellon: <http://www.castello.es/noticias.php?cod=1147&sec=453>

Vitoria-Gasteiz: <http://www.vitoria-gasteiz.org/wb021/http/contenidosEstaticos/adjuntos/3669.pdf>

Utrecht: <http://www.utrecht.nl/>

Székesfehérvár: <http://www.szekesfehervar.hu/>

# 10. Survey Questionnaire

## 1. IMPACTS OF THE ECONOMIC CRISIS ON YOUR CITY

1.1.	What have been the most important impacts of the crisis on businesses?
	<i>Please provide any evidence and examples of how the crisis has affected businesses, e.g. change in the business stock, start-ups, closures, etc.</i>
1.2.	What have been the most important impacts of the crisis on employment?
	<i>Please provide any evidence and examples of how the crisis has affected employment, e.g. jobs lost in numbers, percentages, main sectors and types of jobs affected, social groups affected, types of areas affected, etc.</i>
1.3.	What have been the most important impacts of the crisis on social conditions?
	<i>Please provide any evidence and examples of how the crisis has affected social conditions, e.g. housing, demand for social services, indebtedness, integration of migrants, etc.</i>
1.4.	What have been the most important impacts of the crisis on city projects and services?
	<i>Please provide any evidence and examples of how the crisis has affected city projects and services, e.g. regeneration projects, delays/ cuts in the delivery of services, etc.</i>

## 2. GENERAL RESPONSE DEVELOPED BY YOUR CITY

2.1.	Is there a formal recovery plan in your city?
	YES/ NO  <i>If so, please describe its main priorities and measures to be implemented. Provide a link whenever possible.</i>
2.2.	In response to the crisis, has your city implemented any new measures which could protect the city against credit crunch and the recession?
	YES/ NO  <i>If so, provide evidence and examples which could be useful to other cities, related to measures/ actions to protect firms, employment, social conditions, investment in city projects and services, etc.</i>

## 3. IMPACT AND RESPONSE IN THE POLICY AREA DEALT WITH BY THE URBACT NETWORK/ WORKING GROUP YOU ARE INVOLVED IN

3.1.	How will the crisis affect the activities of your URBACT network/ working group?
	<i>Please expand on how the crisis has impacted the activities of your URBACT project, e.g. shift in the issues addressed, focus and format of expected Local Action Plans, etc.</i>
3.2.	When it comes to the policy area targeted by your network/ working group, is your city developing any responses to the effects of the crisis?
	<i>Please provide evidence and examples which could be useful to other cities, related to measures/ actions undertaken in the field of your project; e.g. demographic change, innovation and creativity, etc. Some ideas may still be at an early stage, but please let us know about them so that we can</i>

*follow them up at a later stage.*

URBACT II

**URBACT** is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 255 cities, 29 countries, and 5,000 active participants

[www.urbact.eu](http://www.urbact.eu)



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