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INSTRUMENT FICHE

SUD OP

IN A NUTSHELL

Sustainable Urban Development (SUD) strategies could be implemented through a dedicated Operational Programme (OP). This type of Territorial Delivery Mechanism ended up being used in just four programmes across the EU in 2014-2020. Three of those were implemented in capital cities (Prague, Stockholm, and Brussels), whereas the Italian National Operational Programme Metro (NOP Metro) covered 14 cities across Italy. While the instrument delivered added value in terms of efficiency, effectiveness, and capacity-building, it had a relatively small impact in terms of functional integration or governance innovation.

GOVERNANCE CHARACTERISTICS

In all three single-city SUD OP strategies, the instrument continued the pre-existing OPs focused on these cities from the 2007-2013 period. In Brussels, the management of the programme was delegated to the regional authorities, while in Prague, the local authority was the Managing Authority (MA). In Stockholm, by contrast, OP management remained centralised, with the Swedish Agency for Economic and Regional Growth being the MA, albeit with a partnership approach to select projects jointly with regional actors. The NOP Metro in Italy was a completely new initiative aimed at revamping the national urban system. It was managed centrally with municipal governments acting as Intermediate Bodies. Despite centralised management, a 'technical secretariat' involving cities and central government agencies was established to share knowledge, and networks of cities were involved in evaluation and communication on the programme.

FUNDING PATTERNS

Brussels and Stockholm SUD OP strategies were funded only by the European Regional Development Fund (ERDF), whereas the Italian NOP Metro and Prague SUD OP both integrated European Social Fund (ESF) and ERDF. The Italian NOP Metro the biggest strategy in financial terms (€1.45 billion), but funded activities in no fewer than 14 cities. Prague benefited from the largest allocation, amounting to €179.9 million of planned investment, even though Brussels SUD OP corresponded to the biggest share of the national allocation of ERDF and Cohesion Fund (CF) resources (8.6%). By contrast, Stockholm's strategy had the smallest budget (€35 million). Financial implementation varied considerably: NOP Metro used only 31% of resources allocated by the end of 2023, while the Stockholm SUD OP strategy absorbed 87% of the funding allocated by then.

Figure 1: Amount of SUD OP strategies combining different types ESIF

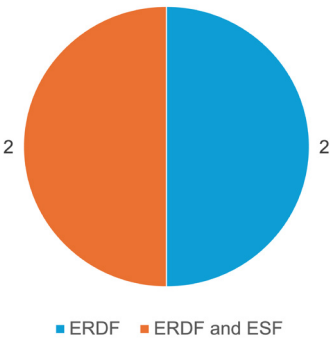
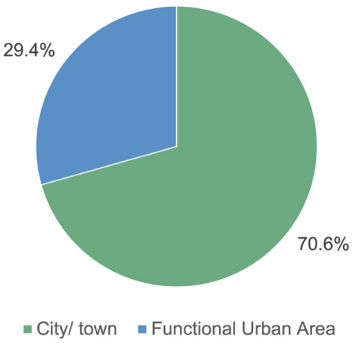


Figure 2: Share of SUD OP strategies per type of territory



Source: European Commssion (n.d.)

Figure 3: SUD OP strategies across Europe

Source: STRAT-Board (JRC, n.d.).

THEMATIC FOCUS

SUD OP strategies tended to focus on a wide range of thematic objectives, with only the low-carbon economy being a staple thematic orientation for each of them. The largest allocation of funding was related to Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU). Substantial emphasis was also placed on the low-carbon economy, social inclusion, development of information and communication technologies (ICT), and support for research and innovation. Comparatively smaller allocations were dedicated to supporting Small and Medium Enterprises (SMEs), education, and training. Environmental protection was also supported by SUD OP strategies, but it benefited from the smallest allocation. Strategies in Prague and Brussels were broader thematically, while the remaining two focused only on three thematic objectives (Stockholm prioritising research and innovation, SMEs, and the low-carbon economy, while the Italian NOP Metro focused on ICT, the low-carbon economy, and social inclusion).

TERRITORIAL FOCUS

Only four Member States decided to implement SUD OP strategies: Czechia, Sweden, Belgium (targeting their capital cities), and Italy with broader territorial coverage. The Brussels and Prague SUD OP strategies covered entire city territories, even though emphasis was placed on interventions in specific deprived urban areas and development centres in the case of the former. In Prague, such a single-city focus complemented the SUD ITI strategy covering the wider metropolitan area. Meanwhile, for instance, in Cagliari, Italy, the SUD OP strategy overlapped territorially with the ITI strategy. Nearly a third of strategies targeted Functional Urban Areas. In terms of population coverage, the NOP Metro strategy in Cagliari covered the smallest population (430,000), while that implemented in Rome covered the largest (4.2 million). All of the single-city SUD OP strategies were implemented in more developed regions, while NOP Metro covered cities in more developed, transition, and less developed regions.

PERFORMANCE OF SUD OPs KEY LESSONS

Pathway 1: delivering a quality, coordinated response to territorial challenges, development needs, and potentials

Strong participation of local authorities, but limited engagement of stakeholders in the drafting of strategies: SUD OP strategies in Brussels and Prague were directly managed by urban authorities, which allowed them to exert a strong influence on strategy drafting and ensured coherence between the OP and the pre-existing local urban plans, strategies, and policies. In Stockholm and the Italian NOP Metro, Managing Authorities were located within central government, requiring multi-level cooperation to engage local authorities. In Stockholm, this was facilitated by the previously established partnership model, whereas in Italy, new platforms were needed to involve the authorities of capital cities in metropolitan regions in a dialogue with the central government. While all four SUD OPs had to comply with the partnership principle, requiring engagement of a wide range of stakeholders in programming, there is limited evidence of extensive community participation beyond basic consultation, except in the case of NOP Metro, where engagement was more active.

Alignment with spatial and sectoral strategies at different levels: SUD OPs effectively combined local and EU strategic priorities, often due to the dual role of MA and urban authority. In this role, Prague and Brussels authorities succeeded in integrating their existing strategic documents with EU priorities within the OP, providing a strategy for the Territorial Delivery Mechanism. For instance, in Brussels, the SUD OP aligned with the Sustainable Neighbourhood Contracts, co-created with the local population, and Urban Renewal Contracts, as well as the Regional Plan for Sustainable Development. The Prague SUD OP was integrated within the strategic development plan and SMART Prague strategy while complementing the parallel SUD ITI strategy implemented in the metropolitan area of Prague. In Stockholm, despite a more top-down management model, the SUD OP aligned with the S3 strategy. The Italian NOP Metro remains an outlier in this respect, as the OP functioned as an overarching strategy for Operational Plans produced by the municipal governments in collaboration with national and metropolitan authorities. This alignment between the SUD OP and local strategic documents allowed for delivering a more place-based strategy.

Evaluation challenges and mixed assessment results: SUD OPs, required an evaluation plan and compulsory evaluations. However, monitoring and evaluating the integrated and territorial elements of these OPs proved challenging, and existing evaluations sometimes concluded that this territorial instrument did not fully meet expectations. It was suggested that an SUD strategy within a priority axis (SUD PrAx) could be a more suitable tool for cities like Brussels or Stockholm.

Clear interventions logics

While the intervention logics for the four SUD OPs varied, each was clearly defined. For instance, in Stockholm, the instrument was intended to promote integration, while in Brussels, the rationale was to promote the territorialisation of Cohesion Policy's use in the city. In Prague, the intention was to use the SUD OP to provide the municipal authority with more control and flexibility in implementing EU funding by giving it its own OP. The drawback of this was that the Prague SUD OP was hardly considered by the urban authorities as a Territorial Delivery Mechanism, but rather as a typical Cohesion Policy OP, albeit targeting the city. Meanwhile, in the Italian NOP Metro, the intervention logic was to strengthen metropolitan governance across the country. While this ambition was not fully realised, as the focus in implementation tended to remain on the capital cities of the metropolitan areas, capacity for coordination and multi-level governance involving metropolitan authorities was improved.

Pathway 2: strengthened targeting of resources according to functional and territorial rationales

Functional linkages: Functional linkages and spatial integration were limited in the SUD OPs. This was partly due to the pragmatic choice of continuing the 2007-2013 OPs and their territorial demarcations. The Brussels and Stockholm SUD OPs operated at the level of Functional Urban Areas (FUAs). In Stockholm, the territorial targeting and projects implemented were not confined to the Stockholm municipality. Meanwhile, Brussels defined areas of intervention on a smaller territorial scale, focusing on deprived neighbourhoods or specific development poles within the city. However, there was hardly any emphasis on building linkages across

municipal boundaries. In Czechia, interventions as part of the SUD OP were also confined to the city boundaries of Prague. Moreover, the administrative division between Prague and the Central Bohemian County significantly constrained functional territorial development, leaving the task of addressing functional linkages to the SUD ITI implemented in Prague's region. The Italian NOP Metro strategy aimed to address FUA dynamics across 14 metropolitan areas, although weak metropolitan institutional structures often limited this territorial focus in practice. In the end, most projects supported by NOP Metro were located in the capital cities of metropolitan areas, although there was an effort to increase collaboration and link investments between the metropolitan region and the municipality in some cases.

Integration at operational level: Regarding strategic integration and concentration, there was a varied approach among the cities. In Prague, the SUD OP strategy adopted a broader approach, whereas Stockholm opted for a more concentrated approach by focusing on a limited number of strategic projects. The NOP Metro had an initial thematic focus set at the national level, within which each city identified its local priorities, guiding the implementation of projects.

Difficulties in promoting functional integration via NOP Metro

The Italian NOP Metro was intended to stimulate metropolitan governance and strengthen strategic planning within metropolitan areas. The initial aim was to focus on Functional Urban Area dynamics within 14 Metropolitan Cities (Turin, Genoa, Milan, Bologna, Venice, Florence, Rome, Bari, Naples, Reggio Calabria, Cagliari, Catania, Messina, and Palermo). While being centrally managed, NOP Metro required the 14 capital cities of these metropolitan areas to prepare their own Operational Plans, including lists of actions to be implemented, actors involved in each of those, and their expected impacts. However, these ambitions to stimulate functional linkages in metropolitan areas were only partly realised due to capacity constraints, regulatory barriers, mismatches between the territories of the metropolitan areas and the boundaries of functional urban areas, and the relatively limited funding for NOP Metro, which distributed resources across a large number of metropolitan areas. Still, there is some evidence that in some cities at least, new collaborative linkages were established thanks to NOP Metro. For instance, Bari's Operational Plan was elaborated jointly by the municipal government of Bari, being an Intermediate Body for the OP, and the metropolitan authorities, strengthening cross-boundary collaboration across these two tiers.

Sources: case study research and ESPON, 2021

Pathway 3: contribution to the quality and capacity of policy governance, particularly at local levels

Limited governance innovation: While urban authorities played significant roles in the formulation and implementation of SUD OPs (acting as Managing Authorities in Brussels and Prague, as Intermediate Bodies in NOP Metro, and collaborating on strategy implementation in Sweden), there was limited innovation in terms of decentralisation. Brussels, Prague, and Stockholm already had established governance structures at the urban level, thus the delegation of authority to urban authorities did not represent a significant governance innovation. Only in the case of NOP Metro new multi-level coordination structures were created, enhancing knowledge exchange and capacity building.

Engagement of new stakeholders in some cases: In Prague and Brussels, stakeholder engagement did not exceed the regulatory requirements of the programme. In contrast, in Stockholm and NOP Italy, the SUD OP instrument did lead to the engagement of new stakeholders in collaboration with urban authorities. For example, in Stockholm, the existing partnership for OP implementation was expanded to include civil society. Similarly, the formulation of Operational Plans in NOP Metro by capital cities stimulated the mobilisation of local stakeholders from different municipal authorities and non-state organisations to co-decide on actions supporting sustainable urban mobility. The extent of this mobilisation depended on pre-existing cooperation networks across metropolitan areas.

Limited evidence of emergence of horizontal and vertical linkages: The implementation of SUD OP in Prague has partially helped overcome barriers to cooperation within the Functional Urban Area, despite the administrative division between Prague and the Central Bohemian County. Meanwhile, NOP Metro facilitated the development of new cross-level linkages between cities and the central government, particularly through thematic working groups. It also contributed to establishing horizontal partnerships at the metropolitan level, including with new actors from the non-governmental sector, and setting up working groups for Operational Plan implementation in each city. These activities have built trust and collaborative networks.

Partnership-based implementation of the SUD OP in Stockholm

The governance of the SUD OP in Stockholm, while managed by a central government agency, was based on a distinctive partnership model that involved diverse public, private, and civic actors operating at different levels. These actors were engaged in mobilising prospective applicants and formulating calls for projects based on local needs. This public-private multi-actor governance model worked on activating project applicants and defining calls based on a jointly produced analysis of local intervention needs. The applications for funding were prioritised by this Structural Funds Partnership, which submitted the prioritised projects to the Managing Authority for approval. This model facilitated the mobilisation of projects by providing early information to potential applicants about what could be funded and for what purposes. At the same time, the partnership facilitated communication with the Managing Authority and the municipalities within the region, despite some difficulties arising from a loose division of roles among the partners and an unclear setting within the multi-level governance making environment.

ADDED VALUE

Effectiveness in addressing local needs: The SUD OPs were deemed relevant for tackling local needs, though tensions occasionally arose between local and European priorities. In Prague, stakeholders noted efficiencies from using a tool with OP status that could be managed more autonomously compared to other TDMs requiring higher-level decisions (e.g. ITI). The Prague OP allowed stakeholders to set priorities at the city level addressing the local development needs more effectively, rather than strive to adjust to the priorities imposed from above. Similarly, in Brussels, the OP was considered relevant due to its close alignment with local policies and plans. In Italy, each of the 14 metropolitan cities supported by the NOP Metro developed an Operational Plan, enabling them to identify and address place-specific needs.

Developing capacities for strategic planning and cross-level coordination: Added value was particularly evident in strategic quality and governance capacities, notably in the NOP Metro. This initiative contributed to capacity-building in metropolitan governance, the formulation of plans for metropolitan areas, and acquiring EU funding for implementation. Other cases also showed positive effects on capacity-building. For instance, in Prague, the SUD OP encouraged district authorities to become more proactive in steering local development, preparing project pipelines, and integrating operations across space and time.

Boosting capacity to respond to emerging needs: In some cases, the SUD OP provided added value by enhancing the ability to respond to emerging crises and challenges. For example, in Prague, the instrument facilitated responses to the COVID-19 pandemic and the influx of war refugees from Ukraine, as the existing OP implementation structure and team of experts were well-positioned to develop adequate responses and manage funding effectively. Similarly, in Italy, the NOP Metro provided crucial financial support for public services in metropolitan areas (including housing, social services, and public transport) during times of fiscal austerity.

SUCCESS FACTORS

- **High level of administrative capacity and trust** between local stakeholders were major factors contributing to the effective use of this instrument as both a Territorial Delivery Mechanism and an OP, which was highly demanding.
- **Accumulation of experience and maintaining continuity** with the previous OP implemented in the city enabled maintaining control over how funding would be invested and facilitated the integration of the SUD OP with local policies and strategies.
- **Close linkage to local strategic documents,** in turn, ensured the effectiveness and place-based character of operations supported by the OP.

BARRIERS AND CAVEATS

Relatively low visibility: With the exception of NOP Metro in Italy, the visibility of SUD OP implemented in single cities remained relatively low. The fact that the instrument was not entirely new but rather a continuation of previous OPs reduced the scope for publicising the distinctiveness of this instrument, while the relatively small funding involved compared to other programmes further reduced awareness of SUD OPs.

Participation remained limited: Again, apart from NOP Metro, the participation of local stakeholders seldom went beyond the standard regulatory requirements of drafting and monitoring a regular OP. Stakeholders and local communities were merely consulted in most cases. In NOP Metro, diverse stakeholders contributed to the process of drafting the Operational Plans in metropolitan areas, although the participation of local communities was also limited due to time pressures.

Relatively small funding limited the effectiveness of SUD OP: Compared to other funding streams, SUD OPs' budgets were relatively small, which constrained the size of

interventions supported and limited territorial coverage. In NOP Metro, in particular, resources were divided between 14 cities, spreading funding too thin to intervene in the whole territories of metropolitan cities. Such was the situation in Turin, for example, where investments were eventually mostly concentrated within Turin city boundaries (ESPON, 2021). This limited the positive impacts in terms of territorial integration within metropolitan areas. In Prague, SUD OP funding was too small to support large infrastructure projects.

Capacity issues in the case of NOP Metro: Administrative capacity deficit reduced the gains from the implementation of the NOP Metro in strengthening metropolitan governance and developing place-based measures covering functional urban areas. Operational Plans were standardised, which restrained the room for innovative approaches. There were also administrative challenges in setting up new procedures and structures for NOP Metro implementation. Finally, NOP Metro was implemented at a rather slow pace, with only 31% of ERDF resources being absorbed by the end of 2023.

Funding integration missing at the operational level: Integration of ERDF and ESF at the operational level was hampered by the differences in management and implementation procedures governing the two funds. For example, even though generating ERDF-ESF synergies was attempted in the Stockholm OP, it proved difficult in practice due to siloed management structures within the central government.

Timing mismatch with local strategies: In some cases (NOP Metro, Brussels), the development of regional strategies was not in sync with the formulation of the SUD OP. This made it harder to ensure the expected coherence and caused a degree of ‘strategic mismatch’ between the EU and domestic strategies.

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