UN-Habitat contribution to EC Joint Consultation
« Towards a new European Neighbourhood Policy »

UN-Habitat welcomes the open consultation on the European Neighbourhood Policy launched by the European Commission. UN-Habitat shares the EC's view that peace and prosperity in European Union neighbourhood countries have not much progressed over the last decade, or even regressed. The EU seeks to promote prosperity on its borders, but prosperity has been negatively affected by structural weaknesses such as inequalities, poverty, inadequate or non-existent territorial development policies and deficiencies in democracy, pluralism and respect for the rule of law. It is crucial to revisit the way the EC neighbourhood policy could better respond to crises and conflict situations.

While the population of the EU neighbourhood is among the most urbanized in the world, demographic profiles and urbanization patterns are substantially different from one country to the next one. With all the caveats required by such generalization, two groups of countries can be nevertheless identified.

On the one hand - which mostly corresponds to the **Eastern Neighbourhood** – are countries that have to face the challenge of ageing and population shrinkage, particularly in smaller settlements, towns and villages. Ageing and population shrinkage due to low birth-rates and outmigration are leading to two phenomena: a depopulation of rural areas and smaller cities; the remaining population is the more and more consisting of elderly people. With a dwindling revenue base and an increased demand for services by the elderly, cities will experience baffling challenges and need to think of innovative solutions and governance mechanisms.

The agricultural potential of much of the rural areas currently being depopulated reflects the importance of the territorial governance challenge that these countries are facing. There is a growing inequality between rural and urban areas, and between small and large cities.

The Eastern Neighbourhood is experiencing migration patterns that are substantially different from the time before 1990. New challenges include trafficking of human beings (especially girls), labour migration and transit migration towards the EU. However, many countries and cities are not well-prepared to manage these types of migration, let alone the inclusion of new migrants.

On the other hand, in the **Southern Neighbourhood**, most countries will see further growth of the urban population, fuelled by demographic growth, further transition from rural to urban areas, economic vitality and an influx of political, climate and economic migrants from third countries. It is foreseen that most of this urban growth will be absorbed by secondary cities, with associated challenges concerning their management capacity. Most of the "Arab Spring" originated in cities, where young people (who are the majority of the population) do not have sufficient access to housing and employment opportunities.

In most countries of both the Southern and the Eastern Neighbourhood, the governance structure is not adapted to efficiently govern larger cities; institutional and legislative reforms are urgently needed therefore. Housing affordability is becoming a challenge in almost all larger cities. Environmental challenges are not tackled as a priority, which is likely to have negative consequences on human health and the ecosystem in the future. The energy efficiency of cities needs to be improved urgently. Unemployment in urban areas is a pivotal problem in most countries.

In many countries in the Southern, but also in the Eastern Neighbourhood protracted crises and general situations of fragility prevail. To promote stability and the rule of law in fragile contexts, UN-Habitat suggests adopting a citizen-based approach. The idea is to **contribute to peace building, state-building or state-consolidation by developing trust between the citizens and their day-to-day interaction with the public authorities**. This requires working with the full range of public authorities including national, provincial, municipal authorities, or even neighbourhood leaders. The experience has shown that when other structures prove unable to solve their problems, citizens tend to turn to their local leaders. However, local authorities are often a level of governance poorly supported or even ignored by the peace building and state building agenda. In a context of extreme instability, the provision of local services – water, energy, waste collection, farmer and other markets, public transport, cleaning, etc. – remains the last and the most essential area of interaction of citizens with the remainder of a public administration. It is therefore from this basis that **more stable, more secure administrative and political environment can be built bottom-up, with a view of re-building or consolidating the application of the rule of Law**.

A traditional sectoral response to crisis and fragility (especially urban crisis) has proved its limits. In addition to anchoring support at local level, DG NEAR should consider **adopting territorial approaches** as currently initiated by UN-Habitat in Syria and neighbouring countries. In these countries UN-Habitat has introduced City and Neighbourhood profiling initiatives. Through spatial, demographic and sectoral analysis, this initiative assesses how citizens are coping with the protracted crisis in each city, including identifying key strains in terms of housing, physical and social infrastructure, and local economy, the most critically affected neighbourhoods, and the role of stakeholders in meeting needs. This provides comparative analysis and strategic insight into ways to target assistance for strengthened coping and urban recovery.

Neighbourhood profiling engages local stakeholders at Neighbourhood levels in most critically affected areas in identifying priorities and preparing action plans to strengthen resilience and recovery. On this basis, UN-Habitat has been able to provide targeted support in areas of water, sanitation, including solid waste management and shelter, in partnership with local civil society and local government.

In some neighbourhoods in Syria, the exercise has led to the identification of locations where common interest in the functioning of shared urban services can provide openings for local dialogue between conflicting groups, and, in this connection, the potential to support peace building initiatives.

Political and economic crises - most importantly the Syria crisis - are fuelling important migrations throughout the region. Countries of the Southern Neighbourhood are experiencing immigration, out-migration and transit migration. Numbers of migrants who aim to reach Europe stay in transit countries in the Maghreb and Mashrek.

The EC should concentrate on supporting local authorities and communities that are faced with significant influx of Syrian and other refugees. Due consideration should be given to helping local authorities on the integration of migrants and dealing with the increased demands for services.

Improving the living conditions locally and improving political stability can reduce migration pressure on neighbouring countries and the EU.

The Neighbourhood region is also experiencing transit migration towards third countries and the EU. Many transit migrants end up living in cities in the Neighbourhood, which adds to the demand for services to local authorities. The challenge of transit migration should be discussed in a partnership between the EU and countries in the Neighbourhood. This partnership should have as primary objective to help countries with the integration and provision of services for transit migrants that end up living in such a country. Sharing good practices on integration and on realizing the economic potential of migrants should be envisaged between the EU and Neighbourhood countries.

In regard to all of the above, it is essential to **fully recognize sub-national authorities as part of the State system**, and not merely as a component of civil society, as suggested by the Consultation paper. This approach has long been adopted within the European Union (as illustrated by the existence of the Committee of the Regions, among others), and more recently in the framework of EU development cooperation (cfr. COM(2013) 280 final - Empowering Local Authorities in partner countries) for enhanced governance and more effective development outcomes. However, a policy that would exclusively target local authorities would necessarily miss its objective as well. Territorial governance needs to be addressed in a systemic approach.

In line with its long-established principles of multi-level governance and subsidiarity, the EU should encourage neighbourhood countries to establish **national urban policies**. As recently highlighted by debates on the EU urban agenda, national urban policies are not primarily policies of cities, but policies *for cities to best perform* on their duties. The development of a national urban policy is a key step for reasserting urban space and territoriality. It is also vital in providing the needed direction and course of action to support urban development, as it provides the general framework for the orientation of public interventions in urban areas and constitutes a reference for sectoral ministries, service providers, as well as legislative institutional reform.

Governance modalities in the EU neighbourhood remain highly centralized and tend to undermine the local authorities' efficiency, obstruct urban political participation and erode the relationship between the citizens and the level of governance closest to them. In most of the neighbourhood countries, governance decentralization processes have remained less than optimal. There are numerous contexts in which decentralization occurred either too rapidly for local authorities to learn and adjust, or has failed because it was not accompanied by adequate

legal and fiscal measures. Rapid and wholesale housing privatization throughout the transitional region has for example generated significant numbers of owner-occupiers that are too poor to maintain their residential assets, while it virtually wiped out the social housing stock at a time that urban housing costs are escalating. Throughout the Neighbourhood South, there is an "affordable housing crisis," whereby developers and banks focus on middle-income housing production, while moderate- and low-income households are forced to build informally, without any access to finance.

Adopting adequate urban policies is a very good lever for tackling discrimination against vulnerable groups. Discrimination finds its expression through many different and very practical ways such as access to public transport, provision of basic services, and access to first-care health, education, housing, etc. In this context, UN-Habitat suggests to focus on the **access to public space which is a pre-condition for the exercise of a wide range of other rights**. The farmers' market, the main square, the street, the bus station are places where citizens practice everyday tolerance that is needed when peacefully sharing a common space with people of different gender or social, cultural or religious background. Well managed and designed public spaces are therefore a very practical school for dialogue and respect of cultural diversity, and a space that guarantees the possibility of a basic democratic expression. Recent events in the EU neighbourhood have clearly demonstrated the importance of freely accessible public spaces for maintaining the right to protest and challenge political leaders when other mechanisms of democratic expression have failed.

Street and neighbourhood markets play a decisive role in that context. Urban markets are places where citizens of different social and cultural origin do not only coexist in a peaceful manner, but places where they enter into formal transactions for the exchange of goods and services. Urban markets are therefore very powerful instruments for creating social and cultural cohesion, as they establish a contractual relationship between people that would otherwise not meet. Urban markets are also places where a proportion of informal economy can be tolerated and organized, therefore offering business-entry-points and livelihood opportunities for the most vulnerable groups, women and migrants in particular. Urban markets are also important elements to ensure adequate urban-rural exchanges, and redistribution.

The physical, territorial continuity between the countries of the EU, pre-accession countries, countries of the Neighbourhood and countries that are considered in the framework of the development cooperation policy merits greater attention. These countries are all united by very similar challenges in term of urban and territorial development, but are often ill-equipped to address them, or even to access relevant expertise on how these challenges could be addressed. Interesting experiences exist in the countries of these 4 groups, but important differences in the principles and instruments applied by the EC for these specific regions remain an obstacle for peer-learning and exchange. UN-Habitat would like to encourage the EC to work on **a better alignment of the Cohesion policy, the Accession policy, the Neighbourhood policy and the Development Cooperation and Humanitarian policies**, or at least a mechanism of experience-sharing, particularly for urban policies. Territorial and urban policies still offer many unexploited opportunities for regional cooperation with/within the countries of the EU neighbourhood.

In that sense, it is suggested to take advantage of mechanisms that have been developed within the European Union, such as ESPON for monitoring territorial and urban dynamics, URBACT as a way to promote and organize the networking of cities and their peer-learning, or the Covenant of Mayors as a mechanism that encourage political commitment.   Similarly, the ENP could benefit from exchanges with policies that have been developed for lower-income countries, such as the DEVCO/ACP-funded Participatory Slum Upgrading Programme, as well as the experience gained by the international community in managing crisis in urban contexts.

In conclusion, cities should be a key focus for the relationship between the EU and the neighbourhood. Cities are the cradle of social unrest or peace, are places where challenges in relation to ageing or shrinking populations can be tackled, where the population grows, where migrants come from and arrive, and where people live, work and meet.

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