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INTRODUCTION

The first Ministerial Meeting on Sustainable Urban Development held in Strasbourg on 10th November 2011, which followed the Preparatory Meeting held in Rabat in September 2011, entrusted the Secretariat of the Union for the Mediterranean (UfM) with the task of elaborating the UfM Urban Development Strategy. This Guidance Framework (GF), based on the principles of the UfM Strasbourg Declaration, is a main component of the Strategy. It aims at providing decision-makers and practitioners of the Southern and Eastern Mediterranean UfM members (Mediterranean Partner Countries or MPCs) with a set of suggestions on how to shape urban development “favouring the spatial planning of living areas, ensuring the long term existence of urban areas, incorporating all the components of sustainable development and providing to residents access to all the basic services, leaving no urban area aside”. Although, obviously non-binding, the GF should enable a shared perspective in urban and territorial strategies, in line with the national urban policies being the background of public action.

Mediterranean cities and towns share many characteristics. Such commonality justifies this GF. Their diversity is, however, probably as great as their similarity. The Urban Development Strategy, besides inspiring the urban policies of MPCs, should be a main reference in the selection of the projects to be presented to the UfM for support and obviously for UfM’s labelling criteria. The UfM Secretariat will, however, try and find the right balance between the criteria needed to select reasonable projects and the flexibility required by the great diversity of technical, political and financial constraints across the Region.

Whilst experiences coming from other regions will certainly be relevant inputs, MPCs should adopt their own urban concepts. The GF is therefore based on policies being recognised by the MPCs as the most suitable for future urban development and takes into account the various national urban policies and regulatory frameworks. The concept of “urban” is debatable. Here it is applied in reference to any densely populated area. Essentially, the urban environment is defined in contrast to the rural milieu and distinguished by higher levels of autonomy and opportunities for their inhabitants. For this GF, in line with international practice and the demographic concentration observed in MPCs, it is assumed that “urban areas” are compact concentrations of more than 15,000 to 20,000 people. This does not disregard the importance of smaller areas, but their problems tend to be different and would deserve a separate GF.

The GF’s added value is expected to arise from the adaptation of best urban practices to the specific characteristics of MPCs, the focus of UfM activities. The GF has three components. The first one (Chapter 1) briefly analyses the context of the urbanisation process in the Mediterranean region and its main drivers and challenges. The second component

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1 This figure is used in some statistical databases and is included in the GF purely as a reference, which could be adapted to each country because urban issues change with size, but also with typology, which may be related to the relative importance of centre, suburban and peri-urban areas and their interplay with neighbouring rural areas.
(Chapters 2 and 3) takes into account the particularities shared by the cities of the MPCs to adapt the basic concepts applicable to sustainable and innovative urban renewal, regeneration and development\(^2\) to propose spatial and urban strategies suited to the Region through a multi-level approach both regarding physical and governance aspects. The third component (Chapter 4) explains the role of the UfM Secretariat in endorsing sustainable and innovative urban projects and provides some guidance on how investment proposals should be presented to eventually obtain the support of the Secretariat.

The GF is therefore expected to help, in particular, urban project promoters, both public and private to obtain UfM support, giving them an adequate understanding of the project quality requirements, notably with regards to efficiency, social and environmental impacts, governance and financing.

\(^2\) Renewal is used as actions on brownfields, which should be given priority, when possible, to greenfield developments. In some cases renewal will simply involve the rehabilitation of buildings and existing infrastructure, in others a full regeneration of the site, involving demolition of old buildings, the creation of new public areas, population decanting to reduce density, etc.
CHAPTER 1. THE CONTEXT

The Mediterranean region is in the middle of a strong spatial transformation, linked to population growth, widespread urbanisation and deep changes in their economic and social model following the effects of globalisation. This transformation is particularly felt in its cities, which are confronted to new environmental impacts, natural risks increased by climate change, the introduction of new technologies and the recent political and social developments in the Region. Some of these observed patterns are common to many urban areas around the world, and will obviously be the background of this document. There are however, some characteristics, physical, social and cultural, quite specific and shared by most urban areas in MPCs, that should be recognised in this GF in particular.

1.a. Evolution of demography and economic activities

Demographic projections for the Southern Mediterranean countries are particularly complex at this stage. After a period of high population growth, recent figures (see Table 1) indicate a fast decline in the growth rate - for instance, in Morocco, it has gone down from 3 % in the 1950’s to 1.06 % in 2011. Lower fertility and migrations are the main causes of this evolution. Fertility rates appear linked to increased use of contraception, higher education levels for women and urbanisation. Some alarming demographic forecasts made only a few years ago seem now out of place, but it is not clear whether the latest trends will continue. The political events of 2011-2012 will certainly affect economic and social development in the Region. On the other hand, migration flows to Europe are severely constrained by the economic crisis affecting the countries that were the main receptors of immigrants from the Southern Mediterranean area (Spain, France, Italy and Greece).
In any case, a main trend that will probably continue in all MPCs in the next few years is urbanisation growth, following a persistence of rural-urban migrations and endogenous urban growth. This will generate a strong demand for housing, facilities and urban services and require the creation of numerous jobs to keep a balanced development of the cities.

Job creation is probably the most challenging aspect of urban policy in the MPCs. Globalisation has created a dramatic shift in the distribution of labour around the world that concerns both developed and emerging countries and has strongly affected most of those in the Mediterranean basin focusing on the middle or low range industry\(^3\). It has opened up, on the other hand, some opportunities that should be the basis of a new economic paradigm for the MPCs: besides tourism, one of the sectors that has benefitted from the earliest effects of globalisation, MPCs could have a competitive advantage in certain niches of agriculture, such as

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\(^3\) The problem is particularly acute among the youngsters, with unemployment levels above 30% in many MPCs (Plan Bleu data).

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*Based on CIA World Factbook*

Table 1. Indicators of population and urbanisation in MPCs
as ecological farming, in renewable energy and in some industrial and service sectors, such as assembling or logistics, for which MPCs strategic location, near Europe, can be very convenient.

Most of these potential new economic activities will take place in urban areas, because they can offer the skilled workers and the services required, and an environment more open to innovation. To take advantage of the opportunities brought about by globalisation, cities should be able to respond quickly and effectively to the particular requirements of the global market, at the service of the national economy. This implies flexibility to adapt to the changing needs, which can only be achieved if governance issues are properly dealt with to eliminate blockages and inefficiencies.

1.b. Rural-urban migrations and growth of the major cities

The Mediterranean basin has contrasting geographical characteristics, with some very fertile plains and extensive mountain areas, often arid, and vast deserts that cover a substantial part of the land of several MPCs. It is a land particularly sensitive to environmental impacts, in particular to the extreme meteorological phenomena that seem to be enhanced by climate change.

The low productivity of agriculture in the mountainous areas combined with the increased opportunities offered by the economic development in the urban areas has led to an increased gap between the living conditions in both areas and to strong rural-urban migrations. These are however, still well below what has been observed in the Northern Mediterranean (a reduction of 74% of the population of rural areas in 40 years, following technological improvements in cultivation and the development of industry and services). Rural population in the MPCs has actually increased from 61 to 71 million between 1960 and 2000⁴, despite a severe reduction of its percentage over the total population figure, due to higher fertility rates in rural villages. The improvement of agricultural techniques and the limited amount of fertile land will most probably force a reduction of the number of people in rural areas and accelerate migrations in the future (see figure 1), introducing additional pressure over urban areas.

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Rural migration has already been the main factor in the great expansion of urban areas in the past decades. It has been an uncontrolled phenomenon that has concentrated in the main cities, mostly in the coastal areas, which were already burdened by severe social and environmental problems. The massive character of the rural transfers, the concentration of migrants in certain neighbourhoods and their poor acquaintance with urban ways of life have quickly and deeply transformed urban areas. Population pressure has led to rapid land consumption (and the irreversible loss of fertile land), often in illegal settlements, the accelerated degradation of cultural heritage, hydric stress, pollution of surface and groundwater, inefficient waste management, and the cumulative effects of these factors on the quality of life, notably through their negative impacts on the environment and human health.

Urban policy must therefore take into account not only physical and regulatory aspects; education and civic engagement must also be driving forces of the UfM Urban Strategy to make the population more sensitive and responsible over common assets.

1.c. Decay of old urban centres

The quick development of the major urban areas in the Region has caused a fast degradation of many historical city centres, endangering the unique cultural heritage represented by the urban fabric characteristic of past Mediterranean civilisations. Old areas, abandoned by their traditional residents due to poor living conditions, have been occupied by rural migrants or, in smaller towns with less demographic pressure, have simply been left decaying. In both cases a severe deterioration of buildings and public space can be perceived except in areas where specific action has been taken; but this has often led to gentrification or to the loss of the traditional character of the site. The definition of a new role for the
“medinas”\textsuperscript{5}, within the rapidly changing urban context, is a specific major urban problem for the MPCs. Future urban development in Mediterranean countries can only be successful if it maintains the particular identity of their old cities. The value of this “urban heritage” is recognised by international organisations\textsuperscript{6}.

The renewal of the Mediterranean’s historic towns and cities has been the subject of a large number of studies and projects, but the operations carried out have not always achieved the expected results. There are multiple reasons for this, ranging from the complexity of their urban fabric to the transition of a wealthier society towards new lifestyles. The urbanisation of the coastal areas by better-off people and the development of big retail parks in the suburbs of the large urban areas reflect this transition, which has contributed to the pauperisation of the old city areas. In order to better manage the changes, it is necessary to adopt a comprehensive and integrated approach for the revitalisation of the medinas, as is later explained in this GF.

\textbf{1.d. Specific factors and climate change challenges}

The Mediterranean region is one of the regions where global warming is most likely to severely affect the environment and thus human activities. The Region has always been highly susceptible to natural disasters such as floods and periods of severe drought due to the particularities of the Mediterranean climate and global warming will aggravate their intensity and frequency; coastal cities will become even more at risk as foreseen sea level rise will increase their vulnerability. Some Mediterranean areas are also often affected by earthquakes and the whole Basin presents real desertification risks, with severe impacts on biodiversity. Energy consumption is on the rise and will continue in the future as economic growth leads to more motorisation, air conditioning and other wealth-related assets requiring it\textsuperscript{7}.

Energy, environment and water-related issues in the MPCs are the subject of specific UfM strategies, but they cannot be dissociated from the urban strategy, as cities are critical both in the production of waste, pollutants and CO2 and also in energy and water consumption. An integrated urban strategy that simultaneously considers all these aspects is actually what should give coherence to the actions of the various specific sectors (transport, energy, water and environment) affecting living conditions in towns and cities.

Technical activities such as urban management and planning, engineering and architecture must surely abide to environmental sustainability principles, but the protection of the environment essentially depends on the attitudes of all citizens, both professionals and lay people, who must be trained in order to gain the necessary skills to cope with the effects of climate change and natural disasters. Innovative urban layouts and construction techniques, tailored to the particularities of each country, and the use of new ICT-based management

\textsuperscript{5}The generic name adopted for the traditional city centres.


\textsuperscript{7}A 50% increase in energy consumption (90% presently coming from fossil fuels) is foreseen between now and 2030 (Plan Bleu data).
technologies, could mitigate the envisaged risks. This requires, however, a substantial improvement in the qualification of the technical workforce, from the decision makers to planners, from designers to builders and operators; they should all be aware of the life-cycle implications of any urban project.

1.e. Culture and governance

The effects of culture on urban development have been thoroughly analysed by urban planning historians. The traditional Mediterranean city is a classic example of a physical layout responding to cultural and religious identities. Although the traditional urban forms only remain in some old city centres, it is obvious that the same identities persist and must be taken into account both in the preservation of the urban tissue and architecture of the medinas as well as in the development of new urban areas. The simple transposition of urban concepts from elsewhere is bound to fail and would be ineffective in attaining the social objectives pursued; new urban forms are to be designed reflecting the cultures of the region and the new values of the population.

Compared to the countries in the Northern Mediterranean, the municipalities in MPCs have had much less autonomy with regards to their regional or national authorities. In the EU there is a strong correlation between economic development and municipal autonomy, but simple GDP considerations do not explain alone the lack of local power in MPCs. There are probably socioeconomic and cultural explanations for this situation that deserve to be taken into account. It is clear, however, that a balanced urban development plead for a stronger and more effective role of local authorities, following the subsidiarity principle. The substantial political and social changes taking place in many MPCs will probably go in the direction of more local autonomy. But local authorities in MPCs are often either too weak to carry strong development actions on their own or are bound by administrative procedures that prevent them to follow the fast pace of such changes. Their technical and financial capabilities should therefore be reinforced with ad-hoc capacity-building programmes. But, in the first phase towards more autonomy, it is important that the sectoral ministries, responsible for implementing national development policies, coordinate their work and enhance their cooperation with local authorities.

Many actions in urban areas promoted by the public sector would benefit, in terms of efficiency and quicker implementation, from the participation of private sector investors, notably through public-private partnerships (PPPs). However, PPPs need an adapted legal and administrative context, which may require a profound change in the governance approach in most MPCs. This change would compel public officials to become more knowledgeable about technical and financial matters and to adopt a cooperative behaviour with regards the private “partners”. Specific training programmes would thus be needed for public servants working for national, regional and local authorities participating in PPPs.

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8 Subsidiarity is the European term for delegation of power to the administrative level best prepared to handle it efficiently.
9 The relationship between the State and the local authorities is complex and depends on traditions and legislation particular to every country that cannot be analysed here. The advantages of cooperation are, however, beyond doubt.
The political evolution and the need to attract private resources are just some of the arguments why any urban strategy for the Mediterranean region should deal with increasingly complex governance issues (treated in detail in point 4). On the other hand, a shared Urban Strategy on these issues could help channel urban development and renewal towards a positive outcome that is acceptable by the majority of the population.
CHAPTER 2. A MULTI–LEVEL STRATEGY FOR URBAN PROJECTS

The particularities of the context in which the GF is placed have been identified in the previous chapter. A conclusion to be drawn is that a simple transposition of the generic know-how on urban policy would not satisfy the needs of the MPC citizens and therefore the production of its own urban development principles is necessary. The ultimate objective of this GF is to frame UfM actions along the lines proposed in the Strasbourg Declaration and thus facilitate the support of sustainable urban projects in the Region by MPCs and donors alike. This means that such actions must be oriented firstly towards the identification of high-quality projects having a most effective socio-economic impact; and secondly towards their preparation in a way that facilitates getting hold of financial support from institutions such as the EU and other national and international donors. This project approach does not preclude the design and implementation of national plans or similar exercises at a wider scale, but cumulated experience shows that concrete actions are needed to make progress. This is particularly relevant at this stage, as the evolution in the Region must quickly translate into visible accomplishments.

The GF, which covers all aspects included in the comprehensive and integrated approach favoured by donors taking into account national urban strategies, should help project preparation and implementation. Whilst addressing fundamental concepts regarding the role of urban areas in the XXI century as a background, it also focuses on the specific conditions that projects need to fulfil to obtain UfM support. The document is thus organised as a multi-level reference tool that would be useful for all stakeholders in the urban development process. This chapter deals with the more technical components of the process, covering various levels, from the wider territorial issues to project implementation.

2.a. Urban areas and spatial planning

There is no consensus about the best model for spatial organisation. This implies that each country should have a spatial policy for its territory, which, among other aspects, should define the role of cities in structuring it. The aims of major urban actions should be placed against this background.

From the context described in Chapter 2, the growth of urban population, both from its natural evolution and from rural migrations, appears as a main challenge of the MPCs. Spatial (i.e. national and regional) and urban planning is the only way of dealing efficiently with this demographic pressure. At the country level, spatial planning should ensure a balanced development in terms of territorial cohesion, according to the national plans. MPCs generally have less population concentration in the major urban regions than other parts of
the world. A dilemma thus appears regarding the interest for the country of mirroring those that have pushed for concentration of population in one major city, usually the capital, or alternatively to keep a more dispersed distribution of urban population, establishing a network of small and medium-sized cities that can cooperate within an extended economic region.

Some economic activities that are globally organised tend to locate mostly in very large urban areas, where entrepreneurs may find the required cross-sectoral synergies, provided that the necessary infrastructure and the social and political environment offer the required conditions for a long-term commitment to the city. The global observation shows a direct relationship between urbanization levels and GDP. The size required to be competitive in the world is not, however, an agreed figure for any activity. The observation around MPCs does not indicate that population size is strongly correlated with competitiveness, probably because most activities for which Mediterranean countries may prove attractive have other advantages, like the cost of the workforce, or because economies of scale for these activities can be reached with smaller concentrations of people. On the other hand it is quite clear that too large cities are often unable to provide the required urban services (mobility, water, sewage, solid waste, etc.). This results in diseconomies of agglomeration and strong environmental externalities (pollution, health hazards, etc.).

Having a solid network of intermediary cities complementing the major urban regions, which would have to manage their size when there is a risk of entering diseconomies of scale, is possibly not only more sustainable but also more efficient for MPCs, at least if they maintain their present role in the global market. It must be stressed that construction and operation costs of infrastructure and facilities increase exponentially with urban size. Hence, a spatial policy that promotes the development of a scattered, but coherent and complementary, network of cities seems advisable to reduce regional disparities. A proper distribution of public resources among all or a well-defined selection of cities, is recommended in order to foster a balanced polycentrism. This obviously implies, besides the endowment of urban infrastructure and services needed for local development, the provision of the connecting infrastructures required for efficient networking and must be seen as a cheaper and more sustainable alternative to the costly expansion of the megalopolis on the alternative scenario.

2.b. Urban planning

Only through regulations on land use and on the activities that can take place in the city can the competing interests of a great variety of stakeholders be settled. Spontaneous growth, with irregular land occupation and illegal construction have led to slums, dilapidated neighbourhoods and generally to severe problems with property rights, which are essential in

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10 Istanbul and particularly Cairo are clear exceptions.
11 According to some researchers, polycentric urban systems are more productive and resilient than mono-centric ones because they can specialize in complementary economic activities, enhancing global productivity. The debate is on the validity of these concepts for the Mediterranean cities.
12 See “Opportunities in an urbanizing world”, Emerging Market Research Institute, April 2012.
13 The North Italian example is valid for a specific type of economic activity.
our modern societies. Unplanned growth, due to poor planning or the inability of the institutions to impose regulations and manage pressure, is a curse suffered by many MPC cities that has often enticed the presence of activities affecting the well-being of the population and has seriously damaged the social and cultural fabric and the physical environment. Planning is, however, a difficult exercise that is only useful if generally accepted, and it is only accepted when it responds to the aspirations of the population. This means that, alongside a multi-level technical strategy, a governance structure, which is both capable and efficient and incorporates public participation, should be put in place. Planning and implementation management could then be feeding each other.

There is arguably a general consensus on what constitutes good urban planning. This GF is not a planning manual and thus will only emphasize those aspects that are particularly relevant for the UfM context. The following ones are considered the most significant:

1. Planning objectives and anticipation of the future
2. Population density as key indicator
3. Social aspects. Housing and progressive disappearance of illegal settlements
4. Innovation
5. Integration of policies and actions, for efficiency and effectiveness
6. Cultural heritage as a resource
7. Environment for improved liveability
8. Civic engagement and public participation
9. Assessment, implementation and follow-up

2.b.1. Planning objectives and adaptation to the future

A pre-requisite for proceeding towards a vision for the urban area is to have a plan with clear and generally accepted objectives. Such objectives must be adapted to the particular characteristics of the urban area and related to its endogenous potential. This means that proposals must be prudent and bold ideas, such as becoming a world centre for new technologies, should not be systematically excluded, but they should be duly scrutinised to ensure their long-term viability. On the other hand, some conventional objectives such as the generation of wealth and jobs or the improvement of the quality of life, environmental protection, equity, inclusiveness and good governance will normally be incorporated in the list of objectives of an integrated plan. Social, cultural and environmental objectives must, in any case, also be included because aspects such as poverty alleviation, gender equality or CO2 reduction have become critical in donors’ appraisal of projects.

Objectives involve, almost by definition, some contradictions and it is thus important to establish priorities among them and, if possible, to weigh their importance. Some indicators of achievement are essential to ensure that the plan is producing the envisaged results.

The necessary complements to planning objectives are the approaches to be used to achieve them. They will have to take into account the current situation and the specific characteristics of the urban area, the specificities of its population and its way of life, the
demographic and economic forecasts and, obviously, the resources available. The relations with the wider spatial scales, notably the national spatial plan and its strategy regarding the network of cities in the country, must also be taken into account when defining the strategies.

In defining concrete strategies MPCs have the advantage of being able to benefit from know-how obtained by other countries that have been through similar urban processes in the past. They may simply forgo some of the urban development phases that have followed models that are presently considered unsustainable or simply economic or social failures. These include the spreading of urban areas over the countryside, the strict partition of the city in specialised zones or the creation of new residential and activity areas with excessive reliance on the private car. These models have led to congestion, environmental degradation, waste of land and energy, etc., effects that are already perceived in many MPCs cities, but could become much worse without proper strategies on forthcoming urban development.

The adoption of the more sustainable approaches that are being presently proposed (smart city, slow city, self-sustained, etc.) should be encouraged. Today, new technologies are more accessible and should be thoroughly used by MPCs urban areas, not only to provide levels of service approaching those in more developed countries, but for innovative applications, i.e. for the possible transformation of medinas, or some parts of them, into hyper-modern slow cities. Innovation could thus become a key factor in sustaining the basic concept to be applied to urban planning: urban renewal and integrated urban regeneration should take priority over the creation of new urban areas, which should only be developed when the improvement of the existing urban tissue cannot cope with growth expectations.

The adoption of new technologies and their adaptation to the characteristics of the Mediterranean cities will however essentially correspond to their inhabitants. To jump on the modernity wagon a solid action regarding education and training is necessary, but the adaptation of the institutional setup is also desirable as well as the launching of awareness programs, etc. to foster the consciousness of the citizens on the important role they should play in the urban development process.

2.b.2. Population density as key indicator for urban planning

Possibly the most critical indicator for an urban plan is population density. In built-up areas (not related to administrative boundaries) both excessively low and high rates are to be avoided. For instance, according to the urban planner Albert Serratosa, when too low, i.e. below 40 inhabitants per hectare (including business districts, industrial and other large-scale infrastructures, parks, facilities or amenities areas), they generate excessive unit costs on infrastructure and services and tend to generate congestion in central areas; when too high, quality of life may be severely affected by lack of public space and health risks\textsuperscript{14}. These problems are clearly present and it could be helpful to take a very simple indicator, like this

\textsuperscript{14} Higher densities that are acceptable in certain cultures (i.e. Hong Kong or India) seem inadequate for MPCs with a different culture about private life.
one. While it is generally admitted that densities above 400 inhab/ha may reduce the quality of urban life, this figure should only to be used as an indicator to frame the planning exercise in Mediterranean cities. The physical and cultural conditions, the level of infrastructure and services and their management, which may change substantially from country to country or within the city, would surely justify variations in this upper limit.

2.b.3. Social aspects: Housing and progressive disappearance of illegal settlements

Social cohesion is essential for a balanced urban development. The demographic pressure on MPC cities is often linked to poverty, as it originates from rural migrations and from the higher birth rates of the neediest members of the urban habitat. This pressure is associated to the lack of jobs affecting the youngsters in particular, unreasonably low wages and widening income disparities. Arguably such urban issues, aggravated by the perception of social inequity and ineptitude and corruption in the system of governance, are one of the factors having generated the recent political turmoil in the Region15.

Besides economic growth and employment generation, which is probably the strategic objective that should be given priority by governments, social policies are necessary to alleviate poverty and to ensure the provision of basic needs to the population. A difficult balance must be reached in the cities between promoting economic activity and controlling excessive urban growth as well as between the level of public services and the cost of providing them. Social cohesion policies should lay at the centre of sustainable urban renewal and development in the MPCs.

The lack of affordable housing is probably the main social problem in most urban areas of MPCs. It has originated the proliferation of illegal occupation of public and private land and the construction of informal housing. This affects even middle-to-low-income groups living in settlements of decent quality but lacking land titles. Actually the lack of proper real estate entitlements16 is a main problem for urban renewal and development, as it excludes the use of property as collateral for financing housing and other investments of individuals and families.

Informal settlements have very negative effects on the quality of life of the citizens dwelling in these areas, where there is a concentration of poverty, and on the living environment, in terms of landscape, health, security, etc. of the whole city. The massive provision of social housing by some governments has been insufficient, however, to eradicate slums17. Many past social housing developments have been failures because they have undergone a quick deterioration of living conditions due to a complex set of physical and social problems and a poor perception of cultural particularities. These failures entail heavy

16 They could be as high as 90 % in Egypt.
17 Morocco, the country with the more extensive affordable housing programme among Arab countries, reduced the number of slums by 65 per cent between 1990 and 2010 (id. UN-Habitat, 2012).
consequences, because, at the end of the day, both slum and failed public housing areas erode social cohesion and, globally, the quality of the urban environment.

Urban planning should thus set as a priority the provision of safe, healthy and affordable housing and the design of long-term solutions to reduce and eventually eliminate informal settlements. Past experiences indicate that, given the scarce public resources available, the adaptation of existing informal settlements of a certain quality should be considered as a realistic scene requiring appropriate policies and solutions. This adaptation may involve the upgrading of public space, the provision of technical and social facilities, etc., public support to improve housing quality when required and, necessarily, a suitable entitlement process. An objective of urban policy should, however, be to eradicate slums\textsuperscript{18}, as they cannot be adapted to acceptable living conditions. Their inhabitants should preferably be relocated in the same zone after proper in situ urbanisation or transferred to new developments if this is not possible. Relocations and transfers must be part of an integrated action that ensures adequate densities and takes into consideration the social and cultural fabric of the area. They should aim, beyond the provision of basic infrastructure and services, to guarantee tenure and to create employment opportunities. The problem is that such solutions to informal settlements and slums need long term public commitment, are expensive and require resources, management skills and social accompaniment measures that are relatively scarce in MPCs.

The financial and even the technical capacity to keep pace with demand will probably depend on an adequate strategy for a balanced territorial development. Rural population will necessarily diminish alongside economic development and improved connectivity expected in MPCs. However, the improvement of the living conditions of the inhabitants in rural areas, which should be a main objective of spatial policy, will only slow down rural-urban migrations, because such improvement is necessarily linked to modern agriculture requiring less workers.

According to recent research, urbanisation is critical for economic growth, so rural-urban migrations could be a growth factor. But this will only be effective if the new inhabitants and those from the natural increase of the urban population have the conditions to contribute to urban added value. In some megalopolis\textsuperscript{19} population size already involves diseconomies of scale, so new inhabitants may have a negative contribution to economic growth. Therefore the development of the network of intermediate cities may probably be a better solution than concentration in the main capitals. Channelling rural migrants to nearby cities would facilitate their urban integration and benefit those remaining in the countryside, as rural-urban links will be enhanced. This could contribute to a more efficient distribution of the cities in the country, but for the network of cities to generate the desired economic activities supporting employment and development, urban areas should have the conditions required in terms of infrastructure and services and, in particular, the capacity to provide adequate housing. Central government support is needed, notably through the provision of public incentives in the form of infrastructure or support to private sector investment.

\textsuperscript{18} Slum eradication has been a main objective of the social policies of some MPCs. This has been a factor in the relatively low proportion of slum dwellers in MPCs compared to other regions with similar indicators of wealth (id. UN-Habitat, 2012).

\textsuperscript{19} In the MPCs possibly only Cairo would qualify as such. Istanbul is also a Mediterranean megalopolis.
Demographic and social aspects are thus closely related to how spatial policy addresses the location of new investments and the incentives provided by central governments in terms of housing and jobs creation.

2.b.4. Innovation

Urban planning should take advantage of the technologies available in data collection, modelling and design. It should also propose solutions that are really innovative, provided that they can be adapted to the MPCs. Easy access to the best technology in fields like planning is one of the benefits of globalisation that should be made use of. But the innovative approach proposed in this GF should be applied to the whole project cycle, from urban strategies in line with the “green cities” concept, to new models of project operation and maintenance management. It is essential, however, to adapt innovative ideas to the physical, economic, cultural and social conditions of Southern Mediterranean cities. The use of new technologies is also essential nowadays to ensure the flow of information needed for urban planning. With modern tools to collect and treat data, cities have the possibility of continuous planning, something that was extremely difficult and expensive in the past. In the dynamic environment of MPCs urban areas, adaptable planning is particularly important.

2.b.5. Integration of policies and actions for efficiency and effectiveness

There is a general consensus on the need for having integrated urban plans, meaning that all technical, economic, environmental and social (including culture and heritage) aspects must be simultaneously considered and their interrelations taken into account. It is thus possible to develop a holistic perspective of the urban area, considered as a system in which any action in a sector has repercussions in most of the others. This requires that physical and economic planning for the specific urban areas takes into account sectoral planning initiatives carried out by line ministries and their subsidiaries, in the areas of economic development, tourism and historic preservation, transportation, water supply and sanitation, energy, waste management, etc. and adapts these initiatives to the urban strategy, integrating them for maximum global efficiency. This advocates developing institutional mechanisms for better coordination among the relevant entities at the local and regional/national levels, according to each country’s legislation.

Integrated planning is however a complex exercise as, traditionally, planners have focused on specific fields and tended to defend the optimisation of their sector. A global optimum is always, though, a compromise among technical, economic and social aspects, integrating cultural and environmental concerns. Such an “efficient” solution may suppose implementation difficulties impossible to overcome. Effectiveness, in such cases, may require a slightly different compromise. In any case, integrated planning excels in providing the best
solutions to reach a set of objectives which, as mentioned, are in some cases contradictory. It requires, though, skilful direction and training in inter-disciplinary dialogue.

Urban planning in MPCs should move towards this type of comprehensive and consensual approach. Most urban professionals have scarce experience in this and are bound by a tradition of sectoral work. Some actions to create awareness of integrated planning, linked with capacity building and specific training, are recommended to entice urban professionals to acquire the skills required to apply this new approach.

2.b.6. Cultural heritage as a resource

As already mentioned, many cities in MPCs have a long history that has left an important cultural and heritage legacy. The medinas represent the essence of this legacy, but they are subject to complex processes of decay, in some cases in parallel to gentrification, or are being reconverted into standard modern districts, a process involving the destruction of unrecoverable traditional urban tissue. The loss of medinas would mean, somehow, that a key element in the identity and attractiveness of Mediterranean towns and cities will disappear, whilst not generating any particular benefit to their urban areas, which may expand elsewhere. Only speculation or a simplistic view of the accessibility needs of the city can explain some past and proposed demolitions of this valuable urban heritage.

This does not mean that making medinas liveable areas is an easy task. Old city areas represent a compendium of all the technical, social and environmental problems faced by urban planners, but medinas have additional difficulties such as poor accessibility, unclear property rights or the on-going loss of traditional skills needed to preserve the architectural heritage. On the other hand they mostly remain lively places appreciated by the urban population for shopping and leisure.

The decline of traditional economic activities such as handicraft, due in part to globalization, and the transfer of commerce to modern shopping malls require a thorough revision of the medina’s role in the city. New technologies and, of course, tourism offer valuable opportunities that should not be discarded. But there is a delicate balance between decay and gentrification that requires both planning and implementation capabilities that possibly can only be attained though dedicated urban renewal agencies, with technical, cultural and social specialists.

In any case, urban planning in MPCs must consider as a priority the renewal of the old city through an integrated approach incorporating its connection with the wider urban area.
2.b.7. Environment for improved liveability

Urban development in MPCs has often been spontaneous due to poor planning or poor enforcement of regulations. Uncontrolled growth, with its effects on excessive and inadequate land occupation, and insufficient control of the conditions of housing, industries and vehicles has led to severe problems. Unrestrained growth also often generates high pollution levels and, in general, health risks that are unacceptable in a modern society. There is an increasing awareness in the Region about the need to preserve the environment to ensure a better quality of life. There is still a lot to be done, however, to create the essential conditions regarding the provision of drinking water, sewage and solid waste treatment that are critical for a healthy life. On the other hand pollution from industry and transport remain poorly controlled. Energy efficiency and reduction of CO2 emissions should be a main objective of any project, as it has been demonstrated that quite often they also generate overall efficiency improvements for the urban system and help financial sustainability. To make planning acceptable by the international institutions supporting MPCs, it has to contain the detailed measures that will be taken by public administrations to improve the situation as well as the indicators that will establish their performance.

Environmental improvement will not come exclusively from technical measures, though. Planning should include actions directed to involve the population and businesses in the endeavour of generating a healthier and more enjoyable environment and to ensure its long-term preservation.

2.b.8. Civic engagement and public participation

Given the different economic and social challenges that continue to face MPCs, civic engagement must be one of the main driving forces of the UfM Urban Strategy to make the population acquire a sense of responsibility over common assets and by empowering community members to become influential in addressing and improving their neighbourhoods.

Citizen participation is important in all planning phases but as the plan becomes more concrete, stakeholders change. For instance, from traditional lobbies (industrialists, infrastructure construction and management companies, ecologists, even religious groups), that would be very active in the initial steps, to specific neighbourhood associations and individuals that would be directly affected by the more precise designs of the last phases. A participative process adapted to the planning procedures is thus necessary to ensure the contribution of all relevant stakeholders and to adequately respond to those groups and individuals that feel affected or simply neglected by the plan in order to incorporate their inputs and avoid their frontal opposition. The participation of young people and women should be particularly encouraged.
Equity and efficiency aspects may seem in opposition when defining an integrated urban plan. Environmental and financial sustainability constraints may also contradict the former two objectives. The essence of planning is actually to find agreeable solutions that are globally satisfactory without considerable negative collateral effects on individuals. In order to reach “agreement” public participation is essential, but it needs to be properly conducted to avoid getting into dead-ends. It is recommended that planners be assisted by a multidisciplinary team that should include sociologists and communication experts, in particular to be able to clearly explain the choices they are facing and their potential consequences. Last but not least, planners should understand the limits of public participation and be ready, at the end of the day, to ensure the coherence of the planning exercise that will eventually be approved by the decision-makers.

2.b.9. Assessment, implementation and monitoring

The quality of the planning exercise is essential to appropriately channel sustainable urban development. Poor planning not only leads to poor performing urban areas, but to practical situations of disregard for the rule of law and to uncontrolled occupation of land, which have very negative social consequences. The technical, economic, social and environmental components of the plan, duly integrated, should thus be properly assessed to ensure both their adaptation to the approved urban strategies and their acceptability by the citizens. The quality requirements must be logically extended to the programming exercise and then to the individual projects for the infrastructure and facilities and other measures regarding public services.

Good design is insufficient, however, to ensure quality of implementation. Poor management may easily convert an excellent project into a failure. Adequate structures for planning follow up and for project management should be designed from the early stages of the process, which requires also continuous monitoring to ensure that the work is properly done and to learn from potential mistakes.

All these aspects, which are particularly relevant for the support activities of the UfM Secretariat, are analysed in more detail later on.

2.c. Dealing with the various sectors and the significance of urban engineering

The need for integrated urban planning does not exclude that each sector must develop its own plan, although they must fit into the general planning framework and take into account the interrelationships with all the other sectors. As already mentioned, housing must be a key priority for urban action in MPCs. Its provision should though be linked to quality of construction and the supply of basic utilities to residents and provide them with the
necessary facilities, in particular regarding education and health, and the commercial and leisure activities that ensure a lively urban area\textsuperscript{20}. The integration with the rest of the city must give them easy and affordable access to jobs and to key urban nodes (transport stations, hospitals, administrative centres, etc.). This requires a strong action by public administrations to provide social housing and to control the real estate market to avoid the type of speculation that has been instrumental in the present crisis in many EU countries and elsewhere.

The temptation of solving pressing housing problems with cheap but unsatisfactory urbanisation and construction should be avoided as, in the medium term, it generates more problems than those apparently solved. Imported models may not work, so it is recommended that project promoters make sure that residential developments, including those subsidised, are designed taking into account the social and cultural particularities of MPCs, so life will thrive in the new neighbourhoods. This may require some specific inputs, usually based on associations with a diversity of interests that should ideally come from civil society. Any housing policy should thus have a “soft” component to adequately manage the process of “city building”.

Possibly the second main sector influencing urban development is mobility. Car ownership in many MPCs is increasing much faster than the capacity of the street network, which is difficult and expensive to modify. This generates congestion, which reverts into lower productivity, air and noise pollution, waste of energy and additional CO\textsubscript{2} emissions, but also produces a heavy levy of dead and injured people from car accidents. There is a general consensus on the unsustainability of the urban transport model based on the private vehicle. MPCs cities should skip the phase of car dependency –although it is already observable in many MPCs urban areas–, and apply restrictions on its usage, in parallel to the redesign of public space and the provision of good and affordable public transport services over the whole area, endowing it with minimum accessibility levels. Mobility indicators (car ownership, modal split, congestion indexes, accident rates, etc.) must thus be used to quantify some key objectives of integrated urban plans.

Transport planning both for collective transport and private cars must thus be carried out jointly and taken as an essential component of integrated urban planning. Traffic segregation, traffic calming, parking management and efficient organisation of public services, including taxi and other unconventional means, pedestrian areas and cyclist paths are some of the tools already adopted as mainstream by urban transport planners in many countries. They should be quickly integrated by MPCs cities, although adapted to their specific needs. The medinas, in particular, require ad-hoc systems to ensure access to people and the delivery of goods as well as public and emergency services.

Other public services, including utilities, need to be similarly planned alongside the former ones in order to optimise the use of scarce resources, such as water or energy, provide connectivity through telecommunications and minimise environmental impacts, notably of sewage and solid waste. Learning from past mistakes elsewhere is necessary for rapid advancement. Urban engineering techniques are the ideal complement to integrated planning to reduce costs and implementation periods. But this will only happen when there is

\textsuperscript{20} Some quality standards exist, even in some MPCs, but the GF is not proposing, at this stage, specific values.
coordination amongst the various responsible agencies, for instance to share ducts and to execute works simultaneously, which depends on efficient urban management.

Similar considerations can be made regarding other sectors. Coordinated planning and execution may be more complex, however, when responsible agencies depend on different administrations. Governance issues appear, once more, as critical for efficiency.

2.d. Implementation

As already stated, good governance is essential at all levels from the definition of objectives to project implementation. Alongside a multi-level technical strategy, it is recommended that a similar multi-level urban governance structure be put in place. Planning (from the spatial to the sectoral level) and project preparation can only be properly carried out if a corresponding management structure supports them and vice versa. It is at the project implementation stage, however, that the population perceives the results of public management. Policies, plans and programmes can only be implemented through projects. It is therefore at this level where they will be judged, their vertical (from the wider planning context) and horizontal (inter-sectoral) integration demonstrated and the efficiency of their response to the objectives measured.

Project implementation in many MPCs urban areas may be particularly difficult due to several factors that should be quickly improved:

- Lack of subsidiarity, which leads to tensions between the central and local government levels, and a wide distribution of responsibilities among central institutions, often lacking proper communication channels, makes coordination extremely difficult.

- Bureaucratic procedures which are slow and relatively opaque. As donors are particularly demanding with regards to tendering procedures and require transparency in decision-making, it is essential to streamline procedures, while adapting them to international best practices, notably regarding environmental impact assessments and bidding procedures.

- Poor preparation of project managers, in particular middle management. Training activities and knowledge-sharing circuits on urban management should be an integral part of urban policy in MPCs.

- Lack of donors’ funds for project preparation. Some funding mechanisms, in collaboration with UfM Secretariat, are already in place and could easily be extended. The seriousness of project promoters and their readiness to establish a cooperative approach with donors are essential for access to technical assistance funds.
Best Practice Example

Even in a difficult environment, Sfax (Tunisia), has initiated a strategy to facilitate the implementation of its Strategic Development of Greater Sfax (SDGS). This program has been prepared by the 7 city of Greater Sfax with support of MedCities and the World Bank. From the priority list of actions identified after the comprehensive and participatory process, the municipal team has made some remarkable achievements. Some projects have been or are being implemented, such as a public transport feasibility study or the establishment of an urban database (observatory). On the other hand, a core team of professionals has been set up to be in charge of the SDGS implementation. In addition, a coordination mechanism is under discussion among the 7 cities of the urban area for readily implementation. Finally, Sfax is keen to provide assistance to other cities interested in developing their own strategy. With MedCities support, Sfax has created a Knowledge Transfer Center for those Tunisian and Maghreb cities that would like to benefit from Sfax experience.
CHAPTER 3. FROM STRATEGIES TO PLANS, PROGRAMMES AND PROJECTS

Some characteristics of the more technical aspects related to urban policies applicable to MPCs have been analysed in the previous chapter. They have covered the different scales, from the distribution of cities in the territory to the requirements of integrated urban projects. All along the interrelation of the “technical” levels with the governance structure has been highlighted. Planning and project implementation cannot proceed without taking the relevant political and administrative steps. It is thus essential that, in the context of each country policies, proper bridges be built between the politico-administrative establishment and the professionals responsible for the preparation and execution of the actual works and the implementation of policy measures. Only through strong cooperation it will be possible to prepare urban projects proposals with the quality required by the UfM Secretariat and eventually to carry them out as foreseen. Therefore, it seems logical that the GF also provides some recommendations regarding procedural, partnering, sponsoring and participative aspects of urban development.

3.a. Governance

According to UN-Habitat, good urban governance is characterised by sustainability, subsidiarity, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security. The international agency reckons that these characteristics are interdependent and mutually reinforcing.

**Sustainable development** is a main driver of the UfM Urban Strategy. This essentially means that urban areas must balance the social, economic, financial and environmental needs of present and future generations. The reconciliation of these needs, often contradictory, can only be achieved through compromise, which can only be built and accepted if the decision-making process follows an open path. This necessarily involves public consultation, at the various stages of the process, to involve the different stakeholders. But future generations, who are critical stakeholders in sustainable development, can only be represented through the adoption, by all present stakeholders, of a shared long-term strategic vision.

The **subsidiarity principle** aims at distributing responsibilities among the various administrative levels in such a way that decisions are taken at the closest level to the citizen that can ensure an efficient provision of infrastructure and delivery of services. In the Mediterranean context, the application of this principle would start with an assistance to the local and regional administrations, to improve their technical and financial capabilities, as they are closest to the real needs of citizens, can better deal with the particularities of the urban areas and are more capable of involving the citizens in the participatory process and of responding to their needs. The implementation of the subsidiarity principle in terms of empowerment of the regional and local administrations on urban plans and projects in the
MPCs is essentially a decision to be adopted by central governments. Even in those countries adopting the principle, this will necessarily take some time. The general trend in the Mediterranean region seems to be, however, towards more local autonomy. In any case, the need to improve the technical and managerial capabilities of municipalities must be stressed. To strengthen the capacity of municipal planning and development control departments to carry out integrated planning may require both organisational restructuring and staff development and capacity building programmes. Regional-level entities may also require strengthening depending on their eventual mandates in the different areas covered by integrated urban planning. The cooperation regarding professional training between the various levels of government is essential for proper communication and for the necessary cooperation both to define plans and programmes of quality and to implement them.

Equity and efficiency are standard requirements of city development strategies. The best use of scarce resources and their fair assignment are, however, not easy to reconcile with the, by definition, important and diversified needs to be dealt with in urban plans and projects. Ideally, society should ensure a minimum level of endowment regarding shelter, nutrition and access to safe drinking water, sanitation and other basic services such as education, health care and mobility. These are not easy to guarantee in many MPCs where poverty alleviation remains a main concern. The generation of employment is the best way to ensure proper livelihood conditions and reduce marginalization. In this context, the objectives of the public sector should be to reduce poverty to an amount of population small enough to be properly handled through public assistance.

Equity must also be extended to gender equality, the respect for minorities, and the protection of children, the elderly and the disabled. Those aspects involve relatively modest amounts of money, but constitute a major challenge for tradition-bound societies, in particular when the population suffers from a low level of education. It is in urban areas where some actions could be more successful in eradicating prejudices and intolerance. Legislation is needed to accelerate change towards a more equitable society.

Efficiency aims at ensuring the best use of the scarce resources of the whole society and requires a careful analysis, over the whole life of the project, of the costs and benefits including positive and negative externalities. Cost-benefit analysis for urban projects suffers from the difficulty of quantifying and monetising their impacts, but a consistent methodology to assess them should be systematically applied\(^\text{21}\). However, to ensure the efficient use of public money and maximum effectiveness in public action against poverty and other equity aspects, it is also necessary to have, at all levels, public officials capable of adequately manage dedicated funds. MPCs administrative structures and urban contexts are diverse. Both local and central administrations quite often face a deficit on technical skills that must be covered. Know-how sharing between cities in the Region or from the EU countries through city associations, twinning of cities and exchange and training programmes supported by the European Commission and national governments, could contribute to fill the gap.

The lack of transparency and accountability regarding urban projects affecting many urban areas in MPCs is also a major issue. Corruption undermines the credibility of governing bodies and can deepen urban poverty. It must be eradicated. Laws must be applied in a

\(^\text{21}\) The development by the UfM of CBA Guidelines for MPCs Urban Projects, based on existing know-how, is envisaged.
predictable manner and citizens must be properly informed, understand the administrative and decision-making procedures and have easy access to city information. Only through participatory mechanisms it will be possible to entice citizens to be engaged in actions for the common good and ensure effective governance. Civic engagement and citizenship are essential for liveability and to ensure an attractive and secure environment. Security is a multi-faceted quality of city life. A culture of tolerance, of respect to vulnerable groups and awareness of the risks of urban life are key factors to be enhanced in MPCs cities.

Best Practice Example

The Metropolitan area of Tripoli, the second largest city in Lebanon, includes the three municipalities of Tripoli, El Mina and Beddawy. The Al Fayhaa Union of Municipalities was officially created for the purpose of joint administration, planning and implementation of activities of common interest. One of its main endeavours has been the definition of a Sustainable Development Strategy that would assist the concerned local authorities and other stakeholders to prepare and activate response mechanisms to face the challenges of the whole urban area. The Al Fayhaa Sustainable Development Strategy (AFSDS) project (2008-10), counted on financial and technical support from Cities Alliance’s member organizations (WB, UN-Habitat, UNEP, Medcities, AFD) and towns (Barcelona and Marseille). The project’s overall goal was to develop a strategic development framework with three main objectives: to promote the economic growth and encourage investments; to contribute to poverty alleviation and increase employment; and to improve urban governance and management. It also aimed to be a successful model so other cities participating in national and regional networks such as United Cities and Local Governments (UCLG) could replicate it, adapting the strategy to their circumstances.

The approach has been guided by well tested methodologies of international organizations, notably UN-HABITAT. The use of such methodologies ensures the full inclusion of women, marginalized groups and the citizenry in general in the process of participatory multi-stakeholder planning. Local stakeholders and civil society organizations have been major partners in the strategy development process. The planning process has extended the partnership platforms with local stakeholders that already existed to incorporate additional local partners identified during the early stages of the AFSDS. A “partnership protocol” was established with more than 100 NGOs to implement joint local projects. Replication and scaling-up activities foreseen are key components of the AFSDS process. The Ministry of Interior is committed to support the adaptation of the experience in other municipalities across Lebanon. In addition, UCLG, through its national and regional networks is playing a key role in a broader replication process.

The former governance characteristics, in particular those relating to sustainability, subsidiarity, equity and efficiency have particular applications at the various “technical” levels.
Sustainable urban development is only possible if supported, at a higher scale, by a spatial strategy for economic development being itself sustainable. This spatial strategy corresponds to the central government. It will not work, however, without a strong participation of the lower levels of government, in particular the regions, in the endeavour. The decision of concentrating population in a few megalopolis may be strongly opposed by most regions. On the other hand, if the distribution of urban growth in a network of cities is sought, the central government will be confronted to the inescapable task of selecting those that could expect the highest support. This may involve complex negotiations with the political representatives of the regions and cities. The difficulty of the exercise explains why spatial plans are rare everywhere in spite of being necessary to pursue a coherent territorial policy.

To avoid pre-cast positions that are difficult to change, it seems advisable to reach an agreement at the national level on the principles of the spatial policy regarding the urban development model. Should the “network” model be chosen by the central authorities, some selection criteria should be decided regarding the approximate number of cities in the basic network; the kind of distribution over the territory -which will depend on the geographic advantages and on the resource availability of the different country areas; the minimum population size and the economic and social characteristics of the cities; and other aspects in relation to regional and spatial policies. Based on these criteria, agreed after a proper discussion process with the stakeholders, independent experts could elaborate the first proposal of the spatial policy. If this proposal can be discussed centrally and with the regions based on the agreed criteria it will be easier to reach a compromise.

Urban planning should, in principle, fall under the responsibility of the local or metropolitan authorities or, at least, in strong coordination with them. The territorial plan and the contour conditions established by the central authorities will frame the range of possible outcomes. However, strategic concerns of the central government may not be perceived as important by local authorities, whilst concrete issues of the local plan could not be fully understood at the wider spatial level. Flexibility will be needed from both sides. The different angles and the rapidly changing contour conditions require the capacity to adapt as well as mutual understanding.

The urban planning process is indeed quite different to that of spatial planning and requires a different governance approach. Technically, it should develop from vision to policies and to general strategies, and from those strategies to the more precise definition of infrastructures, equipment facilities, actions for the economic and social development as well as all aspects within the integrated approach as explained before. It is important, in this regard, to take systematically into account, environmental and energy efficiency aspects. When properly considered from the early planning phases, the end results are often globally better.
3.c. Programming

The rational execution of a plan has to be programmed according to technical aspects, such as network effects—the interrelation with other parts of the network, for instance when introducing a new metro or tram line in a public transport system, and the availability of financial resources. The latter are particularly difficult to establish, especially in countries with severe budgetary constraints. Given that the plan is, or should be, locally implemented, the decision on what investments should be supported by the local authorities, in agreement with the higher authorities, notably in those sectors that are regionally or nationally controlled. Many urban investments are in fact to be carried out by the central government (typically some road and rail infrastructure, hospitals, high-schools etc.). Other investments are totally or partially made by private promoters. Centrally promoted co-financing with the private sector is relatively easier to coordinate than projects promoted by local authorities, as they have less control over the availability of central government and private funds.

Programming requires thus a cooperative approach from the various administrations. For this, local authorities must be able to provide the required technical support, but also to channel the needs of the citizens through proper consultation and the provision of reliable, on-time and precise information. As the participation of private capital in urban projects is increasingly requested, the programming exercise also requires policy makers and managers with the ability to secure solid guarantees of commitment from representatives of the potential private investors.

3.d. Project selection and management

The aim of the above planning and programming process is to implement investments and actions that will improve the urban area. Implementation can only be properly done through “projects”. It is at the project level when the bulk of the resources is used and when the investment effects are perceived by the citizens. Of course, projects must be presented as deriving from the relevant planning (global for the urban area and, in some cases, sectoral), so the project promoter will have to indicate how the project fits with the spatial plan of the country and with the priorities of the urban area and explain the role it will play in the integrated system to which it belongs.

The definition of what constitutes an urban project is not straightforward, as it can cover an enormous array of actions in many sectors. Probably the most practical way of doing it is through a public proposition that can be easily understood by the citizens as being a single action that can be properly identified and completed. The project must be a scheme that makes sense by itself and is somehow independent of other projects. This “stand alone” quality does not preclude, however, the possibility of executing the project in phases, which should be clearly defined and programmed.

Urban projects may refer to independent assets, such as a building (although its implications on the surroundings will have to be incorporated) or a specific infrastructure (i.e. a tramway line, which will also involve changes in other parts of the system, for instance the rearrangement of bus services), cover a geographic area (i.e. the renewal of the totality or
part of a medina), affect simply a sector, such as giving access to improved water supply and sanitation services to a neighbourhood or creating a network of fibre optic cables for the whole urban area, or involve technical, social or environmental actions with clear targets. The latter ones span between quite precise investments such as the implementation of a traffic management system, including parking and traffic calming interventions, to social actions relating to particular groups or even to administrative improvements. A critical aspect is to establish when the project can be considered completed. Clear project completion indicators are needed, alongside key project performance indicators to establish if the targets have been attained.

Although a basic project definition and its cost estimate are needed for programming, the decisions about its execution should only take place after a proper feasibility study has refined the project definition and its costs and demonstrated that it represents a proper use of resources. Consultations with the various public stakeholders, including at the central administrative level, are needed in this phase of the process. When the fundamentals of the proposal are sufficiently elaborated, the public consultation (taking care that the proposal is translated into easily understandable language) should take place in order to incorporate the reasonable suggestions and concerns of civil society in the proposal. It is advisable to approach public participation through open channels, such as meetings in various neighbourhoods, and also through publications and, when possible, the use of telecommunication technologies (internet –including its social networks, mobile phones, etc.), as a way to make citizens understand that their preoccupations are taken into account. For effective discussions it is advisable to try and identify those associations, including neighbourhood advisory committees that can provide more focused contributions and act as collectors of the various, and probably contradictory, interests affected by the project.

Both to develop the proposals and to integrate public participation, the project promoter should have competent staff, effective management tools and the capacity to deal with stakeholders who are often difficult to coordinate.

Once the project is properly defined, including its basic financial structuring, which should ensure its long-term maintenance and operation, there is a need for implementation structures that are obviously specific to the characteristics of the project. Project managers must be capable and experienced and have the support of decision makers. They must pay extreme attention to bidding procedures, as they are strict requirements for obtaining international financing, and cooperate with city managers, who will be responsible to measure and assess the benefits of the project to the city. On the other hand, following the citizens’ participation principle, it is advisable to hand to the public as much information as possible on the advancement and costs of the project, excluding only data that could be considered of high commercial value by the private contractors. Therefore, the proposal should encompass a good monitoring, evaluation and communication system providing indicators on project impacts and its long-term effects.

The large variety of urban projects makes difficult for most urban areas, in particular in MPCs requiring heavy investments, to locally dispose of specialised staff to adequately prepare and manage all of them. Know-how sharing, taking advantage of decentralised cooperation, notably in experiences related to legal aspects, including institutional organisation, local taxes, the regulation and pricing of urban services, will contribute to the required qualification of municipal staff. In some cases Technical Assistance from donors may be necessary. As we will see in Chapter 5, the UfM may help in procuring, through donors, the
technical and financial support that would facilitate the realisation of quality urban projects in the Region. It may thus become a bridge to extend the initiatives and programmes of the EU and other donors, such as the UN, dealing with urban matters to the Mediterranean Partner Countries in order to take advantages of synergies and avoid gaps and overlaps.

Best Practice Example

The Historic Cities Support Program (HCSP) was set up in 1991 as the operational branch of the Aga Khan Trust for Culture, with the task of implementing conservation and urban revitalization projects in culturally significant sites of the Islamic World. The Trust’s involvement in Egypt began with the Aga Khan’s decision to donate a 30-hectare park on al-Darassa to the citizens of Cairo. The project was gradually extended to include the rehabilitation of the fringe of the adjacent Darb al-Ahmar district and the restoration of a number of key monuments defining the skyline of the historic city as seen from the Park site. The Darb al-Ahmar rehabilitation project associated physical interventions with socio-economic development, training, community participation, institutional capacity building and creation of new employment, thus maximizing the economic dividends from the Trust’s involvement in the area for the local residents. A local “Darb al-Ahmar Development Corporation”, was established as a vehicle for continued involvement of all stakeholders in the area.

During the massive re-grading of the western Park slope descending towards Darb al-Ahmar, the formerly buried Ayyubid city wall of Cairo was re-discovered and partly excavated along the western edge of the historic city. This wall, with its gates, towers, and interior chambers and galleries, is in itself one of the most important archaeological discoveries of the past decades relating to the Islamic period in Egypt. Moreover, it formed a distinctive third element between the Park and Darb al-Ahmar. Apart from the Park project, the Historic Wall and the Darb al-Ahmar rehabilitation project, a fourth component of the project was an “Urban Plaza” development on the north-eastern corner of the site, adjacent to the busy al-Azhar road. This portion of the site, easily accessible and close to the Khan al-Khalili markets, has obvious commercial potential. A commercial building with shops, offices and an integrated car-parking facility was proposed for the site to create an income-generating commercial facility to support future Park maintenance and enhancements. The same idea is behind the inclusion of income-generating facilities within the Park, such as the hilltop restaurant and the lake-side café, which enhance particular areas of the Park and provide additional attractions for visitors. The project clearly stands out as the most complex, important and significant component of the Historic Cities Support Program.

22 The Covenant of Mayors or programmes such as CIUDAD are clear examples of this.
3.e. Financing

Finding the financial resources to carry out the planned urban projects is undoubtedly a major challenge for MPCs due to the limited amount of public and private funds available. The public sector is bound to ensure the financial sustainability of the project over its whole life cycle. This requires both avoiding a “crowding out” effect and providing the private investors with the proper investment climate, notably in terms of the rule of law and an efficient and effective administrative set up. Public funding will be however necessary for most infrastructure and public services and to support social housing.

The main role of the public sector is to ensure an efficient use of scarce resources. In the case of urban areas this heavily depends on the cooperation between the various levels of government and the performance of both the operators of public services and private promoters. Good performance requires the application of the principle of fair competition, whilst efficiency is only ensured if the equitable user-pay and polluter-pay principles are applied. This could mean a major transformation of the situation in countries with a tradition of handing subsidies without solid economic or social foundations.

No investment should be proposed without a clear identification of the cash flows involved and a proper distribution of costs and benefits. Equity considerations and policy requirements could justify less than full coverage of urban services, but the long-term operation and maintenance of any proposed project should be guaranteed. On the other hand, the global structure of local revenues, essentially based on transfers from regional and national authorities, fares and taxes should be able to support the approved urban strategies, whilst ensuring the financial sustainability of the city. It is in this sense that the long-term impact of major investments in the local finances must always be clearly identified. The financial sustainability of the project requires that, when the sources of income, including revenues from tariffs and earmarked taxes, are not sufficient to ensure full cost recovery, the competent authorities demonstrate their commitment to cover the financial gap in a reliable and timely manner, usually from public budgets.

Financing is dependent on a very dynamic market. To find adequate funding arrangements to ensure the coverage of both the short and the long-term financing needs of the project is never easy. Innovative financing mechanisms, adapted to the MPCs context, should be encouraged, but they must be based on rigorous accounting principles that properly take into consideration the risks incurred. Flexibility is particularly important here and new formulae, adapted to the MPCs context, including cooperative banking and the participation of microfinance institutions, should be considered, especially in the financing of certain components of urban projects requiring adapted lending mechanisms. It is particularly important to take advantage of the experience of Islamic financing to complement and extend the more conventional financial mechanisms.

Both to ensure efficient use of public money and maximum effectiveness in public action against poverty and other equity aspects, it is necessary to have, at all levels, public officials capable of adequately manage dedicated funds.
CHAPTER 4. UfM AND URBAN POLICIES

UfM Urban Strategy is focused on fostering projects that will contribute to the development of liveable and sustainable cities in the Southern and Eastern Mediterranean countries, in line with what has been described above.

The Secretariat of the UfM has a role is rather that of a facilitator, linking, advising and giving support to the various stakeholders by:

a. Providing guidelines of good practice, notably in terms of project preparation and implementation, with this GF being a first step in this direction. As already mentioned, some projects in other sectors of UfM interest (energy, transport, water and environment, etc.) have important urban components. They must fall within an integrated vision of urban planning. Proper coordination within the UfM services will be ensured, so all supported sector projects having clear urban implications will have to take into account this GF.

b. Assembling urban initiatives coming from either local, regional or national levels to give coherence to the “shared perspective in urban and territorial strategies” desired by UfM member countries, and contribute, through knowledge sharing, to improve project quality, so projects focus on the real needs and opportunities for development of the Mediterranean cities and territories.

c. Identifying quality projects with the “UfM label” on the basis of common criteria, in order to increase the visibility of the project.

d. Acting as an agent of the labelled projects to facilitate their consideration by donors and financial institutions and their access to other sources of funding including private capital. The UfM quality label should become a trademark luring private investors to finance urban projects in the Mediterranean cities.

e. Follow urban development in MPCs, in cooperation with the various associations of cities, to foster knowledge sharing and decentralised cooperation. In line with this, ex-post evaluation of UfM supported projects may be carried out.

4.a. Analysis and appraisal of plans and projects

The UfM Secretariat will support innovative and sustainable urban projects that show the technical, economic, social and environmental qualities required by international institutions, notably International Financial Institutions (IFIs) and bilateral agencies. Its intermediary role requires that the projects to be labelled as deserving UfM support comply with these quality characteristics in order to avoid their early exclusion by donors. A selection process is thus necessary both to obtain the confidence of the institutions that, at the end of the day, will fund the projects, and to avoid devoting efforts to undeserving projects and actions.
This GF cannot propose, at this stage, a methodology to appraise integrated urban projects covering investments in infrastructure, utility networks, public transport, housing, urban renewal and regeneration, heritage preservation, urban coastal zone management, new settlements, educational and health facilities or cultural and social projects and programmes. There are widely used manuals -some of them specific for the sectors- that will be used by consultants in the cost-benefit analysis included in the feasibility studies. All consolidated evaluation techniques are generally acceptable. The following points however, must be highlighted:

a. The project should derive from a proper planning and programming exercise and be defined and analysed over its whole life cycle.

b. The approach must be comprehensive, making sure that integration with other sectors is taken into account.

c. The proposed technologies must be adapted to locally available resources and skills and the construction and operation of the project comply with internationally accepted regulations on labour, the environment, etc.

d. Data should be of sufficient quality, in particular regarding cost estimates and demand forecasts, which are essential aspects in any socioeconomic appraisal. The creation of local jobs and other social aspects of the project, such as poverty alleviation or gender equality and the expected environmental impacts of the project should also be analysed and, whenever possible, quantified.

e. The management structure and staff must have the capacity to carry out the project as expected and in the time span envisaged.

f. The administrative procedures (i.e. bidding, public consultation, etc.) and the supervisory bodies of the project should ensure its efficient and transparent execution and its maintenance over the whole life cycle.

g. The project should demonstrate its financial sustainability through a realistic financial model.

Projects fulfilling these conditions as well as the general UfM Project Guidelines (please refer to the annex) may be presented to the UfM Secretariat, where following their analysis, it will be decided if they deserve to receive the label entitling them of the UfM Secretariat support. This will not be a one-off chance, however, and for projects that appear as potentially acceptable, some recommendations will be issued for improvement and eventual reconsideration. Projects should be of sufficient size, usually measured through the investment amounts or their envisaged political impact, to justify the mobilisation of the UfM, but this does not preclude the support to small urban projects. These should, however, be gathered within a framework based on some common aspects such as location (same neighbourhood, town, region), sector (transport, environment, energy, etc.), similar technical characteristics, etc. and usually be presented by a single promoter.
4.b. Financing

A main component of the UfM Secretariat backing of urban projects is the collaboration offered in securing funding. An essential requirement for this collaboration is that the project has obtained the UfM label, which assumes that it has a model demonstrating the financial sustainability of the project with realistic targets. This model should include a proper specification of the project revenue sources, including tariffs, dedicated taxes and transfers, and its investment, maintenance and operational costs. The participation of the private sector in the project will be supported and will not represent a constraint in any sense for the UfM Secretariat. In this sense, the Secretariat may cooperate with the various MPCs governments in defining the legal and administrative conditions needed to attract private capital to urban PPPs and even act as a coordinator of the various stakeholders.

4.c. The role of international bodies

UfM is supported by the European Union and, in particular, by the European Investment Bank. Through FEMIP, its Investment and Partnership Facility for the Mediterranean, the EIB is the most important investor in the Region and a catalyst for other financing sources. Other IFIs, notably the World Bank, the African Development Bank and the Islamic Development Bank are also active in the Region, as well as various countries, directly or through specialised bilateral agencies. Responding to a request of the UfM, the EIB and the Agence Française de Développement (AFD), with the support of the EU through its Neighbourhood Investment Facility, have launched a first initiative in this domain, the Urban Projects Finance Initiative (UPFI), which is incorporating additional financial institutions, such as the KfW or the Caisse de Dépôts. The UPFI is to provide technical assistance and funding to urban projects in line with the guidelines adopted by the UfM. The objective is to identify major integrated, innovative and sustainable urban projects that would be exemplary and replicable and in need of technical support to be implemented. The IFIs would eventually provide long-term financing for those projects which are mature enough and are in line with their bankability criteria. These criteria are essentially:

a. Proper technical definition, with efficient solutions that take into account the whole life cycle of the project.

b. Socio-economic profitability that represents an adequate use of the scarce resources of society.

c. Financial sustainability, so the investment, operation and maintenance of the project are fully covered by the combined contributions of users’ payments (tariffs, tolls, etc.), dedicated taxes, public subsidies, grants from donors, etc.

d. The required environmental and social impact assessments have been performed.
e. The bidding procedures are carried out according to national and local legislation and bylaws (publication, transparency, fairness, etc.) and take into account the specifications of the donors, to ensure that they could be supported by them.

f. The governance and management of the project ensure its timely and effective execution and operation.

The cooperation between the financial institutions and the UfM Secretariat is the backbone of the Urban Strategy as given the funding difficulties confronting MPCs and the scarce resources of the UfM, their joint support is essential for the implementation of an efficient and sustainable urban policy in the Mediterranean region. For the identification and preparation of quality urban projects, the UfM expects to count, in particular, with the support of decentralised cooperation and the involvement of city associations, technical NGOs and twinning programmes.

4.d. Some guidelines on UfM action

The UfM Secretariat aims to demonstrate to the cities and regions of the MPCs, in the shortest period of time, that they can count on its backing for the realisation of efficient and sustainable urban development projects when an integrated approach is adopted. This GF is a provisional document that pretends making project promoters understand the context of such support and give indications on how to prepare the applications to the UfM quality label.

In order to validate the relevance and the conditions for implementation of the principles set in this GF, a collaborative approach will be adopted in order to incorporate the practitioners’ experience and expectations. This may be done through the participation of national, regional and local authorities and other actors involved in urban projects in the Mediterranean Region. In order to identify the practical difficulties and the political red lines, peer-to-peer exercises on well-selected urban projects could be carried out. The experience gathered would be used to produce, for the benefit of future project preparation, a toolbox of good practices regarding sustainable urban development complementing this GF.

In a second phase this could lead to the establishment of a Mediterranean knowledge-sharing platform to facilitate MPCs urban policy design and implementation.
CONCLUSION

The GF has discussed the technical, economic, social and environmental requirements of urban projects in the context of the MPCs. It has shown the complexity of the issues at stake and the need to implement urban action through a multi-level approach. An integrated approach, in accordance with the UfM Strasbourg Declaration, is needed to ensure that all the objectives are taken into account.

The recommendations of this GF undoubtedly represent a challenge for many urban project promoters, but what is envisaged is that a qualitative jump in project preparation will allow MPCs to avoid the mistakes observed elsewhere and move directly to solutions that are more cost-effective and sustainable through planning, design and technological solutions that are better suited for the XXI century.

The UfM Secretariat will more easily label those urban projects prepared taking into account the suggestions of the Guidance Framework. The present document should be considered, however, as part of an on-going exercise that needs to be improved by the contributions of all stakeholders and, in particular, by those directly involved in urban planning, and in the preparation and management of projects.
ANNEX

UfM Project Guidelines

Guided by the Paris Declaration that initiated the process of the UfM in 2008 and in accordance with the Statutes of the UfM Secretariat, the Senior Officials adopted the following Project Guidelines.

I. PROJECT PROCESSING

Stage 1: Stimulation and Gathering of Potential Project Proposals and Initiatives

In this stage, the Secretariat may proactively gather initiatives for regional, sub-regional, transnational projects (or national projects in the framework of regional strategies or initiatives) from various sources such as sectoral ministerial meetings, national or regional authorities and institutions, private sector and civil society.

The Secretariat will envisage projects that:

• fall within the project priority areas identified by the Heads of State and Government in the Paris Declaration or those covered by the Secretariat’s Work Programme;
• are consistent with the Union for the Mediterranean general political and development criteria;
• contribute to the implementation of regional strategies or initiatives.

Stage 2: Registration of Projects

The Secretariat will establish an efficient and transparent system for receiving and registering of project proposals. In order to be registered and accepted for assessment by the Secretariat and be processed, a project submitted should meet three pre-conditions:

a) it must be presented and duly signed by its promoters;

b) it must include sufficiently informative description of the main elements of the project; and

c) It must include a financial undertaking from the promoters to cover part of the initial development cost (preliminary feasibility study, market research etc.) and participate in funding subsequent implementation costs.

Stage 3: Appraisal and Assessment
If the implementing organization is capable to carry out its own proper assessment of the project proposal, the secretariat only carries out a short plausibility assessment to assure that UfM criteria (see part II) are being met. The plausibility assessments are submitted to the SOM for decision. If the implementing organization is not capable to carry out a proper assessment, the Secretariat will carry out a proper assessment of the project proposal, requesting further information if needed, on the basis of evaluation criteria drawn from general or specific references (see II Project criteria), which may be amended over time, but without applying unduly strict or restrictive criteria, especially since the final responsibility for deciding on the certification of a proposal rests with the SOM. In the case of major projects, the Secretariat may circulate for information to Senior Officials a report summarizing the project initiative under consideration and ask for their guidance before further development.

Stage 4: Labeling of Projects

Following the completion of the project examination and assessment stage, the Secretariat submits to the SOM, on the basis of a collegial decision by the Secretary General and Deputies, the project(s) recommended to be labeled by the UfM. The SOM takes the final decision on the Secretariat’s proposal.

Stage 5: Assistance with Promotion of UfM Projects

Once the SOM has endorsed the labeling of a project, the Secretariat works to facilitate the promotion of the project, especially its financing needs, in collaboration and agreement with the project’s promoters. This requires contacting funding institutions and banks, whether public or private, by the Secretariat, as well as assisting in the removal of obstacles or impediments.

Stage 6: Monitoring Progress

Once the financing arrangements have been finalised and the project launched, the implementing organizations are responsible to monitor the progress. Progress and status reports will be regularly submitted to the Secretariat. If the implementing organizations are not capable to carry out a proper monitoring process, the Secretariat monitors progress in its implementation, ensuring at the same time that the criteria required for obtaining and keeping the UfM “project label” are being met. Progress and status reports will be regularly submitted to the SOM by the Secretariat.

In certain cases, the Secretariat may follow a fast-track for some projects and omit some of the stages described above if the project has been already approved by Sectoral Ministerial or Senior Officials’ meetings. 3

II. PROJECT CRITERIA

UfM projects are benchmarked against national legislation as well as relevant international standards. Project to be submitted to the Secretariat must:
a. uphold the principle of sustainable development;

b. strive to contribute to stability and peace in the whole Euro-Mediterranean region;

c. not jeopardise the legitimate interest of any member of the UfM;

d. respect the principles and rules of international law;

e. take account of the principle of variable geometry; and

f. respect the decision of member countries involved in an ongoing project when it is subject to further development.

Moreover, project promoters must explicitly show that, where applicable, they have:

• assessed the social and environmental impacts, risks and opportunities of projects;

• entered into effective community engagement through disclosure of project related information and consultation with local communities on matters that directly affect them;

• respected the basic rights of the workers involved in the project through effective human resources management and sound worker-management relationship;

• integrated pollution prevention and control technologies and practices;

• respected the basic human rights and consider the impact they may have including local communities and avoid or minimise the risks and impacts to community health, safety and security that may arise from project activities;

• provided opportunities for development benefits in a culturally appropriate manner;

• properly managed unavoidable involuntary resettlement to mitigate adverse social and economic impacts from land acquisition, or restrictions on affected persons’ use of land;

• avoided or mitigated threats to biodiversity arising from their operations as well as sustainably managed renewable natural resources;

• protected cultural heritage from the adverse impacts of the project’s activities and support its preservation.

8th April 2011

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