Towards an urban governance for the poor - public sector reform in the socially integrative City

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1. Introduction

The struggle against social exclusion and the strive for economic development are supposed to be the most important current tasks for urban leaders in German Cities (Keil 1997; Friedrichs 2000; Andersen 2000). Both tasks are closely related to new forms of urban governance like the public-private-partnership approach and programmatic claims like “entrepreneurial governance”, city marketing or the “enabling city” (Wigmans 2001). But a lot of cities do not enter the competition game with other cities and regions because they cannot provide a competitive structure and are affected by economic decline. Although a policy for economic development may also provide social inclusion, a policy for social cohesion remains an unavoidable task. Several cities developed special programmes against poverty and exclusion. Like urban government in general these policies for integration are under reform. The new forms of governance are closely related to changes in structures of legitimation. While the partnership approach offers less democratic control because decision making and mobilization of resources is partly shifted in private hands (Burns 2000; Stoker 2001), policies for integration follow a participatory path. Several current state-run programmes in Germany like City-Regeneration-East (Stadtumbau-Ost), Socially Integrative City (Soziale Stadt), City 2030 (Stadt 2030) and ExWoSt research project “New Forms of Co-operation between citizens, private actors and public administration” support these transitions in patterns of urban governance. These targeted programmes are a supplement to the traditional urban development assistance as the mainstream programme for urban renewal. There is a shift in the task of urban planning from city building or building places to fostering the institutional capacity in territorial political or social communities for ongoing regeneration activities.

The increasing number of distressed urban areas in German cities shows clearly that local governments couldn’t tackle urban poverty and social exclusion in an effective way. According to the different dimensions of social and cultural exclusion and economic problems concentrated in certain areas a new policy approach is needed which offers a multidimensional and area-based perspective (Atkinson 2000). The importance and renewed interest in areas-based initiatives is stressed by various authors (Andersen 2000; Atkinson/Lejeune 2001; Conway/Konvitz 2000). One example of the these new forms of urban governance is the programme “Urban areas with special development needs – the socially integrative city” in Germany. It was developed by the federal government and the sub-national level (the German Länder) in a collaborative effort to support local governments in facing the challenge of deprived urban areas. It was launched in 1999. The programme is supposed to indicate a paradigmatic change in urban policy because it is area-based and multisectoral. It aims at the better coordination of various public sector departments and sets residents participation as a priority in order to make social policy more effective. It also highlights the idea of partnership between public and private agencies, which is a feature of european community policies. It should serve as a blueprint for local government reform, as the need for integrated efforts and networked policies is stressed in various fields (Lücken-Isberner 2000). However, the implementation at the local level is rather problematic. Institutional capacity is needed to mobilize social capital, integrate resources of various policy sectors, and provide
accountability. The importance of wide institutional reforms to provide the basement for ongoing processes of cooperation and co-governance cannot be overseen.

In the remainder of this article I will describe the background of the effort to develop an integrated urban development policy. This effort is embedded in wider changes like the situation of the cities in Germany, the changing welfare state and the changing patterns of urban governance which lead directly to the development of area-based initiatives against social exclusion. The question is raised how these initiatives can contribute to local democracy. Three examples will be presented.

2. Urban Governance in Transition

The Situation in German Cities

Most German Cities face the structural change from manufacturing-based to a service oriented-economy (Friedrichs 2000). In the City of Hamburg for example where the local economy was primarily dependent on the harbour and industrial production a radical change took place during the last 20 years. The city was affected by a severe crisis and promoted a change towards an economy based on new media, services and high-tech industries (airbus aircraft production) (Häussermann/Kronauer u.a. 2000). As a complement local authorities launched in 1993 the programme “The City of Solidarity” to promote a more social balanced urban development strategy. This programme was especially targeted at deprived districts (Alisch 1996).

The process of economic restructuring is accompanied by an emerging new labour market which can be characterized by heterogeneity and polarization. This leads to a destabilizing impact on work and welfare systems. Given the dual structure of the new labour market with a segment of high income and high-specialized jobs on the one side and precarious jobs and unemployment on the other, this dynamics entails a weakening of the mechanisms of social integration and a growing risk of exclusion (Mingione 1997).

Urban Societies are affected by these processes and the local welfare state has to adapt to the situation (Hanesch 2001; Schridde 2000). In general the situation in German Cities can be characterised by worsening social inequalities, segregation processes between affluent and poor areas and concentration of social and economic problems in certain districts (Heitmeyer 1997; Hanesch 2001). Socio-economic and spatial exclusion are going hand in hand since the instruments of welfare policy like public housing are not able to balance inequalities. In consequence a growing number of disadvantaged areas emerges.

These so called districts with special development needs can be classified in two groups: Older inner city districts (former working class areas) and peripheral large housing estates of the 70s. They are characterized by a variety of problems: long-term unemployment, unemployed adolescents, concentration of ethnic minorities, consolidated poverty and high dependence on welfare benefits. The concentration of residents dependent on welfare benefits is partly a result of public housing strategies. In these cases formal government activity contributes to exclusionary processes because those in need are send by public administration to areas where the proportion of public housing rises up to more than 60%.
The changing welfare state
The German welfare system is based on various prerequisites which are no longer given (Mingione 1997). One example are the ideal working biographies (life time job for the male breadwinner) in times of heterogeneous and risky labour markets. It is also affected by demographic changes like the growing number of older people (Blanke et. al. 2000). The integrating function of the mechanisms and instruments of the welfare state is diminishing (Kaufmann 1997). Instruments and welfare institutions have to be adapted and new strategies are needed to cope with this situation (Lamping/Schridde 1999). I want to focus here just on one perspective of reform for the changing welfare state – the so called activating state which aims at a co-production of common goods between citizens and the public administration. It also tends towards the involvement of the residents in decision-making processes and the performance of public functions in order to combine and mobilise public and private resources in a new way. As Mingione puts it: "Potential regulatory innovations would presuppose a reappraisal of modes of activity that are “invisible” such as production for own consumption, family care, volunteer and charitable work and the creation of social capital." (Mingione 1997)

In this sense governance is a new way to mobilize and combine different resources. City-administrations are no longer understood as a welfare delivery agency.

These changes also affect the relationships between the different government levels in Germany. The local welfare state in Germany plays a crucial role because a high proportion of the public social security system is implemented at the local level. The importance of the local level is expected to be growing because the nationwide distributive system lacks efficiency. But the local tier of governance does not receive the support needed to face this structural change. Especially in field of financial subsidies, cities are dependent on financial contribution from the federal state or the Länder. Here german mayors complain about the process of scaling down certain responsibilities and tasks without getting additional financing. The growing importance of the local level can be identified in innovations and reforms in the performance of social service provision (Hanesch 2001). In the institutional design, the building up of institutional capacity and the promotion of networks local authorities have room to move and each city develops a significant and individual way of coping with this task.

Changing patterns of urban governance
Several authors describe the changes of urban governance by using concepts like Entrepreneurial City and Enabling City (Wigmans 2001; Andersen 2000; Friedrichs 2000). Cities follow a strategy of promoting development through prestige projects to gain a significant profile (EXPO 2000 in Hannover, Urban Entertainment Center “CENTRO” in Oberhausen, IBA Emscher Park). Changes also take place in the performance of public administration by using the New Public Management concept. These reforms can be interpreted in the wider perspective from a state-run planning perspective to a governance concept in public sector management in western societies. Also in welfare policies a shift takes place from a hierarchical steering to a decentralised social service co-operation, public sector management tends to abandon a planning
perspective in favour of a governance concept, which is interactive and inclusive (Healey 1998; Le Galès 1998).

The reasons for applying an integrated or networked approach to public sector management are:

- Social-political problems are affected by various interacting factors,
- The knowledge and the resources necessary for solving the problems is dispersed among many actors involved,
- The traditional system is expected to be in-effective,
- Fiscal stress makes new models of financing necessary,
- EU Policy and federal policy provoke reforms.

Regarding the term governance I am following Kooiman who defines governance as “All those interactive arrangements in which public and private sectors aim at solving societal problems or create societal opportunities, and at the care for the societal institutions within which these governing activities take place.” (Kooiman 1999, 70)

Governance is understood as a method of coordinating diverse activities and stimulate relations between actors through networking and partnership. This can take place by a variety of interactive forms like self-regulation, networking and hierarchical modes of societal action. In this sense governance retains the idea of steering without a leading role of the state (Le Galès 1998; Stoker 2001).

3. One feature of Urban Governance: Area-based Initiatives

The major tool to support german local governments in facing the problems of disadvantaged areas is the urban development assistance. Although spatially targeted, it was focused on physical regeneration through investive measures (parks, roads, buildings). Current area-based initiatives offer a more holistic approach as they combine at least 4 functional directions:

- Economy and employment,
- Physical environment,
- Enhancement of social cohesion,
- Political integration, participation and accountability.

The district is not regarded any longer as a physical construct but as socio-spatial entity. Andersen and Healey stress the importance to get the residents and stakeholders involved in an ongoing process of social restructuring (Andersen 2001; Healey 2001).

Generally speaking area-based initiatives have the task to blend capacities and resources between various public sector departments and governmental and non-governmental actors through processes of networking and negotiation. Therefore the new policy approach against social exclusion includes cross-sectoral collaboration as the traditional hierarchical pillar system of public services is a major point of concern that ought to be overcome in the framework of a spatially defined field of action (Andersen 2001). The coordination between initiatives directly aimed at urban areas and general social policies like social assistance and labour market policy is a major target. Synergy is a buzzword in this field. Especially the idea of partnership is regarded as a panacea for
the problems of distressed urban districts. There is an attempt to establish institutions that integrate resources from various departments of the administration, private actors and associations. Although partnerships have a re-integrating effect, some authors stress that they have limitations as they involve new power structures and new dependencies (Geddes 2000; Atkinson 2000). Despite the thrive for better horizontal and vertical coordination in the policy process, community involvement and resident participation can be regarded as the second main characteristic of area-based initiatives.

Although area-based initiatives are seen as an one size fits for all solution, they offer weaknesses and limits (Andersen 2001). I want to sum up two of most important arguments:

- Not all excluded people live in the target areas. Hence area-based initiatives have to be integrated in a city wide strategy against exclusion. Although everybody agrees on the importance of area-based initiatives we have to note that they can only be additional. Area-based initiatives need to be integrated in a holistic socially oriented urban development policy.

- To a certain degree, the problems in deprived areas have their causes outside the districts and outside the city, they cannot be solved there.

4. Area-based Initiatives in Germany: The Programme socially integrative city

Urban policy in Germany follows an area based approach with the programme socially integrative City. The programme combines urban social policy with regeneration measures and aims at a bundling of resources of several programmes and instruments of the welfare state and the incorporation of local associations and citizens. In the field of urban social policy the programme leads to a paradigmatic change in the logic of the welfare state. The instruments of the traditional welfare state are targeting on specific groups (older people, jobless, homeless, adolescents) wherever they live. This may be called an universalistic welfare policy, which takes not in consideration the spatial dimension of exclusion. So there is a call for an integrative socially oriented urban development policy, which is multi-sectoral and area-based. This also leads to a reform in public sector management as institutional boundaries of different administrative units have to be crossed. The programme started in July 1999 – about half a year after the new government of chancellor Schröder has been elected. The new coalition agreed on measures for affordable housing and worth living cities. The agreement of the coalition partners contains two items concerning the social problems of Cities:

- The traditional urban development assistance will be reinforced and developed as an integrative approach,

- Urban development assistance will be supplemented by the programme socially integrative city for old inner city areas and large new housing estates with a high proportion of public housing.

The programme has been worked out by a working group of ministers at the federal level. Up to now 209 districts in 189 cities are participating, 230 million € are provided. All the cities participating in the programme developed different models of the socially integrative city. This can be explained by different problems to solve, the path-dependency of the local policy culture and varying institutional arrangements that
produce different political opportunity structures. There is no universal way towards the social city.

The programme has preceding examples since the beginning of the 90s in various Länder Programmes (North Rhine Westfalia, City of Hamburg, Hessen) and is also based on the experience of the EU URBAN initiative and other policies in the Netherlands, England and France (Schmals/Kemper 2000).

The aims of the programme can be summarized as following:

- Coordinate, focus and concentrate resources and programmes, including public service, private business, private welfare organization, grass-roots movements and self-help organizations. Intensified and close co-operation of all local social service carriers and providers; delegation of competencies to districts (decentralization).
- Develop an integrative, socially-oriented urban development policy
- Encourage cooperation between different levels of government and those of the same level (vertical and horizontal coordination and cooperation)
- Activating and advanced forms of participation, following the stakeholder model: “...effective governance requires the direct involvement of various interests both in the making and the implementing of policy.” (Stoker 2001, 106)

As the labour market still occupies a crucial role as an integrating mechanism most of the projects are concerned with training and education. Using the instruments of the active labour market policy unemployed residents shall find work in parts of the project like measures for regeneration and renewal. This may also be called a social policy by projects in addition to monthly payments of welfare assistance.

The strive for coordination in public sector management and policy coherence is a difficult task (Webb 1991). Horizontal coordination in public sector management is a challenge for every municipality because each policy field has its own rationality, own time structure and all these fields developed their own policy structures in the vertically oriented German public policy system. Sectoral borders cannot be overcome easily as the accountability for the use of financial resources is left in the departments.

The aforementioned urban development assistance that serves as the legal framework for the programme is not suitable for the situation of consolidated poverty in disadvantaged urban areas. Urban development assistance was developed in the 70s as an instrument for the physical regeneration and renewal of older inner city areas. The resources of the urban development assistance therefore provide only a basis and an incentive that has to be supplemented at the local level by other resources from the EU (Community Initiative URBAN II, Structural Funds), the private sector and other social assistance programmes (active labour market policy, public housing, social assistance). Especially the bundling of investive (like physical renewal) and non-investive measures (like salaries and wage cost subsidies) seems to cause problems.

Only a third of the financial resources must be provided by the cities, two thirds derive from the federal level and the Länder level. Although the cities are dependent from federal state they are gaining more autonomy through policy efforts like the socially
integrative city because there is more room and an incentive to develop reforms in the performance of the local authority. But the procedure is problematic because the local administration has to prepare an integrated concept with time horizon and finance schedule at an early stage, but also has to take in account complementary financing by the EU, the municipality and other organizations. Normally there is no time to develop an integrated initiative in a collaborated effort with other relevant actors. Often the municipalities develop ad-hoc initiatives just to get the subsidies.

The municipalities provide a comprehensive governance framework. Usually in the city administration a steering group or task force with heads of various departments is arranged to enable the coordination of measures and resources. At the district level an office is set up where the district or neighbourhood management takes place. A district forum (round table) is founded with representatives of political parties, citizens, unions, organizations and local associations. The district level is very important because a high proportion of the coordinating and integrating work has to be achieved here. Resident participation usually takes place here.

The Handbook for the joined project socially integrative city of the ministerial working group suggests to use new instruments like neighbourhood management and find new forms of co-decision making (ARGEBAU 2000). Until recently there has been little experience of how such emerging new organisational forms operate. A learning process takes place, which can be understood as a process of institutional capacity building. New policy structures and institutions have also to be embedded in the local social structure (Granovetter 1985). This is be tried by involving existing voluntarily associational activity (NGOs) into the new policy initiatives.

Two tasks are crucial:

1. How to overcome boundaries between different administrative units and public and private actors through institutional co-governance, partnership and networking,

2. Institutional Capacity Building as an element of neighbourhood management: generating social capital within the neighbourhood, using local knowledge, empowerment and community work.

1. Institutional co-governance: networking and partnership are suggested in the current debate as the best way to overcome the problems of fragmented governance structures. As Greca found out, co-governance in this case is best practised on an institutional basis. He emphasizes that there have to be first hierarchical forms to provide a stable framework for cooperation in a field that can be characterised by fragmented and competitive governance structures. Greca also found out in his research work that institutionalisation is a way which can bring together different actors from various fields with different value structures and interests (Greca 2000).

2. Institutional capacity can be described as a capacity to organize collective action, build coalitions and partnerships, mobilize resources and allocate them in a network. It also refers to the capacity of how to use the different assistance programmes and instruments in a policy field. To describe these processes, Patsey Healey uses the concept of institutional capital, which has three dimensions: intellectual capital (knowledge resources), social capital (relational resources) and political capital (mobilization capital)
Building up this capacity should be the task of public policy itself. Key element is the development of relational resources and a common frame of reference between stakeholders, private business, residents and public agents. In general institutional capacity combines different notions like networking, social capital, ideas and institutions.

Healey describes institutional capacity as a capacity to build and maintain the strategic parameters of urban governance and to focus shifts to constructing institutional parameters (Healey 1998). In this sense capacity can be understood as the potential to influence the policy process. Healey emphasizes also the circumstances of the production and accumulation of (local) knowledge.

The concept of the activating state can be related to this idea of institutional capacity. It is focused around the “…role played by political structures and institutions in shaping the context of associational activity and hence the creation of social capital.” (Maloney/Stoker/Smith 2000).

The question is raised if the public administration can be able to mobilize or generate social capital and how to integrate social capital as an endogenous potential of an area in governance processes. As social capital is strongly related to the term civil society we have to change our perspective in analyzing these processes from bottom-up to top-down (Maloney/Stoker/Smith 2000; Lowndes/Wilson 2001). This is crucial because in a lot of disadvantaged areas the diminishing social cohesion destroys social capital in the sense of Putnam. Often we cannot find voluntary associational activity and we have to take in question if public authorities as exogenous factors can stimulate this by shaping the conditions for associational activity, providing an institutional framework for participation and facilitating collective action.

5. How do area-based initiatives contribute to local democracy?

The design of institutional arrangements to ensure participation of stakeholders and residents is one of the important elements of area-based initiatives in the socially integrative city. The importance to develop viable districts through ongoing processes of empowerment and participation is stressed by various actors engaged in the field of work and in the joined Handbook (ARGEBAU 2000). Basically the concepts can be summarized under the term placemaking, which describes the development of a common perspective or joined strategic vision for the district of all residents through the involvement in decision-making and agenda-setting processes (Healey 2001). This process cannot be reduced to participation in decision making. It must be seen in the wider perspective of the generation of social capital in districts where the stock of social capital is supposed to be low and social cohesion is steadily diminishing. The promotion of participatory institutions in the framework of area-based initiatives is closely related to the expansion of social capital (Lowndes/Wilson 2001). Obviously participation is not the same as social capital. The various ways of public participation in decision making are not always connected to community building, development of trust and shared norms, but some of the methods clearly contribute to the stock of social capital.
“Opportunities for (and constraints upon) associational activity are shaped by constitutional and legal frameworks, the structures and conventions of government, and the traditions and conventions of government.” (Lowndes/Wilson 2001, 631)

The rise of citizen-participation in urban politics is mainly based on two causes. The first one has its roots in the emancipatory movements of the 70s. The will of the citizens and residents to take part and be involved in decision making process grew since then and has led to various outcomes in the participatory planning approach (Selle 1997; Roth 1991). On the other hand, city-administrators and local politicians recognized that cooperation with target groups is unavoidable to maintain governance capacity (Scharpf 1992). Coordination and mediation through cooperation and partnership-building with third sector associations, neighbourhood associations, interest groups and welfare organisations has been expanded more and more in urban politics.

The Cities developed various institutional arrangements to ensure the participation of the residents (see for an overview Schridde 1997). Partly the projects are build on the experience of participatory planning, using the concept of the Planning Cell (Planungszelle) or advocacy planning, partly they use citizen forums, round tables and direct democratic elements. These measures are usually accompanied by information strategies.

Through these various forms, people participate in a direct way as individuals through direct democratic elements, open citizen forums or as members of associations. This may be voluntary associations, welfare organizations, political parties, unions and so on. In this case individual participation is mediated through processes of representation which give the single representative high importance (leadership problem).

The interaction between political authorities and citizens can be described by using a role model. It can be thought of in a three fold way:

- The citizen as an emancipating individual, in the traditional role of taking part in elections or other direct democratic elements,
- The citizen as a client or consumer like in the New Public Management debate,
- The citizen as co-producer like in the concept of the activating state with a shared responsibility between citizen and state for the a public product (Blanke 2000).

In area-based initiatives all the three models are relevant. But as the socially integrative city follows an activating approach, it is the third model that is gaining more and more attention. Following the difference between output-oriented and input-oriented approaches to legitimacy and democracy, participation may take place at the decision level or in the processes of agenda setting and priority setting while the performance rests in public hands (input-oriented). Or it may take place at the level of implementation, giving back civil society capacity to act (output-oriented). Especially all kinds of associations are integrated in both ways: as members of a round table or a steering group where decisions are taken or in the performance of projects and measures.

It has to be stressed that alternative models of urban democracy like round tables, citizen forums and consensus-based ways of decision making are under criticism because they
do not fulfil the expectations. The expected benefits of alternative ways of decision making like reducing of costs and gaining of acceptance do not balance the disadvantages of time-consuming processes and further fragmentation of the policy process (Coglianese 1997; Bossong 2001). The diminishing of the line between political authority and administration on the one side and the civil society on the other is seen with scepticism. A higher degree of participation is regarded as a challenge for civil servants and politicians as policy processes get more complex.

6. Three Examples
The two examples of Kassel and Hannover offer an overview of the usual way participation is organized in the districts participating in the programme socially integrative city. The model of Essen on the contrary shows a more advanced example and is combined with a structural reform of the municipal budget system.

6.1 Kassel
In the city of Kassel, especially in a district called Kassel-North, an area-based initiative was launched in 1998. It is now participating in the programme socially integrative city. The district is heavily affected by economic restructuring. Despite a steering group in the administrative body to coordinate public action, a round table was established in the district with the task of developing ideas and strategic concepts. The round table consists of various actors representing associations of the district, officials of relevant departments of the city administration, churches, universities, private actors and welfare organizations. The round table develops ideas and projects on consensus based decisions and gives advise for decisions which have to be taken in the city council. Primarily, this institution has a coordinative function. But it should also serve as an institution for the mediation of interests.

Direct participation takes place in projects using direct democratic elements on the implementation level for target groups (children, single parents) and tools like planning-workshops. Additionally once in a year a district conference is hold, where everybody can inform himself and raise questions.

The round table as a way of representation shows the dangers of leadership and clientelism as the representatives in the assembly follow the will of the interest groups they represent (Bossong 2001). This is a typical sign of welfare regimes and a problem of the gap between represented and representers. The example of Kassel lacks of a clear concept of resident participation.

6.2 Hannover
In the district of Vahrenheide, a large housing estate of the 70s in the city of Hannover, an area-based approach was introduced in 1997. The district now serves as model for the new nation wide programme. Structures for participation follow a two-fold approach. First of all we can find the regeneration council which has to be established because the project is part of the legal framework of urban development assistance. The council
consists of members of the city council and the district council who in addition designate one further person each. These persons necessarily have to live or work in the affected district. The regeneration council makes all decisions according to measures and investments that will be made in the district based on the subsidies of the urban development assistance. The financial resources of this programme are supposed to mobilize additional investments from various sources. This is in short the task of the neighbourhood manager in cooperation with the regeneration council.

As the regeneration council mirrors the political majorities of the city council and is heavily influenced by political party politics, it does not represent the interests of most of the residents. Hence the neighbourhood manager established a citizen forum. The access to this forum is free for everybody, meetings take place every two weeks. The forum is advised and supported by the neighbourhood manager, an advocacy planner and further civil servants who are in charge of the regeneration measures on behalf of the administration. The citizen forum is given a small operating budget and it develops propositions for the regeneration council that usually follows these suggestions. Meetings take place every two weeks, working groups have been founded according to various topics and projects. Limitations of this way of participation can be seen in the fact that voluntary engagement is a middleclass phenomenon (Gabriel 2000). Usually groups like immigrants and adolescents do not take part because they have language problems, are not used to this kind of consultation or simply don't have enough time. The capacities to express interests are distributed unevenly between the groups of the area. This may change through ongoing processes of social work but the activation of the inactive remains a problematic task. According to the fragmented social structure of the district the citizen forum is not representative.

Additionally in singular cases (micro-projects) direct participation on decisions takes place.

The whole regeneration project is accompanied by information strategies, using tools like newsletters, events, workshops and further more.

7.2 The Model of Essen: Area Budget

The model of Essen offers the most advanced approach of institutional innovation in the framework of area-based initiatives (Grimm, G./Micklinghoff, G./Wermker, K. 2001; v.d. Mühlen, M./Wermker, K. 2001). Spatial orientation and participation are combined in a reform concept to reach a higher level of effectiveness and community involvement. The area-budget is an institutional innovation in an experimental status and closely related to the joined project “citizen budget” of the Bertelsmann foundation and the ministry of the interior of the Land North Rhine-Westfalia. It introduces a spatial perspective in the sectoral organized budget system of the administration and shows a way towards a continuous area-based urban policy on the level of districts. The problem solving capacity will be raised by the coordination of two lines of budget accountability: the one of the various departments and the one of a socio-spatial entity.

In detail the model provides the founding of area teams which consists of representatives of the various departments of the central administration who are obliged to invest a certain amount of time in the area team, using the management-by-objectives approach.
Only the head of the area team is full time responsible for his district. The aim is to develop an area-budget that combines and coordinates all the resources which will be invested in the district. The area team should also try to involve resources and knowledge of local actors through a strategic vision for the area. The area-budget is based on the expenditures the various departments made the year before in the area without any effort of coordination. Therefore the city council budget is disaggregated and attributed to both the various services and the districts. On this basis each area team formulates the area-budget as an outline, setting the priorities of investments and adding a spatial perspective to the council budget. In addition to the resources from the budgets of the departments, a free money budget is supplemented for the free use of the area team.

Through this spatial approach, the formulation of an area budget offers the possibility for the participation of a wide range of actors like associations, citizens and private firms. The outline of the area budget is discussed in public to gain the approval of the residents. This public debate may be organized through information campaigns, citizen surveys or the use of the Internet. In addition the district council discusses the outline in order to set priorities in the development of the district. The district councils are elected political assemblies below the level of city council. So long they have been of less importance. But they may gain a crucial role through this model.

Once the area budget is made complete, it has to be confirmed by the city council. In order to present and justify the outline of the area-budget, the chairman of the district council has the right to speech and present the outline of the area budget in the city council.

The area budget approach is a way to organize area-based approaches as an ongoing activity. So far area-based regeneration projects have been limited in time, focused on singular projects and based on subsidies. They also faced the problem that spatially targeted approaches are selective as they are limited to a few areas. The area budget reorganizes the balance between professional competence in the administration, elected assemblies and local citizens.

7. Final Comments

Most area-based approaches like in Hannover and Kassel enable participation through information and consultation, rarely through co-decision. Although area-based initiatives rarely offer the possibility for residents to participate in strategic decision-making, they show a way towards an incremental process of community involvement in projects in their district through associational activity. The process is embedded in systems of interest intermediation where voluntary associations and intermediate organizations are gaining more weight. It has to be observed if this systems of interest mediation give more influence to interest groups without democratic legitimacy.

The socially integrative city is understood as an ongoing process of involvement in collective action, the participation on singular decisions is less important. The residents are primarily understood as clients and partly as co-producers.
As the procedure of bidding for subsidies makes a preformulated strategic concept necessary, which is worked out in the administration without consultation of residents, the input of the residents on this strategic level remains low while it is higher on the implementation level. This is different in the area-budget approach, which opens ways of priority setting quite early, although the final decision is made in the city council. The example of Essen also shows a problem identified by Danny Burns: a shift to greater democracy creates greater complexity.

“The stronger the local democratic input coming from the neighbourhoods, the greater the tension on the internal matrix within the local authority.” (Burns 2000, 965)

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