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TARGETED ANALYSIS //

URDICO

Urban Dimension of Cohesion Policy
and other EU Programmes

Annex 4.7 - Valencia Study Report // January 2026



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The final version of the report will be published as soon as approved.

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1 Summary

GENERAL DESCRIPTION

València, 844,424 inhabitants in 2025, is positioned as an intermediate city and the third largest in Spain. The València City Council is headed by the Mayor-President, elected by the 33 councilors of the municipal government team. The municipality exercises various powers in matters of taxes, expenditure, and investment. It is also developed through specific projects and initiatives within programmes or strategies such as the València 2030 Urban Strategy or “DecidimVLC”, the participatory budgeting process.

The European framework has become the city's main ally, both from the point of view of new values and approaches to development, as well as new forms of governance (both multi-level and within the city administration itself). València City Council, aware of the opportunities offered by Europe and the difficulties at the level of internal operation, created the current European Projects Service, as Municipal Service depending on the organic City Hall structure.

- MAIN CHALLENGES:

From a thematic point of view, main challenges are:

- 1) More resilient cities: socio-economic recovery from the post-COVID crisis.
- 2) Investing in the green and digital transition (Smart Cities).
- 3) Integrated and participatory long-term strategies.
- 4) A focus on urban functional areas (including urban-rural connections).
- 5) Strengthening administrative capacity. The objective is to seize opportunities by optimizing funds, both ESIF & RFF and direct funding (as Life, Horizon, Interreg programmes), interlinking them with Local Urban Agendas, as well as rewarding and disseminating best practices (as European Urban Initiative and Innovative Urban Actions do).

Main challenges, by levels, are as follows:

1. *At local level:* Limited Influence in Policy Design, Limited Administrative Capacity and Institutional Development, Technical Complexity and Administrative Burden, Staffing Limitations, Metropolitan Coordination difficulties,
2. *At regional level:* Complex Multilevel Governance Structure, Limited Integration of Urban Dimension, Coordination Gaps with National Level.
3. *At national level:* Inadequate Urban Dimension Integration, Coordination Challenges Between Levels, very Centralized Management Structure.
4. *In relation with EU level:* Limited Direct City Engagement, Inadequate Urban Dimension Recognition, Limited Flexibility and Responsiveness,

- MAIN POLICY RECOMMENDATIONS

1. *At local level:* Establish a centralized European funding coordination unit that integrates all EU funds management under a single organizational structure. Develop Strategic Planning and Coordination Mechanisms creating systematic processes for identifying and prioritizing projects. Strengthen Networking and Lobbying Capacity. Enhance Metropolitan Cooperation
2. *At regional level:* Enhance Multilevel Coordination Mechanisms sharing protocols with national authorities to ensure that all relevant stakeholders are aware of funding opportunities and requirement. Develop Integrated Urban-Regional Strategies explicitly recognizing the urban dimension of regional development. Enhance Valencian Regional Government role as a facilitator of innovation in European funding approaches.
3. *At national level:* Decentralize Management and Increase Urban Participation providing greater autonomy to regional and local authorities in design and implementation, and acting as

technical assistance in developing administrative capacities. Strengthen Urban Initiatives Network. Improve Coordination Mechanisms. Reform SUDS and Urban Strategy Implementation based on previous experiences, simplifying procedures, improving clarity of selection criteria, and providing better technical support to cities.

4. *In relation with EU level:* Establish direct dialogue mechanisms with cities and urban areas that complement existing Member State channels. Increase the mandatory allocation of ERDF funds for urban areas beyond the current 8% threshold as well as more flexibility for cities in determining priorities and approaches. Strengthen Urban Innovation and Experimentation. Improve Technical Assistance and Capacity Building. Promote Integrated Territorial Development.

2 Introduction

Main Territorial Governance Features and Instruments

València, with 844,424 inhabitants according to the official 2025 Population Census, is positioned as an intermediate city and the third largest in Spain, after Madrid and Barcelona. As a local entity, it has its own government: the València City Council, headed by the Mayor-President and the Councilors of the municipal government team.

The València City Council meets periodically in plenary sessions open to the public, where all elected representatives from different political parties, both from the government and the opposition, participate. The València City Council is composed of 33 Councilors elected every four years through a proportional representation system using the D'Hondt method. The mayor is indirectly elected by the plenary assembly, requiring an absolute majority of Councilors or being automatically designated as the candidate from the most voted party.

The municipality exercises various powers in matters of taxes, expenditure, and investment in accordance with Spanish Law 7/1985, of April 2, Regulating the Bases of the Local Regime. This legislation establishes municipal competencies in areas such as public security, traffic regulation, fire prevention and extinction, urban planning, historical-artistic heritage, environmental protection, social services, water supply, public lighting, and public transport.

València has the capacity to establish agreements with other neighboring municipalities through different forms of association: consortiums with other administrations and the private sector, or commonwealths and metropolitan areas with other municipalities. However, in València's case, there is no formal metropolitan entity as a legal local body, despite failed initiatives such as the Consell Metropolità de l'Horta.

The Consell Metropolità de l'Horta was a supra-municipal management body created in 1987 comprising the 44 municipalities of the Huerta county around València city. This body was officially dissolved in 1999, completing its full liquidation in 2001. Previously, the Administrative Corporation Gran València existed from the post-war period until 1986, being one of the most important metropolitan entities in Spanish urban planning history.

València is part of the València Provincial Council (the Provincial Government) as well as other voluntary associations such as the Valencian Federation of Municipalities and Provinces (FVMP), within the organizational chart of the Spanish Federation of Municipalities and Provinces (FEMP). Through these entities, it can sign collaboration agreements with different Spanish ministries, either through FEMP or independently. The city can also sign agreements and commitments with other cities and national programs (Recovery and Resilience Plan, Spanish Urban Agenda) and international ones (Twin Cities, Covenant of Mayors for Climate, Milan Agreement that designated it as Food Capital).

The relationship with citizens and local economic actors is developed in person at municipal facilities, increasingly through e-government and open government. It is channeled through statutory channels of public participation such as popular legislative initiatives, participation plans in urban projects, and procedures normatively established in Strategic Environmental Assessments of Plans and Programs (SEA). It is also developed through specific projects and initiatives within programmes or strategies such as the València 2030 Urban Strategy or DecidimVLC, the participatory budgeting process.

València's Main Features in Relation to Cohesion Policy

The EU is a very important source of the normative and regulatory system in Member States with direct impact on local entities in normative, economic, cultural, and other aspects. In the European process, all administrations, including local administrations, and all actors have a relevant role in normative production ("European multilevel governance").

After the municipal elections of May 24, 2015, the municipal government team wanted to strengthen its relations with Europe as an ally, working toward achieving common objectives. The European framework has become the city's main ally, both from the point of view of new values and approaches to development, as well as new forms of governance (both multi-level and within the city administration itself).

The support of partners and allies at the European level with similar concerns and proposals (Milan Pact, the new role of green infrastructure, cities for innovation, adaptation to climate change) and the opportunity to count on European funds to carry out the initiatives planned for this change has proven to be a decisive element. It has been a challenge to adjust the usual functioning of the administration and its capacity to manage these funds, but progress has been made in that direction.

València City Council, aware of the opportunities offered by Europe and the difficulties at the level of internal operation, created the Technical Office for Aid to European Projects. After years of work, a team has been consolidated with the minimum threshold that has acquired the new and formal status of Municipal Service: The European Projects Service.

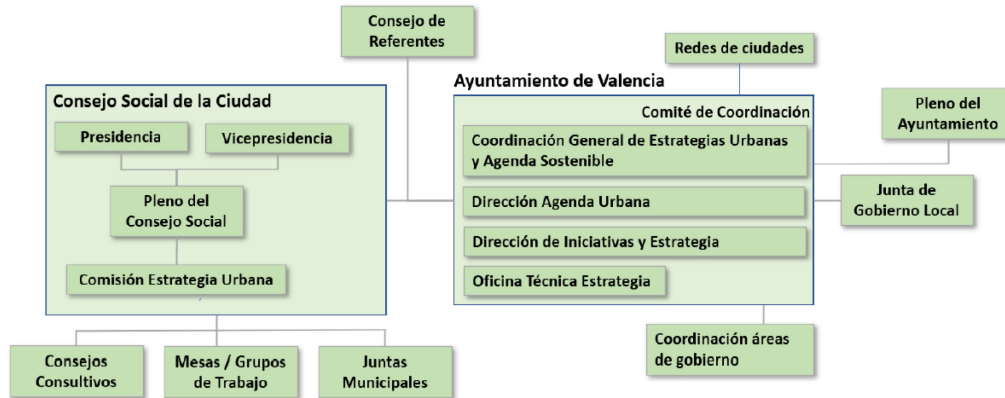
The governance model on the future of the city has experienced an important and positive evolution since the process of drafting the València Urban Strategy 2030. This evolution has manifested both in relation to the number of sectors and actors involved (public-private-third sector) and in terms of the design of control structures. In that sense, the Urban Forum was created as a unifying space for the entire social, economic, institutional, and cultural fabric of the city, to act in a shared way for the future sustainable development of the city and its environment. This forum represents a plural space for reflection organized by the City Council to rethink and jointly build the desired city model.

According to the official documentation of the València 2030 Urban Strategy, the governance system is structured in several key organizational levels:

- Urban Strategy Coordination Committee: Responsible for general coordination of actions for compliance with the Urban Agenda
- Social Council of the City: Acts as the maximum consultative and participatory body, formed by representation of the most representative institutions, organizations, and entities of València
- Sectorial Consultative Councils: In different areas such as social affairs, youth, environment, mobility, etc.
- Territorial Consultative Councils in the different districts of the city
- Thematic Tables and Working Groups: Constitute debate spaces where citizen participation is channeled with mixed composition incorporating actors from public administration, private sector, civil society, academia and research, and media

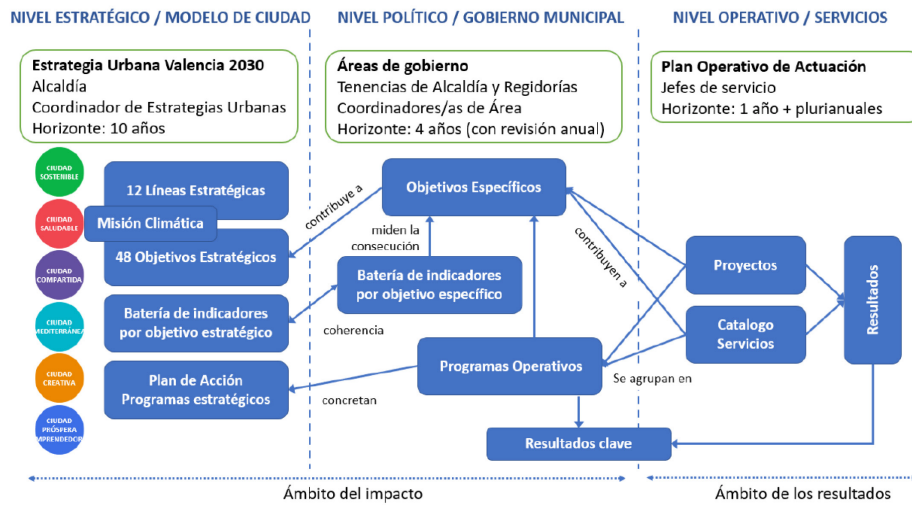
Within the framework of the València Urban Strategy, a series of indicators and their methodology have been developed to evaluate and monitor the level of compliance with different objectives and goals in relation to the Sustainable Development Goals (SDGs).

Figure 2.1
Governance and organizational structure of the València 2030 Urban Strategy



Source: https://estrategiaurbanavlc2030.es/wp-content/uploads/2022/11/4_SISTEMA-DE-GOBERNANZA-es.pdf

Figure 2.2
Management model for the implementation of the València 2030 Urban Strategy



Source: https://estrategiaurbanavlc2030.es/wp-content/uploads/2022/11/4_SISTEMA-DE-GOBERNANZA-es.pdf

3 National Overview on Cohesion Policy

In the **Programing Period 2014-2020**, the management of the Structural Funds was structured through Operational Programmes (OP). Each OP is composed of priority areas and investment priorities; all them together design a development strategy, which must be implemented throughout the duration of the programme. Projects seeking funding from the programme must be included within this strategy. Depending on their specific nature, each of the Structural Funds may finance certain types of projects. Grants financed with European Union funds will be governed by the applicable Community regulations in each case and by the national rules implementing or transposing them. As Member State, Spanish Government assumes primary responsibility for financial control of the interventions. That means it must adopt measures aimed at the efficient and regular use of European funds, ensuring interventions are managed according with national and Community regulations, and in accordance with proper financial management rules.

When talking about ESIF, the governance of Cohesion Policy in València is structured as follows: at the first level, the European Commission. At the Spanish national level, the managing authorities would be, on the one hand, the Directorate General for European Funds of the Ministry of Finance for the ERDF fund, and on the other, the European Social Fund administrator of the Ministry of Labor and Social Economy for the European Social Fund. The Spanish Ministry of Finance is the key Managing Authority for all ESIF funding, both the multi-regional (Spanish Government decides distribution and location) as well as regionalized part (goes directly to Regional Autonomous Governments who decide distribution and location despite must report for monitoring to the Spanish Ministry of Finance) of such funds.

The Valencian Autonomous Region Government (Generalitat Valenciana -GVA-) acts as an intermediary body through the regional Directorate General for European Funds, and from there, the managing bodies intervene, which execute the two funds at the regional level. This regional managing bodies for projects funded with the regionalized part of ESIF are the Valencian Institute of Business Competitiveness (IVACE), the Valencian Employment and Training Service (LABORA), or the Valencian Government Railways (FGV). The Valencian Federation of Municipalities and Provinces also participates in the monitoring committees. The concept of final beneficiary applies to the local entity that receives the funds through the managing authority.

As for directly managed programmes, depending on the European Commission's assessment and their alignment with the objectives of the programme to which they are submitted, València has got resources and has participated in several initiatives, such as Horizon Europe, INTERREG, and LIFE.

Regarding the urban dimension of Cohesion Policy (5% ERDF), during the 2014-2020 programming period, the city of València was beneficiary of some funding because the urban space policy channeled it through the Multiregional Operational Programme of Spain (POPE) 2014-2020¹: Sustainable and Integrated Urban Development Strategy (SUDS) of El Cabanyal district. At Spanish level greater attention and interest arise on SUDS, in light of the traditional autonomous functioning of municipalism and another significant legislative initiative of the same year (which also appears to be part of the strategy to address the crisis of real estate and construction sector): The Spanish Law 8/2013, of June 26, on urban rehabilitation, regeneration and renewal.

¹ [DGFE:Programas Operativos Plurirregionales](#) (acceded 17.06.25).

ISUDS integrated the urban issue into the European Union's Cohesion Policy thanks to their role as development strategies for part of the basic lines of the Regional and Cohesion Policy for the period 2014-2020, particularly the thematic objectives numbers 2. Telecommunications and Information Society; 4. Low-Carbon Economy; 6. Environment; and 9. Social Inclusion. These four objectives were closely related to the goals set out in the Spanish Urban Agenda approved by the Council of Ministers on February 22, 2019. The ISUDS were seen as a magnificent opportunity to develop the urban agenda, as well as to find funding linked to the ERFD, with the aim of "strengthening socioeconomic cohesion within the European Union by correcting the imbalances between its regions."

Although the experience with ISUDS in the period 2014-2020 was not generally satisfactory in terms of clarity of selection procedures and subsequent management of funds (something that improved from the first to the third of the calls made in that period), it was an important testing ground on which to base future Local Urban Agendas, following the approval in 2018 of the Spanish Urban Agenda, and the current Integrated Territorial Strategies (EDIL) of political objective 5 of the ERDF funds of the current programming period 2021-2027².

Added to this was a clear diagnosis of the problems facing territorial and urban planning in Spain, faced with the urgent need to implement a change in planning style and instruments to rescue it from the impasse it finds itself in. There is a clear need to move toward more strategic planning, in conjunction with traditional normative planning, and a better relationship between urban and territorial planning, for which the supralocal-subregional/regional/metropolitan scale becomes decisive. A more comprehensive territorial and urban planning approach is needed, where spatial analysis is complemented by an environmentally friendly socioeconomic development approach. All this is calling for new governance practices, not only functional but also territorial, conceived in terms of sustainable territorial development strategies, in a territory that matters.

Main challenges for cities and towns in Spain for the 2021-2027 programming period to act on, according to the conclusions of the XI International Congress on Territorial Planning organized by the Spanish Spatial Planning Inter-Professional Association (FUNDICOT)³, are: 1) More resilient cities: socio-economic recovery from the post-COVID crisis. 2) Investing in the green and digital transition (Smart Cities). 3) Integrated and participatory long-term strategies. 4) A focus on urban functional areas (including urban-rural connections). 5) Strengthening administrative capacity (European Urban Initiative). The objective is to seize opportunities by optimizing funds, rewarding and disseminating best practices, as does the European Urban Initiative (Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the ERDF and the Cohesion Fund), which promotes synergies between European urban programmes such as Innovative Urban Actions (IUA), the Urban Agenda for the European Union as well as exchanges with URBACT.

In the current **Programming Period 2021-2027**, the Spanish Government submitted the Partnership Agreement 2021-2027 (PA) for approval by the European Commission, previously to launch the programming of EU funds in Spain. PA is a strategic document, mandatory for each Member State, that sets out the basic approach and investment priorities of the various European Funds, according with the basic regulations set out in the Common Provisions Regulation:

- THE EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF) PROGRAMMING 2021-2027

² <https://estrategiasterritorialesintegradas.es/> (accessed 17.06.25).

³ Free access at: <https://omp.uv.es/index.php/PUV/catalog/book/701> (accessed 17.06.25).

ERDF Operational Programmes are the planning documents that define the action strategy for achieving the selected Policy Objectives, the types of actions to be carried out, and the results to be achieved. In the 2021-2027 period, Spain will receive €23.539 billion from the ERDF, which will be distributed:

- across 19 Regional Operational Programs (17 Autonomous Regions and City + 2 Autonomous Cities with special status, Ceuta and Melilla) and
 - one Multiregional Operational Programme (POPE) for Spain, which will serve as the main planning instrument for the actions of the Spanish Government (as General State Administration) to be financed by this Fund. POPE also includes management of 8% ERDF funding for new *Strategic Objective 5 of Cohesion Policy: Promoting the sustainable and integrated development of all types of territories and local initiatives*. The fundamental interface between the Structural Funds and local governments is the Urban Initiatives Network, which has this component of fund management and implementation.
- [NEXTGENERATIONEU](#)

NextGenerationEU is a temporary recovery instrument with over €800 billion that will help repair the immediate economic and social damage caused by the coronavirus pandemic. Post-COVID-19 Europe will be greener, more digital, more resilient, and better adapted to current and future challenges. This aid package was approved on 21 July 2020, by the Heads of State and Government of the European Union. It has two main components:

1. *Recovery and Resilience Facility (RRF)*: A core element of NextGenerationEU, with €723.8 billion in loans (€385.8 billion) and grants (€338 billion) available at EU level to support reforms and investments undertaken by EU countries. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable and resilient, and better prepared for the challenges and opportunities of the green and digital transitions.

The RRF entered into force on 19 February 2021. It finances reforms and investments in Member States from the start of the pandemic in February 2020 until 31 December 2026. It is a directly managed, performance-based mechanism. Meeting the milestones and targets agreed in the reform and investment plans unlocks regular payments.

To qualify for support from the Facility, Member States must submit their recovery and resilience plans to the European Commission; in Spain the *Spain's Recovery, Transformation, and Resilience Plan*. Each plan sets out the reforms and investments to be implemented by the end of 2026, and Member States will be eligible to receive funding up to the pre-agreed amount.

The *Spain's Recovery, Transformation, and Resilience Plan* (PRTR)⁴ includes a series of investments and structural reforms, along with goals, objectives, and indicators for their monitoring and control, to address the crisis. To this end, the plan has a budget of €140 billion in non-reimbursable transfers (€69.582 billion) and loans (€70 billion). To facilitate the deployment of investments, the Plan is based on four cross-cutting axes: 1. Ecological transition; 2. Digital transformation; 3. Territorial and social cohesion; 4. Gender equality.

⁴ https://www.lamoncloa.gob.es/lang/en/presidente/news/Documents/2020/20201007_RecoveryPlan.pdf (accessed 17.06.25).

The PRTR is structured around ten lever policies that will directly impact those productive sectors with the greatest capacity to transform our economic and social fabric. These policies are: 1. Urban and rural agenda, combating depopulation, and developing agriculture (linked and following the path of previous ISUDS past programming period, as well as connected with the current 5.1 and 5.2 ERDF specific objectives); 2. Resilient infrastructure and ecosystems; 3. Fair and inclusive energy transition; 4. An administration for the 21st century; 5. Modernization and digitalization of the industrial and SME fabric, recovery of tourism, and promotion of a Spain as an entrepreneurial nation; 6. Pact for science and innovation. Strengthening the capacities of the National Health System; 7. Education and knowledge, continuing training, and capacity development; 8. New care economy and employment policies; 9. Boosting the culture and sports industry; 10. Modernizing the tax system for inclusive and sustainable growth. These ten “lever” policies comprise, in turn, 30 lines of action structured into 102 changes and 110 investments. Projects included in the PRTR will be implemented through agreements, contract tenders, and calls for grants and assistance from the three levels of Spanish administration: Spanish Government, Autonomous Regions Governments, and, where applicable, Local Authorities.

Regarding the first one, 1. Urban and rural agenda, combating depopulation, and developing agriculture, the following actions have been taken: The Spanish Urban Agendas (AUEs) have become true tools that have allowed municipalities to obtain funding while meeting the objectives of their urban agendas with sound management and execution. The aim was to ensure there would be no improvisation in the spending of public funds and to promote the presentation of mature projects. This has fostered inter-administrative coordination at the sectoral level between ministerial departments (the Ministry of Finance as the managing authority and the Ministry of Urban Agenda, responsible for technical support for the development of these local urban agendas, either directly or with the support of the Spanish Federation of Municipalities and Provinces) and between the General State Administration (the Government of Spain) and the municipal councils.

2. Recovery for Cohesion and Europe's Territories ([REACT-EU](#)): NextGenerationEU at EU level also includes €50.6 billion for REACT-EU. This new initiative expands the crisis response and repair measures implemented through the *Coronavirus Response Investment Initiative* and the *Coronavirus Response Investment Initiative Plus*. It will contribute to a green, digital, and resilient economic recovery. The funds will be made available to the ERDF, the ESF, and the Fund for European Aid to the Most Deprived (FEAD). These additional funds would be provided in 2021-2022.
3. In addition, NextGenerationEU will be able to provide additional funds to other European programmes or funds, such as Horizon Europe, InvestEU, Rural Development or the Just Transition Fund (JTF). The JTF will support the policy objective, based on the Paris Agreement, of enabling regions and people to address the social, employment, economic, and environmental impacts of the transition towards the Union's 2030 energy and climate goals and a climate-neutral Union economy by 2050. Member States will be required to consider in their programmes the content of their national energy and climate plans and the outcomes of the process leading to Union recommendations on those plans during the mid-term review, as well as the financial needs allocated to low-carbon investments.

4 Urban structure and governance of Cohesion Policy

4.1 Spatial boundaries and administrative configuration

Regarding spatial boundaries and administrative configuration, these are municipal. However, for more specific and cross-cutting issues, the municipality of València occasionally has joined forces with other cities in the metropolitan area to apply for common shared projects. These projects are oriented to basic infrastructures that involve for its management entities beyond the municipal scale. This is the case of the Metropolitan Entity of Hydraulic Services (EMSHI), the Metropolitan Transport Authority of València (ATMV), and the Metropolitan Entity for Waste Treatment (EMTRE). Also some Smart City projects have been proposed at the provincial level by the Provincial Council in which València city also participates (as the airport and the Trade Fair). These boundaries for EU financing projects at municipal level have not changed from the 2014–2020 to 2021–2027 programming periods.

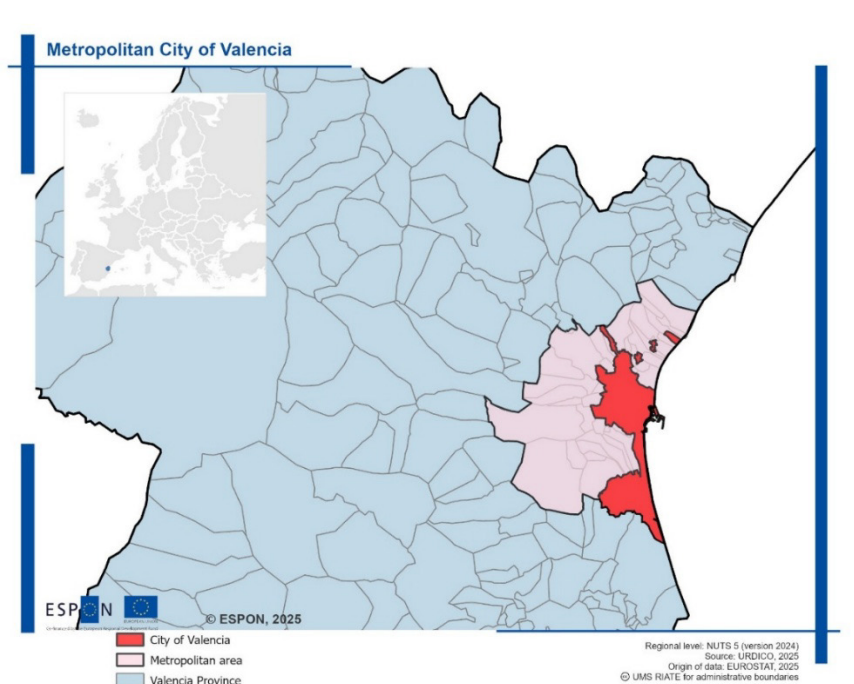
The territorial perimeter of this case study is limited to the administrative boundaries of the municipality of Valencia (ES523). No changes to this perimeter or its Eurostat codes occurred between the 2014–2020 and 2021–2027 EU programming periods.

Table 4.1
Spatial boundary of Valencia's case study

	2014–2020		2021–2027	
	Level	LAU(s)	Level	LAU(s)
Municipality		2	Municipality	2

Source: author's own elaboration

Map 4.1
Spatial boundaries of Valencia, Spain



Source: author's own elaboration from Generalitat Valenciana (2011). Estrategia territorial de la Comunidad Valenciana. Generalitat Valenciana.

Table 4.2
Administrative configuration and responsibilities in Spain

Level	NUTS	Responsibility
State level	0	ESIF and RFF Managing authority. Responsible on Urban Local Agendas methodology
Autonomous Community / Regional	2	Intermediate body depending on powers to ERFD and FSE regionalized budget allocation, intermediate managing authority for these funds. Responsible of Spatial Plans at regional as well as sub regional levels
Local level	5	Projects/interventions implementation. Co-funding management. Responsible for ISUD, Urban Local Agenda of the City and the Urban Master Plan

Source: author's own elaboration

4.2 Governance of Cohesion Policy in Valencia

Understanding the governance of cohesion policy and territorial development is crucial for analyzing the urban dimension of EU cohesion policy at the local level. In València, this governance is marked by complexity and the involvement of multiple actors across different administrative levels, each with distinct roles and responsibilities.

Multi-Level Governance: Key Actors

At the national level the Spanish Government (General Administration of the State, AGE) oversees cohesion policy implementation through several ministries and public companies, such as TRAGSA and IDAE, which act as national executors. Managing authorities—mainly Spanish Ministry of Finance—are responsible for fund oversight, while verification and payment authorities ensure compliance and disbursement. Sectoral executors and local administrations serve as final beneficiaries. This creates a complex, multi-layered system that spans the entire lifecycle of EU-funded projects.

From the perspective of the Head of the European Projects Office of the València City Council, managing European funding is particularly challenging due to the diversity of sectors and administrative scales involved. The process begins with the European Commission and Parliament, followed by national programming managed by the Spanish Government, and then operational programmes developed by the 17 Autonomous Regions, including València.

Regional Level Structure

At the regional level, the Generalitat Valenciana (GVA), as Valencian Regional Government, acts as an intermediate body, primarily through its Directorate-General for European Funds. The regional government manages the European Regional Development Fund (ERDF) and the European Social Fund (ESF) in coordination with national authorities. Key regional departments involved include:

- The General Directorate for Relations with Autonomous Communities and the EU
- The Valencian Community Foundation, European Region (a public-private partnership)
- The General Directorate for Funds and the Treasury Regional Ministry

These bodies are responsible for formulating, agreeing on, and financing the Regional Operational Programme (ROP). Regional agencies such as the Valencian Institute of Business Competitiveness (IVACE), the Valencian Employment and Training Service (LABORA), and the Valencian Regional Government Railways (FGV) execute projects at the regional level. Local entities that receive funds through these agencies are considered final beneficiaries.

Provincial councils could play a role, but in València their capacity to act on the funds is limited. The overall structure and roles are defined by the EU's Structural Funds Regulation. For example, during the 2014–2020 programming period, local administrations sometimes acted as intermediate bodies, serving both as delegates of the managing authority and as project implementers.

Local Level: The Case of València City

In València, the governance of cohesion policy at the urban level is especially complex due to the city's size, political dynamics, and the number of stakeholders involved. The City Council, composed of 30 sectoral departments led by various councillors and political parties, is responsible for defining and implementing the city's strategy. Political cycles, such as municipal elections, can disrupt long-term planning and make it harder to maintain a consistent strategy for accessing and managing European funds.

Leadership in European project management has often rested with the Councillor for Innovation and Knowledge Management, who relies on technical experts for project development and decision-making. Effective collaboration between politicians and technical staff is fundamental for successful project delivery. Despite efforts to adopt integrated approaches—such as the Missions València 2030 Programme and the El Cabanyal ISUDS initiative—most projects remain sectoral in focus. Initial challenges in managing complex projects like El Cabanyal SUDS led to the creation of the European Projects Office in 2020, which now coordinates the city's European funding efforts.

Other municipal actors include public companies and foundations, such as the Municipal Transport Company (EMT), the Sports Foundation, the Convention Center, and AUMSA (Urban Actions of València S.A.). These entities often receive significant funding due to their alignment with EU policy priorities, particularly in mobility and sustainability.

Role of Foundations and Collaboration

Foundations funded by the City Council, such as "Las Naves" (focused on innovation) and the València Climate and Energy Foundation, play an active role in preparing and managing EU projects. These organizations are agile in hiring staff and executing projects, and they develop their own networks for collaboration. Relationships with other entities are often built through participation in events, training sessions, and joint projects with regional and national partners. These collaborations help València access additional funding and position the city as a leader in European initiatives, such as the European Green Capital.

Integration and Territorial Coordination

Integrating EU-funded projects with broader territorial policies remains a challenge. Occasionally, projects lead to changes in local regulations, such as updates to the urban master plan to support renewable energy and building insulation. Other collaborative efforts focus on mobility, green spaces, smart city initiatives, and energy efficiency. While sectoral investments are increasingly considered from a territorial perspective, the process of aligning them with the European Urban Agenda and involving citizens through participatory processes is ongoing.

National-Local Coordination and Recent Developments

At the national level, coordination between the Ministry of Finance and the Ministry of Housing and Urban Agenda has improved, with both ministries working closely to align funding with the objectives of the Urban Agenda. This shift has encouraged municipalities to develop strategic urban plans, which are now rewarded in funding calls. As a result, local urban agendas have become valuable tools for securing EU funds and ensuring sound project management. In fact, this is the clearest example to find spatial (urban) dimension integration. Due to the binding nature of the land use planning style in Spain, this integration usually has been difficult.

The Urban Initiatives Network, coordinated by the Ministry of Finance, facilitates the relationship between structural funds and municipalities. Provincial councils, while less involved in València, are recognized for their regional perspective and support for local governments. Recent programming periods have seen a greater emphasis on urban issues such as vulnerability and green infrastructure, reflecting the evolving priorities of EU cohesion policy.

Table 4.3
Governance of Cohesion Policy in Valencia

Name of the actor	Level	Responsibility	
		Cohesion Policy	Spatial Planning
Spanish Government (AGE). Ministry of Finance.	0	ESIF & RFF Managing authority.	No
Spanish Government (AGE). Ministry of Urban Agenda.		Local Urban Agendas as local integrated strategy as criteria to allocate ESIF funds (ISUDS, new ERFD Objective 5 for 2021-2027). Responsible (decider) on funding allocation according to cities proposals to the national tender financed both by RFF as well as ERFD art. 5 pluri-regional framework. Previous experience of Urban Initiatives Network, in 2014-2020, coordinated by the Ministry of Finance, facilitates the relationship between structural funds and municipalities.	Strategic urban planning, not binding
Spanish Government (AGE). Ministry Ecological Transition and Demographic Change.		RFF and ESIF objectives on Climate Change adaptation. Implementation through TRAGSA and IDAE	No
Regional Valencian Government, through General Directorate for Funds and the Treasury Regional Ministry	2	ISUD selection in 2014-2020. Responsible of ESIF regionalized part. Responsible of Regional Operational Program (ROP) design and co-financing. Implementation through IVACE, LABORA, FGV	Yes. Binding plans at regional and sub-regional levels, Responsible for final approval of Cities Urban Master Plans. Not clear connection with CP
València Provincial Council and the National association FEMP		Facilitator on Urban Local Agendas design (as support to Spanish Ministry of Urban Agenda). Support service for cities (especially small and medium) to public tender's application.	No
València city Council	5	ISUD. Implementation. Also, external implementation through AUMSA, EMT, Municipal Foundations	Yes. Urban Master Plan (binding, not clear connection with CP), ISUD, Urban Local Agenda (both strategic, and more closely related with CP)

Source: author's own elaboration

4.3 Valencia involvement in Cohesion Policy

Interviewed stakeholders unanimously express very clearly that the city of València has not been able to participate in the definition of EU Cohesion Policy or related national programming in Spain. However, the roles and responsibilities vary, depending on the interviewee's perspective.

The València City Council's European Projects Office representative considers that València City Council's participation in Cohesion Policy in its urban dimension began in 2020 when the European Projects Service was created. Until then experience was limited.

In 2018, the ISUDS Management Unit was created to differentiate management units from implementers. It served as a support point for the management unit. Therefore, in 2020, it was decided to create a specialized European funding department with the aim of being a relevant player in policy design and implementation. In 2023, it will be transformed into a service dedicated to obtain and generating tools to facilitate fund management, which entailed the implementation of improvements and a new organizational culture. The European Projects Service has an agreement with the Valencian Community Foundation, European Region (the Valencian Regional Government office in Brussels), to monitor policies. Starting with a very technical name, the European Projects Service now presents a more strategic orientation.

Political responsible guides priorities and approaches. While in the previous period, actions were more socially focused (squares, urban developments, bike lanes, or energy issues), there is currently a strong bias toward technological and innovation issues.

They consider the service as Chief Executive Officer (CEO), a knowledge center to provide services with knowledge and tools, acting as a strategy coordinator, providing the basis for decision-making and tools for responsible that should execute funds.

While the European Projects Service focuses on the ERDF, the municipal Department of Employment focuses on the ESF. Although they are coordinated, they have sometimes overlapping, as the entire management of the various funds has not been concentrated in a single service. Regarding the 2021-2027 programming period, they consider it to have just begun and there have been no significant developments yet.

4.3.1 2014-2020 programming period

In the 2014-2020 programming period, topics were mainly oriented toward lines managed by the Institute for Energy Diversification and Saving (IDAE), depending on Spanish Ministry of Ecological Transition and Demographic Challenge, as decarbonization (in relation to buildings, mobility, and pedestrianization).

During this programming period, the city of València received part of the total funding for urban policies channelled through Spain's Multiregional Operational Programme (POPE) (at National level). Additionally, additional funds were received through the regionalized part of EU funds (directly allocated at NUTS2 level) complementing the POPE. In the second case, two types of aid were scheduled, but finally removed from the programme due to the risk of under-implementation (one to finance sustainable urban mobility plans and another for cultural heritage valorisation). They were ultimately funded with the Valencian Regional Government (GVA) own funds, rather than with European funds, as, from an operational perspective (management and justification), it was very complex and time-consuming: A minimum implementation requirement must be met each year, and this could result in non-compliance with European standards and regulations. There was also little aid from the EAFRD. ESF funds were managed by a municipal public company called "València Activa" that also managed Next Generation EU and directly managed funds such as Horizon Europe.

The Coordinator of European Projects and Urban Strategies at the València Climate and Energy Foundation suggests that the Foundation itself decides to apply for structural fund projects as partners, receiving funding directly. It is fully responsible and independent in its participation in these projects. It seeks to operationalize what it already has in order to better utilize the established framework, primarily through direct funding. Regarding the changes identified between the

different programming periods, these are due to the increase in staff at the foundation thanks to European funding. The Foundation emerged during the first period, and its workforce grew during the second.

Former Councillor of the Department of Commerce, Administrative Control, Innovation and Knowledge Management of the València City Council (2019-2023) thinks València is a city without influence in EU Cohesion Policy in terms of mainstream. The same applies to the Regional Government (GVA) and the Spanish Ministries. Besides, regarding the metropolitan level, the city of València is seen as a threat by the other municipalities rather than opportunity. These municipalities do not want to lose their identity and rights diluted in a new supra-municipal administrative body.

The City Council's Intervention Department does consider València's participation in cohesion policy, but only as an institution that receives funds. Regarding differences between programming periods, rather than differences, what is observed is an alignment between the needs of the recipients of the funds and the European proposals. Policies have become increasingly targeted at truly addressing needs, but there is still a long way to go in this regard.

Regarding València's participation in management policy, there is no technical evidence of any influence, but it is unknown whether it has had any political influence. However, there has been municipal representation in the intermediate management body.

Table 4.4
Valencia's engagement in delivering cohesion policy 2014-2020

Document	Level	Program- ming	Phase Manag- ing	Implement- ing	Managing Authority	Role Interme- diate Body	Benefi- ciary
State	National	X	X		X		
Regional Gov- ernment (GVA)	Regional	X				X	
València city Council	Local	X	X	X			X

Source: author's own elaboration

4.3.2 2021-2027 programming period

During the 2021-2027 programming period, the commitment to meeting this minimum of 8% of thematic concentration fully remained within the POPE (Pluri-regional Operational Programmes in Spain), while the Spanish Autonomous Regions focused on other types of aid through specific calls. So main relationships in urban projects are between the Spanish Government (that increased its level of coordination between Urban Agenda Ministry and the Ministry of Finance as Managing Authority responsible of funds) and Municipality. At this moment the first call for the new EDIL (Integrated Territorial Strategies) is open and València is applying. Not additional info is available for this period.

In this period greater investments have been supported by RRF because more exigent terms for justification, also implying changes on criteria on validation, focused more in objectives compliance than procedural expenditures controls, that are understood as positive.

Table 4.5
Valencia's engagement in delivering Cohesion Policy 2021-2027

Document	Level	Phase			Role		
		Program- ming	Manag- ing	Implement- ing	Managing Authority	Interme- diate Body	Benefi- ciary
State	National	X	X		X		
Regional Government (GVA)	Regional	X				X	
València city Council	Local	X	X	X			X

Source: author's own elaboration

4.3.3 Main differences

There were significant changes between periods: while during the 2014-2020 period, the Valencian Community was a more developed region, in the current period the thresholds have changed, and it is now a region in transition. Therefore, co-financing increases from 50% in the first period to 60% in the current one. Regarding urban dimension of EU funds 8% is all included in the POPE, that means in the hands of Spanish Ministry of Finance, in coordination with the Agenda Urban Ministry, with minor decisive presence of Valencian Regional Government this time.

Urban Policies Sub directorate of the Ministry of Housing and Urban Agenda representative has noted changes in addressed topics by programming periods. Thus, while in the previous period 2014-2020 there was a significant concentration of themes that influenced city council applications, the current approach is more open, allowing municipalities room for decision-making and freedom to select projects. The more open and less rigid wording of the call for proposals is also considered positive.

From the city of València level point of view main differences are related with experience and lessons learned. ISUDS management was in the 2014-2020 period very problematic, obliging to innovate to fulfil all EU and the Spanish Ministry of Finance requirements. Those were changing, and in this way confusing and time consuming, along with all period with three ISUDS calls of this programming period. This learning by doing help to improve the third call, to which El Cabanyal district in València city applied. By then most projects remain sectoral in focus, so, more coordinated and complex projects led to the creation of the European Projects Office in 2020, which since then tries to coordinate the city's European funding efforts. So, main change (evolution) has been the way in which strategic systemic urban/spatial thought has been integrated. As additional step in the same direction it must be underlined, there is the improved coordination between the Spanish Ministry of Finance (Managing Authority) and the Ministry of Urban Agenda, and the new main role that Urban Local Agendas play as strategic plans for cohesion policy funding at city level. Urban local agendas become 'de facto' as 'conditio sine qua non' to ensure urban cohesion funding in Spain.

This change improving coherence and coordination between departments and levels (multilevel governance), as well as other as improvements on management systems (procedures) and tools (software), are concentrated and operate at internal level (city and regional governments). However, it is still not clear the way in which they can influence at national and EU level in order both to decide thematic focus (city needs) and procedures (more aligned with the local regulation framework). In fact, there is, regarding the previous 2014-2020 period, a process of re-centralization, with a more decisive role of Spanish Government as responsible of the current ERDF 8%, as well

as responsible of the Spanish Recovery and Resilience Plan (PRTR) financed by the RFF. The Spanish Urban Agenda in 2019 broadly defined the main challenges and topics to be addressed, coincident with United Nations SDO and the EU Urban Agenda, and in 2021-2027 has become more flexible so that each city can define their own priorities within this framework.

4.4 Networking and lobbying activity

Participating in different arenas helps cities become more influential and gain competitive advantages by benefiting from the EU Cohesion Policy. An examination of the city of València's actual networking participation reveals significant activity in this area.

There is unanimous agreement that networks are very important for these types of European projects because, on the one hand, if you're not present, you have no information, you're not visible, you're not known, and you can't have projects. And, on the other hand, they generate knowledge, as you learn from other good practices and cities that are carrying out similar projects, or organize training during study visits, or publish guides, or present tools, etc.

However, the experience of the Coordinator of European Projects and Urban Strategies at the València Climate and Energy Foundation indicates that what really works are personal contacts from previous experience in other projects or events where they have previously met: networks of trust.

The European Projects Office of the València City Council not only acts as coordinator internally (at city level) but also attends several events and meetings; and is continuously open to both the GVA and Spanish Ministries meetings. This service acts as a full member of the networks in which are involved (the City Council is the full member, with a political representative as contact). The City Council participates in several networks, especially in the last 10 years, both technological and in the mobilisation of funds, and in new policies to incorporate Smart City policies into city services. It also participates in lobbying, even though they have no influence. Initially there were many national networks, few European ones, and very few international ones.

At the national level, they are part of the Spanish Federation of Municipalities and Provinces (FEMP), the National Network of Tourist Cities, and the National Network of Smart Cities, among others. At the European level, they are increasingly involved in more networks and groups with the aim of being present in the most cutting-edge areas. In this regard, they have begun to work within the framework of the urban strategy, with many stakeholders involved and networking: Urban Innovation Center group, Climate-neutral European Cities, Missions 2030, Cita Lab (citizen laboratories) or the Urban Forum of Spain (in the framework of the Spanish Urban Agenda). To this end, they signed an agreement with the Valencian Community Foundation-European Region (regional office in Brussels), and became a member of the Europe Cities Network. They are also present in the Eurocities Urban Agenda working group, and in the Covenant of Mayors. Other more thematic European networks include the Net Zero Cities network, EnerAgen, Cities 2030, Velocity Start, or the Energy Cities network. Other specific networks exist, such as "The Week Exandria" in Brussels; Sustainable Energy Week; or the Climate Mission Forum. Currently, since 2023, València is leaving some of these networks.

Likewise, from a national perspective, the Subdirectorate of Urban Policies (Ministry of Housing and Urban Agenda) representative thinks that the Spanish Ministry of Finance, in some way, coordinates the Urban Initiatives Network. They participate in the Spanish Federation of Municipalities and Provinces, with the city councils themselves on the Local Urban Agenda the new Integrated Territorial Strategies (EDIL), with the Impulsa Network (Ministry of Science and Innovation); with the Spanish Network of Cities for Climate, an initiative of the Spanish Federation of Municipalities and Provinces (FEMP) that promotes environmental sustainability in

municipalities; with the Smart Cities Network; with the URBACT National Point programme; and with EuroCities. More than networks she considers them as working groups with common elements and shared interests based on their priorities. Also she highlights València's role in the Misiones Cities network. Under no circumstances are these networks considered to have lobbying capacity vis-à-vis Europe.

Table 4.6**Networking and lobbying activity of Valencia, Spain**

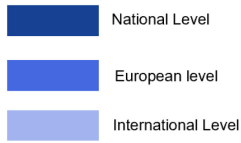
Name of the network	Level	Topic	Role	Additional comment
Valencian Federation of Municipalities and Provinces (FVMP),	Regional	Local competencies	Full member	Part of FEMP
Spanish Federation of Municipalities and Provinces (FEMP)	National	Local competencies	Full member	It is the most institutionalized and official network of municipalities in Spain.
Eurocities	European	Different topics on urban issues	Full member	A network of cities at European level
Energy cities	European	Urban energy transition	Political responsibility	València has an active role
Net Zero Cities	European	Climate-neutral and smart cities	Observer	Consortium for the implementation of the Climate Mission
URBACT/Urban Innovative Actions: UIA	European	Identify and test innovative solutions for sustainable urban development	Full member	Provides urban areas throughout Europe with resources to test new and unproven solutions to address urban challenges
Covenant of Mayors	European	European movement in which local and regional authorities participate		They make a voluntary commitment to improve energy efficiency and use renewable energy sources in their territories.
Spanish Network of Cities for Innovation (INN-PULSO)	National	Innovation	Coordinator roles	A key role of València in promoting innovative initiatives
Smart Cities Network (RECI)	National	Smart Cities	Coordinator role	València coordinates several working groups of the network
citiES2030	National	Informal network for climate-neutral and smart cities	Full member	València played a leadership role in the network until 2023

Name of the network	Level	Topic	Role	Additional comment
Red DTI	National	Smart Tourist Destinations Network	Full member	It carries out advisory actions on methodologies and promotes the exchange of experiences
Foro Urbano de España	National	Actions reserved to the Spanish Government by the Spanish Urban Agenda Action Plan	Full member	Periodic and institutional meeting platform for the exchange of knowledge and experiences on urban issues
EnerAgen	National	Association of Spanish Energy Management Agencies	Full member	Instrument of coordination and cooperation between public agencies and bodies in the field of energy that operate at different territorial and jurisdictional levels
Red Española de Ciudades por el Clima	National	Support instrument that the FEMP offers to local governments to address climate change	Full member	Through projects and tools, they help member local governments implement climate change awareness, mitigation, and adaptation measures

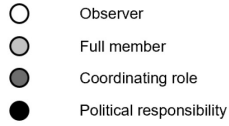
Source: author's own elaboration

Figure 4.1
Networking mapping of Valencia, Spain

Networks Levels

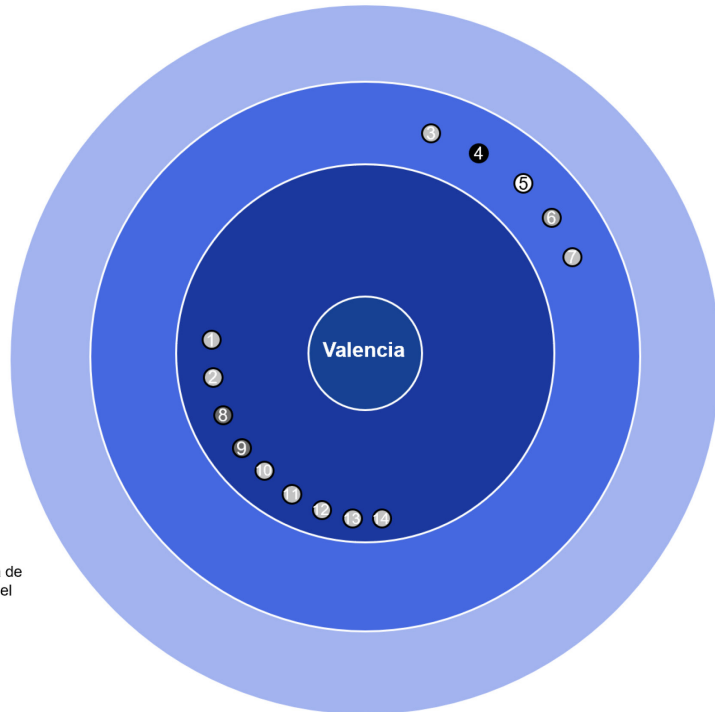


Role within the Network



Name of Network

- | | |
|----------------------|---|
| ① FVMP | ⑩ CitiES2030 |
| ② FEMP | ⑪ RED DTI |
| ③ Eurocities | ⑫ Foro Urbana de España |
| ④ Energy Cities | ⑬ EnerAgen |
| ⑤ Net Zero Cities | ⑭ Red Espanola de Ciudades por el Clima |
| ⑥ URBACT | |
| ⑦ Covenant of Mayors | |
| ⑧ INNPULSO | |
| ⑨ RECI | |



Source: authors' own elaboration

5 Administrative capacity and Institutional innovations

5.1 Administrative capacity and management gaps

All interviewed people have recognized there are some management gaps when managing large EU projects. Both the political (the former Councilor 2019-2023) as well as technical unit (the València City Council's European Projects Office representative) recognize barriers and obstacles as result of limited staff theoretical and practical knowledge at municipality level. Highly cross-cutting knowledge is required to manage grants, including anti-fraud controls and the generation of additional documentation that must be incorporated into the files and specific software for subsequent verification. This requires new tools and more coordination opportunities. "Despite some training has been provided, it is not currently a priority". The European Projects Service also needs to be provided with sufficient staff in number (expansion of the human resources team) and qualification (also English language). In this regard, one of the most in-demand professional profiles would be economists, as they must conduct feasibility studies for projects from a financing perspective. However, is not possible to allocate funds to hire staff.

A solution is to externalize this management in the case of direct EU funding (e.g. calls of LIFE, Horizon, Interreg programmes) letting it in hands of Municipal Foundations as 'Las Naves' or the 'València Climate and Energy Foundation', to which technical staff from València City Hall occasionally provide support. As the coordinator of last one Foundation said: "despite being subject to annual audits (accounts, expenses, invoices, and other matters), having to comply with the Public Sector Procurement Law, and despite hiring personnel following open, transparent, and other processes, the Foundation itself continues to be a way to obtain funds more quickly and with less bureaucracy". However, he also recognizes "although hiring staff is possible, it lacks stability, as contracts expire every four years and new employees must be hired. Only a third of the workforce is permanent". When talking with responsible of financial intervention control service of the City Council, from a very operative way, these problems and gaps in managing large EU projects become more evident. Staff, although some of them have acquired training through experience, is the greatest problem, more even in smaller municipalities.

A second very significant gap is the very diverse routines in which EU funds should be managed financially according to the European Union rules, and how each individual city council manages their own budget according with the Spanish Public Sector Procurement Law (the responsible of financial intervention control service of the City Council said). In other words, the management structure of a local entity does not match the structure requested for EU funds management, for which (in the Councilor's opinion) calls for tender are very long, complex, unclear, with very complicated procedures, and short time for execution. Related to this, also of appropriate tools as software (well-coordinated with the existing one for the regular management of the city council) for managing, monitoring, and controlling both funds and projects is necessary. To this end, certain ad hoc developments are being requested to facilitate management.

Reconciling both types of financial management is difficult and time-consuming, generating significant delays. This is a legal and administrative management mismatch that has not been addressed yet, but it must be, as it represents a serious mismatch. Likewise, there are many dysfunctions between local measures and funds from Europe, and the local resources to co-finance these needs (the responsible of financial intervention control service of the City Council said).

An additional gap she pointed out is EU funds are not oriented enough to the core and urgent competencies of city councils such as for basic infrastructure (sewerage, lighting, public markets, the cemetery, or the construction of storm water tanks). European funds are used for actions that have greater media visibility and generate good political image, rather than for the priority, urgent, and vital needs of the City council.

At the regional level, the representative of the Directorate General for European Funds of the València Regional Ministry of Finance and Economic Model (2019-2023), also identifies difficulties linked to the shortage of human resources in the management of the fund, but he explains how the Valencian Regional Government (Generalitat Valenciana –GVA-) launched some initiatives to solve it since 2023. Two public calls for applications (two competitive candidate examinations) to fill new positions in the civil service corps specializing in the management of European funds were launched. These calls for applications are being issued by the GVA General Directorate of Treasury and Economy, Budgets, and General Intervention, in collaboration with LABORA (Valencian Employment and Training Service). Also, a specific job pool was created for personnel working in the management of European funds. Additionally, an additional pool of candidates was created to cover these human resource needs for municipal technicians through the LABORA.

In his opinion, "This shows that it has finally been understood that European funds are important and must be implemented." Both regional calls for applications (2023 and 2024) would enlarge the Civil Servants AI Group. They were issued in parallel with the more usual General Administration of State at national level (AGE) calls for applications. These civil servants would be assigned to the GVA General Directorate of European Funds of the Treasury, and to the Valencian regional managing authorities (i.e. LABORA). However, has to be noted that these calls for applications did not attract enough candidates. For this reason, the Valencian Institute of Public Relations has provided training to qualify technicians from employment exchanges and other technical assistance services (as reply to the requirement of the GVA General Directorate of Treasury and Economy).

Finally, at the national level, the Sub-directorate of Urban Policies (Ministry of Housing and Urban Agenda) representative points out that the main barrier would be coordination between administrations (governance) and the identification of priorities. They also try to streamline, as much as possible, the bureaucracy related to European funding, which presents complexities.

5.2 Multilevel governance

In this regard, different views emerge from politicians than technicians. From technicians' point of view, multi-level governance is always complex, primarily due to the difference in political persuasion, and therefore, it is difficult to find political support when applying for some calls for proposals. In this sense, the responsible of financial intervention control area of the City Council notes the existence of very poor multi-level governance, with more than one administration involved, with differing priorities and political leanings. In this context, the situation of the technicians becomes more complicated and impedes effective coordination among them. The management of the DANA disaster – that struck Valencia in 2024 - is cited as an example. The aid has been collected, but now there are not enough staff in public companies to carry out the damage repair actions. This poses a serious problem for the management of funds in relation to execution times.

The Head of the European Projects Office at the València City Council emphasizes the need for more effective communication with both the Spanish Government (AGE) and the Valencian Regional Government (GVA). In her opinion, greater participation from local grassroots actors and the city's stakeholders is lacking. Dialogue should occur not only between politicians, but also with the technical staff of the coordination unit, as they are well aware of the real needs and problems.

The city's relationship with the managing authorities is weak and unproductive. A very small percentage of the issues raised by the City Council are usually addressed and are not usually considered in the daily management of funds. Therefore, it would be very important to be present when designing the programming conditions. However, the service lacks the capacity to do so.

For the Climate and Energy Foundation's representative cities are constantly demanding a more prominent role in policies designed at the European or national level, as in reality, they are perceived as being under-represented, especially in the case of the city of València. However, also recognizes they do not have any relationship with the València City Council's European Projects Office.

However, from the political side, multilevel governance has better assessment. From the Councillor point of view, multi-level governance for the implementation of cohesion policy in the municipality of València is considered optimal at all levels, including all stakeholders and management authorities. However, it also points to an interesting nuance: this depends, to a large extent, on the level of mutual understanding and cooperation among the different actors. and also on the alignment or lack thereof of political parties.

Similarly, from the representative of the GVA Directorate General for European Funds point of view, multilevel relationship is positive and fluid, both at the level of directors or deputy directors and at the technical level, both top-down as well as bottom up. The analysis of multi-level governance reveals that all actors are involved (social actors, business representatives, urban entities, local entities); despite their level of participation greatly varies.

The relationship is positive and fluid, both at the level of directors or deputy directors and at the technical level, from top to bottom and bottom to top. The role of the Economic and Regional Policy Forum is noteworthy, bringing together representatives of the Directorate General for European Funds at the level of the Spanish Government (AGE) with their counterparts, the directors general of the Spanish Autonomous Regions. These are usually directors or deputy directors with technical backgrounds. The format allows for the exchange of more practical and day-to-day problems.

Spanish Sub directorate of Urban Policies' representative also agree in some positive steps in multilevel governance because the needs and priorities of the city have been well accepted by the managing authorities in reconciling motivations and needs (improved coordination between Finance and Urban Agenda Spanish Ministries has been key). However, she is a bit more critical when underlying the lack of follow-up by the Spanish Ministry on calls that the Autonomous Regions access directly from the EU .

5.3 Financial constraints and technical complexity

EU funds are accessible to the city, albeit in competitive calls with total amount of funds that is finite, and in the case of València, city and region, modest. It is noted that co-financing decisions are not always explained by technical priorities, but rather by political reasons. Since each of the 30 councillorships have their own interests, and these interests are also varies depending on each political party, funding must be distributed among all the identified needs. In this regard, from the representative of Sub directorate of Urban Policies of the Spanish Ministry of Housing and Urban Agenda indicates that co-financing does not represent a limitation and is considered positive to the extent that it involves the municipalities and the money is allocated to what is planned and needed.

Any serious problems in co-financing (co-financing rate fulfilment) have been recognized. As the projects are co-financed, it is necessary to have your own budget beforehand to be able to execute them, to avoid management problems and financial justification conflicts, efforts are being made to use European funds to launch projects that were already in the City Council's immediate portfolio (as the Councillor 2019-2023 points out).

The same happens at the regional level, with the regionalized part of the ESIF managed by the Valencian regional government (GVA). In this case, as the representative of the Directorate General for European Funds of the Valencian Regional Ministry of Finance and Economic Model explains, some Sustainable Urban Mobility Plans (PMUS) and Heritage Enhancement Plans that could be co-financed with ESIF were not used for these projects, due to concerns about not meeting deadlines and justification requirements. They were financed exclusively with the regional government's own funds. In contrast ESF funds are easier to manage because they involve more specific and fairly well-known projects.

Despite all this, it is noted that at city level creative ways to fund projects are being sought, carefully monitoring deadlines and the procedures for submitting proposals, while adhering to the bureaucracy required for these types of calls. Alternative ways to accomplish co-financing requirements are constantly being considered, but this issue is very complex because it often involves indebtedness and is not easy to manage financially for a local entity, whose budget cannot be approved with a deficit. This has also generated the city's reputation and trust in the various forums and networks in which the city of València is participating.

For some interviewees, such as the head of the València City Council's financial audit and control department, the management and financial justification of funds seems to be constantly under suspicion. Therefore, as an exercise in transparency and security, very strict financial control mechanisms were implemented, which greatly hampered management. She pointed out the City Council's Audit Department does not have a direct relationship with Europe, therefore, in case any problem arises, is the European Projects Department that contacts them to find solutions (for instance to allow some more flexible ways to manage funds for distinct projects belonging to different financing lines and services).

Besides, as the València City Council has five specialized economic services with responsibilities in EU funding this makes financial management more difficult. Once again, these are technical issues that appear to be resolved with the implementation of Financial Management Software (SAP) that will streamline and facilitate these processes.

An additional problem is budget allocation, according with the Spanish Public Sector Procurement Law, municipal budget should be yearly approved, while projects are pluriannual, so it is not possible to have a financial plan for several years for EU Projects in the València City Council. However, this pluriannual budgetary framework is possible in the case of external entities as the municipal foundations as the València Climate and Energy Foundation, having a financial plan for the next 3-4 years. This foundation's funding comes in varying proportions (between 50% and 80% depending on the year) from grants, and the remainder comes mainly from the València City Council's climate, acoustics, and energy efficiency improvement service. València Climate and Energy Foundation usually apply for calls that are 100% or 95% funded (Life, energy, and Europe's Horizon), only exceptionally for projects funded at 70%, 80%, even 60%, if closely aligned with the previously defined themes and Foundation's priorities. Direct management programmes are accessible, but they depend on the European Commission's assessment and their alignment with the objectives of the programme they are applying for. In València's case, they have the resources and have participated in several programs, such as Horizon Europe, INTERREG, and LIFE.

However, the following imbalance can be observed: the foundation's capacity to hire people with the funds it receives, but then there are no funds available to implement actions; and, at the City Council, the opposite occurs: funds are used to finance projects such as bike lanes, pedestrianization, and urban renewal, but they cannot be used to hire staff.

5.4 Innovations and good practices

València city has introduced innovative initiatives to foster Cohesion Policy. To overcome institutional barriers, cities sometimes act as innovation hubs, as is the case of València. Some initiatives/innovative actions in the city of València have allowed it to partially or completely overcome the barriers and limitations related when managing urban dimension of Cohesion Policy.

Innovation in European projects is a very dynamic, rapid, and even ephemeral process. This represents an attractive opportunity to research and implement new solutions, which is of interest to various groups and administrations. However, these opportunities vary greatly over time and space. There is a perception that while in other countries innovation structures are more solid and consistent in the medium and long term, in València these structures are lacking stability and are more volatile (as the Councillor 2019-2023 pointed out).

- **Implemented innovations are the following ones:**

- Creation of a new European Projects Service of the València City Council:
 - The European Projects Office has proposed innovative management strategies, such as:
 - Requesting modifications to the financial application to offer new functionalities.
 - Improving access to the EU projects information: in online platforms, geolocating projects, and creating tourist routes for projects.
 - Introducing multi-level coordination mechanisms internally, highlighting opportunities for improvement that have been transferred to the contracting service for implementation.
 - Emphasis has also been placed on training, although it remains insufficient
- New management system (software) to streamline and facilitate processes (such as a specific module in the Valencian Regional Government -GVA- software).
- Improvements in anti-fraud control (MINERVA software application), in Spanish Ministry of Finance, of which all administrations are aware.
- Outsourcing projects to municipal Foundations, which are more flexible (they hire staff based on needs, but do not consolidate them), nor do they implement advances and innovations; their role is that of beneficiary, but not executor).
- Participation in networks (direct access to information) and lobbies (without influence capacity), which has generated a reputation and trust of the city in the different forums that must be maintained.
- Strict application of ESIF anti-fraud control protocols to RRFs.
- Improve transparency and publicity of projects.
- Allocate part of the funds to the training and/or hiring of technical personnel as technical assistance for the management of European projects.
- Progress towards comprehensive strategic planning rather than one-off actions disconnected from individual projects (based on Integrated Sustainable Urban Development Strategies (ISUDS) and the Missions València 2030 program).
- Improved coordination between the Ministry of Urban Agenda and the Ministry of Finance: The control of Urban Development (from the Ministry of Finance as the first managing authority) and Urban Policies (based on the Spanish Urban Agenda of the Ministry of Urban Agenda) have been connected.

- In the current 2021-2027 period, in the areas of urban development (formerly ISUDS and now EDIL) of the Ministry, funded by FRR, there has been less thematic concentration than in the previous 2014-2020 period. The call for proposals is now more open, allowing more leeway and freedom of choice for cities' own initiative and decision-making.
- **Observed results:**
 - Greater knowledge of the form and procedures regarding European funds. For instance, in the coordination of European Projects and Urban Strategies at the València Climate and Energy Foundation, innovative actions have also been implemented to further professionalize procedures.
 - Closer links decision makers and technicians (at least in 2019-2023 period).
 - Facilitate local management routines, through coordination meetings.
 - Better coordination, mainly between Managing Authorities (Spanish Ministry of Finance) and technical urban local strategies definition (Spanish Ministry of Urban Agenda).
 - A bit better policy alignment of several administrations and involved entities (multilevel governance).
- **How have those positive results been capitalised in delivering the Cohesion Policy:**
 - One of the main innovations recognized was the empowerment of the responsible technicians thanks to the trust placed in them by the political leader, who facilitated the implementation of e-government in all processes.
 - As the responsible of financial intervention control service of the City Council said: "Megapackages for ad hoc megaprojects have been created for the European Projects Service, within which funds can be moved more easily, creating management communities in the budget that, while still presenting certain limitations, does provide greater flexibility." Specifically, this involves aggregating budget applications in blocks that have the names of European projects so that, within that block, they can be managed more agilely. This has given European funds individual treatment in the city.
 - High value of the creation of the European Projects Office: Based on the respondents' responses, this is one of the most valued services. This unit must be in every City Council, as it allows for coordination and joint knowledge in a structure that leverages experiences, creates synergies, and avoids duplication in European projects. Similarly, there is the service created by the València Provincial Council (called "Pont a Europa") to help local authorities prepare calls for proposals, especially for direct funds.
 - From the perspective of the representative of the Sub directorate of the Spanish Ministry of Housing and Urban Agenda, the main innovation being worked on is that a coherent roadmap has been established for urban projects with European funding based on a new local strategic planning, rather than working from improvisation.

Table 5.1
Main innovations implemented at local level in València

Name of innovation	Objective (barriers to overcome)	Innovative actions	Results	Additional comment
1. Creation of the European Projects Office	Lack of coherence on actions	Introduction of European project coordination body	Improving coordination	Provide common umbrella for projects and define more appropriate funding strategies
2. New ways of management: ad hoc Mega-packages + external entities as Foundations.	Lack of flexibility and justification deadlines that are very difficult to meet	New accounting instruments + outsourcing of management in municipal foundations	Better EU funds management	New adapted management, including externalization
3. New control systems (software)	Complex and unusual financial controls for normal practice	New adapted financial control software	Better EU funds management	Understanding the importance of EU co-financing as an important support tool that needs to be well managed in connection with business-as-usual management
4. Progress towards comprehensive strategic planning rather than one-off actions disconnected from individual projects	Lack of coherence on actions	New Strategic Plans	Improving coordination	Provide common umbrella for projects and define more appropriate funding strategies
5. Improved coordination between the Ministry of Urban Agenda and the Ministry of Finance	Lack of political coordination between responsible of objectives and responsible of procedures	Urban Local Agendas as requirement necessary to obtain funds	Improved coherence as well as better effectiveness	First time planned spatial dimension is considered by Spanish funds responsible

Source: author's own elaboration

As good practices that València has implemented, one can describe the following ones:

GOOD PRACTICE**Creation of the European Projects Office**

This practice links València City Council's participation to cohesion policy. It began in 2020 with the creation of the European Projects Service office. It is a good practice because:

- Until now, there had been limited experience in fundraising, but it was limited. From that date on, it was decided to create a specialized European Funding Department with the aim of being a relevant player in policy design and implementation. In 2023, it was transformed into a service dedicated to fundraising and generating tools to facilitate fund management, which entailed the implementation of improvements and a new organizational culture.
- The European Projects Service has an agreement with the Valencian Community Foundation, European Region, to monitor policies.
- It presents a strategic vision.
- The Office acts as a COE, a knowledge center that provides services with knowledge and tools, acting as a strategy coordinator, providing the basis for decision-making and tools so that those responsible can execute and ensure funds are not lost.
- The service attends all events, is present on various networks, and also participates in lobby meetings. It is also available and accessible to both the Valencian Regional Government (Generalitat Valenciana –GVA-) and the Spanish Ministry on Urban Agenda

The main lessons learned relate to the experience in contracting. This has provided an overview and highlighted opportunities for improvement, which have been passed on to the contracting department for implementation. It has also been learned that training is a priority but remains insufficient.

Other cities in the country can replicate this initiative, which is also scalable to other cities in other countries.

GOOD PRACTICE**New ways of management: ad hoc Mega-packages + external entities as Foundations**

This practice addresses a financial issue. The creation of mega-packages for ad hoc mega-projects, within which funds can be moved more easily, becomes a good practice insofar as it has been specifically created for the European Project Service (Good Practice n° 1), managing communities in the City Council budget which, while still presenting certain limitations, does provide greater flexibility. Specifically, it involves aggregating budget applications in blocks that have European project names so that, within that block, they can be managed more agilely. This practice is the result of a lesson learned: managing funds in City Councils is highly complex.

External foundations also facilitate the financial management of funds because, at the accounting level, they have initial funds available and would not require resorting to loans. Furthermore, in the case of funds requested, the amount is advanced in two instalments before the end of the period. They also have planning for the next three to four years.

Both practices can be replicated in other cities that face the same difficulties in adapting the management of cohesion funds to the local financial management model.

Furthermore, it clearly helps to improve EU cohesion policy, as it has given European funds individual treatment in the city.

GOOD PRACTICE**New financial control systems (software).**

This practice focuses on a technological issue.

Specifically, the Budget Management Programme for fund management is considered a good practice. It was incorporated as a specific module into the Valencian Regional Government's (Generalitat Valenciana GVA-) software.

Significant progress has also been made in anti-fraud issues (use of the 'Minerva' application from its own European Projects Service). Both aspects make it a good practice because it facilitates the management and budgetary control of funds.

This practice can be replicated and scaled to other cities.

GOOD PRACTICE

Progress towards comprehensive strategic planning rather than one-off actions disconnected from individual projects.

Steps forward on strategic spatial planning at the city level.

It has been learned that, when defining funds, the European Commission must take into account the existence of a national urban policy, which, in the case of Spain, is the Spanish Urban Agenda developed by the Spanish Ministry and applied in situ by cities. This makes the development and implementation of funds more efficient and effective, as local authorities and city councils are prepared and their strategies are aligned with the next calls for European Funds. The continued maintenance and belief in strategic urban planning makes it a good practice.

It is undoubtedly a good practice that can be replicated in the country's cities, as they must be aligned with the national urban policy, and in that sense, it is worth building on the work already done.

GOOD PRACTICE

Improved coordination between the Ministry of Urban Agenda and the Ministry of Finance.

This is a good practice derived from the previous no. 4, and is located at the national level, which is decisive.

The main managing authority (the Ministry of Finance) has coordinated its work, accepting the requirement of having a Local Urban Agenda (decided and approved by the city itself) as a criterion and necessary requirement for allocating the funds it directly manages (8% ERFD) from the multiregional financing framework (POPE), in order to co-finance city initiatives with European funds.

It can be replicated, by letting in cities' hands definition of priorities and projects, ensuring coherence as pre-condition for co-financing by first managing authority.

5.5 Added value of negative experiences

There have been negative experiences implemented in the city of València from which learn some lessons:

- Added value has also been extracted from the negative experiences of the difficulty of managing and justifying European funds without dedicated staff. Thanks to this identified difficulty,

the European Projects Service was created (Intervention control service of the City Council's representative she said).

- Lessons have been learned from negative experiences by understanding that applications must be subject to expert technical knowledge, that public participation must always be subject to technical filtering, and that applications must be as ambitious as possible (European Projects Office's representative).
- Excessively rigorous and bureaucratic processes complicate the management of municipal governments, which do not always have the necessary staff to address them. Likewise, it is necessary to train and educate the personnel involved (common understanding among interviewed people).
- Processes should be simplified and calls for proposals translated into the languages of the countries, with clear expressions and concepts that do not lead to interpretations or fundamental errors (Councillor 2019-2023 pointed out).
- It is not advisable to apply for projects that are not aligned with real needs and strategic challenges. Although some were initially requested, this has not happened since (València Climate and Energy Foundation's representative).
- Reject calls for proposals before a financial problem subsequently arises. This reinforces the empowerment of local and regional authorities through coordination, with a holistic view of the different funds (decomposing, deconstructing, or restructuring alternative combinations) to achieve the objective in the most efficient way possible. This also leads to taking advantage of the individual's ability to manage funds differently (as representative of Directorate General of European Funds, of Valencian Regional Ministry of Finance and Economic Model 2019-2023 pointed out).
- Strategic urban planning provides positive solution to risks derived from improvisation on projects selection (representative of the Sub directorate of Urban Policies of the Spanish Ministry of Housing and Urban Agenda).

Table 5.2
Added value of negative experiences in Valencia

Name of the Initiative	Topic	Objective	What went wrong	What the city learnt
Request for projects without strategic alignment	Strategy	Request projects aligned with the city's strategy	single projects without overall coordination	It is not advisable to request projects that are not aligned with the strategic topics
Confusion in submitting to calls	Procedure	Simpler calls with understandable language in all languages	Misunderstandings in the concepts of the calls for proposals, giving rise to errors of form and substance in the request for funds	Processes should be simplified and calls for applications translated into all languages for each country.
Shortage of staff dedicated to the ongoing management of funds	Human Resources	Make visible the need to hire personnel for the management of cohesion funds	Lack of staff impedes fund management. Difficulties in resolving these issues in right time.	It is advisable to dedicate staff exclusively to fund management
Difficulties in the financial management of funds	Financial management	Submission to calls for proposals that can be co-financed in due time	Conflicts in co-financing	Don't apply for calls for proposals if you anticipate financial justification issues.
Submitting to calls without prior preparation	Strategy	Funding should be requested for ongoing projects or already approved by the city	You will not be able to apply for funds in time if you have not prepared them in advance.	There must be no improvisation in the presentation of projects.

Source: author's own elaboration.

6 Cohesion Policy contributions to city long-term agendas

6.1 Main development instruments

There is a consensus regarding the main instruments that should address the urban dimension of Cohesion Policy at the local level. These would include urban agendas, local strategies, innovative urban initiatives, and other dynamic programmes based on territorial analysis using quantitative and qualitative data monitoring systems, projections, and digital twins. Trying to make a distinction between the two analysed programming periods:

- Main development instruments in the 2014-2020 period were primarily the ISUDS (only one for El Cabanyal district in València City)
- For the current 2021-2027 period ISUDS were renamed as Integrated Territorial Strategies (EDIL) (still in process, Spanish Ministry launched the call recently)
- Local Urban Agendas have been funded more within the framework of the Spanish Recovery and Resilience Plan (PRTR), financed by RRF.
- Also, València city decided its “València 2030 Urban Strategy” and the “Missions València 2030 Programme” and put in practice a participatory budgeting process called “DecidimVLC”.

This would lead to a portfolio of projects that would be evaluated and subsequently implemented. The actors involved in their development and implementation would be, in an organized and coordinated manner, sectoral departments, territorial actors, and producer associations, among others. In this regard, the outsourcing of human resources by each of the departments based on the specific nature of the issue is essential.

Usually all instruments referred above are of strategic nature and with little regulatory focus. As said, in the case of ISUDS, only one was developed in the 2014-2020 programming period: El Cabanyal district. In the case of Urban Agendas, its development depends on the city's own will and interest to be able to apply for RRF funding for its drafting. However, even though urban agendas are not mandatory, they in some way become mandatory because in fact in the 2021-2027 period they are required as a base document for applications for other calls as EDIL.

The representatives from the Urban Policies Sub-Directorate in the Spanish Ministry of Housing and Urban Agenda underlines the idea that, even being voluntary and of strategic nature, they are intended to have an impact on spatial and urban planning.

- **Involved actors in each instrument**

In the elaboration process of El Cabanyal ISUDS, that has its starting point in a bottom-up process initially motivated by a conflict between inhabitants and the Valencian City Hall (starting around 2005), public participation was decisive. Local and Regional authorities were involved since 2015, and it was decided to convert the El Cabanyal strategic plan as ISUDS.

Regarding the València Urban Strategy 2030, public-private-third sector actors were involved in terms of design and control structures. In this sense, the Urban Forum was created as a unifying space for the entire social, economic, institutional, and cultural fabric of the city, to act in a shared way for the future sustainable development of the city and its environment. This forum represents

a plural space for reflection organized by the City Council to rethink and jointly build the desired city model. The governance system is structured in several key organizational levels:

- Urban Strategy Coordination Committee: Responsible for general coordination of actions for compliance with the Urban Agenda.
- Social Council of the City: Acts as the maximum consultative and participatory body, formed by representation of the most representative institutions, organizations, and entities of València.
- Sectorial Consultative Councils: In different areas such as social affairs, youth, environment, mobility, etc.
- Territorial Consultative Councils in the different districts of the city.
- Thematic Tables and Working Groups: Constitute debate spaces where citizen participation is channeled with mixed composition incorporating actors from public administration, private sector, civil society, academia and research, and media.

Projects included in the PRTR will be implemented through agreements, contract tenders, and calls for grants and assistance from the three levels of Spanish administration: Spanish Government, Autonomous Regions Governments, and Local Authorities. Actors involved in the development and implementation of Urban Agendas are institutional, universities, technical assistance from consulting firms, professional associations, and various private companies (for example, real estate agencies and developers).

- **Implementation**

From the responsible of València Climate and Energy Foundation, the main instruments addressing the urban dimension of Cohesion Policy would be those related to the climate mission linked to the city climate agreement (an Action plan for projects that have a relative impact on climate change at the city level), together with the Action Plan for sustainable energy. However, expectations at the foundation are limited in the sense that the innovation achieved through funded projects (the knowledge generated) does not fully influence the transformation of the city's reality. Its implementation depends on the executing agencies and, in this way, outside their responsibility or jurisdiction without the ability to apply their proposals and findings in practice..

Table 6.1
Main instruments at national, regional and local level

Instrument	Level	Type (1) ⁵	Type (2) ⁶	Type (3) ⁷	Main Goals	Actors Involved
ISUDS	District	Action Plan	Non Statutory	Non-binding	Local Socioeconomic	All stakeholders: public,

⁵ Strategy, programme, zoning, vision, sectoral (specify what sector) etc.

⁶ Statutory and mandatory Vs statutory but non mandatory Vs non statutory

⁷ Non-binding, binding for public authorities, binding for all subjects

Instrument	Level	Type (1) ⁵	Type (2) ⁶	Type (3) ⁷	Main Goals	Actors Involved
					Development	private, citizens
EDIL	City	Strategy	Non Statutory	Non-binding	Local Socioeconomic Development	All stakeholders: public, private, citizens
València 2030 Urban Strategy	City	Strategy	Non Statutory	Non-binding	Local Socioeconomic Development	All stakeholders: public, private, citizens
Missions València 2030 Program	City	Programme	Non Statutory	Non-binding	Local Socioeconomic Development	All stakeholders: public, private, citizens
Urban Master Plan	Municipality	Zoning	Statutory and mandatory	Binding for all	Urban land use regulations	All stakeholders: public, private, citizens
La Huerta Subregional Spatial Plan	County	Zoning	Statutory but non alwaysmandatory	Binding for public authorities, also for private entities except for authorized exceptions	Land use in rural/non developed (urban) land	All stakeholders: public, private, citizens
Valencian Autonomous Region Spatial Vision	Region	Zoning	Statutory but non alwaysmandatory	Binding for public authorities, also for private entities except for authorized exceptions	Land use in rural/non developed (urban) land	All stakeholders: public, private, citizens

Source: author's own elaboration.

6.2 Localisation of Cohesion Policy

Documents adopted are coherent with the priorities of the 2014-2020 and 2021-2027 programming periods. Regarding which were the basic lines of the Regional and Cohesion Policy for the period 2014-2020 through ISUDS, the most important thematic objectives addressed were: 2. Telecommunications and Information Society; 4. Low-Carbon Economy; 6. Environment; and 9. Social Inclusion. These four objectives were closely related to the goals set out in the Spanish Urban Agenda approved by the Council of Ministers on 22 February 2019. The ISUDS were seen as great

opportunity to develop the urban agenda, as well as to find funding linked to the ERFD, with the aim of "strengthening socioeconomic cohesion within the European Union by correcting the imbalances between its regions".

In general terms, the focus were objectives related to: information and communication technologies; strengthening small and medium-sized enterprises; preserving and protecting the environment; promoting resource efficiency, sustainable transport infrastructure (buses), electrification; promoting sustainable development and employment: shifts toward a low-carbon economy; promoting climate change adaptation; risk prevention and management; improving the efficiency of public administration.

Regarding the current programming period 2021-2027, main challenges for cities and towns in Spain to act on, are: 1) More resilient cities: socio-economic recovery from the post-COVID crisis. 2) Investing in the green and digital transition (Smart Cities). 3) Integrated and participatory long-term strategies. 4) A focus on urban functional areas (including urban-rural connections). 5) Strengthening administrative capacity.

In this 2021-2027 period, stand out projects related to: digitalization and innovation (shared data space), a greener and low-carbon economy (bus fleet renewal, electrification of the EMT buses, digitalization and software for traffic management), improved connectivity, mobility, and infrastructure for Information Communication Technologies (ICT), as well as those linked to social rights (civil protection, data security, personal data protection, and the digital divide).

For its part, the PRTR is structured around ten lever policies that will directly impact those productive sectors with the greatest capacity to transform the economic and social fabric. As said at the end of point 3 of this report, first policy in this sense was 1. "Urban and rural agenda, combating depopulation, and developing agriculture", Local Urban Agendas have become true tools that have allowed municipalities to obtain funding while meeting the objectives of their urban agendas with sound management and execution. The most frequent objectives and goals identified by city councils in their urban agendas relate to social vulnerability, urban regeneration, the conservation of cultural and historical heritage, the rehabilitation of homes and buildings, and resilience linked to the prevention, mitigation, and adaptation to climate change. Smaller municipalities in rural areas also express concern about infrastructure and the scarcity and poor state of conservation of housing.

Likewise, much has been learned, both in programming and implementation (mainly from the ISUDS), regarding the integration of cohesion policy in the territory. Proposals have been promoted that are no longer solely sectoral in nature, but rather holistic across territories. In this sense, it is also considered that progress is being made toward improving the quality of planning.

Table 6.2
Coherence with the Cohesion Thematic Objectives 2014-2020

Tool	Cohesion Thematic Objectives 2014-2020 ⁸										
	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ISUDS	No	Yes	No	Yes	No	Yes	No	No	Yes	No	No

⁸ In the period 2014-2020, the cohesion policy had identified 11 Thematic Objectives: 1. Strengthening research, technological development and innovation; 2. Enhancing access to, and use and quality of, information and communication technologies; 3. Enhancing the competitiveness of SMEs; 4. Supporting the shift towards a low-carbon economy; 5. Promoting climate change adaptation, risk prevention and management; 6. Preserving and protecting the environment and promoting

Source: author's own elaboration.

Table 6.3
Coherence with the Cohesion Policy Objectives 2021-2027

Tool	Cohesion Policy Objectives 2021-2027 ⁹				
	PO 1	PO 2	PO 3	PO 4	PO 5
EDIL	Yes	Yes	No	Yes	Yes
València 2030 Urban Strategy	Yes	Yes	Partially	Yes	Yes
Missions València 2030 Program	Partially	Yes	No	Partially	No

Source: author's own elaboration.

6.3 Key investment areas

There is significant consensus among all interviewed people regarding the identification of key investment areas where Cohesion Policy funds have made a difference.

The main priorities targeted by local development plans are current Cohesion Policy Objectives 1, 2, and 4. Work is being done on sustainable development, waste management, making cities more pedestrian-friendlier, neighbourhood regeneration (housing, retail in degraded areas, cultural or historical heritage enhancement), the integrated water cycle, the green economy, the circular economy, and Sustainable Tourism Destination Plans. All this fit perfectly with the logic of the Urban Agenda at the international and European levels. Furthermore, work is only done on proposals that are mature projects or that do not involve decisions by other public administrations.

Representative of the València City Council's European Projects Office highlights several other urban planning initiatives, such as building renovations, energy-related renovations, urban redesign of the city's squares, municipal market buildings surroundings development (inside and outside the buildings themselves), the construction of sports centers and other sports facilities, pedestrianization of streets, and improvements to the urban layout and amenities. Also, she refers to digitalization of administration and municipal services, the development of cybersecurity, Wi-Fi infrastructure, fiber optics, vehicle charging stations, support for the digitalization of businesses (and their corresponding training); as well as improvements related to green structures, improving

resource efficiency; 7. Promoting sustainable transport and improving network infrastructures; 8. Promoting sustainable and quality employment and supporting labour mobility; 9. Promoting social inclusion, combating poverty and any discrimination; 10. Investing in education, training and lifelong learning and 11. Improving the efficiency of public administration.

⁹ In the period 2021-2027, the cohesion policy has five policy objectives (POs) for the ERDF, the European Social Fund+ and the Cohesion Fund: (i) A smarter Europe – innovative and smart economic transformation (PO1); (ii) A greener, low-carbon Europe (PO2); (iii) A more connected Europe – mobility and regional ICT connectivity (PO3); (iv) A more social Europe – implementing the European Pillar of Social Rights (PO4) and (v) A Europe closer to citizens – sustainable and integrated development of urban, rural and coastal areas through local initiatives (PO5).

air quality, energy efficiency, renewable and alternative energy. Also, she refers to initiatives oriented to improve city mobility as the acquisition of electric buses, improving bus stops, creating kilometers of bike lanes, improvement of street paving to reduce noise and developing other technological issues related to mobility and pollution. In the same line of arguments, responsible of financial intervention control service of the City Council points out that these mobility initiatives have been co-financed with Next Generation funds and that a recent focus has also been placed on housing with the municipal management company AUMSA (Urban Actions of València S.A.).

Finally, it is stated that all these measures have been geared toward and have enabled adaptation to exogenous shocks such as COVID-19. However, priorities are now shifting and are more focused on disaster prevention, primarily flooding, heat waves, and droughts; the design of new and improved emergency plans; communication, outreach, and training for citizens and stakeholders; the development of alert, prediction, and detection technology; and the improvement of inter-administrative governance. Focus is also placed on tourism and the housing problem, both for tourist and residential use.

7 Funding schemes and synergies

As representative of the Sub directorate of Urban Policies of the Spanish Ministry of Housing and Urban Agenda points out, the European Union's financing regulations directly influences cohesion policy investments and, therefore, influence urban policies in Spanish cities. The EU fiscal framework and its national implementation directly influence the implementation of Cohesion Policy investments through Common Provisions Regulation 1060/2021, which establishes the 8% minimum, so there is already a direct relationship between the regulation and funding.

However, regarding the specific case of ESIF, the management structure of a local entity as València City Council does not exactly match the structure requested for EU funds management. Alternative ways to overcome co-financing requirements are constantly being considered, but this issue is very complex because it often involves indebtedness and is not easy to manage financially for a local entity, whose budget cannot be approved with a deficit. This has also generated the city's reputation and trust in the various forums and networks in which the city of València is participating.

From the point of view of València City Hall interviewed people (Councilor, City Council's Intervention Department and the EU Projects Office) EU Commission talks about simplification, but that is not happening as desired because simplifying is complex, and the Commission's oversight is more permanent. Some steps forward to face this challenge is having more resources, better-trained personnel, and better software.

Representative of the General Directorate of European Funds of the Valencian Regional Ministry of Finance and Economic Model 2019-2023 points out to the great importance of the mutual learning obtained from the coordination and joint knowledge with the Valencian City European Projects Office. Experience is leveraged to create synergies and avoid duplication in European projects. He also points out how once a Horizon Europe project with a seal of excellence has been achieved, it is relatively easy follow the way, for instance using this experience in ESIF projects for similar projects in such topics. To the extent that double funding is prohibited, the possibility of matching different funding sources to different projects is sought, depending on their suitability for the different calls.

As the representative of the València Climate and Energy Foundation pointed out, in addition to EU direct funding, occasionally, other nominal grants have been received from: the Valencian Regional Government (GVA); from Spanish Ministries (for example, from the Institute for Energy Diversification and Saving (IDAE), depending on Spanish Ministry of Ecological Transition and Demographic Challenge; from the Provincial Council for specific projects at the provincial level. Although each fund has its own rules (each programme is different, and within each programme there are also differences), its reporting, justification, and operational methods, their management is attempted to be carried out in a coordinated manner.

As said, beyond Cohesion Funds, València's recent experience demonstrates how a range of other EU programmes can significantly support urban strategies for sustainable development and help build the capacity needed to deliver on EU urban initiatives. València's trajectory is particularly illustrative of both the opportunities and the challenges faced by medium-sized cities in leveraging direct EU funding mechanisms, such as Horizon Europe, LIFE, the European Urban Initiative (EUI), and URBACT, to complement and enhance their local agendas.

In the last programming periods, València has progressively increased its participation in directly managed EU programs. For instance, the city has been an active beneficiary of Horizon Europe projects, which have enabled the testing and scaling of innovative solutions in areas such as climate neutrality, digital transformation, and sustainable mobility. According to the case study, the

València Climate and Energy Foundation’s workforce grew notably as a direct result of participation in these projects, underlining the crucial role that direct EU programmes play in building technical and administrative capacity at the local level. This growth in staff and expertise has allowed the Foundation to move from a position of limited experience to becoming a proactive and independent actor in the European funding landscape, capable of both designing and implementing complex projects.

The LIFE programme has also provided València with opportunities to pilot environmental and climate action projects. These projects have not only delivered tangible urban improvements—such as nature-based solutions and digital tools for planning—but have also included training components for municipal staff, thereby directly addressing the city’s previously identified gaps in technical expertise and administrative continuity. The experience of València shows that LIFE projects can serve as a bridge between technical innovation and institutional learning, helping to embed new practices within the municipal administration.

The European Urban Initiative (EUI) and URBACT have been particularly important for València’s efforts to develop integrated and participatory urban strategies. Through participation in transnational networks and peer-learning platforms, València has been able to share knowledge and co-design action plans with other European cities. This has been especially valuable given the city’s relatively recent establishment of specialized units for European project management and the ongoing challenge of fragmented responsibilities across departments. As highlighted in the case study, “networks are very important for these types of European projects because, on the one hand, if you’re not present, you have no information, you’re not visible, you’re not known, and you can’t have projects. And, on the other hand, they generate knowledge, as you learn from other good practices and cities that are carrying out similar projects”. The EUI’s focus on capacity-building and knowledge sharing directly responds to València’s need for continuous training and strategic alignment.

Furthermore, the Recovery and Resilience Facility (RRF), as part of NextGenerationEU, has provided València with substantial resources to invest in the ecological transition, digital transformation, and inclusive growth. The Spanish Recovery, Transformation, and Resilience Plan has ensured that local urban agendas are aligned with national and EU priorities, fostering inter-administrative co-ordination and supporting the development of mature, strategically relevant projects. This has been particularly important for València, where the integration of local strategies with broader policy frameworks has sometimes been hampered by fragmented governance and limited influence in national programming.

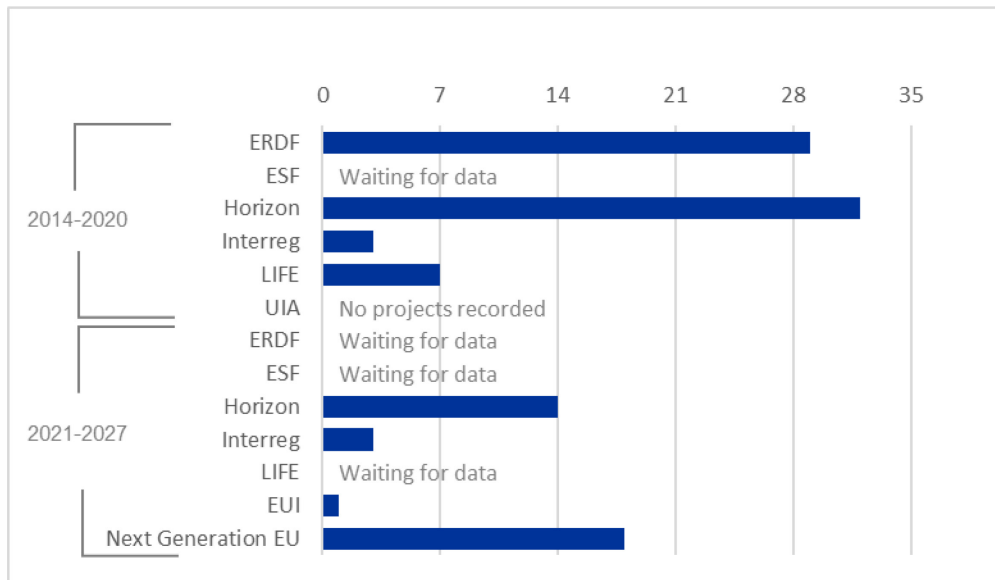
7.1 Funding schemes

7.1.1 Nationally or regionally distributed EU funds

This case study has a problem with the data availability for EU shared management funds now of writing this report. Although there is a good view of the reality of ERDF projects for the 2014-2020 Programming Period, case study experts and stakeholders are facing problems to find data for ERDF projects of the current Programming Period (due main expenses until now are related with RRF, to be expended and justified more in short) and for ESF projects for both (2014-2020 and 2021-2027) Programming Periods (due ESIF is on Regional Government hands for all region, and there is not specific info regarding Valencia city specifically).

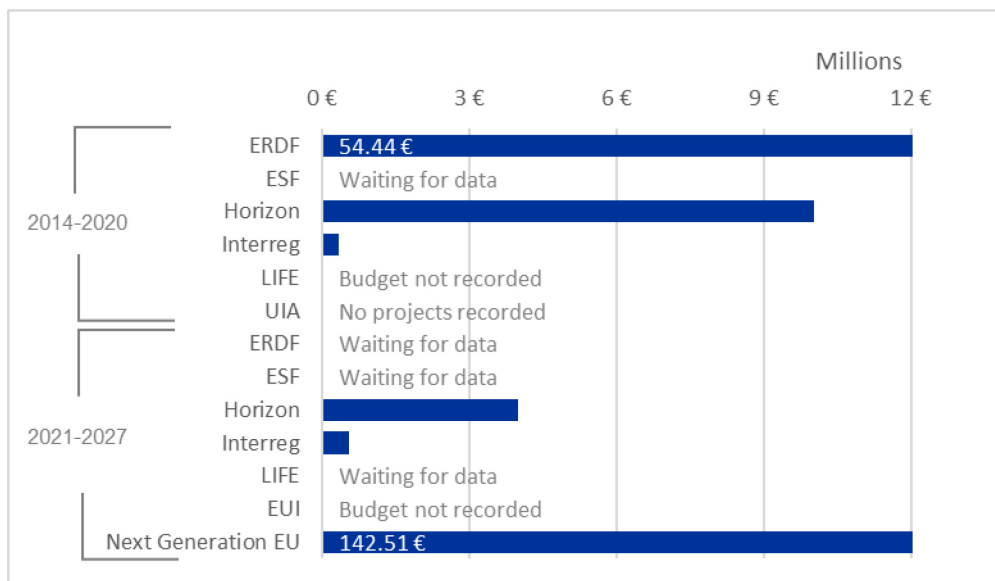
For this reason, it needs to be clear that we are only going to describe the situation for ERDF funded projects of the 2014-2020 Programming Period, one thing that, on the other hand, will let us dive more in this fund.

Figure 7.1
Number of projects for both Programming Period by fund or programme



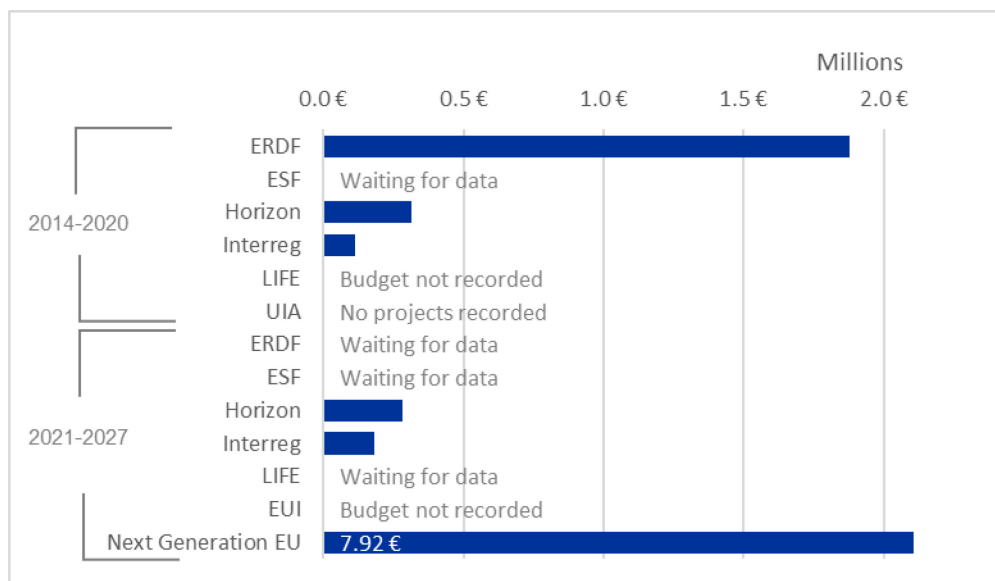
Source: author's own elaboration

Figure 7.2
CS Eligible budget for both Programming Period by fund or programme



Source: author's own elaboration

Figure 7.3
Average project budget by fund or projects in both Programming Periods



Source: author's own elaboration

29 projects were funded with ERDF during the 2014-2020 Programming Period, with an added investment close to 55million euros. This data makes ERDF the most important fund in the city of Valencia in the 2014-2020 Programming Period, in terms of budget and average budget, and the second one in terms of number of projects.

Of these 29 projects, only 2 were not belonging to the Multi-regional Spain-ERDF Programme, the one managed by the Central Government. These 2 projects were in the ERDF Valencian Operative Programme, which is decided and managed by the Regional Government. Both are small projects (one of more than 15,000 euros, and the other one of less than 400,000) whose goals were improving the heating and cooling system of a public building and impulse a more sustainable mobility.

For the other 27 projects, the average amount was higher, not having projects of less than 100,000 euros, and having some of them budgets of over 5million euros. Anyway, themes were quite close to Valencian ERDF projects but, in some way, more interested in developing infrastructure, what can justify why there is a bigger average expenditure.

Summarizing, ERDF was the most important fund during the 2014-2020 Programming Period and, possibly, during all the analysed timeline. Most of the projects, and the most expensive ones, were aligned with the Policy Objective number 2, a Greener, Carbon-Free Europe, more particularly with the Thematic Objective number 4, Low-carbon economy, and were related with de construction of bike paths. Not far in number of projects, generating social infrastructure was also a common category of project, but in this case, it works for achieving the Policy Objective number 4, Social Europe, particularly the Thematic Objective 9, Social Inclusion.

7.1.2 Other relevant EU funds and programmes

Unlike the indirect funds, the knowledge of EU direct managed funds funding projects in the city of València is more complete because there is data for both Programming Periods and for the different funds. It is important to say that, although data is more complete, there are still lacks of information because, unlike Horizon or Interreg databases, LIFE and EUI databases only provide data about the aggregate cost and funding of projects, without indicating how much of the cost is supported by each of the project participants or the funding receipt by each of them. This situation

prevents Valencia CS experts from knowing how much money the selected beneficiaries spend and how much EU funding is allocated to them. As can be seen in Figures 7.1 and 7.2, EU direct management funds have funded more than a half of all the known projects (60/107), but they represent less than a tenth of the total budget of EU funding (7%). For this reason, a difference needs to be made when talking about the number of projects and the project budget.

Horizon is the most important of the EU direct management funds in number of projects and in the budget of these projects, followed, by far, by Interreg projects. But when it comes to the comparison between the number of projects and their budget, while 42% of projects are funded by Horizon, Horizon only supposes 6% of the total budget of all EU funded projects. Meanwhile, Interreg funded 9% of all the recorded projects but supported around 2% of the total budget.

These data tell us about a bigger interest of the city of València in having Horizon projects, although they do not have big budgets, while in Interreg projects they are more interested in having few projects but of bigger budgets. Anyway, it needs to be said that this conclusion about Interreg is because of the Interreg projects for the 2021-2027 Programming Period, which have a bigger average budget, while in the 2014-2020 Programming Period their average budget was smaller than the Horizon one.

7.1.3 Other funding alternatives

As far as we know, only ReactEU projects could be implemented in the city, but there is no evidence in the data available on the consulted databases that any of the projects done by the selected beneficiaries were funded through ReactEU Programme.

7.2 Funding coordination mechanism

There has been a clear attempt in the case of València city to coordinate the various funding opportunities. Regarding the coordination of funding from different administrative levels, it is noted that the situation is very diverse and there are different paths. This should not be a problem if the goal is truly understood and shared at all levels. Furthermore, political influence and interests at different levels generate conflicting opinions and suggest the need for a return to localism, with the municipality acting as the "bottom-up" to be able to propose the necessary strategies, regardless of the procedure to be followed.

About this topic on the funding coordination mechanism, València Regional Government (GVA) does not control the funding that reaches local entities through the Multiregional Operational Programme of Spain (POPE), although it does participate in the monitoring committees. The Ministry has also learned that if something isn't working, it reserves the right to allocate it to something else in the same region.

8 Recovery and Resilience Plan

8.1 The Governance of Recovery and Resilience Plan

As said in point 3 of this Report, to qualify for support from the RRF, Spain submitted the *Spain's Recovery, Transformation, and Resilience Plan* (PRTR) to the EU Commission. This plan sets out the reforms and investments to be implemented by the end of 2026 as eligible to receive funding up to the pre-agreed amount. The RRF, exclusively responsibility of the Spanish Government (not regions nor local authorities), has represented an innovation in the way they are managed: Next Generation funds are much more purpose-oriented, and it is suggested the ERDF should benefit of this style. ESIF are considered to have the advantage of taking longer to execute and justify, while RRF are much more agile (quick allocation of funds for quick investments to be justified afterwards within very tight deadlines).

The Sub-directorate of Urban Policies of the Ministry of Housing and Urban Agenda representative agrees Structural funds have the advantage of having more time to execute and justify; while the PRTRs, although much more agile, The latter have represented an innovation in the way they are managed.

To facilitate the deployment of investments, the PRTR is based on four cross-cutting axes: 1. Ecological transition; 2. Digital transformation; 3. Territorial and social cohesion; 4. Gender equality. Important figures for the PRTR implementation are the Strategic Projects for Economic Recovery and Transformation -PERTE- (Proyectos Estratégicos para la Recuperación y Transformación Económica). They are a new public-private partnership instrument in which various public administrations, businesses, companies, and research centers collaborate. Their objective is to promote major initiatives that clearly contribute to the transformation of the Spanish economy. Among its objectives also is social and territorial cohesion. These projects aim to guarantee social and territorial cohesion in Spain, ensuring that the benefits of economic growth and innovation are shared nationally. The PERTEs represent a collective and strategic effort to revitalize the Spanish economy, ensuring it is equipped to face the challenges of the future with a solid foundation in sustainability, innovation, and digitalization.

They serve as a mechanism for promoting and coordinating high-priority projects. Their objective is to contribute to the agile and efficient management of funds and to strengthen projects that clearly contribute to the transformation of the Spanish economy. The size and number of actors potentially involved in the PERTE recommends defining a unique governance structure that allows the different actors to participate in decision-making with transparency and accountability. All interested entities must subscribe to a series of common standards for their accreditation in the new State Registry of Entities Interested in the PERTE.

PERTEs are approved by the Council of Ministers based on objective and transparent criteria. To date, twelve PERTEs have been approved in different strategic areas, to invest public resources and mobilize private resources to transform key sectors of the economy. The twelve strategic projects approved since 13 July 2021, to date are: 1. PERTE for the development of electric and connected vehicles; 2. PERTE for cutting-edge healthcare; 3. PERTE for renewable energy, renewable hydrogen, and storage; 4. PERTE for agri-food; 5. PERTE for the new language economy; 6. PERTE for the circular economy; 7. PERTE for the naval industry; 8. PERTE for aerospace; 9. PERTE for the

digitalization of the water cycle; 10. PERTE for microelectronics and semiconductors; 11. PERTE for the social and care economy; 12. PERTE for industrial decarbonization; and very recently 13. Housing.¹⁰

The various sectoral ministries of the Spanish Government are responsible for these, depending on their subject matter. For example, the Ministry for Ecological Transition and the Demographic Challenge directly manages three PERTEs (Renewable Energy, Renewable Hydrogen and Storage, Circular Economy, and Digitalization of the Water Cycle) and participates with other Ministries in the implementation of the PERTE (Renewable Energy and Renewable Hydrogen Renewable Energy Program) for the development of electric and connected vehicles (the first PERTE to be approved). The Ministry of Urban Agenda is responsible for the Local Urban Agendas funded as part of Axis 2 of the PRTR.

Part of the complexity in managing the funds under Spain's Recovery, Transformation, and Resilience Plan (PRTR) has come from the spending control platforms (software) designed by the Treasury midway through the funding period to comply with and justify the funds. Hence, there is a call for more stability in procedures and tools, so as not to force beneficiary cities to start over each time or to fill out the same forms in different templates for each management and oversight body.

Table 8.1
The Governance of Recovery and Resilience Plan in Spain

Name of the actor	Level	Responsibility
Spanish Government (AGE)	National	Programming, Implementing, Managing Authority
Regional Valencian Government	Regional	None
València City Council	Local	Programming Local Urban Agenda, Implementing, Beneficiary

Source: author's own elaboration.

8.2 Coherence with Recovery and Resilience Plan

The PRTR demonstrates significant coherence with València's integrated urban development frameworks, particularly through its alignment with the Urban Strategy València 2030, and broader Urban Agenda. This synergy is rooted in shared priorities such as climate resilience, social cohesion, and sustainable mobility. The PRTR's first lever policy—"Urban and rural agenda, combating depopulation, and developing agriculture"—explicitly connects to EDIL's focus on integrated territorial development, which emerged from lessons learned during the 2014-2020 ISUDS period. This continuity ensures that València's urban projects (e.g. metropolitan green corridors, Albufera Lagoon conservation) directly leverage RRF funding while adhering to EDIL's place-based approach.

¹⁰ <https://planderecuperacion.gob.es/como-acceder-a-los-fondos/pertes> (accessed 03.07.25).

Furthermore, the Urban Strategy València 2030 operationalizes this coherence through its strategic visions, which mirror PRTR pillars. For instance:

- Climate resilience (Strategic Line 1) aligns with PRTR’s ecological transition axis, funding rewilding projects like Turia River biodiversity corridors.
- Social inclusion (Strategic Line 6) dovetails with RRP’s territorial cohesion goals, supporting urban regeneration in El Cabanyal via EDIL-guided participatory planning.

The Strategy’s Action Plan explicitly prioritizes RRF-compatible projects—such as the 15-minute city model and sustainable mobility upgrades—demonstrating institutional coordination to maximize funding synergies. This integrated governance, noted in València’s "Bridge to Europe" service, enables seamless adaptation of EU fiscal frameworks to local agendas.

Table 8.2
Coherence with the Recovery and Resilience Plan

Tool	Recovery and Resilience Plan Missions				
	Mission 1	Mission 2	Mission 3	Mission 4	Mission 5
ISUD / EDIL	Adaptation to Climate change is an essential element	Cancer not directly addressed	Water is barely included in the ISUD	There are some action contributing to the reduction of emissions	The Issued barely took that into account, but the EDIL may do it
Urban Strategy València 2030 /Urban Agenda	Adaptation to Climate change is an essential element	The notion of healthy city is fully embraced by the strategy	Water management and resilience is part of the strategy	The 100 climate neutral cities mission is part of the core of the strategy	Agroecology is a crucial element of the urban strategy

Source: author’s own elaboration.

8.3 Recovery and Resilience Fund

According to the head of the European Projects Office at València City Council, the city of València has indeed benefited from the Recovery and Resilience Fund, which has been used for initiatives such as reducing emissions (purchase of electric vehicles, pedestrianization, actions on major roads), tourism, urban commerce, digitalization of administration, cybersecurity, re-naturalization of spaces, smart containers, implementation of shelters for public transport stops, software development, traffic calming actions, among others.

In the case of the city of València, perhaps due to the timing of the European project service, the Recovery and Resilience Fund (which has proven to be more powerful and important in this second period) has a greater influence than the structural funds.

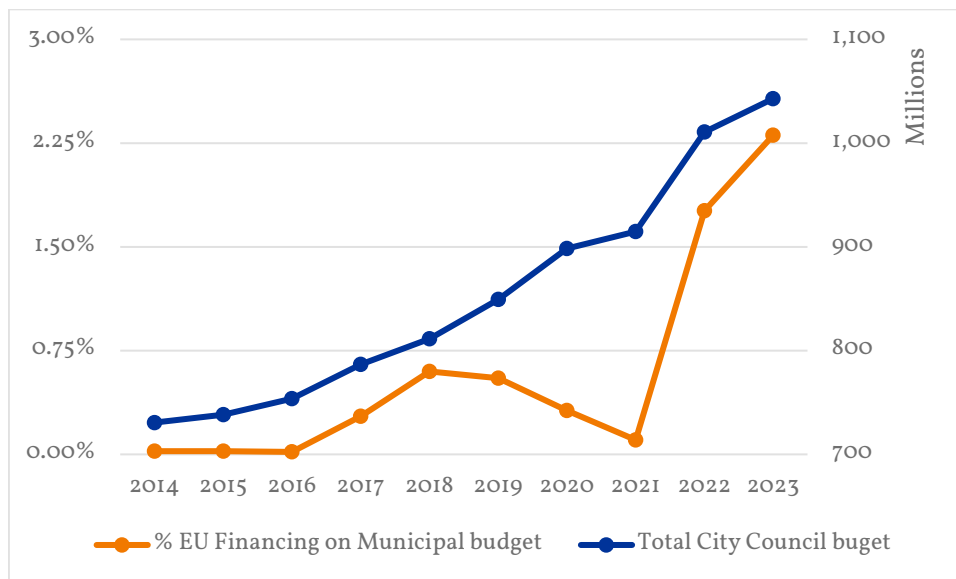
This last statement has been validated with the data given by the City Council in the yearly publication of the City’s Budget. Compared with ESIF projects, whose data will be referred just to ERDF projects for the 2014-2020 Programming Period, during these seven years, the City Council had an investment of nearly 55million euros. Only in 2022 and 2023, the years from which there are available RRF data, the city received more than 40million euros from the RRF. Moreover, during these two years, the city only got projects from Horizon, Interreg, LIFE and EUI for a combined value of 8million euros.

These data say that, on average, RRF funding reaches 20million euros for investments in the city per year, while the combined amount of the other funds that have been investigated in the URDICO project reaches a yearly investment of between 10 and 15million euros.

When comparing these data with the City’s Budget, the first issue appears because while ISUD and RRF investments are included within the Budget as a transfer from the EU or the managing authority, the rest of funded projects are not collected as a transfer (when talking about revenues) nor as a payment (when talking about expenditures). For this reason, we can only say that, while the ISUD was ongoing, the EU financing represents between 0.28% and 0.6% of the València’s Budget. Since RRF is working in the city (ISUD investments ended before), this percentage has grown until 1.76% and 2.31% for the years 2022 and 2023, respectively.

Although EU funding seems not to be an important part of the total budget for the city of València when comparing it to the rest of revenues that the city has on its budget (it will be interesting to know how much of these revenues have been financed, totally or in part with EU funding), in the last years, its important has grown, being close to be 10 times bigger in 2023 than it was in 2017 (0.28%). This growth is bigger if we compare the data with 2014, when the ISUD was not ongoing and the EU funding represents just 0.2% of the València city’s budget.

Figure 8.1
Evolution of València’s City Budget and the percentage of the EU funding on its budget between 2014 and 2023



Source: authors’ own elaborations

9 Challenges and Policy Recommendations

Based on the comprehensive analysis of València's case study in European funding for cities, this section presents the main challenges and policy recommendations identified across different governance levels. The findings draw from extensive interviews with stakeholders and analysis of the city's experience with EU Cohesion Policy implementation during the 2014-2020 and 2021-2027 programming periods

9.1 Local Level

9.1.1 Challenges

Limited Administrative Capacity and Institutional Development

València city faces significant challenges in developing adequate administrative capacity to effectively manage and implement EU Cohesion Policy. The city's European Projects Service was only created in 2020, demonstrating the relatively recent nature of institutional development in this area. Until then, the city's experience with European funding was extremely limited, with only a ISUDS Management Unit established in 2018 to differentiate management units from implementers.

The fragmentation of European fund management across different municipal departments presents another major challenge. While the European Projects Service focuses on ERDF funds, the municipal Department of Employment handles ESF funds and other public sector entities (such as Las Naves, Climate and Energy Foundation or EMT) are involved in Horizon Europe projects, and these are not always well coordinated. This lack of centralized management creates inefficiencies and potential gaps in strategic coordination.

Technical Complexity and Administrative Burden

The technical complexity of EU procedures represents a substantial barrier for València. The experience with ISUDS (Integrated Sustainable Urban Development Strategies) in the 2014-2020 period was not generally satisfactory in terms of clarity of selection procedures and subsequent management of funds. Two types of aid scheduled under the POPE (Multiregional Operational Program) were removed from the programme due to the risk of under-implementation, ultimately being funded with regional government funds rather than European funds due to operational complexity.

The administrative burden is particularly challenging given the requirement to meet minimum implementation requirements each year, which could result in non-compliance with European standards and regulations. This creates a risk-averse approach that may limit the city's willingness to pursue more ambitious European funding opportunities.

Staffing Limitations

València faces significant staffing limitations that directly impact its capacity to effectively manage and implement EU Cohesion Policy. The fragmentation of European fund management across different municipal departments creates additional personnel challenges. The València Climate and Energy Foundation's experience illustrates how staffing growth has become dependent on European funding availability, with workforce expansion occurring only during periods when European funding was secured, highlighting the precarious nature of maintaining adequate personnel levels for sustained European project management. These staffing constraints are compounded by the need of hiring permanent staff for European continuous training and capacity building to

develop expertise in technical procedures, financial management, and strategic planning related to EU funding opportunities, creating an ongoing challenge for maintaining institutional knowledge and expertise within the municipal administration.

Limited Influence in Policy Design

València stakeholders unanimously express that the city has not been able to participate meaningfully in EU Cohesion Policy conceptualization and related national programming in Spain. The city is viewed primarily as an institution that receives funds rather than one that influences policy design. There is no technical evidence of València's influence in management policy, although some municipal representation exists in intermediate management bodies.

Metropolitan Coordination Challenges

At the metropolitan level, València faces significant challenges in coordination with surrounding municipalities. The city is perceived as a threat by other municipalities rather than an opportunity, as these municipalities do not want their identity and rights diluted in a new supra-municipal administrative body. This creates barriers to developing effective metropolitan-scale approaches to European funding and policy implementation.

9.1.2 Policy recommendations

Strengthen Institutional Capacity and Centralization

València should establish a centralized European funding coordination unit that integrates all EU funds management under a single organizational structure. This unit should serve as a knowledge centre providing services, tools, and strategic coordination for all departments involved in European project implementation. The service should evolve from a purely technical orientation toward a more strategic approach, focusing on policy alignment and long-term planning.

The city should invest in continuous training and capacity building for municipal staff involved in European project management. This includes developing expertise in technical procedures, financial management, and strategic planning related to EU funding opportunities. Additionally, establishing stable career paths for European project specialists will help retain institutional knowledge and expertise.

Develop Strategic Planning and Coordination Mechanisms

València should develop comprehensive strategic planning mechanisms that align local development priorities with European funding opportunities. This implies creating systematic processes for identifying and prioritizing projects that can benefit from European funding, ensuring alignment with both local needs and EU thematic objectives.

The Urban Strategy València 2030 provides a valuable framework for that taking into consideration that it has been developed through a wide consultation and build on great agreements, that are expected to be updated every two years.

The city should establish formal coordination mechanisms with all the entities of the public sector (Climate and Energy Foundation, Las Naves...) and other municipal entities to ensure coherent approaches to European funding. This includes developing shared databases, common project identification procedures, and joint monitoring systems.

Enhance Metropolitan Cooperation

València should lead the development of bottom-up metropolitan cooperation initiatives to address shared challenges and opportunities. This should focus on areas where metropolitan coordination is essential, including mobility, water management, housing, technological infrastructure,

waste management, and risk management. The approach should respect municipal autonomy while creating value-added cooperation mechanisms.

The city should work through existing sectoral management bodies such as EMSHI (water supply), Metropolitan Transport Authority (mobility), and EMTRE (waste management) to develop integrated approaches to European funding that benefit the entire metropolitan area.

Strengthen Networking and Lobbying Capacity

València should maintain and expand its participation in European networks, particularly those related to urban policy and innovation. The city's involvement in networks such as Eurocities, Energy Cities, and the Net Zero Cities network should be leveraged to gain access to information, best practices, and partnership opportunities.

The city should strengthen its agreement with the Valencian Community Foundation-European Region (the regional office in Brussels) to enhance monitoring of EU policies and increase visibility in European policy discussions.

9.2 Regional Level

9.2.1 Challenges

Complex Multilevel Governance Structure

The Valencian Regional Government (Generalitat Valenciana -GVA-) operates within a complex multilevel governance structure where it acts as an intermediary body through the regional Directorate General for European Funds. This creates challenges in coordination between different levels of government and can lead to delays and inefficiencies in fund allocation and management.

The regional level faces difficulties in balancing the need for regional coordination with respect for municipal autonomy. Regional managing bodies such as IVACE (Valencian Institute of Business Competitiveness), LABORA (Valencian Employment and Training Service), and FGV (Valencian Government Railways) operate with different priorities and approaches, creating potential coordination challenges.

Limited Integration of Urban Dimension

The regional level struggles to effectively integrate the urban dimension of Cohesion Policy into broader regional development strategies. During the 2014-2020 period, the Valencian Autonomous Region was classified as a more developed region, but in the current period (2021-2027), it has become a region in transition, requiring adaptation of funding strategies and co-financing requirements.

The shift from 50% co-financing in the 2014-2020 period to 60% in the 2021-2027 period creates additional financial pressures on regional and local authorities. This change affects the region's ability to leverage European funding effectively and may limit participation in certain programmes.

Coordination Gaps with National Level

The regional level faces challenges in coordinating with national authorities, particularly regarding information sharing about calls for proposals and funding opportunities. The lack of systematic information flow between national and regional levels means that opportunities may be missed or duplicated.

9.2.2 Policy recommendations

Enhance Multilevel Coordination Mechanisms

The Valencian Regional Government should strengthen existing coordination mechanisms such as the Economic and Regional Policy Forum, which brings together representatives of the Directorate General for European Funds of the Ministry of Finance with representatives of the Autonomous Communities. These forums should meet more regularly and focus on practical coordination challenges.

The region should develop systematic information sharing protocols with national authorities to ensure that all relevant stakeholders are aware of funding opportunities and requirements. This includes creating joint databases and regular communication channels between regional and national managing authorities.

Develop Integrated Urban-Regional Strategies

The regional government should develop integrated strategies that explicitly recognize the urban dimension of regional development and create synergies between urban and rural development initiatives. This includes ensuring that regional operational programmes adequately reflect urban needs and priorities while maintaining coherence with broader regional objectives.

The region should support the development of functional urban area approaches that transcend municipal boundaries while respecting local autonomy. This includes providing technical and financial support for inter-municipal cooperation initiatives.

Strengthen Regional Innovation Capacity

The Valencian Regional Government should enhance its role as a facilitator of innovation in European funding approaches. This includes developing pilot programmes, supporting experimentation with new funding mechanisms, and facilitating knowledge transfer between different parts of the region.

The region should strengthen its Brussels office (Valencian Community Foundation-European Region) to enhance monitoring of EU policy developments and increase the region's influence in European policy discussions.

9.3 National Level

9.3.1 Challenges

Centralized Management Structure

The Spanish national framework for Cohesion Policy is characterized by a highly centralized management structure where the Ministry of Finance serves as the key Managing Authority for all ESIF funding. This centralization creates challenges for effective participation of cities and regions in policy design and implementation.

The national level struggles to balance the need for centralized control with the principle of subsidiarity and the specific needs of urban areas. The current system provides limited opportunities for cities to influence policy design and programming decisions, leading to misalignment between national priorities and local needs.

Inadequate Urban Dimension Integration

Despite the requirement for 8% ERDF allocation to urban areas, the integration of the urban dimension into national programming remains insufficient. The experience with ISUDS in the 2014-2020 period demonstrated significant problems with clarity of selection procedures and subsequent fund management.

The national level has struggled to develop effective mechanisms for engaging cities in Cohesion Policy design and implementation. Cities like València report having no meaningful influence in EU Cohesion Policy or related national programming.

The national framework suffers from inadequate coordination between different administrative levels. Information about calls for proposals and funding opportunities is not always effectively communicated to regional and local levels, leading to missed opportunities and inefficient resource use.

The gatekeeper role of national and regional governments can be decisive in limiting city access to European funding, creating dependencies that may not align with urban development needs and priorities.

9.3.2 Policy recommendations

Decentralize Management and Increase Urban Participation

The Spanish Government should establish more decentralized management mechanisms that provide greater autonomy to regional and local authorities in designing and implementing Cohesion Policy interventions. This includes creating dedicated urban operational programmes that allow cities greater control over priority setting and project selection.

The national level should establish systematic consultation mechanisms with cities and urban areas during the programming phase of EU funds. This includes creating formal channels for urban input into Partnership Agreement development and operational program design.

Strengthen Urban Initiatives Network

The Spanish Government should enhance the Urban Initiatives Network as the fundamental interface between Structural Funds and local governments. This network should be given greater resources and authority to support urban participation in Cohesion Policy design and implementation.

The national level should develop dedicated technical assistance programmes to support cities in developing administrative capacity for European fund management. This includes providing training, advisory services, and peer-learning opportunities.

Improve Coordination Mechanisms

The Spanish Government should strengthen existing coordination mechanisms such as sectoral conferences of fund officials at ministerial and regional levels. These structures should be enhanced to improve information sharing and coordination of calls for proposals and funds at different levels.

The national level should develop integrated information systems that provide real-time information about funding opportunities, requirements, and deadlines to all levels of government. This includes creating common databases and communication protocols.

Reform SUDS and Urban Strategy Implementation

The Spanish Government should undertake comprehensive reform of the SUDS mechanism based on lessons learned from the 2014-2020 period. This includes simplifying procedures, improving clarity of selection criteria, and providing better technical support to participating cities.

The national level should develop more flexible and responsive urban funding mechanisms that can adapt to changing urban needs and priorities while maintaining alignment with EU objectives and national strategies.

9.4 EU Level

9.4.1 Challenges

Limited Direct City Engagement

The EU level faces significant challenges in ensuring meaningful engagement of cities in Cohesion Policy design and implementation. The current framework relies heavily on member state intermediation, which can limit direct dialogue between the European Commission and urban areas.

The complexity of EU regulations and procedures creates barriers for city participation, particularly for medium-sized cities like València that may lack the administrative capacity to navigate complex European funding landscapes effectively.

Inadequate Urban Dimension Recognition

Despite policy commitments to urban development, the EU framework provides insufficient recognition of the specific needs and contributions of urban areas. The 8% ERDF allocation for urban areas is modest compared to the role cities play in European economic and social development.

The EU level struggles to balance the need for standardized approaches across member states with recognition of diverse urban contexts and needs. This creates tensions between efficiency and effectiveness in urban policy implementation.

Limited Flexibility and Responsiveness

EU Cohesion Policy frameworks are characterized by long programming periods and limited flexibility to respond to changing circumstances. This creates challenges for cities that need to adapt quickly to emerging opportunities and challenges.

The performance-based approach of EU funding, while ensuring accountability, can create risk-averse behaviour that limits innovation and experimentation at the urban level.

9.4.2 Policy recommendations

Enhance Direct Urban Engagement Mechanisms

The EU should establish direct dialogue mechanisms with cities and urban areas that complement existing Member States channels, providing greater flexibility for cities in determining priorities and approaches. This includes:

- creating formal consultation processes during programming periods and establishing regular urban forums for policy dialogue, to adjust to the cities' needs, so enlarging cities' roles from implementers to designers; e.g. through EUROCITIES as well as other EU networks.
- strengthen the European Urban Initiative and similar programmes that provide direct support to cities for innovation and capacity building.

Increase Urban Dimension Allocation and Flexibility

The European Commission should develop more flexible funding mechanisms that allow for adaptation during programming periods while maintaining accountability and performance orientation. This includes creating contingency mechanisms for responding to unexpected challenges and opportunities.

Besides, some steps to provide direct funding should be taken:

- Increasing the mandatory allocation of ERDF funds for urban areas beyond the current 8% threshold, recognizing the critical role of cities in achieving EU policy objectives.

- A complementary/alternative formula post 2027 could be a kind of 'Horizon for Cities', ensuring geographical coverage, to which each city could apply with their own proposals according needs, as direct funding (for all period) and easier justification (not each year as it is in ERDF).

Strengthen Urban Innovation and Experimentation

The EU should reinforce dedicated programmes (as URBACT) and urban networks for urban innovation and experimentation that allow cities to test new approaches to sustainable development, digital transformation, and social inclusion. These programmes and networks should facilitate peer learning and knowledge about effective practices in European funding utilization to be transferred between cities.

Apply subsidiarity and proportionality principles when decide Managing Authorities. Monitoring should be made according to the own city rules and national legislations, more even when anti-fraud mechanisms has been developed both for ESIF as well as, even more, for RRF.

RRF innovates in the way to deliver and justify funds focusing more on objectives fulfilment and territorial/urban impacts than in only formal control procedures. That is considered as more appropriated for post 2027 period.

Improve Technical Assistance and Capacity Building

The EU should provide enhanced technical assistance to cities for developing administrative capacity and expertise in European fund management. Processes should be simplified and calls for proposals translated into the languages of the countries, with clear expressions and concepts that do not lead to interpretations or fundamental mistakes.

This includes support the development of digital platforms and tools that simplify access to information about EU funding opportunities and requirements, making European funding more accessible to cities of all sizes. Also in this case, developing standardized training programmes, advisory services, and peer-learning mechanisms would be very useful.

Besides, due the key importance for cities and urban areas of having appropriate human well-trained resources for EU projects and funds management, funds for hiring staff should be allowed.

Promote Integrated Territorial Development

The EU should strengthen support for integrated territorial development approaches that recognize the interconnections between urban and rural areas. This includes promoting functional urban area approaches and supporting inter-municipal cooperation initiatives. This should be at least one criterion of positive discrimination if not a mandatory requirement in each tender.

Special attention should be paid in this regard both to metropolitan areas and functional urban regions, and to intermediary cities that act as service provider poles to their rural surroundings outside of them. Most of the current urban challenges require responses beyond the administrative boundaries of a single city municipal boundaries while respecting local autonomy.

10 Conclusion

Valencia's experience reveals that while direct EU programmes can be highly effective in supporting sustainable urban development and capacity-building, their impact depends on the city's ability to navigate complex application processes, coordinate across departments, and maintain stable, well-trained teams. The city's recent innovations (including the development of the Urban Strategy València 2030 and the creation of a European Projects Service) demonstrate a commitment to overcoming these barriers. However, as the case study notes, "there is still a long way to go" in terms of fully integrating these programs into a coherent, long-term urban strategy.

Some other additional innovations have been developed in management tools, as: a new management software to streamline and facilitate processes (such as a specific module in the Valencian Regional Government -GVA- financial control software); improvements in anti-fraud control (MINERVA software application) in the case of Spanish Ministry of Finance, of which all administrations are aware; strict application of ESIF anti-fraud control protocols to RRFs; as well as improved transparency and publicity of projects. Also there has been improvements on quality of proposals; and a more comprehensive strategic planning approach (based on Integrated Sustainable Urban Development Strategies -ISUDS- and the Missions València 2030 program), rather than one-off actions disconnected from individual projects. In the current 2021-2027 programming period, in the area of urban development strategies (formerly ISUDS now EDIL, to which Valencia city is applying) there has been less thematic concentration than in the previous 2014-2020 period. In this sense the Spanish Ministry of Urban Agenda recently launched a call for proposals more open, allowing more leeway and freedom of choice for cities' own initiative and decision-making.

Lessons also have been learned from negative experiences by understanding that applications must be subject to expert technical knowledge. It is not advisable to apply for projects that are not aligned with real needs and strategic challenges. That has led to reject calls for proposals before a financial problem subsequently arises. This reinforces the empowerment of local and regional authorities through coordination, with a holistic view of the different funds (decomposing, deconstructing, or restructuring alternative combinations) to achieve the objective in the most efficient way possible.

Beyond the Cohesion Funds, València's recent experience demonstrates how a range of other EU pro-programmes can significantly support urban strategies for sustainable development and help build the capacity needed to deliver on EU urban initiatives. València's trajectory is particularly illustrative of both the opportunities and the challenges faced by medium-sized cities in leveraging direct EU funding mechanisms, such as Horizon Europe, LIFE, the European Urban Initiative (EUI), and URBACT, to complement and enhance their local agendas.

In the two last programming periods, València has progressively increased its participation in directly managed EU programmes. For instance, the city has been an active beneficiary of Horizon Europe projects, which have enabled the testing and scaling of innovative solutions in areas such as climate neutrality, digital transformation, and sustainable mobility. According to the case study, the València Climate and Energy Foundation's workforce grew notably as a direct result of participation in these projects, underlining the crucial role that direct EU programmes play in building technical and administrative capacity at the local level. However, externalize projects in municipal Foundations, despite they are more flexible (they hire staff based on needs, but cannot consolidate them), they also face important limitations because cannot implement advances and innovations: their role is that of beneficiary, but not executor as other internal municipal units are.

The Recovery and Resilience Facility (RRF), as part of NextGenerationEU, also has provided València with substantial resources to invest in the ecological transition, digital transformation, and inclusive growth. The Spanish Recovery, Transformation, and Resilience Plan (PRTR) has ensured that local urban agendas are aligned with national and EU priorities, fostering inter-administrative coordination and supporting the development of mature, strategically relevant projects. This has been particularly important for València, where the integration of local strategies with broader policy frameworks has sometimes been hampered by fragmented governance and limited influence in national programming.

As basic assumptions on structural challenges in the articulation and implementation of Cohesion Policy in its urban dimension, from the interviews carried out in the URDICO project for the case of València, the following can be pointed out:

- Improving the functioning of the well-established multi-level institutional framework:
 - at national level: frameworks between the Spanish Government (AGE) and the Autonomous Regional Governments (Directorate General for Relations with Autonomous Communities; Economic and Regional Policy Forum -brings together representatives of the Directorate General for European Funds of the Ministry of Finance with representatives of the Autonomous Communities, both are dependent on AGE).
 - at regional level: clear procedures between the regional “Directorate General for Relations with the EU and the State” of the Valencian Regional Government, with both the regional ‘Directorate General for the Treasury” and the Spanish Federation of Municipalities and Provinces (FEMP -in which the Valencian Federation of Municipalities and Provinces is included-). Regional Autonomous governments and Provincial Councils (València Provincial Council) created the ‘Bridge to Europe' service to access to direct management EU funds (as Horizon, Life, Interreg/MED).

- Multilevel governance is perceived as having well-established structures (e.g., sectoral conferences of fund officials both at the ministerial and regional levels). These structures must to be improved, given that more than one administration, with different priorities and political leanings, is involved in funds management.

This would facilitate the necessary and better coordination of calls for proposals and funds at the different levels, especially between the national and regional levels, given that this information is not always known/shared among them.

- Although subordinate to the financial control of the Ministry of Finance as main Managing Authority, the Autonomous Regions’ Governments also have a prominent role as responsible of ERDF Valencian Regional Operative Programme.
- Improve coordination with surrounding municipalities and a metropolitan vision:
 - This metropolitan vision already exists in the case of sectoral management bodies on specific topics such as water supply (EPSA and EMSHI), mobility (Metropolitan Transport Authority), or waste management (EMTRE); and some provincial bodies with the Smart City Provincial Councils (which include vital infrastructure such as the Airport or the Trade Fair).
 - This should be at the initiative of the municipalities themselves (bottom-up) so as not to feel their powers are being invaded.
 - The municipal level is identified as the first layer in implementing cohesion policy, followed by the metropolitan level as a second step.

- The topics that require action at the metropolitan level would focus mainly on mobility, water, housing, technological infrastructure (fiber optics), waste, and risks. Due to the flooding caused by the power cut-off on 29/10/24, it is clear that inter-administrative cooperation in the metropolitan area must be strengthened.
- Provincial Councils and the Spanish Federation of Municipalities and Provinces (FEMP) are also important in terms of supporting Urban Agendas.

Finally, as general recommendations, the following ones can be underlined (see section 9):

- *At Local level:* Strengthen Institutional Capacity to become not only implementers but also designers; Develop Strategic Planning and Coordination Mechanisms (paying special attention to metropolitan areas, but also and functional urban regions, and to intermediary cities that act as service provider poles to their rural surroundings outside of them); Strengthen Networking and Lobbying Capacity.
- *At Regional level:* Enhance Multilevel Coordination Mechanisms; Strengthen Regional Innovation Capacity; Develop Integrated Urban-Regional Strategies.
- *At National level:* Improve Coordination Mechanisms; Decentralize Management and Increase Urban Participation; Reform SUDS and Urban Strategy Implementation (national level should develop more flexible and responsive urban funding mechanisms that can adapt to changing urban needs and priorities while maintaining alignment with EU objectives and national strategies; as it is doing in the current EDIL call); Strengthen Urban Initiatives Network.
- *At EU level:* Enhance Direct Urban Engagement Mechanisms; Improve Technical Assistance and Capacity Building; Increase Urban Dimension Allocation and Flexibility (e.g. complementary/alternative formula post 2027, similar to a new 'Horizon for Cities' Program, ensuring geographical coverage, to which each city could apply with their own proposals according to needs, as direct funding -for all period- and easier justification -not each year as it is in ERDF-); Promote Integrated Territorial Development (as criterion of positive discrimination if not a mandatory requirement in each tender).

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