



ECO/507
**Revision of the Territorial Agenda of the EU,
the Leipzig Charter and the Urban Agenda for the EU**

OPINION

European Economic and Social Committee

**Revision of the Territorial Agenda of the EU, the Leipzig Charter
and the Urban Agenda for the EU**

[Exploratory opinion requested by the German Presidency]

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1. **Conclusions and recommendations**

- 1.1 The EESC recommends that the new circumstances and parameters that have arisen during the operating period of the current Leipzig Charter (see paragraph 2.2) be fully included in the content of the new Charter, with a view to ensuring that the Charter is functionally compatible with the future EU multiannual financial framework and its links with the European Semester process. It should also take into account the impacts and consequences of the COVID-19 pandemic on the economic, social, environmental and territorial development of the Member States and of the EU as a whole.
- 1.2 The EESC draws attention to the anticipated increase in distortions and risks (economic, health, environmental, cyber, etc.) and proposes to explicitly highlight the need to systematically consider resilience in the New Leipzig Charter on Sustainable European Cities.
- 1.3 The EESC welcomes the text of the Territorial Agenda 2030 and endorses its central pillars, which are based on justice, an environmental focus and the need for the territorial dimension to be reflected in all relevant areas of public administration.
- 1.4 At the same time, the EESC welcomes the opportunity provided by the Territorial Agenda 2030 to participate in the process of implementing it.
- 1.5 The EESC is aware of the huge scope for using an integrated approach in territorial and urban development and the benefits associated with this approach in terms of synergising the effects, saving on costs and making functional connections between the content of supported projects.
- 1.6 The EESC points out that there is also scope for an integrated approach in terms of the possibility of linking public and private financial resources to increase capacity and share risk for the benefit of both territorial and urban development subject to democratic control, transparent governance and accountability.
- 1.7 The EESC strongly supports a balance between different types of territory in the use of territorial and urban development instruments. It recommends using the most appropriate support instruments for each type of territory, while respecting the principle of subsidiarity, which will result in the elimination of symptoms of deprivation, backwardness and isolation in the case of at-risk regions.
- 1.8 The EESC underlines the importance of new models and aspects of the development of urban agglomerations and metropolitan areas as key factors for improving of the EU's global competitiveness through their openness, as well as the need to resist some spill-over effects of globalisation.
- 1.9 The EESC is, however, also well aware of the importance of protection and support for peripheral and outlying, mainly rural, territories to help include them in modern and sustainable regional development.

- 1.10 Bearing in mind both endogenous and exogenous factors, the sustainability and resilience of cities and regions cannot be addressed separately. The EESC therefore recommends that **the Urban Agenda be coordinated as much as possible with territorial cohesion policy**. This can be achieved through functional partnerships between urban and rural areas and through integrated projects aimed at enhancing the sustainability and resilience of the local economic, social and environmental systems of cities, their functional areas and their rural periphery.
- 1.11 The EESC calls on the European Commission to support exchanges of experience gradually leading to **methodological recommendations for taking emerging risks and resilience into account** as part of the preparation and assessment of development plans at urban and regional levels.
- 1.12 The EESC notes, on the one hand, that metropolitan areas and urban agglomerations – thanks to the concentration of resources and the diversification of economic activities – are well placed to be the growth poles of the national economy as a whole as well as acting as its contact points in the context of economic openness and globalisation. On the other hand, it is fully aware of the need for a more balanced development of the entire national economy, including rural and peripheral areas.
- 1.13 The EESC insists that a more balanced representation must exist under the partnership principle in urban and regional development. A good example of fair representation is provided by the LEADER/CLLD programme, in which a maximum of 50% of partnership members may come from public administration. The EESC recommends much greater involvement of target groups (urban and rural residents, local NGOs and social partners) to effective public-private cooperation.
- 1.14 The EESC notes that, in practice, the integrated territorial approach is primarily applied in rural areas (LEADER/CLLD) and in the case of functional urban and metropolitan agglomerations.
- 1.15 Although a (cross-sectoral) partnership is guaranteed in the composition of the management and advisory bodies, in practice the position of private entities (whether local businesses and NGOs or related LAGs and associations) is significantly weaker in ITI. This needs to be dealt with in the future, as it does not result in a balanced view of the community's development needs.

2. **Background**

- 2.1 The Leipzig Charter is an intergovernmental document of the EU Member States, the aim of which is to adhere to common principles and strategies for sustainable urban development policy. In this sense, it is built on three pillars:
- integrating the concept of sustainable urban development into national, regional and local development policies;
 - using integrated urban development tools (e.g. CLLD-U) and the corresponding public administration, as well as management that adopts the principle of multi-level governance;

- ensuring a balance with other types of territorial structure while respecting a polycentric urban structure.

2.2 The EESC agrees with both the spirit and the substance of the Leipzig Charter, but considers it necessary to adapt its content to the new circumstances that have emerged since the adoption of the Charter in May 2007. The most important changes include:

- huge technological advances and broader potential for innovation in the form of digitalisation, smart mobility and other smart solutions, which provide many opportunities for development (e.g. resource optimisation, etc.) as well as strategic risks (impact on employment, cyber vulnerability, etc.);
- the impact of Economy 4.0 and Society 4.0 from the perspective of economic activities organised in the form of a circular and shared economy, the development triggers and effects of which are concentrated in urban agglomerations in particular;
- changes to the social structure due to migration, demographic influences and changing lifestyles;
- the opportunities and challenges stemming from the objectives and measures included in the European Green Deal;
- new models and ways of financing urban development, based on the sharing of private and public resources and interests;
- new aspects of the openness of urban agglomerations and metropolitan areas to the outside world, in view of their role in global competitiveness and the need to resist the spill-over effects of globalisation;
- the continuing need to increase the participation of the population in the planning and implementation of the development projects both of cities and of their rural periphery.

2.3 The Territorial Agenda 2030 is an intergovernmental document of the EU Member States, created on the basis of cooperation with partners from other countries, EU institutions and organisations and European interest groups. Its aim is to ensure that the need for a sustainable future is focused not only on strengthening territorial cohesion, which is an objective introduced by Article 3 TEU, but on all territories and all inhabitants.

2.3.1 In order for this to be achieved, the Territorial Agenda 2030 calls for the territorial dimension of all policies at all levels of governance to be strengthened. In this sense, it is built on three pillars:

- The first key objective is a Just Europe, which offers future prospects for all types of territories and their inhabitants. This objective emphasises the contribution of the territorial dimension and spatial planning to bridging and linking policy priorities such as: economic, social and

territorial cohesion; the European Pillar of Social Rights; a Europe that is closer to citizens; more inclusive, sustainable and integrated urban and territorial development; just transformation; and territorial integration in Europe.

- A second key objective is a green Europe that protects our shared environment and shapes societal transformation. Here the aim is to highlight the contribution of the territorial dimension and spatial planning to achieving policy priorities such as the UN Sustainable Development Goals (SDGs), the EU's Green Deal, the Paris Agreement and Europe's transition to a circular economy.
- Thirdly, the Territorial Agenda 2030 provides strategic orientation for spatial planning and calls for the territorial dimension of all policies at all levels of governance to be strengthened. In this context, it also concerns the EESC, which is asked to inform its members of its priorities and encourage them to work together to implement it. This includes emphasising the importance of civil society partners in ensuring a sustainable future for all territories, and strengthening CLLD and any other instrument facilitating integrated territorial development and cooperation. In addition, EESC members are asked to defend the priorities of the Territorial Agenda in policy debates at European level.

2.4 The EESC agrees that the Territorial Agenda 2030 is important, and approves of its content. It also appreciates the efforts made since 2011 to update and further develop the idea of the Territorial Agenda:

- In particular, it identifies with the overall goal of the Territorial Agenda in terms of ensuring a sustainable future for all types of territories and their inhabitants in Europe.
- It agrees with the goals and priorities of the Territorial Agenda 2030 and appreciates the efforts made with regard to the territories and their inhabitants.
- It approves of the emphasis placed on achieving priorities such as: a) a balanced Europe, which leaves no place and no person behind; b) functional regions that link urban and rural areas; c) the integration of life and work across national borders; d) a healthy environment and decent living conditions; e) a circular economy; and f) sustainable digital and physical connectivity.
- It considers it essential for civil society to be involved in the pursuit of territorial objectives such as a just and green Europe, and agrees that the EESC should be involved in this process as one of the key players.
- It acknowledges the fact that all EESC members have the opportunity to participate in the drafting and implementation of the Territorial Agenda 2030, via the website www.territorialagenda.eu

2.5 The EESC welcomes the support process for establishing the EU's new Urban Agenda following the signing of the Pact of Amsterdam. This Agenda, which is logically linked to the URBACT or

URBAN programmes, has great potential for the future with regard to identifying urban development priorities and demonstrating good practice that will be replicable in the EU.

- 2.6 While all the priority themes in the Urban Agenda are relevant to civil society organisations, they go beyond the traditional roles associated with civil society. NGOs, social enterprises, and cooperatives are increasingly developing their capacity or establishing new economic or organisational models to provide public-interest services. It is necessary for public authorities to be able to see themselves from the point of view of groups and organisations working in urban areas. The EESC suggests that involving national or regional networks or local organisations with a lot of experience on a given issue would be just as useful as having European networks.
- 2.7 In any case, in order to effectively implement the Urban Agenda for the EU, it is necessary to:
- a) consider the basic needs of the partners involved and pay attention to capacity-building (mainly for horizontal partnerships at city level). The EESC recommends that European technical assistance funds be used for this purpose;
 - b) prepare methodological recommendations on principles of responsible urban partnerships. It is important to have a methodology for monitoring and evaluating the Urban Agenda, including indicators that will be able to measure changes achieved. It is necessary for partners, including Civil Society Organisations, to be involved in evaluation and monitoring.
- 2.8 The EESC perceives a certain degree of duality between the territorial and urban agendas, on the one hand, and territorial cohesion on the other. It recognises that the idea of territorial cohesion has been part of the Treaty (TFEU) since 2009 and is therefore part of EU legislation, whereas the urban and territorial agendas as such are not part of the Treaty, and their sovereign component remains under the jurisdiction of the Member States and is still regulated by an intergovernmental agreement.
- 2.9 As an important part of regional development within the EU, the EESC also supports the creation and implementation of participatory macro-regional development strategies involving both EU and non-EU regions and countries.
- 2.10 Although from a chronological point of view, the issue of the EU's territorial and urban agendas falls within a more distant time period compared to the multiannual financial framework, it is essential that it be adequately reflected in the latter's future focus as well as being adequately supported by it. Indeed, it can be assumed that the future EU multiannual financial framework will be fundamentally affected by the effects of the ongoing COVID-19 pandemic.
- 2.11 Due to the impact of the pandemic, it will also be necessary to include in the territorial and urban agendas not only a development dimension, but also the ability to withstand difficult-to-predict risks in the form of asymmetric exogenous shocks, which have a dramatic impact on the sustainability of the development trajectory.

3. General comments

3.1 Sustainability and resilience

- 3.1.1 The EESC points out that Europe is facing ongoing challenges linked to the **effects of climate change, the use of resources and the need to reduce environmental risks** in order to protect the health and wellbeing of the population. Although more and more municipalities and local communities are experimenting with different approaches to sustainable mobility, construction, production and consumption, in practice the wider application of these approaches will require much broader participation on the part of society as a whole, including businesses, NGOs and individuals, in the entire transformation process.
- 3.1.2 The EESC believes that local authorities, with their ability to create integrated local solutions, can make effective use of financial resources earmarked for addressing the health and economic impacts of the current COVID-19 pandemic, not only to strengthen health and social infrastructure and kick-start the economy, but also to support the transition to more sustainable and resilient models of economic development.
- 3.1.3 The EESC notes that European cities have traditionally taken the supply of goods and services from outside areas for granted and assumed that fully integrated economic systems can cope with potential disruptions. However, as can be clearly seen in the current COVID-19 pandemic, the high degree of interdependence entails cascading risks.
- 3.1.4 The EESC therefore emphasises the need to build mutually beneficial **partnerships between urban and rural areas in order to** strengthen the sustainability and resilience of local economic, social and environmental systems. Partnerships of this kind may become pillars of territorial cohesion in the future.
- 3.1.5 The EESC therefore recommends that the New Leipzig Charter should call on cities to:
- a) **build anticipatory capacities** for risk and for the transformative potential of climate change, the effects of the fourth industrial revolution and the impact of emerging health threats, as well as other relevant risks in the context of the Sendai Framework for Disaster Risk Reduction;
 - b) **actively develop and support partnerships** between local actors in urban and rural areas (including local municipalities and local action groups (LAGs)) to prevent strategic risks and make use of transformative potential through integrated projects in key areas of common interest (healthcare, water and food supplies, transport, circular economy, etc.);
 - c) **assess the effects of future development plans, programmes and projects** on the sustainability and resilience of the local environmental, economic and social system (including impacts on vulnerable population groups and the labour market) and optimise them on the basis of lessons learned;
 - d) **share** lessons learned and innovative solutions for enhancing sustainability and resilience by means of European networks and territorial cooperation programmes.

3.1.6 At the same time, the EESC recognises that strengthening resilience is a relatively new area of focus. For this reason, it recommends launching a pan-European exchange of experience involving researchers and experts, as well as initiatives promoting good practice in this field.

3.2 Integration

3.2.1 The EESC points out that the potential for the implementation of integrated projects under cohesion policy remains huge across the EU. **Interdisciplinarity** and a focus on **cross-cutting themes** (i.e. overcoming the extreme spread of a silo mentality and an artificial sectoral vision that actually prevent the implementation of truly integrated solutions) should be at the heart of the integrated approach to the use of EU resources.

3.2.2 The EESC is aware that an integrated approach requires a completely new stance when it comes to dealing with supported projects. This approach is based on the interconnectedness and logical and functional interdependence of projects, where sources of support come not only from various EU budget programmes, but also in various forms (subsidies, financial instruments). Ideally, these are also supplemented by private sources. It is thus essential to ensure that the content is thematically consistent and extremely important that the real effects are assessed.

3.2.3 The EESC recommends that an integrated territorial approach be adequately reflected throughout the partnership agreement. Furthermore, it must be fully interconnected and compatible with the principle of a thematic focus, and no interpretation in the form of a residual thematic focus should be allowed.

3.2.4 The EESC adds that, as a hypothetical test has shown, an integrated approach yields about 40% better value for performance indicators than a scenario in which individual projects are isolated. From a macroeconomic perspective, these changes are somewhat negligible in the case of support for investment in the private sector (given the very small proportion of investments made in comparison with the total amount of private investment); on the other hand, in the case of public investment, the impact is considerable, in particular due to the coordination of their implementation and use.

3.2.5 The EESC notes that integration does not have to be limited to content and themes. Different kinds of territory are also suited to different kinds of integrated projects, which is why the application of the principle of subsidiarity and the relevance of linking topics with needs are so important. In this context, the following typological areas are most often mentioned: metropolitan areas, (sub)regions, deprived urban areas and urban agglomerations.

3.2.6 The EESC notes that projects related to the promotion of competitiveness and excellence, in which the role of development poles is achieved, are mainly suited to metropolitan areas and agglomerations, whereas projects aimed at supporting convergence priorities are very relevant to (sub)regions and deprived urban areas. Integration can also have combining resources as its object, which is possible both within the framework of an operational cohesion policy programme and across operational programmes, across funds and across the programmes of the multiannual financial framework. The EESC considers that the mobilisation of private financial resources to

augment available public funding, and thus provide additional capacity and risk sharing is also a possible option for an integrated approach.

3.2.7 The EESC believes that the main assets of the integrated territorial approach are the establishment of economies of scale, in which the cost of implementing these projects is significantly reduced, and the synergy of the beneficial effects of development, which can be regarded as the greatest positive benefit. The main obstacles can be summarised as: persistent mistrust, complexity of management and implementation, and especially the lack of willingness to delegate responsibility to lower sections of the governance structure.

3.3 **Balance**

3.3.1 The more the development of metropolises and urban agglomerations is achieved at the expense of other types of territory within a specific country, the greater the risk of future structural failures, which will be costly to solve. At the same time, this approach is also valid for the balanced development of individual EU Member States and justifies the continuation of a strong EU cohesion policy in the future.

3.3.2 The main regional development aid instruments should respect this approach, and specific ITI and CLLD-U projects should take this broader context into account, otherwise there is an increased risk of creating internal peripheries ("no man's lands") which are not sufficiently supported by territorial development policies, and whose future development is therefore fundamentally hampered. Logically, it is the major and investment-related projects that predominate in ITI, while those falling under CLLD-U are of limited financial scope and, more often, unrelated to investments, yet with great added value.

3.3.3 This also creates an area of mutual compatibility between ITI and CLLD, on the basis of respect for the principle of subsidiarity. Thus, not only the relevant metropolitan area or urban agglomeration, but also the relevant rural areas or areas of smaller cities should be included in considerations relating to the ITI. On the other hand, CLLD is a rationally applicable instrument that not only serves to support local initiatives in rural areas, but also to address community problems in urban agglomerations and urban parts of metropolitan areas.

3.3.4 Key characteristics of CLLD-U¹:

- local cross-sectoral partnerships – such as LAGs for rural territories, participation of different sectors (businesses, non-profit, public administration and/or specific institutions such as schools, institutes, authorities, banks);
- a common development strategy (territorially integrated, inter-sectoral, focused on one or more themes, based on the specific needs and opportunities of urban areas, designed in line

¹ The EESC use CLLD-U in this opinion as a term for Community Led Local Development in Urban areas. By this, we are trying to better describe different resources and conditions for local rural and urban development. Currently CLLD is usually used for rural areas, as an upgrade of the LEADER programme, but not so much for urban development.

with the urban development strategy that is in force and financed from a range of public and private resources);

- a bottom-up approach in which the initiative comes directly from the locality concerned with the proven involvement of partners and the public;
- coordinated action (through planning and use of public and private resources, common projects), the possibility of multilateral integration (territorial, temporal, material, funding-related and institutional);
- partner and decentralised decision-making on the funding of individual local applicants' projects via the bodies of the local cross-sectoral partnerships;
- emphasis on innovation of approach – i.e. activities that are new in the area concerned and promote development (not just activities that were common in the past);
- cooperation in networks, particularly between the local cross-sectoral partnerships within the Member States and/or among the local cross-sectoral partnerships within the EU.

3.3.5 The EESC is aware that due to ongoing structural and technological changes, certain territorial profiles within the EU find themselves in a situation where – at least in the short term – they are unable to help themselves (e.g. regions with hitherto intensive coal mining or those dependent on heavy industries in decline) and that there are signs of market failure. Territorial development instruments should help these regions to find a viable strategic solution in the form of a functional diversification of economic activities and to secure the necessary financial resources for this development.

4. **Specific comments**

4.1 **Institutional considerations**

4.1.1 The EESC is aware of a certain duality in the EU's institutional anchoring, namely between territorial development and the urban development agenda, on the one hand, and territorial cohesion on the other. Although, holistically speaking, urban development can be considered part of territorial development more broadly, it has a degree of autonomy in terms of competences, as it is fully within the competence of the Member States and therefore subject to intergovernmental management. Territorial cohesion, on the other hand, has been part of EU legislation since 2009. There is thus a significant overlap between the two topics in terms of content.

4.1.2 The abovementioned duality – which was highlighted in the Bucharest Declaration of 2019, for example – is not yet a major issue, as the urban agenda is fully integrated into cohesion policy. The multi-level governance system also helps to resolve the issue (see below). Nevertheless, the new Leipzig Charter should overcome this duality as much as possible and ensure that the link between the territorial and urban agendas is as effective as possible.

4.2 Substantive considerations

- 4.2.1 The EESC expects that the greatest significance and added value of the new Leipzig Charter will be found in the comprehensive integration of new elements and circumstances that determine territorial and urban development (see paragraph 2.2); in the incorporation of the principle of resilience throughout the new document; and in the document's convincing response to the effects of the COVID-19 pandemic, which are likely to be of a long-term and structural nature.
- 4.2.2 The important substantive considerations also include the existence of adequate preventive, supportive and development infrastructure, making use of current technological possibilities and ensuring balanced development of the territory, through which certain qualitative differences in living standards between metropolitan and peripheral rural areas fade away.

4.3 Finance

- 4.3.1 In order to ensure optimal territorial and urban development, it is necessary to create a robust financial resource that is capable of responding to real needs, in the form of a future EU multiannual financial framework for which territorial development that is balanced yet dynamic, sustainable and integrated should be one of the fundamental priorities. On the other hand, even in the context of territorial development, it seems advisable to make greater use of modern financial instruments, i.e. those that take into account results and performance that can be measured, some of which are built on the basis of profitability.
- 4.3.2 With regard to the use of a private initiative and from the perspective of responsibility for the development of the territories in which we work and live, given the limitations of public resources the possibility of mobilising private finance to augment them should be optimised, subject to strict democratic control and governance.

4.4 Multi-level governance

- 4.4.1 In the context of modern territorial and urban development, multi-level administration that consistently respects the principle of subsidiarity is both necessary and a prerequisite. It is simply a matter of creating suitable institutional conditions for it to function effectively. Here we refer primarily to real competences, administrative and procedural conditions, and a sufficient financial basis.
- 4.4.2 Partnership, whether vertical or horizontal, is one of the main principles for ensuring modern public services. The EESC suggests looking at various models of public-private collaboration which observe best practice in terms of democratic accountability and control in the governance of urban projects, as well as at various social enterprises and European partnership-based programmes such as the former EQUAL² programme, which represent other examples of such cooperation. It is up to public administration at various levels, notably in cities, to bring the relevant partners together in joint projects and to use financing effectively.

² <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:c10237>

- 4.4.3 Multi-level governance can be effectively developed and implemented through integrated projects between urban agglomerations and their functional territories in rural areas. LAGs in rural areas as well as emerging cross-sectoral urban partnerships can also successfully participate in these projects.
- 4.4.4 At the same time, modern territorial and urban development presupposes not only the alignment of all components within the public sector (representatives of the State, regions and municipalities), but also the effective involvement of social partners and civil society (individual citizens, professional bodies and business associations, trade unions, the locally active non-profit sector, etc.).
- 4.4.5 The EESC suggests that the theme of urban communities and the involvement of citizens should have been elaborated further in the Charter. Cities need a functioning mechanism for strengthening the position of citizens and groups of citizens so that they can be real and solid partners in discussions, as well as in implementing development priorities for their cities and the urban agenda. Only a self-confident and strong community with high social capital will be able to deal with the challenges that are emerging. To this end, public administrations need to prepare educational and training modules that focus on how to create and strengthen cooperative partnerships in their own municipality. The EESC is prepared to work on fleshing out this idea.

Brussels, 18 September 2020

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The president of the European Economic and Social Committee
