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DRAFT REPORT

on the implementation of territorial development (CPR, Title III, Chapter II)
and its application in the European Territorial Agenda 2030
(2023/2048(INI))

Committee on Regional Development

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EXPLANATORY STATEMENT - SUMMARY OF FACTS AND FINDINGS

A challenging global context - cohesion more important than ever

A number of crises such as the COVID-19 pandemic, the ongoing war in Ukraine, which caused an unprecedented refugee crisis and a serious energy crisis, as well as the aggravating climate emergency, showed that territories are increasingly interdependent. In the current challenging global context, the EU needs to ensure positive future perspectives for all places and people. Economic, social and territorial cohesion therefore become ever more important to ensure that Europe stays united.

In this context, it is more necessary than ever that the Union's institutions together with national, regional and municipal authorities cooperate closely to achieve resilience, sustainability and inclusiveness through participative and innovative integrated territorial development.

The key role of integrated territorial development

Integrated territorial development is key for strengthening resilience and triggering prosperity in all regions. It helps coordinate regional and local development and nurture local democracy through inclusive participation. Integrated territorial development is relevant to all EU territories, and it can open up new development pathways towards a smarter, knowledge-based, greener economy, creating quality employment and social progress in areas other than urban areas. Territorial or local development strategies address territorial development beyond cities, functional urban areas and metropolitan areas, putting local authorities at the centre of the governance.

CPR tools: ITI and CLLD

Integrated territorial and local development strategies promoted by EU cohesion policy are relevant tools to sustain this process. In particular, Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD) are the main mechanisms used to implement cohesion policy funding in an integrated and place-based manner, with the active involvement of regional and local authorities. The Common Provisions Regulation (CPR) for each programming period regulates ITI and CLLD, as a means to deliver cohesion policy in a territorially integrated way in order to increase its effectiveness.

In particular, the CPR for the 2021-2027 programming period has dedicated Title III Chapter II to the territorial development, in view of its fundamental importance in the cohesion policy architecture. Articles 28-34 of the CPR provide that the promotion of sustainable and integrated development of all territories is delivered through territorial tools, notably ITI, CLLD or 'any other integrated territorial tool designed within a national strategy'.

ITI and CLLD are the key instruments to address one of the cohesion policy's five broad Policy Objectives, notably the Policy Objective 5 "a Europe closer to citizens by fostering the sustainable and integrated development of all types of territories". These tools have first been introduced in 2014 and they have been further strengthened in the legislation for the 2021-2027 period, emphasising the key role of integrated territorial strategies in achieving cohesion

objectives.

ITI and CLLD are intended to facilitate a bottom-up approach for a territorial development by involving local and regional governments, by facilitating dialogue between the various stakeholders and by increasing cooperation between the public and private sector, as well as by fostering cooperation and the transfer of information between the top and bottom levels of government.

The ERDF regulation 2021-2027 provides more details about integrated approach (Articles 7-9) as well as an earmarking. In particular, 8% of ERDF funding at national level, compared to 5% for the previous programming period, must be allocated to sustainable urban development (SUD) in the form of ITI, CLLD or any other integrated territorial tool.

ITI and CLLD implementation at a glance

This report draws lessons on the experience during the 2014-2020 period, but also looks forward to what is foreseen in the current 2021-2027 period so as to draw useful conclusions. In particular, this report aims to take stock on how ITI and CLLD have been implemented during the 2014-2020 period and what evolutions we can already observe for the 2021-2027 period, focusing on qualitative rather than quantitative data. The success of territorial instruments should anyway be evaluated beyond hard figures and numbers. There are other softer factors that are more complex to evaluate, such as cohesion within the territory targeted, wellbeing of residents, strengthened social and human capital, new forms of cooperative culture in policy-making or cooperative governance models that can only be observed in the long run.

It is worth noting that, in the 2014-2020 period, funding planned for territorial and urban strategies amounts to approximately EUR 30 billion, nearly 10 percent of the total cohesion policy funding for that period. ITI instruments were often used in urban contexts for integrated and sustainable urban development strategies. Accordingly, ITI is one of the preferred instruments for implementing the mandatory minimum 8% earmark of the national ERDF allocation for sustainable urban development. In the period 2014-2020 a number of countries however chose not to use ITI for the urban earmark but a dedicated urban priority axis within their Operational Programme.

When looking closely at the implementation on the ground, we observe indeed a number of different approaches from one area to another. The options to use territorial instruments have been taken up to a very different extent across Member States and across regions.

It is worth noting that the implementation of operations experienced substantial delays at the beginning of the 2014-2020 period. However, the implementation rate for these instruments has significantly improved towards the end of this programming period.

As for CLLD instruments, evidence from the previous period shows that they target smaller rural areas, with a comparatively low take-up across urban areas. Difficulties during the previous period 2014-2020 included, in particular, a lack of awareness and capacity at the local level, together with the perception of a heavy bureaucratic burden and slow absorption of funds.

The role of Territorial Agenda 2030

Member States are called to ensure coherence and coordination among Funds while avoiding that new economic, social and territorial disparities appear. Place-based approaches and integrated territorial development need to be promoted with utmost priority. This ambitious target cannot be reached without an integrated approach to territorial development as highlighted by the Territorial Agenda 2030.

The Territorial Agenda 2030 defines two overarching objectives, a Just Europe and a Green Europe, which have six priorities for developing the European territory as a whole along with all its places. It further aligns the EU's territorial development objectives with the United Nations' 2030 Agenda for Sustainable Development and the European Green Deal, underlines the importance of strategic spatial planning and provides orientation for this while strengthening the territorial dimension of sector policies at all governance levels.

The Territorial Agenda 2030, which shares common principles such as a local approach, policy coordination and effective multi-level frameworks with the Urban Agenda for the EU, is rooted in the understanding that Europe faces major economic, social and environmental challenges. It also has great potential to improve living conditions in all places and for all people. This implies that Europe needs policies with a stronger territorial dimension and coordinated approaches that acknowledge and use the diversity and specificities of places.

An intergovernmental declaration that needs to be enhanced

The Territorial Agenda 2030 is a tool that paves the way for territorial cohesion in Europe, urging a wide range of players to apply its objectives and priorities. However, it is an intergovernmental declaration with no direct legal, financial or institutional implementation instruments. It is worth noting that neither the 2014 Common Provisions Regulation nor the 2021 Common Provisions Regulation make reference to the Territorial Agenda 2020 and the Territorial Agenda 2030 respectively. The European Parliament should therefore reflect on how to make the best use of the Territorial Agenda and consider the inclusion of its priorities in EU legislative processes.

Implementation of Territorial Agenda 2030

The application of the Territorial Agenda 2030 depends on multilevel cooperation. To inspire key players to take action, seven pilot actions have been launched. Pilot actions demonstrate how Territorial Agenda objectives can be pursued 'on the ground' at local and regional levels. This involves implementation activities, such as working with local and regional actors on how they can address opportunities and challenges linked to their thematic focus. These activities offer examples of place-based approaches, with consensus-oriented stakeholder dialogues. They implement experimental and innovative solutions adapted to local specificities.

Pilot actions for the Territorial Agenda are still at an early stage. The Territorial Agenda 2030 envisages a stocktaking in 2024 including a review of the governance system, implementation progress and relevance of the priorities. This review will start during the Spanish EU Presidency in 2023 and will focus on governance and implementation.

Actions putting the Territorial Agenda 2030 into practice can be taken at any governance level and can vary in character and focus. Despite calls upon key players and efforts to inspire action through the examples and pilot actions, it seems that application of the Territorial Agenda 2030 priorities remains patchy and uneven across the territory of the Union. More concretely, the distribution of the seven pilot actions across Europe is unbalanced. Germany has played a particularly prominent role in initiating and implementing pilot actions. All pilot actions have been initiated by national authorities. Experimental or innovative processes at local and regional levels have been implemented by a few pilot actions. Many compile evidence and produce case studies and reports. Some propose lessons learnt from a national initiative available to actors across Europe.

The way forward

The European Parliament follows closely how European Structural and Investment Funds support the integrated approach to urban and territorial development. It is crucial to understand how Sustainable Urban Development (SUD), Integrated Territorial Investment (ITI) and Community-led Local Development (CLLD) strategies implemented across Europe within Cohesion Policy 2014-2020 and 2021-2027 programming periods evolve and draw valuable lessons. This is the only way to be able to improve the cohesion policy tools of tomorrow.

We need to explore the investment strategies followed by different perspectives such as geographical unit, spatial focus, thematic concentration, size of population, funding arrangements and implementation mechanisms, in order to be able to adapt the future cohesion policy accordingly and address current deficiencies.

This report will also serve to reinforce the role of the European Parliament, and in particular, its Committee on Regional Development, in the follow-up of the TA and all its actions, as reflected in the document itself.

We should aim to simplify further the administrative process for the management of funds, to include the Territorial Agenda 2030 priorities in the legislative instruments and operational programmes of cohesion policy funds, and promote even further the involvement of municipalities, regions and their representative associations during the various stages of implementation of territorial instruments. This includes their participation in the programming, selection and monitoring of ITI and CLLD projects. Our aim should be to mobilise potential beneficiaries and help authorities raise awareness of territorial tools. It is also necessary to develop more sophisticated monitoring and evaluation systems that are able to assess the impacts of these territorial instruments and to better communicate their results.

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the implementation of territorial development (CPR, Title III, Chapter II) and its application in the European Territorial Agenda 2030 (2023/2048(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, in particular Title XVIII thereof,
- having regard to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy¹ ('the Common Provisions Regulation' – CPR),
- having regard to Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund²,
- having regard to Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments³,
- having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006⁴,
- having regard to the Agreement adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris on 12 December 2015 (the Paris Agreement),
- having regard to the UN 2030 Agenda for Sustainable Development, in particular Sustainable Development Goal (SDG) 11 on sustainable cities and communities,

¹ OJ L 231, 30.6.2021, p. 159.

² OJ L 231, 30.6.2021, p. 60.

³ OJ L 231, 30.6.2021, p. 94.

⁴ OJ L 347, 20.12.2013, p. 320.

- having regard to the Territorial Agenda 2030 – A future for all places, adopted at the informal meeting of Ministers responsible for spatial planning, territorial development and/or territorial cohesion on 1 December 2020,
- having regard to the Pact of Amsterdam establishing the Urban Agenda for the EU, agreed at the Informal Meeting of EU Ministers Responsible for Urban Matters on 30 May 2016,
- having regard to the New Leipzig Charter – The transformative power of cities for the common good, adopted at the Informal Ministerial Meeting on Urban Matters on 30 November 2020,
- having regard to the Ljubljana Agreement, adopted at the Informal Meeting of Ministers responsible for Urban Matters on 26 November 2021,
- having regard to the New Urban Agenda adopted by the United Nations on 20 October 2016,
- having regard to the Commission communication of 17 January 2023 entitled ‘Harnessing talent in Europe’s regions’ (COM(2023)0032),
- having regard to the Commission communication of 4 February 2022 on the 8th Cohesion Report: Cohesion in Europe towards 2050 (COM(2022)0034),
- having regard to the Commission communication of 30 June 2021 entitled ‘A long-term Vision for the EU’s Rural Areas – Towards stronger, connected, resilient and prosperous rural areas by 2040’ (COM(2021)0345),
- having regard to the Commission communication of 3 March 2021 entitled ‘Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-2030’ (COM(2021)0101),
- having regard to the Commission communication of 11 December 2019 entitled ‘The European Green Deal’ (COM(2019)0640),
- having regard to the Commission communication of 17 September 2020 entitled ‘Stepping up Europe’s 2030 climate ambition – Investing in a climate-neutral future for the benefit of our people (COM(2020)0562),
- having regard to the Commission’s New European Bauhaus initiative launched on 16 September 2020,
- having regard to the Commission staff working document of 17 June 2022 entitled ‘New European Bauhaus territorial development model (NEB TDM) financial instrument’ (SWD(2022)0172),
- having regard to its resolution of 14 September 2022 on the new European Bauhaus⁵,

⁵ OJ C 125, 5.4.2023, p. 56.

- having regard to its resolution of 13 December 2022 on a long-term vision for the EU’s rural areas – Towards stronger, connected, resilient and prosperous rural areas by 2040⁶,
- having regard to its resolution of 15 September 2022 on economic, social and territorial cohesion in the EU: the 8th Cohesion Report⁷,
- having regard to its resolution of 15 February 2022 on the challenges for urban areas in the post-COVID-19 era⁸,
- having regard to its resolution of 13 March 2018 on the role of EU regions and cities in implementing the COP 21 Paris Agreement on climate change⁹,
- having regard to the opinion of 18 September 2020 of the European Economic and Social Committee on ‘Revision of the Territorial Agenda of the EU, the Leipzig Charter and the Urban Agenda for the EU’¹⁰,
- having regard to the in-depth analysis entitled ‘Territorial Agenda 2030 – Implementation Review’, published by its Directorate-General for Internal Policies on 7 June 2023¹¹,
- having regard to the study conducted for the Commission’s Directorate-General for Regional and Urban Policy (DG REGIO) entitled ‘Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020’, published in December 2017¹²,
- having regard to STRAT-Board, the interactive tool developed by the Joint Research Centre (JRC) of the European Commission and DG REGIO displaying how European Structural and Investment Funds (ESIFs) support the integrated approach to urban and territorial development¹³,
- having regard to the Handbook of territorial and local development strategies¹⁴ and the Handbook of Sustainable Urban Development Strategies¹⁵, published by the JRC,
- having regard to Rule 54 of its Rules of Procedure, as well as Article 1(1)(e) of, and Annex 3 to, the decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,
- having regard to the opinion of the Committee on Agriculture and Rural Development,

⁶ OJ C 177, 17.5.2023, p. 35.

⁷ OJ C 125, 5.4.2023, p. 100.

⁸ OJ C 342, 6.9.2022, p. 2.

⁹ OJ C 162, 10.5.2019, p. 31.

¹⁰ OJ C 429, 11.12.2020, p. 145.

¹¹ In-depth analysis – ‘Territorial Agenda 2030 – Implementation Review’, European Parliament, Directorate-General for Internal Policies, Policy Department B – Structural and Cohesion Policies, 7 June 2023.

¹² https://ec.europa.eu/regional_policy/sources/studies/integrated_strategies/integrated_strategies_en.pdf.

¹³ STRAT-Board: <https://urban.jrc.ec.europa.eu/strat-board/?lng=en>.

¹⁴ <https://urban.jrc.ec.europa.eu/territorialstrategies/executive-summary#the-chapter>.

¹⁵ <https://urban.jrc.ec.europa.eu/urbanstrategies/>.

- having regard to the report of the Committee on Regional Development (A9-0000/2023),
- A. whereas cohesion policy is the main investment policy for the EU's regions and cities and the Territorial Agenda is the guiding instrument for the European Union's territorial policy;
- B. whereas the previous and current Common Provisions Regulations make no specific reference to the Territorial Agenda 2020 or 2030 respectively; whereas Title III, Chapter II of the current Common Provisions Regulation provides the basis for the drawing of cohesion policy funds through territorial development strategies;
- C. whereas it appears that the main difficulties encountered by local actors for the period 2014-2020 were a lack of skills and knowledge, in addition to a slow absorption of funds and bureaucratic barriers;
- D. whereas the Handbook of territorial and local development strategies offers methodological support at all levels;
- E. whereas micro-cohesion is a form of balance for underdeveloped areas within more developed regions;
- F. whereas Article 28 CPR designates integrated territorial investments (ITIs) and community-led local development (CLLD) as the instruments for implementing territorial development strategies and calls for coherence and coordination among the Funds when several are applied to the same strategy;
- G. whereas in the period 2014-2020, 1 975 strategies were programmed among the 28 Member States, financed with EUR 19 billion from the European Regional Development Fund (ERDF), of which EUR 13.8 billion were allocated to ITIs in nine Member States;
- H. whereas CLLD was the second most used tool by Member States for developing territorial or local strategies in the period 2014-2020;
- I. whereas the Territorial Agenda 2030 (TA2030) invites the European Parliament and its Committee on Regional Development to take its objectives into account by advocating its priorities in EU legislative processes;
- J. whereas implementation of the (TA2030) priorities remains uneven across the Union;
- 1. Stresses that, in the period 2014-2020, only 28 % of strategies for sustainable urban development (SUDs) were implemented through ITIs; calls on the Commission to take action to encourage the use of such tools to develop the TA2030;
- 2. Calls on the Commission to use the results of the 2024 evaluation report for the 2014-2020 programming period to support programmes for the period 2021-2027¹⁶;
- 3. Welcomes the Handbook of territorial and development strategies and the Handbook of

¹⁶ Article 57 CPR tasks DG REGIO with conducting an evaluation of the ERDF and the Cohesion Fund by the end of 2024.

Sustainable Urban Development Strategies as guides for the design, implementation and monitoring of territorial and urban development strategies;

4. Calls on the Member States to promote strategic spatial planning that takes into account territories as a whole beyond metropolitan, urban and functional areas;
5. Calls on the Commission to promote funding for TA2030 programmes in the same way that 8 % of the cohesion policy funds are earmarked for the development of programmes under the Urban Agenda;
6. Stresses the need for a paradigm shift in the involvement of local and regional authorities in the implementation and management of territorial tools;
7. Calls for territorial or local development strategies funded by more than one programme to merge into a single track in order to prevent delays and administrative obstacles;
8. Stresses the clear distinction between Member States that are committed to developing ITIs or CLLDs and those that are not; calls on the Commission to clarify this differentiation in order to avoid geographical disparities;
9. Considers TA2030 to be a real and proper instrument that ensures the EU's cohesion through the management of each of its regions;
10. Stresses that TA2030 actions should be more decisive in the allocation of funds and the need to promote the integration of the TA2030 into EU policies, with a focus on levels of governance closer to the ground; calls on the Commission to provide the TA2030 with its own funding in the future revision of the multiannual financial framework;
11. Underlines as essential the inclusion of TA2030 priorities and objectives in the legislative instruments and operational programmes of the cohesion policy funds; welcomes the TA2030 pilot actions that have been developed and calls on the Member States and the Commission to continue investing in these actions, improving their geographical balance and better coordinating them with the principles of the TA2030;
12. Stresses the need to involve the European Parliament, in particular its competent Committee on Regional Development, in the pilot actions and extend their results at European level, which can be integrated and coordinated with initiatives such as cohesion policy, including the ERDF and Interreg;
13. Calls for a strategy for merging funds or for the administrative simplification for pilot actions financed by more than one fund;
14. Calls on the Member States to develop their territorial agendas in line with the TA2030 as a basis for programming their territorial strategies and in order to stimulate the decision-making process and the design of territorial and urban policies;
15. Calls on the Member States and the Commission to promote the implementation of the TA2030 beyond pilot actions, making this instrument a reference framework for action that provides concrete guidelines for EU territories to improve their performance; highlights the opportunity to make regional funding conditional on achieving TA2030 priorities and calls on the Commission to develop monitoring indicators linking the

TA2030 and the use of cohesion policy funds, in particular the ERFD;

16. Calls on the Commission to connect the experience gained in the implementation of the TA2030 with the future cohesion policy and the recommendations of the High-Level Group on the Future of Cohesion Policy in order to overcome territorial imbalances and functional mismatches in a more effective way; points out the opportunity presented by the TA2030 as a tool for assessing the impact of cohesion policy with regard to the objective of territorial cohesion;
17. Welcomes the binding character of the methodology described in the Handbook of territorial and local development strategies giving territorial policies the same prominence as urban policies;
18. Calls for a single framework for strategies aimed at both urban and wider territorial development, treating territorial requirements as a whole by taking as a basis unit functional areas at level 3 of the nomenclature of territorial units for statistics (NUTS); stresses that this could significantly reduce bureaucratic barriers in the acquisition of funds;
19. Calls on the Commission to increase its involvement in territorial policy through cohesion policy and to strengthen the governance of regions in order to promote cohesion and micro-cohesion by covering the particularities of each region, improving decision-making at local and regional level and applying existing tools in order to improve the management of legislative instruments;
20. Calls for key actors, such as the European Committee of the Regions and the European Economic and Social Committee, to have a more active role in the follow-up and further development of the TA2030;
21. Instructs its President to forward this resolution to the Council, the Commission, and the national and regional parliaments of the Member States.