



**European Committee
of the Regions**

COTER-VI/055

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OPINION

The challenges of metropolitan regions and their position in the future Cohesion Policy post 2020

THE EUROPEAN COMMITTEE OF THE REGIONS

- notes that although metropolitan regions (MRs) are seen as engines of Member States' economies as well as hubs of research and innovation, they have to address economic, fiscal and territorial challenges, while at the same time grappling with an expanding demand for quality public services and limited financial resources. This has a marked effect on the population's overall quality of life. Budget revenues in some MRs bear only the slightest relation to their economic success and high GDP;
- points out that, MRs have greater challenges to face linked to the quality of the environment and adaptation to climate change, urban poverty and social inclusion, youth unemployment, integration of migrants and criminality. The housing crisis impacts MRs and particular attention needs to be paid to MRs undergoing economic transition;
- points out that MRs often also include rural areas. It is very important to work on well-functioning urban-rural connections within MRs and to avoid uncoordinated policy making;
- underscores the importance to acknowledge the added value of metropolitan collaboration in achieving common objectives in reducing regional disparities. By concentrating resources and expertise, MRs can help distributing wealth and benefits in a given area and forging more efficient urban-rural links;
- highlights the role of metropolitan regions in cohesion policy. Calls for MRs to be directly involved in the framing of cohesion policy and the implementation and evaluation of operational programmes and EU projects;
- points out that because of their relative wealth, MRs are constrained in drawing cohesion policy fund; supports the European Commission's proposal to increase the option of a financial transfer between categories of regions from 3% to 15% of a Member State's total allocation. The GDP per capita does not give the full picture about the level of development; recommends using the Social Progress Index (SPI) methodology to identify the most pressing challenges in MRs that need to be financed by cohesion policy funds.

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Reference document

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Opinion of the European Committee of the Regions – The challenges of metropolitan regions and their position in the future Cohesion Policy post 2020

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. notes that two thirds of the EU population live in metropolitan regions (MRs) and so it is relevant to address this issue also in preparations for cohesion policy beyond 2020;
2. points out that increasing urbanisation is not just a European but also a global trend. On the one hand, this creates opportunities; on the other, it forces us to address new challenges. Collaboration between institutions and players in the MRs is therefore crucial;
3. notes that there is currently no consensus on criteria defining and delimiting MRs that reflect the diversity and the real situation in such regions throughout the Member States;
4. notes that Eurostat defines MRs as NUTS3 regions or combinations of NUTS3 regions where at least half of the population lives in a functional urban area that has no fewer than 250 000 inhabitants. The territorial classification is based on the identification of urban centres with high population density and a minimum population of 50 000 inhabitants. Highlights that based on this statistical interpretation, 293.3 million EU-residents were living in MRs in 2016, points out that areas that are functionally linked to areas outside the EU must also be taken into account in this regard. The OECD defines MRs in terms of function, whereby an urban centre with high population density and job opportunities is connected to the rest of the area by heavy daily commuting into it;
5. points out that MRs contain different types of areas predominantly urban by population but often rural in their land coverage. They have strong links with peri-urban and rural areas and often have to cope with the phenomenon of suburbanisation. The question of land use of suburban areas is crucial for the quality of life, adaptation to climate change and mitigation. Specific policies regarding the limitation of urban sprawl should be discussed among regions;
6. notes the need to distinguish between highly urbanised and less urbanised MRs, which require different policy approaches and measures;
7. notes that the metropolitan regions of Paris and London can be considered separately, with populations of over 12 million, while most MRs in European Union vary according to their size, functions and economic strengths, as well as by their degree of polycentricity. There are also significant differences in MRs' approaches to coordinating their joint policies and actions;
8. points out that people migrating to cities is one of today's major demographic trends, with the EU's population mainly concentrated in the MRs of capital cities. MRs have to cope with urban sprawl, growing population density in urban centres and, conversely, the depopulation of rural

areas. This trend places demands on the provision of public services for the population and on new infrastructure, for example in social, transport, school and health sectors and in relation to digitisation and to the implementation of a sustainable energy transition, and puts therefore a huge pressure on MR budgets; furthermore, for the metropolitan areas of capital cities, there are additional requirements in their capacity as the capital cities of Member States, for example in the areas of security, services of general interest, digital services and transport;

9. stresses that in some cases the actual population numbers in MRs are higher than the official statistics show. Not everyone living in MRs also has their permanent residence there. There are also many who travel to MRs for work, but also make use of their social facilities and services. In addition, MRs often have a strong cross-border dimension;

The potential of metropolitan regions

10. notes that MRs are seen as the engines of the Member States' economies and centres of economic growth. According to Eurostat, it is in MRs that around 72% of the 28 Member States' GDP is generated. MRs are not only centres for countries' economic growth; they are also a hub of research, innovation and creative potential, which naturally attracts capital, investment and people. They are pioneers in smart solutions in information and services provision, the circular economy, environmental sustainability, energy efficiency and sustainable mobility;
11. underscores the importance for the harmonious development of regions that the EU and the Member States acknowledge the added value of metropolitan collaboration in achieving common objectives in reducing regional disparities. By concentrating resources and expertise, MRs can help to strengthen internal connectivity, as well as distribute wealth and benefits in a given area, by promoting regional collaboration, economic growth and by forging more efficient urban-rural links. In providing services beyond their confines, MRs play an important role in spreading development into surrounding – often rural – areas. They help to bring communities and individuals together, since living functional relationships build bridges between urban areas, smaller towns and rural areas. Interaction between rural and urban areas is an important driver for harmonious territorial development;
12. calls for attention to the necessity of real involvement of national policies in using territorial tools and to safeguard fair allocation of sources for all territories, regions, communes, be it metropolitan area, urban or rural, as well as to make sure Member States will consult with LRAs at an early stage of deciding where and how territorial tools will be used. This is essential for harmonised support at all levels, ensuring balanced development of both urban and rural areas, taking into consideration the principle of subsidiarity and territorial cohesion.
13. notes that the current proposal for cohesion policy envisages European added value as a condition for obtaining funding. Support for MRs not only yields European added value, but also ensures both the EU's global competitiveness and, through the spillover effects resulting from such support, helps to further Member States' regional convergence.

14. points out that more than 70% of climate change mitigation measures and up to 90% of adaptation actions are carried out at sub-national level, which means that MRs are key players in meeting the COP21 commitments;
15. observes that a substantial part of the funds in the post-2020 cohesion policy will be channelled into supporting innovation and smart solutions, which are largely implemented in MRs;

Challenges

16. points out that some MRs, including those statistically designated the wealthiest, continue to suffer from a large infrastructure deficit from the past and need to keep steering their investment into core infrastructure;
17. notes that MRs have to address economic, fiscal and territorial challenges, while at the same time grappling with an expanding demand for quality public services and limited financial resources with which to provide them – which has a marked effect on the population's overall quality of life. Budget revenues in some MRs bear only the slightest relation to their economic success and high GDP. In some the budget derives from a share of the personal income tax of people registered in the MR, but not from the legal persons that generate the region's GDP. This is why the presence of multinational companies does not necessarily bring revenue into public budgets;
18. points out that a characteristic feature of MRs is heavy commuting of workers into urban cores and one of their biggest challenges is accessible and environmentally friendly public transport. MRs must introduce active forms of transport and mobility solutions in public spaces, as well as improve cross-border mobility. They have to wrestle with traffic congestion that reduces air quality and adversely affects the health of the population;
19. points out that, not least because of the concentration of industry, MRs have greater challenges to face linked to the quality of the environment, the introduction of sustainable energy sources, the circular economy, air pollution, groundwater quality, the management of waste, biodiversity reduction and the removal of environmental burdens. MRs also play a central role in adapting to the consequences of climate change, a holistic approach is needed to address all these issues;
20. emphasises that MRs face a high level of inequalities. Some MRs have within them the poorest areas of Member States and have to deal with urban poverty, social inclusion, the increasing number of homeless people, children living in poverty, vulnerable groups, youth unemployment, a shortage of skilled labour, integration of migrants and refugees, increased criminality, an ageing population and in-work poverty. The existence of these areas is frequently concealed by official statistics being only available on a larger scale, which affects the development of relevant policies and actions;
21. stresses that the housing crisis impacts MRs in a distinct way. On the one hand, there is depopulation in some areas, while in others there is a huge demand for housing. In cities where demand for housing is high, prices are growing faster than incomes, leading to increased

segregation and social inequality. Reiterates against this background its call for a European Agenda for Housing¹;

22. calls on Eurostat to collect and analyse data on the accessibility and cost of housing from a local and regional perspective. Initiatives, including from civil society, to build affordable housing should also be analysed;
23. points out that particular attention needs to be paid to MRs undergoing economic transition, which are coping with the adverse consequences of industries that have closed down. They are faced with high – often long-term – unemployment and at the same time have to tackle the conversion of disused industrial plants and the regeneration of deprived urban areas and neighbourhoods;
24. notes that one of the major challenges for MRs is supporting the expansion of digital infrastructure, which will enable people to get work in new industries, as well as introducing new work patterns such as teleworking;
25. points out that MRs often also include rural areas and it is very important here to work on well-functioning urban-rural connections within MRs and to avoid uncoordinated policy making; stresses that MRs are a focal point for resources and expertise and are able – with their professional and strategic planning capacities – to assist the wider area in securing cohesion policy funding. MRs may therefore be the appropriate level in terms of area for implementing integrated approaches on sustainable development, with a focus on local and regional solidarity;
26. It is important to explore cooperation in cross-sectorial issues by means of urban-rural links that contribute to both rural and metropolitan development, such as the support of the establishment of regional and local value chains and direct marketing of agricultural products in metropolitan regions to create added value for the neighbouring rural regions;
27. points out the need to better understand the patterns in MRs located on islands, along with the interactions between islands;
28. stresses the need to extend the discussion to MRs not located on the mainland;

Better involvement of MRs in framing and implementing cohesion policy

29. points out that the ongoing process of drawing up cohesion policy post 2020 is a unique opportunity to take on board the need for a specific approach to MRs in the framing of future partnership agreements and subsequently the operational programmes for cohesion policy funds;
30. is in favour of there being no administrative barriers to cooperation between NUTS II regions that together form the capital city region (capital city – capital city region) and wish to coordinate their strategies and operations within the framework of their respective OPs. The

¹ Point 20 of the CoR Resolution on the Proposals for the new European Union legislative mandate, 27 June 2019 <https://webapi2016.cor.europa.eu/v1/documents/cor-2019-02550-00-01-res-tra-en.docx/content>

Committee also believes that there should be sufficient flexibility when selecting measures to promote close cooperation;

31. highlights the role of MRs in cohesion policy and recommends the urgent creation and reinforcement of this dimension in cohesion policy post 2020, as well as of relevant European policies, including the new Territorial Agenda and strategy documents, such as the new Leipzig Charter and the new European development strategy to replace the Europe 2020 strategy;
32. calls for MRs to be directly involved in the framing of cohesion policy and the implementation and evaluation of operational programmes and EU projects provided that they draw up territorial cooperation agreements;
33. calls on the EC to bear in mind, when approving the partnership agreements and subsequently the operational programmes, which party is competent to implement individual operations, since the powers of MRs and local authorities are different in each Member State;
34. points out that, because of their relative wealth, MRs are constrained in drawing cohesion policy funds, and so the pressure to use them effectively is increasing. The fact that the method for distributing cohesion policy resources under the relevant national allocations is primarily based on a single indicator – GDP per capita at purchasing power parity – and that social, demographic and environmental aspects are only included in part, does not give the full picture about the level of development. It is therefore proper that regions disadvantaged because of an economy-based distribution of financial allocations are suitably compensated. The proposed transferability of resources² is a relevant tool in this regard. Member States are encouraged to discuss the transfers with all the regions concerned assuring that any decision taken is consensual and in line with multilevel governance;
35. supports the European Commission's proposal to increase the option of a financial transfer between categories of regions from 3% to 15% of a Member State's total allocation and calls on the Member States to use this option; notes, however, that for flexibility to be applied, careful analysis will be needed;

Acquiring and analysing data at regional level

36. calls on the EC, through the EU Joint Research Centre, to begin looking into the potential added value of support to MRs in terms of cohesion policy's prime objective of reducing regional disparities. This research could examine, for example, the spillover effects coming from support to MRs and their contribution to the cohesion of countries and regions³;
37. recommends using the Social Progress Index (SPI) methodology to identify the most pressing challenges in MRs that need to be financed by cohesion policy funds. This can help regional and local stakeholders to properly evaluate and define investment needs in their area;

² COM (2018) 375, Art 105

³ See in this regard a report on "The impacts of metropolitan regions on their surrounding areas", <https://cor.europa.eu/en/engage/studies/Documents/Metropolitan-regions.pdf>

38. recommends that, when assessing the economic maturity of regions, Eurostat produce regional statistics and not take national averages as a basis in measuring regional GDP per capita at purchasing power parity;
39. recommends further developing statistical data collection at regional level, in particular data demonstrating functional relationships within MRs. This would make it possible to obtain more comprehensive information about the population and its mobility within MRs, to design more tailored measures and to channel investment from cohesion policy funds in a more targeted way;
40. recommends that, in order to reduce the red-tape and costs associated with data collection, support be given to innovative data collection methods, which can be used to follow commuting patterns within MRs;

Cohesion policy fitting the needs of MRs and their inhabitants

41. recommends that more support be given to instruments that assist metropolitan collaboration, such as ITI and CLLD, separate priority axes for MRs within individual operational programmes, regional integrated territorial strategies, sustainable urban development strategies and sustainable urban mobility plans (SUMP), which should be further developed under the post-2020 cohesion policy and serve as documentation to support investment;
42. notes with regret that for the first time the draft cohesion policy budget accounts for less than a third of the EU budget. And yet, thematic concentration is strongly linked to the first two objectives of the new cohesion policy – a smarter and greener Europe. This is the type of measure that is largely being carried out in MRs; therefore recommends that Member States, when drawing up partnership agreements, work closely with MRs to spell out how they will implement thematic concentration;
43. calls on the EC to establish conditions and support mechanisms for knowledge transfer, exchange of experience and best practice on key challenges, solutions or projects developed by MRs, such as the governance between MRs, indicators to monitor the implementation of metropolitan planning strategies or the development of smart policies ;
44. draws attention to the fact that MRs are characterised by fragmented government structures consisting of a large number of regional and local entities thus hindering their ability to address efficiently economic, social and environmental challenges. Therefore encourages the exchange of best practices between MRs for the development of long-term strategies and innovative solutions that would enable them to bridge this fragmentation of powers;
45. backs the idea of creating a Just Transition Fund for supporting a sustainable energy transition, coping with social challenges associated with labour mobility and major demographic changes, which would be financed from fresh means additional to those of cohesion policy;
46. points out that, on the one hand, MRs have huge resources of human capital and talent, but, on the other, face a whole gamut of challenges ranging from social exclusion to adapting to future

skills in the labour market. ESF+ should be used to address these challenges for MRs, in close cooperation and accordance with the infrastructure measures financed by the ERDF;

47. calls for all partnerships in the new EU Urban Agenda to address the ongoing metropolitanisation of areas or for a new partnership for the metropolitan dimension of the Urban Agenda to be designed that has a horizontal and strategic slant.

Brussels, 4 December 2019

The President
of the European Committee of the Regions

Karl-Heinz Lambertz

The Secretary-General ad interim
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Pedro Cervilla

II. PROCEDURE

Title	The challenges of metropolitan regions and their position in the future Cohesion Policy post 2020
Reference(s)	N/A
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Procedural basis	Rule 41(b)(ii) of the CoR's Rules of Procedure
Date of Council/EP referral/Date of Commission letter	N/A
Date of Bureau/President's decision	9 April 2019 (Bureau)
Commission responsible	Commission for Territorial Cohesion Policy and EU Budget
Rapporteur	Juraj DROBA (SK/ECR), Chairman of Bratislava Self-Governing Region
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Previous Committee opinions	
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