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# ORGANIZATIONAL AND ECONOMIC SUPPORT FOR THE FUNCTIONING OF URBAN AGGLOMERATIONS: EUROPEAN EXPERIENCE

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## ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНЕ ЗАБЕЗПЕЧЕННЯ ФУНКЦІОНУВАННЯ МІСЬКИХ АГЛОМЕРАЦІЙ: ЄВРОПЕЙСЬКИЙ ДОСВІД

***The article examines the foreign experience of organizational and economic support for the functioning of urban agglomerations, which play an important role in ensuring the sustainable development of national economies. In Ukraine, in the context of decentralization, the functioning of urban agglomerations remains insufficiently regulated, which creates several problems, including the lack of a regulatory framework, strategic planning and effective interaction between communities. Four European urban agglomerations – Barcelona (Spain), Helsinki-Uusimaa (Finland), Rotterdam-Hague (Netherlands), and Verband Region Stuttgart (Germany) – were selected as the object of the study to identify best practices that can be used in Ukraine.***

***Organizational and economic support of agglomerations is understood as a set of forms, methods and management tools that allow to effectively solve problems and achieve development goals. The main elements of such support include organizational forms of functioning, strategic planning, interaction mechanisms, resource allocation, funding sources, and the structure of governing bodies. Each of the analyzed agglomerations has identified unique management approaches that consider the specifics of local conditions.***

***The Barcelona agglomeration demonstrates an effective model combining innovative development, social cohesion, and environmental sustainability. Its development strategy until 2025 includes the implementation of the Barcelona Model, focused on the knowledge economy. Funding is provided through municipal services,***

taxes, and support from the European Union. Helsinki-Uusimaa aims to achieve climate neutrality, increase research spending, and boost employment. The agglomeration is funded by municipalities, the national government, and the EU. Rotterdam-Hague operates as an administrative partnership of municipalities focused on public transport, innovation, and attracting international investment. Stuttgart, which has a legislative status, is known for its integrated approach to landscape planning, business development and public transport.

It is concluded that the successful functioning of European agglomerations is ensured by the presence of integrated management systems, strategic planning and sustainable financing mechanisms. It is determined that the adaptation of these practices in Ukraine will contribute to the more efficient development of domestic agglomerations, in the context of post-war recovery. A promising area of research is the analysis of the social aspects of the functioning of urban agglomerations and their impact on the quality of life of the population.

У статті досліджено зарубіжний досвід формування організаційно-економічного забезпечення функціонування міських агломерацій, які відіграють важливу роль у забезпеченні сталого розвитку національних економік. В Україні, у контексті децентралізації, функціонування міських агломерацій залишається недостатньо врегульованим, що створює низку проблем, зокрема брак нормативно-правової бази, стратегічного планування та ефективної взаємодії між громадами. Об'єктом дослідження обрано чотири європейські міські агломерації — Барселона (Іспанія), Гельсінкі-Уусімаа (Фінляндія), Роттердам-Гаага (Нідерланди) та Штутгарт (Німеччина) — з метою виявлення найкращих практик, які можуть бути використані в Україні.

Під організаційно-економічним забезпеченням агломерацій розуміється комплекс форм, методів та інструментів управління, що дозволяють ефективно вирішувати завдання та досягати цілей розвитку. Основні елементи такого забезпечення включають: організаційні форми функціонування, стратегічне планування, механізми взаємодії, розподіл ресурсів, джерела фінансування та структуру органів управління. У кожній з проаналізованих агломерацій визначено унікальні підходи до управління, що враховують специфіку локальних умов.

Барселонська агломерація демонструє ефективну модель поєднання інноваційного розвитку, соціальної згуртованості та екологічної стійкості. Її стратегія розвитку до 2025 року включає впровадження "Моделі Барселони", орієнтованої на економіку знань. Фінансування забезпечується за рахунок муніципальних послуг, податків і підтримки Європейського Союзу. Гельсінкі-Уусімаа спрямована на досягнення кліматичної нейтральності, зростання витрат на дослідження та збільшення зайнятості. Агломерація фінансується муніципалітетами, національним урядом та ЄС. Роттердам-Гаага функціонує як адміністративне партнерство муніципалітетів, орієнтоване на розвиток громадського транспорту, інновацій та залучення міжнародних інвестицій. Штутгарт, який має законодавчий статус, відомий своїм комплексним підходом до ландшафтного планування, розвитку бізнесу та громадського транспорту.

Зроблено висновок, що успішність функціонування європейських агломерацій забезпечується наявністю інтегрованих систем управління, стратегічного планування та стійких механізмів фінансування. Визначено, що адаптація цих практик в Україні сприятиме ефективнішому розвитку вітчизняних агломерацій, зокрема в умовах післявоєнного відновлення. Перспективним напрямом дослідження є аналіз соціальних аспектів функціонування міських агломерацій та їх впливу на якість життя населення.

*Key words: urban agglomerations, organizational and economic support, management bodies, financing mechanism, development strategy.*

*Ключові слова: міські агломерації, організаційно-економічне забезпечення, органи управління, механізм фінансування, стратегія розвитку.*

## STATEMENT OF THE PROBLEM IN GENERAL TERMS AND ITS CONNECTION WITH IMPORTANT SCIENTIFIC OR PRACTICAL TASKS

The practice of urban agglomerations functioning in developed countries has proven that they play a significant role in ensuring the sustainable development of national economies, contributing to economic growth, productive employment of labor resources, the introduction of innovations and the rational use of natural resources.

During the Ukrainian decentralization reform, large cities, in most cases, did not participate in the processes of creating united territorial communities [1, p. 6]. At the same time, each of these cities has problems that require additional suburban areas to solve. This situation necessitates the need to build relationships with surrounding territorial communities, balancing the interests of a large city and the territorial communities around it, which is achieved by the functioning of urban agglomerations. Municipalities that form agglomerations are

**Table 1. Characteristics of organizational and economic support for the functioning of European urban agglomerations**

Name of the agglomeration	Elements of organizational and economic support		
	Governing bodies	Availability and content of the Development Strategy	Financing/revenue
Barcelona (Spain), 36 municipalities	Agglomeration Council (90 people). Agglomeration President	Strategic Plan until 2025. The goal is to implement the "Barcelona Model" as a combination of a knowledge economy, creative industries and high social cohesion. A Plan until 2030 is being developed	Main revenues: - taxes; - municipal transport fees; - revenues from European administrations; - water and waste disposal fees
Helsinki-Uusimaa (Finland), 26 municipalities	Regional Assembly (23 people). Regional Board (15 people)	Regional program until 2030 – 1) become a climate-neutral region; 2) increase research spending to 5% of GRP; 3) achieve an employment rate of 80%	Main income: - contributions from 26 municipalities; - funds for regional development from the national government and the EU
Rotterdam–The Hague (Netherlands), 23 municipalities	General Council (25 people – mayors and vice-mayors) – making the vast majority of decisions; approving the budget. Executive Council (5 people) – current management of the agglomeration	Strategic program for growth of innovation and investment in public transport; developed every 4 years	Main revenues: - contributions from 23 municipalities (3.5 euros per inhabitant); - funds from national government funds
Stuttgart (Germany), 179 municipalities-pallets	Regional Assembly (92 delegates). Regional Director (elected for an eight-year term). Office with 80 staff	Strategy to promote and ensure orderly development	Main revenues: - contributions from 179 municipalities; - traffic and garbage fees

Source: compiled by [5; 6; 7; 8].

given the opportunity to effectively resolve issues in the field of common interests in order to improve the quality of life of the population.

There are several large urban agglomerations in Ukraine, such as Kyiv, Odesa, and Lviv, but so far there is no regulatory and legal support for their development. In 2017, the Verkhovna Rada of Ukraine registered draft law No. 6743 "On urban agglomerations", which was rejected due to inconsistency with the legislation on local self-government and on cooperation of territorial communities. The new draft law No. 2637 "On amendments to certain legislative acts on the creation of legal grounds for the formation of an agglomeration as one of the forms of cooperation of territorial communities", submitted to the Verkhovna Rada of Ukraine in 2019, was also not adopted.

Despite this situation, domestic urban agglomerations function in the form of associations of local governments. In 2019, the association of local governments "Kyiv Agglomeration" was created as a platform for cooperation and dialogue. The association holds round tables and meetings, creates working groups that develop solutions to common problems [2]. In November 2023 in Lviv, during the Local Government Forum, representatives of 10 communities signed a Memorandum of Cooperation and the Creation of the Association of Local Governments "Lviv Agglomeration" [3].

Problems in the functioning of domestic urban agglomerations are caused not only by the lack of a

regulatory framework, but also by insufficiently effective organizational and economic support for their activities. For example, in the Kyiv agglomeration, the development problem is the lack of strategic planning [4], in other agglomerations — the lack of interaction and a clear division of responsibility between communities for the use of common infrastructures. To improve the development of domestic urban agglomerations, it is important to study foreign experience in the formation of organizational and economic support for their functioning.

### ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS

A number of publications by domestic scientists and experts are devoted to the study of foreign experience in urban agglomeration management. For example, scientists from the Institute of Civil Society are investigating general approaches to management in the largest urban agglomerations in Europe [1]. The article by O. L. Dronova and Ya. S. Lys examines European models of urban agglomeration management, gives examples of organizing cooperation between individual administrative units in an agglomeration [5]. I. V. Drobush explores modern trends in the governance of European agglomerations [10]. Without diminishing the importance of the work of these authors, we note that further research is needed on foreign experience in the formation of organizational and economic support for the functioning of urban agglomerations.

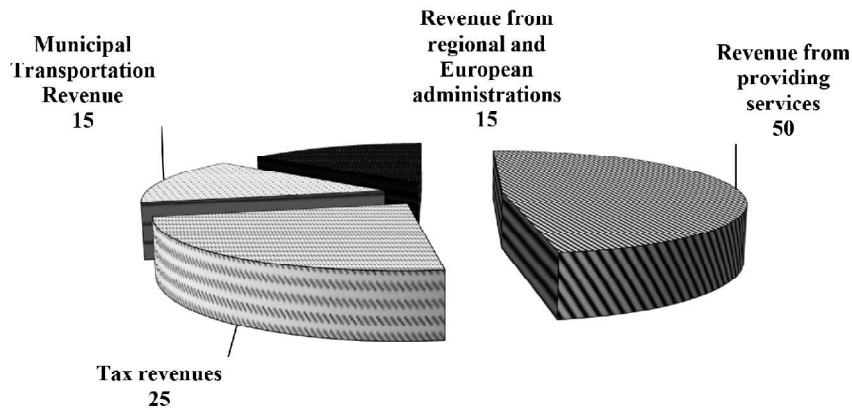


Fig. 1. Structure of the budget revenues of the Barcelona agglomeration, %

Source: compiled by [6].

**FORMULATION OF THE ARTICLE'S GOALS (TASK STATEMENT)**

The purpose of the article is to study the organizational and economic support for the functioning of European urban agglomerations.

**PRESENTATION OF THE MAIN RESEARCH MATERIAL**

By organizational and economic support for the functioning of an agglomeration, we mean a set of forms, methods and tools for managing an agglomeration, the use of which allows for effective resolution of the tasks and achievement of the goals set. The main elements of organizational and economic support include: the form of functioning of an urban agglomeration; strategic planning of the development of an agglomeration; management bodies and their powers; distribution of responsibility for the use of common resources and infrastructure on the territory of an agglomeration; mechanism of interaction between communities-members of an agglomeration; mechanism for financing the activities of an agglomeration.

In Europe, there is no unified practice of regulating urban agglomerations, and agglomerations in different countries posses various individual elements of organizational and economic support for their functioning (Table 1).

The table analyzes three elements of organizational and economic support for the functioning of several European urban agglomerations: governing bodies, strategic planning, and financing of activities.

As we can see, each agglomeration has formed governing bodies (General Council or Regional Assembly; Executive Council; Regional Board; Regional Director).

Each urban agglomeration has its development strategy. The sources of financing for the agglomerations' activities are contributions from participants, fees for services, funds from national government funds, and revenues from the European Union administrations.

The Barcelona Agglomeration was created in 2010, gaining the legislative status of a metropolis. The main governing bodies in this metropolis are the Agglomeration Council (90 officials) and the President.

In the initial stages of its existence, it was a small industrial agglomeration, today it is an ecosystem with extraordinary infrastructures, generating 52% of Catalonia's GDP and 10% of Spain's GDP, with investments in highly innovative sectors, it is a modern scientific and tourist center [6].

The strengths of the agglomeration:

- significant logistics potential with an updated airport and seaport infrastructure;

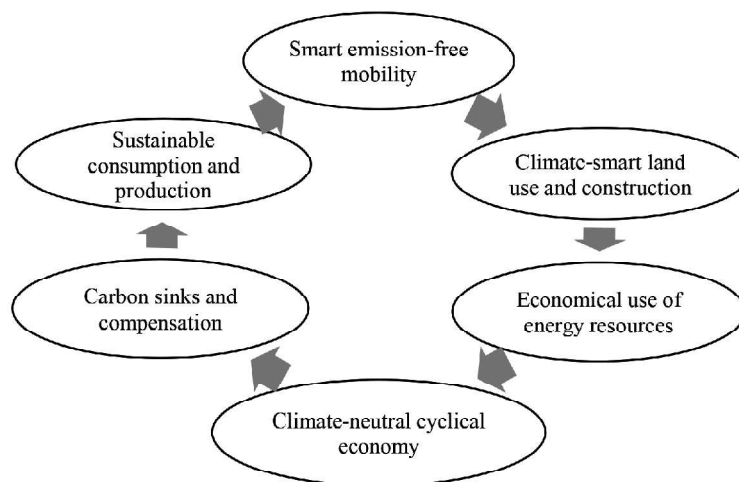


Fig. 2. Climate change mitigation areas in the Helsinki-Uusimaa agglomeration

Source: [7].

— a consolidated and highly export-oriented industrial sector with notable advantages in industries such as pharmaceuticals and agri-food;

— a tradition of excellence in service areas;

— Barcelona's positioning as a global benchmark for urban tourism [9].

The aim of the strategic plan for the development of the agglomeration until 2025 is to implement the so-called "Barcelona Model", which is "a combination of the knowledge economy, creative industries of human activity in a large city with high social cohesion" [5, p. 50]. The Strategic Plan for the Barcelona Metropolitan Area until 2030 is currently being developed.

The main tools for the economic development of the agglomeration are financial instruments, tax regulation, and institutional support from the Economic Development Agency.

The agglomeration's annual budget is approximately 900 million euros, and the budget's revenue structure is dominated by fees for services provided, mainly for water supply and waste disposal (Fig. 1).

In the structure of the annual budget revenues of the agglomeration, 50% is occupied by revenues from the provision of services, mainly for water supply and waste disposal. Tax revenues (surcharge to the municipal property tax) make up 25% of the budget, 15% each in the structure of revenues are occupied by revenues from municipal transportation and revenues from regional and European administrations.

The Helsinki-Uusimaa agglomeration (Finland) includes 26 municipalities, with a population of about 1.7 million, which is about a third of the country's total population. The main governing bodies in the agglomeration are the Regional Assembly and the Regional Board.

The Helsinki-Uusimaa Regional Programme defines the vision and the following priorities for the development of the agglomeration by 2030:

1) to become a climate-neutral region;

2) to increase research and development spending to 5% of the region's gross domestic product;

3) to achieve an 80% employment rate by the end of 2030 [7].

The regional climate roadmap includes six main areas of climate change mitigation in the agglomeration (Fig. 2).

As we can see, to achieve climate neutrality in the agglomeration, the following areas have been chosen: climate-smart land use and construction, smart mobility without emissions, economical use of energy resources, and a climate-neutral cyclical economy along with sustainable consumption and production.

The agglomeration's budget revenues include contributions from 26 municipalities, as well as regional development funding from the national government and the European Union.

Rotterdam-The Hague Agglomeration (Netherlands). The agglomeration is home to about 2.4 million people, creates 1.3 million jobs, and generates 15% of the national GDP. The agglomeration was established in 2015 by an Act on Joint Activities as an administrative partnership of 23 municipalities [6]. The purpose of its creation is to increase the attractiveness of the region for international companies and organizations.

The agglomeration's governing bodies:

— General Council (25 people — mayors and vice-mayors) — is responsible for making the vast majority of decisions; develops and approves the budget;

— Executive Council (5 people) — carries out the current management of the agglomeration.

Every four years, the agglomeration develops and implements a Strategic Development Program. The agglomeration's powers include the development of the economy and business, as well as public transport and roads. In terms of improving public transport, the strategy highlights such areas as expanding the metro network, developing bicycle paths, and supporting clean energy sources for transport [10, p. 152].

The main revenues of the agglomeration budget are contributions from 23 municipalities (3.5 euros per inhabitant) and funds from national government funds, with economic development financed by municipalities, transport and road operation by the national government.

An example of an agglomeration formalized at the legislative level is the German Stuttgart (Verband Region Stuttgart, VRS), which includes 179 cities and municipalities with the population of about 2.8 million people [6].

The agglomeration was founded in 1994 by the Law "On the Establishment of the Stuttgart Region Association" as a public law corporation. The region generates about 30% of the country's economic output [8].

The main governing body in this agglomeration is the regional assembly, which has 92 members elected every five years by the region's eligible voters.

The Regional Assembly elects a Regional Director for a term of 8 years, who heads the association's administration and implements the decisions of the Regional Assembly. The administration staff includes 80 employees who prepare and implement the Assembly's resolutions and advise the municipalities in the region.

Typical sectors of VRS operation are local public transport, landscape planning, business and tourism development, and waste disposal.

An interesting project in the Stuttgart agglomeration is the regional express bus, which supplements the rail network, running every hour from 5 am to midnight. The agglomeration has a single network fare for all buses and trains and a coordinated timetable.

The budget of the VRS agglomeration is based on contributions from municipalities according to their capacity and population, as well as on road and waste charges. VRS attracts funds from the EU, federal and national governments, as well as third-party funds, to finance specific projects [6].

Thus, the review shows that the examined European agglomerations are successful due to the existing organizational and economic support for their functioning: a system of governing bodies, strategic planning, and effective budget financing mechanisms.

## CONCLUSIONS

Having analyzed the main elements of organizational and economic support for the functioning of four European agglomerations, we can conclude that each of them has

its own development strategy, adapting it to its own needs and challenges. The structure of funding sources in the considered agglomerations differs, but in the budget revenues of each of them there is an item of receipts from the national government or the European Union. In further scientific research, it is worth investigating the social aspects of the functioning of urban agglomerations and their impact on the quality of life of the population.

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