
# Annual report 2005
# ESPON 2006 INTERREG III Programme

**Annual implementation report**

**(In accordance to article 37 of Council Regulation (EC) No 1260/99)**

**30 June 2006**

## Preface

In accordance with article 37 of Council Regulation (EC) no. 1260/99 an annual implementation report has to be submitted by the Managing Authority of ESPON to the European Commission within six months of the end of each full calendar year of implementation. This annual report shall include the progress in the implementation of priorities and measures, the financial implementation of the assistance, steps taken by the Managing Authority and by the Monitoring Committee to ensure the quality and effectiveness of implementation as well as steps taken to ensure compatibility with Community policies.

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# 1. The programme year 2005

The ESPON Work Programme for 2005 continued the implementation of the ESPON programme setting the main guidelines and milestones for carrying through the programme.

After the first three years of implementation the year 2005 moved the ESPON programme towards the final phase. The year 2005 therefore included a mixture of major activities as it was

(1) Provided more and more final and cross-thematic results from ESPON projects

(2) Required enhanced communication and dialogue about findings

(3) Implied decisions on the last projects to carry through

(4) Implied a continued effort to stimulate networks of researchers, ECP, European institutions, Interrreg officers and regional practitioners

(5) Required a financial management providing good value of remaining resources

(6) Required the establishment of financial control mechanism for on the spot checks and winding up of the programme

(7) Demanded considerations concerning ESPON activities after 2006.

Communication and promotion activities related to the ESPON programme played an important role in the activities of 2005. In support of policy development a second synthesis report was published based on final results from more terminating ESPON projects. The first cross-thematic analysis of results was presented in this report.

The networking activities were strengthened in particular the ESPON Contact Points by the creation of an ECP financial mechanism supporting transnational scientific networking activities.

Two ESPON seminars were carried through as previewed in the CIP. In addition, a scientific seminar was organiszed taking a further step in building a European research network in the field of territorial development by involving researchers currently outside the ESPON projects. The ESPON Communication strategy as well triggered of a number of events disseminating results of the ESPON exercise to various players at European, transnational, national and regional/local level.

By the end of the year 2005 the main tasks and milestones envisaged for the fourth year of ESPON 2006 Programme had been achieved. These tasks and milestones are described in the ESPON Work Programme for 2005[1].

[1] See annex 1.

# 2. Progress in the implementation of priorities 1-3

## Introduction

In the framework or Priorities 1, 2 and 3 are financed the core activities of the ESPON Programme, the applied research projects. By the end of 2004 a total of 23[2] applied research projects were already contracted. During 2005 three more rounds of selection were launched raising the number of contracted project by the end of 2005 to 29 and the total level of the commitments to €11.462.355,25 representing the 98,23% of the total programme resources for these three main priorities.

Although the implementation of the applied research projects did not register any delay and all project' teams respected the delivery deadlines for their Interim and Final reports, the reimbursement claims did not follow the same regular rhythm due to delays in the financial control procedures, mainly the implementation of the 1st level Financial Control. However, it has to be said that in comparison to the previous year the situation has considerably improved and it was clear that the ESPON programme would not face any decommitment risk. This positive trend in also confirmed during the first months of the current year 2006 and the ESPON Programme is expected to fulfil N+2 obligation already during summer 2006.

## 2.1 Progress in the implementation of thematic projects, policy projects and co-ordinating cross thematic projects

### 2.1.1 Description of tendering and selecting procedures

Within the scope of compliance with the relevant Commission decision under Article 28 of Regulation (EC) 1260/1999 and with applicable national and Community rules on, in particular, the eligibility of expenditure for support from the Structural Funds under the assistance concerned, especially public procurement, the procedures for project selection described under a) to g) have been implemented during 2005.

The tendering of studies normally followed the procedures as described below. Please find in the annexes, the relevant reports related to the evaluation of expression of interests and project proposals related to the 7th, 8th, 9th and 10th rounds of projects.

**a) Tender notice in the Official Journal (S-series)**

The objective of the tender notice is to invite Europe wide all interested tenderers (potential lead partners of ESPON projects) to express their interest in being invited for making a project proposal under a restricted procedure. The tender notice includes the criteria for the selection of tenderers. The time limit for receipt of expression of interest shall be at least 37 days from the date of dispatch to the publication office in Luxembourg. The tender notice mentions admissibility and award criteria.

**b) Selection of potential Lead Partners to be invited to tender**

In preparing for the evaluation of expression of interest, an Opening Committee registered the expression of interest received and examines their admissibility.

[2] One additional applied research project financed by the Partner States Norway and Switzerland was as well contracted in 2004. The number of foreseen applied research projects in the CIP was 19.

The Monitoring Committee selects the potential Lead Partners to be invited to tender on the basis of a recommendation from an Evaluation Group. These Evaluation Group evaluating the expression of interest is composed by experts nominated by the Commission and Member States. The evaluation session implied individual assessments giving a score on the selection criteria and a consensus among evaluators on a total score.

**c) Letter of Invitation to tender to select potential Lead Partners**

Following the selection of potential Lead Partners by the MC a letter of invitation to submit a tender, including Terms of References agreed by the Monitoring Committee, is sent simultaneously to the selected candidates by the Managing Authority. The invitation as well includes specifications on the elements constituting the award criteria and model contract documents. The time limit for interested contractors to submit is at least 40 days.

**d) Receipt and opening of tenders**

Potential Lead Partners are free to submit their tender by post or personal delivery. The possibility to submit by fax and email was considered in order to ensure a smooth processing.

Opening of tenders are undertaken by an Opening Committee of at least three members. A formal written record of the expression of interest or project proposals opened were drawn up and signed. The formal requirements are inspected, including compliance with the deadline for submission. Tenderers had upon written request the possibility to be observers at the opening.

**e) Assessment of submitted tenders**

This assessment of tenders is based on the award criteria and other conditions announced. A scoring system was applied and is used by the group of independent evaluators nominated by the Commission and Member States. They individually assess and score each tender on the award criteria. Hereafter, a consensus meeting was convenes deciding on the ranking of the tenders. This ranking, including the total scoring and the brief characteristics of the evaluation of each tender is presented to the Monitoring Committee, who then makes the final decision.

The Monitoring Committee makes the final decision on which Lead Partner to contract for the individual ESPON projects. The decision is supported by a report from an evaluation of the tenders by an Evaluation Group.

The decision of the Monitoring Committee is communicated in writing within 15 days to all potential Lead Partners submitting a tender.

**f) Contracting of Lead Partner**

The contracts concluded between the selected Lead Partner and the ESPON Managing Authority covers the whole project. The partners of the Transnational Project Group are subcontracted by the Lead Partner. Lead Partners to be contracted have to be based in a country being partner in the ESPON programme, who have signed an Agreement with the MA and contributes financially to the programme.

Lead Partners are contracted by the Managing Authority. The contracts include the Terms of reference and the project proposal, defining the deliverables of the projects. The contracts with the Lead Partner include a clause on the possibility of sanction for the event that the Lead Partner and the Transnational Project Group do not comply with the provisions made.

**g) Contract award notice in the OJ (S series)**

Information on the contracting of ESPON finally is published in a contract award notice mentioning the contractors selected.

### 2.1.2 Information on selection rounds

During the previous years a total of 23 projects have be selected for funding during the first 6 rounds of selections and are listed in the table below. Of these 23 projects altogether 10 presented their Final Reports in 2004[3], 7 projects in 2005. The remaining 6 are still under implementation:

| NUMBER | TITLE | ABBREVIATION | ROUND | STATUS |
|---|---|---|---|---|
| Project 1.1.1 | The role, specific situation and potentials of urban areas as nodes in a polycentric development | POLYCENTRISM | 1st | Final report in 2004 |
| Project 1.1.2 | Urban-rural relations in Europe | URBAN-RURAL | 1st | Final report in 2004 |
| Project 1.1.3 | Particular Effects of enlargement of the EU and beyond on a polycentric spatial tissue with special attention on discontinuities and barriers | ENLARGEMENT | 2nd | Final report in 2005 |
| Project 1.1.4 | The spatial effects of demographic trends and migration | DEMOGRAPHY | 3rd | Final report in 2005 |
| Project 1.2.1 | Transport services and networks: Territorial trends and basic supply of infrastructure for territorial cohesion | TRANSPORT TRENDS | 1st | Final report in 2004 |
| Project 1.2.2 | Telecommunication services and networks: Territorial trends and basic supply of infrastructure for territorial cohesion | TELECOM TRENDS | 1st | Final report in 2004 |
| Project 1.3.1 | Territorial effects and management of natural and technological hazards in general and in relation to climate change | NATURAL HAZARDS | 2nd | Final report in 2005 |
| Project 1.3.2 | Territorial trends in the management of natural heritage | NATURAL HERITAGE | 2nd | Final report in 2004 |
| Project 1.3.3 | Role and spatial effects of cultural heritage and identity | CULTURAL HERITAGE | 6th | Ongoing |
| Project 2.1.1 | Territorial impact of EU transport and TEN Policies | TRANSPORT IMPACTS | 1st | Final report in 2004 |
| Project 2.1.2 | Territorial impact of EU research and development policy | R&D IMPACT | 1st | Final report in 2004[4]- Revised |

[3] In fact one of the projects having presented the Final Report in 2004, Project 3.1, asked in 2005 for an extension of the contract to perform additional tasks with the remaining unused funds. The Monitoring Committee gas decided favourably and an additional final delivery for the above mentioned project has been set, the compilation of an ESPON Atlas. The set deadline for this final delivery is the end of 2006.

[4] The Final report of this project was not deemed acceptable by the Monitoring Committee and a revised Final report was requested and submitted by the project team in December 2005.

| NUMBER | TITLE | ABBREVIATION | ROUND | STATUS |
|---|---|---|---|---|
| | | | | final report in 2005 |
| Project 2.1.3 | The territorial impact of CAP and rural development policy | CAP IMPACT | 1st | Final report in 2004 |
| Project 2.1.4 | Territorial trends of energy services and networks and territorial impact of EU energy policy | ENERGY | 3rd | Final report in 2005 |
| Project 2.2.1 | Territorial effects of EU Structural Funds | STRUCTURAL FUNDS IMPACTS | 2nd | Final report in 2005 |
| Project 2.2.2 | Territorial effects of the "Aquis Communitaire", Pre-accession Aid and Phare/Tacis/Meda Programmes | ACCESSION AID | 3rd | Final report in 2005 |
| Project 2.2.3[5] | Territorial effects of Structural Funds in urban areas | STRUCTURAL FUNDS URBAN IMPACT | 1st | Final report in 2004 |
| Project 2.3.1 | Applications and effects of the ESDP in Member States | ESDP | 5th | ongoing |
| Project 2.3.2 | Governance of territorial and urban policies from EU to local level | GOVERNANCE | 5th | ongoing |
| Project 2.4.2 | Integrated analysis of transnational and national territories based on ESPON results | ZOOMING | 6th | Final report in 2005 |
| Project 3.1 | Integrated tools for European spatial development territorial | SPATIAL TOOLS | 1st | Final report in 2004, additional final delivery in 2006 |
| Project 3.2 | Spatial Scenarios and orientations towards ESDP and the Cohesion Policy | SCENARIO | 4th | ongoing |
| Project 3.3 | Territorial dimension of the Lisbon / Gothenburg process | LISBON | 5th | ongoing |
| Project 3.4.1 | Europe in the World | EUROPE IN THE WORLD | 6th | ongoing |

Furthermore, an additional project 2.1.5 Territorial Impacts of European Fishery Policies has been included in the 5th round. This project is entirely financed by the contributions of Norway and Switzerland.

[5] This project was closed before the delivery of the Final report. Detailed information have been provided with the Annual report for 2004.

Six following additional projects have been selected in the two rounds implemented in 2005:

| NUMBER | TITLE | ABBREVIATION | ROUND | STATUS |
|---|---|---|---|---|
| Project 1.2.3 | Identification of spatially relevant aspects of the information society | INFORMATION SOCIETY | 7th | ongoing |
| Project 1.4.1 | The role of small and medium sized towns | SMALL&MEDIUM TOWNS | 7th | ongoing |
| Project 3.4.2 | Territorial impacts of EU economic policies and location of economic activities | ECONOMY | 7th | ongoing |
| Project 3.4.3 | The modifiable areas unit problem (MAUP) | MAUP | 7th | ongoing |
| Project 1.4.2 | Preparatory Study on Social aspects of EU territorial development | SOCIAL DIMENSION | 8th | ongoing |
| Project 2.4.1 | Territorial trends and policy impacts in the field of EU Environment Policy | ENVIRONMENT | 8th | ongoing |

The evaluation of the 7th round tenders received to become Lead Partner for ESPON project 1.4.1 on "The Role of Small and Medium Sized Towns" and project 3.4.3 on "The Modifiable Areas Unit Problem" took place on 11 February 2005 in Brussels. Since the contract amount of these project are not higher than € 100 000 the open call for tender based on a 1-step procedure. Please find below an overview of the tenders received and declared admissible after the opening session, per project:

| Project | Number of tender received | Potential LP Country |
|---|---|---|
| 1.4.1 | 2 | Italy, Austria |
| 3.4.3 | 1 | France |

Consensus was reached on the best tender for project 1.4.1 and 3.4.3 and the following Lead Partners were selected by the Monitoring Committee on the 28 February-1 March 2005.

| | Lead Partner |
|---|---|
| Project 1.4.1. | **Österreichisches Institute für Raumplanung (ÖIR)** |
| Project 3.4.3 | **UMS RIATE (University Paris 7)** |

The evaluation of Expressions of Interest to become Lead Partner for the 7th round of ESPON projects took place in the ESPON CU premises in Luxembourg on 10 February 2005. The opening session, for which a Committee had been established, was organised in Luxembourg on the 7th of February 2005.

The following projects had been launched by a tender notice on 28 December 2004: Project 1.2.3: “Identification of Spatially Relevant Aspects of the Information Society” and Project 3.4.2: “Territorial Impacts of EU Economic Policies and Location of Economic Activities.”

In total 5 Expressions of Interests were received in the following repartition:

| **Project** | **Number of Expressions of Interest** | **Potential LP Country** |
|---|---|---|
| 1.2.3 | 3 | France, Poland, United Kingdom. |
| 3.4.2 | 2 | Hungary, Belgium. |

All the Expressions of Interest received were declared admissible by the Opening Committee. They all fulfilled the minimum requirements expressed in the tender notice.

All the Expressions of Interest for project 1.2.3 and project 3.4.2 were judged of good quality.

The Monitoring Committee was recommended to invite all the potential Lead Partners for project 1.2.3 and 3.4.2 presenting an Expression of Interest. All Expression of Interest have been judged admissible and of sufficient quality to be developed into a tender in the restricted procedure.

In total 3 tenders were received following the invitation to tender decided by the Monitoring Committee on 28 February- 1 March 2005. The evaluation of tenders received to become Lead Partner for ESPON project 1.2.3 on “Identification of spatially relevant aspects of the information society” and project 3.4.2 on “Territorial impacts of EU economic policies and location of economic activities” took place on 29 April 2005 in Bruxelles.

The tenders submitted had the following distribution on projects:

| | Number |
|---|---|
| Project 1.2.3: “Information Society” | 1 |
| Project 3.4.2: “Economy” | 2 |

For project 1.2.3 only one tender has been submitted. The evaluators agreed that the tender is of good quality and that the project group is competent for executing the project.

For project 3.4.2 two tenders were received. The evaluators agreed on the best tender to be recommended to the Monitoring Committee. However, the difference in quality of the two tenders was very profound as one of the tenders was excluded after the individual scoring by the evaluators.

Consensus was reached on the best tender for project 1.2.3 and 3.4.2. Based upon the evaluation and the ranking made by the evaluators the Monitoring Committee is recommended to decide the contracting of the following Lead Partners for ESPON project 1.2.3 and 3.4.2:

| | **Lead Partner** |
|---|---|
| Project 1.2.3 | **EUROREG, Warsaw University** |
| Project 3.4.2 | **IGEAT, Universite Libré de Bruxelles** |

In the framework of the 8th round of the ESPON projects two projects were launched. The restricted procedure for invitation to tender based upon a 1-step procedure for project 1.4.2. and a 2-steps procedure for project 2.4.1.

The evaluation of Expressions of Interest to become Lead Partner for the 2.4.1 project took place in the ESPON CU premises in Luxembourg on 28th April 2005. The opening session, for which a Committee had been established, was organised in Luxembourg on the 25th April 2005.

The evaluation session involved an Evaluation Group composed of 2 evaluators. In total 2 Expressions of Interests were received. The expressions of interest covered potential lead partners from Finland and Norway. Both the Expressions of Interest received were declared admissible by the Opening Committee. They all fulfilled the minimum requirements expressed in the tender notice and both the Expressions of Interest were judged of good quality.

Since one of the potential Lead Partners was from Norway and there was no additional funding left in ESPON Partner State budget, precondition for inviting this Lead Partner to tender for the project is additional funding from the Norwegian side. In preliminary discussion with Norway it was agreed that Norway adds the Lead Partners part of the project budget to enable them to participate in the ESPON exercise.

Considering the above mentioned case the Monitoring Committee was recommended to invite all the potential Lead Partners for project 2.4.1 presenting an Expression of Interest.

The evaluation of tenders received to become Lead Partner for ESPON project 1.4.2 on the preparatory study on “Social aspects of EU Territorial Development” and project 2.4.1 on “Territorial trends and policy impacts in the field of EU Environment Policy” took place on 24 August 2005 in Brussels.

In total 3 tenders were received following the restricted procedure for invitation to tender in the following distribution:

| | Number |
|---|---|
| Project 1.4.2: “Social aspect” | 1 |
| Project 2.4.1: “Environment” | 2 |

The evaluation session involved 3 evaluators per project. Concerning project 2.4.1/Environment, one case of involvement raising doubt about a conflict of interest was registered, when starting the second stage of evaluation (non anonymous part). The evaluator in question withdrew from further participation and signed a declaration of conflict,

explaining the reasons for resigning from the evaluation of tenders for project 2.4.1. Consequently project 1.4.2 and 2.4.1 were each evaluated by 3 and 2 evaluators respectively.

For project 1.4.2 only one tender has been submitted but the evaluators agreed that the tender in general is of good quality and that the project group is competent for executing the project

Two tenders had been received for project 2.4.1. Both tenders were considered of good quality. During the consensus meeting consensus was reached on the best tender for project 1.4.2 and 2.4.1 and based upon the evaluation session and the ranking made by the evaluators the Monitoring Committee is recommended to decide the contracting of the following Lead Partners for ESPON project 1.4.2 and 2.4.1:

| | **Lead Partner** |
|---|---|
| Project 1.4.2/ Social | **Österreichishes Institut für Raumplanung (ÖIR), Austria** |
| Project 2.4.1/ Environment | **Geological Survey of Finland (GTK), Finland** |

On the 5th of December 2005 a new round of projects selection was launched following the approval of the Terms of Reference by the Monitoring Committee. This 10th Round aimed at the selection of three new projects:

project 1.4.3 on study on "Urban functions"

project 1.4.5 on "Spatially relevant aspects of tourism"

project 1.4.4/Feasibility of Flows

The deadline of the submission for the open call for tender, based upon a 1-step procedure was 6th of January 2006.

The detailed evaluation reports can be found in annex 2. Additional information on these projects will be provided with the Annual report for 2006.

### 2.1.3 Information on ESPON projects having presented the Final Report in 2005

A total number of 7 projects have presented their final report during 2005:

| **NUMBER** | **TITLE** | **ABBREVIATION** |
|---|---|---|
| Project 1.1.3 | Particular Effects of enlargement of the EU and beyond on a polycentric spatial tissue with special attention on discontinuities and barriers | ENLARGEMENT |
| Project 1.1.4 | The spatial effects of demographic trends and migration | DEMOGRAPHY |
| Project 1.3.1 | Territorial effects and management of natural and technological hazards in general and in relation to climate change | NATURAL HAZARDS |

| NUMBER | TITLE | ABBREVIATION |
|---|---|---|
| Project 2.1.4 | Territorial trends of energy services and networks and territorial impact of EU energy policy | ENERGY |
| Project 2.2.1 | Territorial effects of EU Structural Funds | STRUCTURAL FUNDS IMPACTS |
| Project 2.2.2 | Territorial effects of the "Aquis Communitaire", Pre-accession Aid and Phare/Tacis/Meda Programmes | ACCESSION AID |
| Project 2.4.2 | Integrated analysis of transnational and national territories based on ESPON results | ZOOMING |

All complete Final Reports are accessible at the ESPON website www.espon.eu

### 2.1.4 Information on Project closure

According to the procedure agreed by the Monitoring Committee, during 2005 an assessment of the final deliveries of the projects was undertaking, leading to their formal closure. This process includes 2 main steps:

1. Checking for factual mistakes by the ECP network

2. Contractual compliance undertaken by the ESPON CU and MA.

On the basis of the results of the above steps, a final recommendation is made to the Monitoring Committee, who on this basis can decide if:

- All requirements have sufficiently been covered and objectives met, therefore to unconditionally approve the Final Report
- Most requirements have sufficiently been covered and/or most objectives have been met. The approval of the Final Report is made under the condition that some clarifications/improvements are provided by the project team
- Doubts are raised and an external independent evaluation of the Final Report is recommended.

The formal closure will provide for the final payments to the TPG.

In addition to the above, MC members can provide official opinions which might reflect positive and negative elements of the project results seen from a national point of view. Member of the ECP networks can also provide scientific reflections on projects final results. These reflections will in particular be useful for discussion on the content of future applied research projects.

For the Final Reports received by end August 2004 the process of finalising each of the elements mentioned above is envisaged to follow the timetable below:

| Element | Responsible | Deadline | MC decision |
|---|---|---|---|
| 1. Factual mistakes | ECP | 6 October 2004 | 13-14 October 2004 |
| 2. Contract closure | CU/MA | 11 November 2004 | 9-10 December 2004 |

| | | | |
|---|---|---|---|
| 3. National opinions | **MC** | **20 November 2004** | 9-10 December 2004 |
| 4.Scientific comments | ECP | 12 January 2005 | 2-3 March 2005 |

The overall impression of the final reports by the first round of ESPON projects was positive. Considering the preconditions, such as innovativeness of the task, time pressure, the level of financial resources, most of the reports were of a satisfactory standard.

The internal evaluations made by the CU were taking into account the few comments received by member of the Monitoring Committee, the ESPON Contact Points and the CU staff members. However, the CU had of the comments provided by the ECP network only integrated factual mistakes from the blunder check and editorial comments.

CU found that 6 of the 8 final reports received by August 2004 (1.1.1; 1.1.2; 1.2.1; 1.2.2; 2.1.1; 2.1.3) showed satisfactory contractual compliance, although there was a need for further clarification of specific aspects in most final reports.

Each Lead Partner of the 6 projects were asked for a written reply and an amended final report, which was assessed by the CU, and a recommendation made to the MC eventually in a written procedure during the first months of 2005. The request for clarifications was sent by the CU on 21 December 2004 with a deadline for the LP to provide an official answer by 1 February 2005. The CU by this date received answers from all 6 projects.

Following the decision of the Monitoring Committee Meeting 28 February - 1 March 2005 the projects 1.1.1; 1.1.2; 1.2.1; 1.2.2; 2.1.1; 2.1.3 were closed.

In two cases, the project seemed to have met more severe challenges in developing the applied research for which they have signed a contract. In these cases a further independent assessment of the reports in relation to preconditions of the projects was done before making a final judgement on the contractual compliance.

On the basis of the results of the evaluation and took into account the time limits and the need not to postpone too much the closure of these reports, the ESPON CU recommended to the Monitoring Committee on 28 February - 1 March 2005:

- to approve in principle the final report of project 2.1.2. Taking into account that several factual mistakes were found, the ESPON CU recommended that the full payment is released only after the submission of a revised Final Report, including a clarification of the points (factual mistakes) raised;
- to mandate the ESPON CU to start the negotiation with the Lead Partner of project 1.3.2 in order to agree a reduced payment for the work undertaken. The proposal on the reduction were made taking into account that the project delivered three Interim Reports and a not satisfactory Final Report.

The MA has conducted meetings with the Lead Partners of 1.3.2 and 2.1.2.

A solution has been found with the Lead Partner for project 1.3.2 with a reduced payment, and no final improvement of the project.

Regarding 2.1.2, the project delivered a revised Final Report including some of the improvements requested by 10 December 2005. The MC on this basis will take a decision on the closure of the project in March 2006.

Following the routine established for the appraisal of the contractual compliance of the first eight final reports, also the Final Report provided by the project 3.1 was assessed. The

internal evaluation made by the CU was taking into account the comments received by members of the Monitoring Committee, the ESPON Contact Points and CU staff members. Thus, contractual compliance was given; however, there were a few points which needed further clarification of the Final Report. The Monitoring Committee approved in principle the Final Report and gave the mandate to the CU to ask the project for clarification. The LP submitted a revised version of Final Reports which was corrected accordingly. The CU recommended the acceptance of the revised Final Report. However, the acceptance of this revised Final Report did not lead to the final payment and closure of project 3.1 since not all financial means allocated to the project had been used. Furthermore, the project was developing a proposal for a budget reallocation, using all unspent funds allocated to the project. Following-up the work on the ESPON map collection from August 2003 and the ESPON Briefings, the projects suggested producing an ESPON Atlas. The Monitoring Committee decided that the ESPON project 3.1 might use the project funds remaining for the proposed ESPON Atlas.

### 2.1.5 Information on ESPON projects having presented the Final Report in 2005

A total number of seven projects have presented their final report during 2005:

| NUMBER | TITLE | ABBREVIATION |
|---|---|---|
| Project 1.1.3 | Enlargement of the European Union and the wider European perspective as regards its polycentric spatial structure | ENLARGEMENT |
| Project 1.1.4 | The spatial effects of demographic trends and migration | DEMOGRAPHY |
| Project 1.3.1 | The spatial effects and management of natural and technological hazards in general and in relation to climate change | HAZARDS |
| Project 2.1.4 | Territorial trends of energy services and networks and territorial impact of EU policy | ENERGY |
| Project 2.2.1 | Territorial effects of structural funds | SF IMPACTS |
| Project 2.2.2 | The territorial effects of the application of the EU “Acquis” and community policies and pre-accession aid and Phare | PRE-AID IMPACT |
| Project 2.4.2 | Integrated territorial analyses based on ESPON results | ZOOM |

All complete Final Reports are accessible at the ESPON website www.espon.eu

The closing procedure followed was the same as for the first round of ESPON projects. The timing and steps for closure of the project 1.1.4, 1.3.1, 2.1.4, 2.2.1, 2.2.2 was follows:

**April-May 2005**

Appraisal of the contractual compliance of the projects, on the basis of CU assessment using validation forms for final reports.

**9-10 June 2005**

Overall appreciation of the results, eventual requests for further clarifications/improvements on the Final Reports, including CU assessment results, ECPs and MC blunder checks and editorial comments. Recommendations were presented to the Monitoring Committee for decision.

**15 June 2005**

On the basis of the Monitoring Committee decision, requests for clarification was sent to the Lead Partners of the finalised projects, with a deadline for providing proper answers and requested modifications.

**July-August 2005**

Checked by the CU that appropriate answers had been provided, and requested modifications implemented within a revised version of the Final Reports

**8-9 September 2005**

Depending on the answers provided by the Lead Partner, the CU was either:

- process the Final Payments to the project, on the basis of the final requests for payments submitted by the Lead Partners, or
- decision of the Monitoring Committee for further decision, in case a project did not meet the requirements.

The overall impression of the final reports by the second round of ESPON projects was positive. Considering the preconditions, such as innovativeness of the task, time pressure, the level of financial resources, all reports were of a satisfactory standard.

Letters of request for clarifications were sent by the CU by the 15 July 2005, with a deadline for Lead Partners to submit their answer and eventually amended report by the 22 August 2005. By this date, all Lead Partners have submitted detailed answers to the requests for clarifications, so the MC, during its meeting of 9-10 June 2005, decided as follows:

1) **For projects 2.1.4 and 2.2.2**, the CU recommended the acceptance of revised Final Reports.
2) **For project 1.1.4**, the CU found the Lead Partner answer to the request for clarification satisfying, and was expecting the delivery of the revised Final Report to check that all announced modifications were effectively provided.
3) **For projects 1.3.1 and 2.2.1**, the CU did not find the answers to the requests for clarifications and revised reports submitted fully satisfactory. In particular, project 1.3.1 did make sufficient efforts in adding some clarifications in the report, and on improving the link between results and policy recommendations. Project 2.2.1 did provide the requested complements. The recommendation by the CU was therefore not to penalise the 2 projects, considering that full contractual compliance could still be reached, as the Lead Partners have committed themselves to make further efforts to deliver all requested elements in their revised Final Report.

During the Monitoring Committee meeting on 9-10 November 2005 concerning project 1.1.4 and 1.3.1, the CU informed that the Lead Partners of the two projects had submitted the revised version of the Final Report, including modifications requested by the MC. The CU informed that all modifications had effectively been implemented. Only project 1.1.4 had to deliver a new set of maps, with an improved design by December 2005. However, the CU considered that this was not a sufficient reason for not approving the closure of this project, as the Lead Partner has committed himself to deliver the requested set of maps. The CU therefore recommended the MC to approve the two revised version of the Final Reports of the projects 1.1.4 and 1.3.1, and consequently to close the projects. The MC approved the CU recommendation.

Regarding project 1.1.3 and 2.4.2 the final reports were submitted in December, the closure procedures will start in 2006.

## 2.1.6 Extracts of final results of projects having presented the Final Report in 2005

### Project 1.1.3 "ENLARGEMENT OF THE EUROPEAN UNION AND THE WIDER EUROPEAN PERSPECTIVE AS REGARDS ITS POLYCENTRIC SPATIAL STRUCTURE"

### Main findings

The objective of the ESPON 1.1.3 project was to analyze the enlargement of the EU and the wider European perspective with regards to its polycentric spatial structure.

The special geographic, historical, economic and political position of most of the New Member States (EU10) and the other accession countries give a whole new meaning to considerations of polycentric spatial development. For centuries many of these countries have been part of a buffer-zone between East and West. Although their importance in national and European security concerns has diminished somewhat, they still remain as an economic buffer between of the economic power of Europe and the economy in transition of Russia.

Effects of enlargement and integration are already being seen and these present a mixed bag of results: Growth rates in the enlargement area are above the EU15 average, but real economic convergence remains limited. Economic restructuring is occurring in the enlargement area from primary sectors to the service sectors, but employment levels have fallen.

*Analysing the effects of Enlargement*

In examining the effects of enlargement of the European spatial issue the first finding is that the processes of enlargement is to be seen as long-term projects. For the new member states, this period of time represents an "EU accession trial stage" where economic changes due to post-communist regime and the release of Commission's cohesion and pre-accession funds, already show impact on the economic performance and specialisation of the individual regions.

*Analysing cohesion*

Most of the countries in Europe, including the NMACs still see regional divergence as the dominating trend. Only Greece and Italy show some patterns of converging levels of wealth across the regions. In measuring neighbour-dependency most countries and parts of Europe seem to form clear macro clusters of economic performance. High levels of economic disparities in cross-border regions is not necessarily a handicap for integration, but rather gives greater potential for change.

*Analysing polycentricity*

In ESPON 1.1.3 a comprehensive indicator of polycentricity developed in ESPON 1.1.1 was used to measure the degree of polycentricity of the current urban systems of the new member states, accession countries individually and taken together. The developed approach measures polycentricity by identifying three dimensions of polycentricity: the size or importance of cities (population, economic activity), their distribution in space or location and the spatial interactions or connections between them.

*Spatial consequences of the EU enlargement*

With the exception of the two island states, Cyprus and Malta, the new EU member states of 2004 have a common history of half a century of constrained growth in planned economies and limited opportunities for international cultural exchange, trade and travel.

This common heritage is the main reason for the large gap in economic development between the old and new member states. Large differences between the old and new member states exist also in the field of transport and telecommunications infrastructure.

The disturbing prospect is that, if only market forces are at work, the EU enlargement will, as it is hoped for, reduce the economic disparities between the old and new member states but at the same time it is likely to increase the disparities between and within the new member states.

*Policy combinations*

Structural policy

Following the phase model, Structural Funds should in the first phase be concentrated on the capital cities and other major agglomerations in the new member states; this will facilitate convergence at the European level but is likely to increase economic disparities within these countries and can therefore be justified only for a limited transition period.

In this first phase of spatial policy for the new member states, polycentricity at the European level should be increased by promotion of the network of major cities in the “Triangle of Central Europe” between Warsaw, Prague and Budapest with its potentially high level of integration in order to strengthen the relationships of this trans-national region with the 'Pentagon', the wider Balkan are and the Balkan region as well as the trans-national region formed by the three Baltic states.

Each new member state should be encouraged to draft a national programme for regional development with emphasis on the functional growth of second-tier cities.

In doing this, special attention should be paid to the exploitation and further strengthening of the economies of scale of regional economic specialisation, cultural assets and environmental resources, tourism and the multiplier effects of universities and research centres, functional linkages between neighbouring regions and existing or possible trans-national networks of co-operation between cities in border regions.

Infrastructure policy

The goal conflict between competitiveness and territorial cohesion is equally relevant for European transport and telecommunications infrastructure policy. If the competitiveness goal has highest priority, the already fast, high-capacity transport corridors between the largest agglomerations are upgraded even further. If, however, the goal of territorial cohesion has the highest priority, predominantly the connections to and between the capitals of the new member states are improved – in a first phase at the expense of regional connections within these countries. Both strategies have the negative side effect of further growth in traffic, in particular goods transport.

Monetary and financial integration

The spatial development of the new member states and accession countries will also be affected by monetary and financial integration. Based on their planned-economy history, the financial institutions in new member states are highly centralised. The ongoing liberalisation and move to a more financial-market based system is likely to provoke the further concentration of financial activities in the main financial centres at the national and international scale.

Similar consequences are to be expected from the liberalisation of capital flows. In the near future these centralising effects of liberalisation have to be accepted as a necessary condition for the stimulation of rapid economic growth.

**Project 1.1.4 "THE SPATIAL EFFECTS OF DEMOGRAPHIC TRENDS AND MIGRATION"**

## Main findings

The project describes and analyses the variety of demographic situations in different parts of Europe, with the overall focus on the EU29 - encompassing EU25, the two accession countries Bulgaria and Romania as well as Norway and Switzerland. The study sketches the complex demographic landscape of Europe with areas of stagnation and depopulation on the one hand, and areas of population growth on the other. A short summation of the results includes:

· Total fertility rates (TFR) have dropped dramatically in recent decades and are now below the reproduction level in every country in EU29 and in almost every NUTS2- and NUTS-3 region.

· Especially low TFRs are to be found in Southern and Eastern Europe.

· Natural population decline is a fact in a lot of regions and migratory movements are the prime driver behind population changes.

· The age structure is important for natural population development, which means that this is not only dependent on the TFR development.

· There are signs of polycentric population development occurring within the Pentagon, though population development remains monocentric in areas beyond the Pentagon.

· Young persons migrate to large urban areas and persons in the upper middle age group move to areas with pleasant surroundings and some signs of economic revival.

· Depopulation is a function a high out-migration that is reinforced by low fertility rates and a skewed age structure.

· Depopulation areas are often located in peripheral parts of the EU29.

· Expansive regions are dependent on a continuous inflow of people in the future – otherwise depopulation will be a fact.

· Immigration from other parts of the world can, however, not provide a solution to the European population problem.

· The future need for extra-European immigrants will be relatively higher in the new member states than in the old ones.

The final results from the models point to some rather significant conclusions. Maintaining the present demographic trends and allow for no migration Europe will in the near future experience a strong depopulation process. By the mid-21st century, the fifteen countries of the EU15 will have lost 80 million inhabitants, the 10 countries of the enlargement about 20 million, with in total, the 29 countries considered in this analysis losing slightly more than 111 million inhabitants. Fifty years from the turn of the century, the population of Europe will be under its level for the 1960s.

To maintain the current population at constant levels, the EU15 will need some 700,000 migrants each year in the beginning of the period, the double of that (more or less 1.5 million per year) in the middle of the period, and around 2.2 million per year by the year 2050.

## Policy implications and policy recommendations

With regard to natural population development it is difficult to give any general recommendations. Different parts of Europe also have differing attitudes to family policy and welfare state interventions in the private space and with regard to female labour force participation. A common social and family policy and a more active labour market policy that

stimulates higher fertility are therefore recommended. Financial benefits for childbearing can, however, have positive effects on TFR but in many cases these will be of relatively short-term character. Continuous development of the welfare state is, according to this reasoning, the only way to get a sustainable rise in fertility above the reproduction level.

This means that both the EU regional development policy as well as national policies must prioritise an economic and social policy, namely, family policy, in order to stimulate a rise in TFR.

Regarding migration, to achieve sustainable development from a micro-perspective it is important to limit urban sprawl because of its environmental cost.

With respect to depopulation and sustainable development from a micro perspective a multifunctional perspective on primary sector policies combined with infrastructural and service related policies may be the appropriate response to maintaining a critical population mass in these types of communities.

This will probably have to involve policies to establish a functional system of sufficiently large and accessible urban settlements (towns/cities) throughout these regions - capable of forming larger integrated regions and attracting migrants/maintaining strategic population groups. Local and regional service provision should target these population segments – with reproduction levels and future labour force numbers in mind - to attract migrants and dampen out- migration from a micro perspective.

From a macro perspective the effects of EU agricultural and rural policies should emphasise the multifunctional perspective on these sectors in an integrated way – particularly with regard to environmental concerns and the preservation of the cultural heritage related to depopulation areas of the often wide, remote and sparsely populated parts of Europe.

Concerning replacement migration, policies should focus on the selection of immigrants with the skills and competence needed within the countries of the EU29 area. An immigration policy based on simple head counting will neither promote productivity nor competitiveness. In order to promote social and territorial cohesion, immigration policies must promote immigration to peripheral regions. Policies, from a micro perspective, to promote social and territorial cohesion should therefore try to attract the persons and competences they need most.

It is obvious that there are no uncomplicated answers to the question about the need for replacement migration. It is a political controversial topic and even despite this there are a lot of pros and cons to take into consideration before any straightforward recommendations can be delivered.

### Project 1.3.1 “THE SPATIAL EFFECTS AND MANAGEMENT OF NATURAL AND TECHNOLOGICAL HAZARDS IN GENERAL AND IN RELATION TO CLIMATE CHANGE”

#### Main findings

The range of hazards that affect the development of regions within the European Union is wide, but in the context of European territorial development, not all hazards are relevant. Therefore relevant hazards were selected according to specified risk criteria. The selection of hazards was done in three steps, defining the risk type, the spatial relevance and a possible impact of climate change.

The risk typology focuses on the risk perspective instead of the hazard perspective. This broadens the possibility of describing the interactions between hazards and the societal reaction and response to hazards (for example aspects of risk perception). Both aspects have to be considered in a risk management process.

The categorisation of risks into certain types does not yet enable to extract those risks from the great number of possible risks that are relevant for the ESPON context. For example, murder, drug abuse or road accidents definitely belong to the highest risks in Europe. On the other hand, a meteorite impact could destroy large parts, if not even all of Europe. But since these risks do not have a clear spatial relation, the selection of risks excludes certain risks by a spatial filter.

The spatial filter screens risks according to their spatial character. The occurrence of spatially relevant hazards is limited to a certain disaster area that is regularly or irregularly prone to hazards (e.g. river flooding, storm surges, volcanic eruptions). Spatially non-relevant hazards can occur more or less anywhere (e.g. car accidents, meteorite impacts).

On the basis of these criteria, natural and technological hazards are of high relevance for the EU 27+2 area and have been mapped in the ESPON context. Of these, floods, flash floods, storm surges, avalanches, landslides, droughts, forest fires, winter storms, and extreme temperatures are assumed to be influenced by climate change.

Hazards are natural extreme events or technological accident phenomena that can lead to threats and damages among the population, the environment and/or material assets. The origin of hazards can be purely natural (e.g. earthquakes) or technological (e.g. accidents in a chemical production plant), as well as a mixture of both (e.g. sinking of an oil tanker in a winter storm and subsequent coastal pollution). Natural extreme events usually become a hazard when human beings or material assets are threatened. All so called natural hazards occur on a more or less regular basis, as they are phenomena that belong to natural processes. Being part of natural processes they do not pose any threat to the natural system itself, as the nature is used to recover from natural hazards and adapt its life forms to it. In extreme cases when humans influence natural hazards, e.g. arson in the case of forest fires, these hazards are not purely natural any longer and can cause severe damages to the nature itself.

Technological hazards pose threats to human assets and the nature, as they can have impacts and pollution that do not belong to natural processes. Also, technological hazards can have very long lasting non-natural effects (e.g. oil spills and nuclear fallout). The focus of this report lies on representing the natural and technological hazards in administrative regions, on NUTS3 level, of the ESPON space. Since all of the EU 27+2 regions are populated and bear human assets, all natural and technological phenomena that can be hazardous to human life, properties, and the nature are defined as hazards.

**Policy recommendations**

I. Guiding principles:

1. Risk management should be made an integral and explicit part of EU cohesion policy. This calls for better coordination of policy measures at all spatial scales.

2. Both substantive goals and procedural rules related to vulnerability reduction and risk mitigation could be integrated into policies and programmes

II. EU-level instruments

3. As an addition to existing Structural Fund criteria, coordination of the use of Structural Funds for risk management, by e.g. using criteria relevant to risk and vulnerability to identify a region as eligible to funding through the Structural Fund objectives

4. Ensure the effective implementation of the strategic environmental assessment (SEA) directive. Integrate risk mitigation principles for planning into its implementation (in countries where not yet implemented)

III. Meso-level (national, transnational co-operation, Interreg)

5. National authorities should recognize the upgraded status of risk mitigation in the remodelled cohesion policy for the period 2007-2013 and include principles of vulnerability reduction and risk mitigation in the programme guidelines. Programme guidelines can be changed to this direction already prior to 2007.

6. The implementation of the Strategic Environmental Assessment directive (2001/42/EC) should be ensured by member states, preferably in a uniform fashion across Europe, broadening the scope of all plans and programmes with potential effects on risk and vulnerability. The dimension of safety impact assessment should be integrated with other impact assessment methods.

7. Enhance the use of the Water Framework Directive (2000/60/EC) for integrating land use planning and water resources management in support of risk management (not only water quality) purposes, to make use of potential synergies of the Water Framework Directive and of flood risk management plans as elements of integrated river basin management; as mentioned in the Council Conclusions of October 2004.

### Project 2.1.4 "TERRITORIAL TRENDS OF ENERGY SERVICES AND NETWORKS AND TERRITORIAL IMPACT OF EU POLICY"

#### Main findings

The project argues, that

- There is a severe lack of statistical data on energy sector; particular absence of reliable and consistent statistical data under NUTS 0 level. Therefore, there is little evidence and research of the effects of energy on development.
- Anyway energy achievements represent key phenomena in economic development.
- Regions that "export" energy may have in this activity an important source of income, although in most cases, mainly in cases of nuclear, oil, hydro-electricity or wind or solar energy, the revenue for producing regions may be extremely weak in as much as these facilities are owned by non-residents in the region.
- An exception must be emphasized for biomass renewable energy sources.
- Fiscal policy can be used as a way to provide producing regions of a share of the generated income, avoiding the "off-shore" effect that energy infrastructures seem to have regarding the neighbouring territories.
- In average, energy has not an important weight in production costs of industry.
- Large disparities exist on energy consumption between European countries with a major contrast between EU 15 countries (0.14 toe per 1000 € of GDP) and New Member States (0.42 toe per 1000 € of GDP).
- Economic development is associated to a decrease in energy intensity.

- Energy intensity shows a clear decreasing trend. Transport shows the most significant growth of energy consumption between 1995 and 2002.
- Most countries have reduced their dependence on fossil fuels since 1995. Oil is the most significant energy source in EU 15, while in the New Member States the energy consumption is more differentiated among sources.
- There is no clear relation between energy self–sufficiency and development.
- Households' energy consumption seems to have a major determinant: the wealth level.
- Although climatic conditions have a visible influence, there is a clear and linear relation between domestic and tertiary per capita energy consumption and GDP per capita.
- In Europe, there are heavy differences in energy prices between industry and household uses.
- Prices seem not to discriminate between levels of energy consumption. Smooth prices variations seem not to have any impact on households' energy consumption.
- Industry electricity consumption seems to be more responsive to energy prices
- Energy market opening is a major component of European energy policy but it is far from being completed.
- Energy market opening has associated a decrease in energy prices either for households or for industry.
- It seems that a trend for increased energy price disparities among countries in what concerns the industrial sector do exist, although in a context of price decrease.
- Most of the energy policy measures will impact territorial development through energy prices variation.
- There is a significant but small impact of energy prices on economic growth: the analyses point to an elasticity of GDP to energy prices of about 0.02 or 0.03.

**Policy recommendations**

Recommendations put forward include:

- Availability of statistical data

Difficulties of adequate statistical data are reported along the study. To carry out research in order to understand the main problems concerned, complete data bases with adequate desegregation have to be available. The existing public data bases have to be improved.

- Local energy agencies

The movement towards the creation of such agencies at local level must be encouraged. Their vocation is to disseminate information on rational use of energy, thus contributing to the efficiency of the energy system. Local energy agencies can be key players on the promotion of rational use of energy in industry and buildings, along with the promotion of renewable local sources of energy promotion.

- Local versus national policies

The policies concerned with the energy sector and its impact on the economic activities and on the welfare of the populations are for the most part nationally formulated rather than regionally formulated. The distinction between these two levels is of the utmost importance for policy formulation. The price policy is national based while the incentives for bio fuels crops must be more regional based.

- Renewable energy development

Renewable energy by its decentralized nature can have a very positive impact on local job creation and revenue generation. The target for electricity production from renewable sources must be achieved in 2010. Fighting Green House Gases emissions and the high dependency on oil in almost all the countries considered both call for an active strategy on renewables development at local level. Local impacts of energy policy are only clearly visible in the promotion of renewable sources, providing local income, entrepreneurship and employment opportunities. Thus the strategy for the promotion of renewable can be of high importance in the creation of conditions for a polycentric Europe.

- Flexibility in price policy

There are heavy differences of electricity prices for industry and for households at country level. In several countries the gap between prices for industry and for households is widening. However energy prices seem not relevant to explain either energy consumption or development differences between countries. These results are very important for pricing policy. Pricing policy can and must be used to generate financial resources to be diverted to areas such as: promotion of renewables, energy efficiency, and consumer's information policy.

- Promoting full costing of energy use

By full costing in this context we mean the internalization of externalities in the market price for energy products. Competitiveness of renewable sources compared with fossil sources will be easily achieved if the externalities of energy used are fully transferred to final prices. In fact energy obtained from fossil fuels has negative impacts on the environment such as CO2, NOx and SO2 emissions. On the contrary energy from renewable sources is emissions free. The valuation of the burdens caused in terms of impacts on human health and on economic activity is not an easy task but some research has been done in the past. Prices of energy must take into account the value of the negative externalities on the environment and on the human health. The low price elasticity of energy and the low level of energy costs in economic activity will cushion the impacts of such pricing policy. Only in a limited number of European regions these policy changes must be done with care in order to avoid major social and economic impacts. Transfer of resources from most advanced and less sensible regions to those more at risk to energy shocks could be used.

- Promote R&D on energy efficiency and use of renewables

Europe has considerable energy resources in renewable sources such as biomass, wind, hydro and solar. However there are presently technical limits to the extent in which renewables potential can be used. For instance the share of electricity produced from wind farms has an upper limit set by technical grid constrains. Overcoming theses limits is a key issue on the promotion of renewables and European energy self-reliance. This is particularly sensitive item for the energy production structure of islands and more remote regions to whom links with Trans-European grids are impossible or not cost effective.

- The need for an integrated approach to energy policy

So far, EU (and in many cases national policies as well) have been "piece meal" policies. Competitiveness, environment and local development could in most cases present conflicting objectives and perverse effects. This is very clear when looking at policy prices. Whilst low energy prices seem to be appealing to promote European competitiveness in global markets (and liberalization of markets has been the key policy to achieve lower prices) this clearly leads to higher levels of consumption and less incentive towards energy efficiency. At the present state of the technology and global markets, lower prices are an important boost for

increased demand for fossil and nuclear energy sources. Setting the right balance among competitiveness, environment and local development requires an integrated approach where these three objectives are considered together and the costs of present decisions on the medium run are accounted. TEN-E and liberalized markets are only sensible policy options if a strong regulation policy environment is set in order to reduce room for undesirable outcomes.

**Project 2.2.1 "TERRITORIAL EFFECTS OF STRUCTURAL FUNDS"**

## Main findings

The project assessed the territorial effects and potential spatial impact of the Structural Funds. The analysis addresses the spatial impacts of Structural Funds with a particular focus on polycentricity and territorial cohesion in Europe.

There are two main ways in which the Structural Funds may influence spatial development. Firstly, there is the potential inherent in the spatial nature of the funds themselves and there is the potential expressed in the area designation process. By deciding which areas are to be covered, by what types of interventions and by what intensity of intervention, a main channel of influence within spatial development is defined. In area designation the issue of territorial cohesion at both the macro and meso levels could be addressed. In theory, area designation could contribute to micro level issues as well, but an approach where Member States and national and regional programme stakeholders influence micro level priorities is probably more realistic. Instead of area designation specifically targeted to polycentric development, a horizontal approach to the issue seems more promising. Area designation paying attention to functional urban areas, e.g. not splitting those, would increase the possibility of contributing to polycentric development. Secondly, the form of intervention also influences spatial development. Some policy forms may have more explicit spatial impact than others. In general however, policy interventions may take two main forms: (1) Cushioning the adverse effects of investment or disinvestment decisions, and (2) Speeding up investment decisions. The effect in this sense is likely to be more significant in regions/countries where the national funding available targeted at strategically important infrastructure investments is scarce.

## Policy recommendations

*Explicit inclusion and operationalisation of polycentricity*

If one wishes to better integrate polycentricity into Structural Funds programming, the meso and micro levels (i.e. the individual programme levels) are the most efficient level through which the concept of polycentricity could be introduced. This relates both to the Structural Fund management system and the programme requirements. Within the programming process it is possible to stimulate national and regional partnerships to analyse their urban structures. The need to consider issues regarding the morphology and functions of urban areas can be included in the Structural Fund regulations for Objective 1 as well as in Objective 2 programmes. This may be implemented as part of the SWOT analyses. For this to be effective, a set of guidelines for the understanding of polycentricity is also necessary. The guidelines for the programmes should include an analysis of how the funds could best contribute to the 'development of a balanced functional region' or 'a balanced urban and regional system'.

*Area designation the key to polycentricity*

Thus far, the majority of funding has been targeted at monocentric rather than polycentric regions. Area designation thus seems to be one of the most feasible ways of addressing polycentricity. In area designation the issue of territorial cohesion at both the macro and meso levels, together with polycentric potentials should be addressed. Area designation paying

attention to functional urban areas, e.g. by not splitting them, can contribute to polycentric development.

*Policy sectors with relevance for polycentricity: infrastructure and functional specialization*

There are clear sectoral differences in respect of generating effects and impacts on polycentricity. The regions with high support intensity have been those most disadvantaged in accessibility terms, which seems to suggest that transport infrastructure is one of the sectors where impacts could potentially be found. In addition infrastructure (through influence on spatial positioning and accessibility), tourism and R&D have potential in addressing the spatial positioning and strengthening regional specialization. Here the existing policy toolkit of Structural Fund interventions seems to be sufficient and no direct polycentricity measure or priority is needed. An increased focus on infrastructure spending could be a viable option to promote polycentricity through Structural Funds. At the meso and macro levels in particular measures designed to support specialisation, the use of development potentials and national and international competitiveness, can also favour polycentric development.

*More focus on the effective utilization of resources through increased focus on governance effects*

In an environment of reduced funding in a number of areas, the need for effective management structures and procedures is particularly important in order to ensure that financing is used both effectively and efficiently.

The indirect effects and discursive power also become increasingly important. Already now, European regional policy has major impacts through indirect effects, i.e. by agenda setting and influencing debates on national regional policies. A more conscious strategy for promoting such indirect effects is required. Policy recommendations in this field include:

- Intensified policy discourse and supporting new thinking

For polycentric development to become a more explicit policy objective within the Structural Funds, there is a significant need for increased clarity over its meaning. There also needs to be a more distinct interpretation of polycentricity as regards different spatial scales. The micro and meso levels seemed particularly suited to promoting such new thinking and policy innovation, and it is here also that the micro level can see mobilization and empowerment effects among the citizens. Furthermore the merits of polycentric development need to be investigated in further empirical research.

- Supporting new thinking

For all three strands of future programmes, the Structural Funds could be used to promote the goals and concepts of European spatial development policies in less direct ways, such as by funding studies, evaluations and promoting new thinking in this area. Indeed the micro and meso levels seemed particularly suited to promoting such new thinking and policy innovation, and it is here also that the micro level can see mobilization and empowerment effects among the citizens.

- Leverage of national practice

Thus far no effective mechanism for linking the objectives of the Lisbon Agenda with EU regional policy has yet been found. One solution to this problem may be that of using the EU Structural and the Cohesion Funds as levers for national policies. In a similar way, as Objective 3 support has been linked to the adoption of national employment strategies, future Structural Fund support could also be linked to the adoption of explicit spatial development policies in each country. Through the national co-funding obligation, moreover, the Funds should be used to ensure that a portion of the national budgets be tied to the objectives of territorial cohesion, in a similar way as in the past they have contributed to preserving the

allocation of national resources to regional development, against competing priorities (especially in periods of austerity).

- Promoting trans-national links

Territorial cohesion and polycentricity comprise morphological aspects as well as the flows between various centres. The current Structural Funds programmes may contribute to the support of material and non-material flows between and within regions by increasing their economic competitiveness and accessibility. Interaction between centres showing related profiles, such as potential co-operation partners, is however mainly limited to activities under Interreg. Currently, Interreg is the only EU instrument promoting co-operation. Fostering cooperation between centres with similar development profiles across Europe in the context of the Structural Funds may support polycentric development.

**Project 2.2.2 "THE TERRITORIAL EFFECTS OF THE APPLICATION OF THE EU "ACQUIS" AND COMMUNITY POLICIES AND PRE-ACCESSION AID AND PHARE"**

This project has conducted a comparative territorial analysis of the national instruments of structural policy in the new Member States, who joined the EU in 2004, and the Candidate Countries, Bulgaria and Romania. Also the non-EU members Norway and Switzerland were to be included in the respective analyses as far as relevant and possible. The analyses aimed at territorial impact assessments of structural measures in these countries in order to improve the understanding of the relation between pre-accession aid respectively Structural Funds and spatial developments in European regions. In order to gain such knowledge different related policy instruments, including not only pre-accession aid and Structural Funds but also sector policies, national regional policies etc. have been reviewed.

**Policy recommendations**

The analyses have stressed the limited explicit links between EU structural policies and spatial objectives. In order to address such objectives more clearly, SF regulations should stipulate how programmes are expected to address territorial development goals. For instance, the objective of territorial cohesion could become a mainstreamed element of SF programmes. At the same time the mostly rather globally formulated goals need specification and clarification to avoid varying or even conflicting definitions.

A particular strength of the SF and pre-accession aid is their capacity to draw together a wide range of policy actors and actions, which should be preserved. This does not only concern the wide scope of activities covered by these measures but also their broad spatial coverage. Nevertheless, this also bears the danger of unfocussed and then inefficient allocation of resources. Hence, policy makers should be aware of these pro and cons of the structural instruments.

Despite the achievements of building institutional capacity by means of preaccession aid, still, institutional bottlenecks limited full optimal utilisation of pre-accession aid programmes and thus potential impacts on territorial developments. Accordingly, institution building should remain a focus for SF in the new Member States and especially for pre-accession aid in the Candidate Countries, not only on national but also on regional level. This will also help to increase absorption capacity of the new Member States and their regions.

For effective and efficient use of pre-accession aid and SF also regulations and management should not be overly cumbersome. However, in their current form, SF and pre-accession aid are frequently criticised for being overly complicated. Hence, simplification and streamlining of regulations could free up time and resources, which appears to be particularly important for weaker regions.

Analysis of the SF alongside other EU programmes reveals a wide range of links between them. While these policies can be complementary, there is also potential for overlaps or even conflicts. This the more, as sector policies often reveal strong territorial dimensions. To overcome such controversial interventions, improved mechanisms for exchange and coordination between policies are necessary.

Research revealed that one-sided interventions or interventions not adapted to the regional situation hardly reveal impacts on territorial developments. Therefore, for each region or type of region a coordinated strategy of interventions needs to be developed, which simultaneously addresses the main regional bottlenecks respectively potentials. However, to arrive at such intervention strategies, it is necessary to conduct in depth analysis on the lowest possible and reasonable territorial level.

**Project 2.4.2 "INTEGRATED TERRITORIAL ANALYSES BASED ON ESPON RESULTS"**

## Main findings

Given the scope of ESPON project fields and available indicators, the eight basic thematic fields of the RCE (i.e. economy, Lisbon performance, labour market, demography, naturalness, natural hazards, technological hazards, accessibility), set up through a combination of empirical analysis and expert judgement, have been largely confirmed by multivariate statistical analysis. The results of the factor analysis suggest that accessibility is the most important latent factor of the set of 30 indicators, followed by factors such as natural hazards, economic growth or labour market. The specific importance of accessibility related aspects for the respective regional situation is also confirmed by results of the meso and micro analyses (see below).

Having accessibility to vital and crucial transport infrastructure gives an advantage from an economical, political, geographical and educational point of view. It is mainly peripheral regions that lay in the range of GDP per capita in PPS below 75 % EU 25 (although some peripheral regions are doing quite well in economic terms whereas others (mainly East-German regions) are underperforming despite of their relatively central location and good accessibility). Some of the important European agglomeration areas seem to be not yet sufficiently interlinked, e.g. the East-West linkage of Poland. The connection of these areas could be one of the focuses of the improvement of the transport network.

Deficits in the Lisbon orientation are often accompanied by a single functional orientation of a higher importance of the FUAs which is limited mainly to university, supplemented sometimes (in the capital cities in the eastern EU and the candidate countries) by administrative functions only.

Not one of the FUAs and MEGAs east of the Pentagon border from Hamburg to Munich has major economic decision-making functions of national or continental importance. These are concentrated mainly in the centres of the former EU 15.

Mono-orientation of the FUAs and labour market problems - could lead to the conclusion that these regions suffer from not utilised regional potentials or inadequate labour market conditions for the existing endogenous potential. These regions are expected to turn into knowledge-exporting regions (welleducated in the region without adequate job opportunities).

Strong MEGAs are generally found in regions with low unemployment rates compared to the average. Potential MEGAs are situated mainly outside regions with population losses. The relationship between population development and the orientation of the labour market becomes quite obvious in the analysis. Territorial hot spots of fragile combinations of the different aspects including the classification of the MEGAs in the related area are the Länder

Sachsen-Anhalt and Sachsen in Germany, the Czech region Moravskoslezsko and especially the Polish regions Dolnoslaskie, Slaskie, Swietokrzyskie and Lubelskie.

Below average accessible and mainly rural areas are dominated by weak MEGAs.

Interesting result of this analysis is the fact, that the most endangered hazard regions are the less natural ones. The regions with low natural asset and high hazard potential are the economic strongest. The commonly found combination of low naturalness, high hazard potentials and intensive agricultural production indicate regions which agricultural basis of economy is potential highly threatened by hazards in this region.

The MCA (multicriteria analyses) ranking by and large confirms these findings. The MCA shows a significant homogeneity within the single EU nation states. This means that regions of one country have a very limited range of overall performance. In other words the relative position of a region seems strongly to be determined by its national context. However, the ranking also reflects national divides which come as burdens in respect of cohesion to the singlemember state (e.g. Germany and Italy). The relative dominance of Luxembourg, Switzerland, Great Britain, Holland and Austria does not really come as a surprise but underpins general findings in other contexts of ESPON. The end of the ranking does not offer any surprises either – with the candidate countries Romanian and Bulgarian regions strongly represented.

The relative distance in terms of regions "lagging behind" between the new member states (e.g. Hungary, Czech Republic, Poland) and the old member states which have been classified accordingly (e.g. Greece, Spain, Portugal) does not seem to be very significant. A possible conclusion could be that this might be an alarming sign for more than a decade of structural funds spending in these regions which did not apparently achieve their goal in respect of strengthening territorial cohesion. Nevertheless, for some examples this effect seems to be visible – e.g. for Ireland and some regions in Spain.

### 2.1.7 Information on ongoing ESPON projects

The twelve projects indicated below were ongoing in 2005 (thirteen including the Fishery project financed under the Partner State budget) and at different stages in their implementation process. Six new projects were selected in two selection rounds (7 and 8). During 2005, seventeen Interim Reports were received and assessed. All reports can be consulted on the ESPON website.

| Round | Priority | Project N° | Title | Abbreviation |
|---|---|---|---|---|
| 6 | 1 | 1.3.3 | Role and spatial effects of cultural heritage and identity | Cultural heritage |
| 7 | 1 | 1.4.1 | The role of small and medium sized towns | Small & Medium Cities |
| 8 | 1 | 1.4.2 | Social aspects of EU territorial development | Social Dimension |
| 5 | 2 | 2.1.5[(6)] | Territorial impact of European Fisheries Policy | Fisheries |
| 5 | 2 | 2.3.1 | Application and effects of the ESDP in Member | ESDP impacts |

[6] This project is financed exclusively under the Partner State Budget.

| Round | Priority | Project N° | Title | Abbreviation |
|---|---|---|---|---|
| | | | States ESDP Impact | |
| 5 | 2 | 2.3.2 | Governance of territorial and urban policies from EU to local level | Governance |
| 8 | 2 | 2.4.1 | Territorial trends in environment and impact of EU Environment Policy | Environment |
| 1 | 3 | 3.1[7] | Integrated tools for the European spatial development | Coordination & Tools |
| 4 | 3 | 3.2 | Spatial scenarios and orientations | Scenarios |
| 5 | 3 | 3.3 | Territorial dimension of the Lisbon / Gothenburg process | Lisbon strategy |
| 6 | 3 | 3.4.1 | Europe in the World | Europe in the World |
| 7 | 3 | 3.4.2 | Territorial Impacts of EU Economic Policies and Location of Economic Activities | Economy |
| 7 | 3 | 3.4.3 | The modifiable areas unit problem (MAUP) | MAUP |

**Project 1.2.3 "IDENTIFICATION OF SPATIALLY RELEVANT ASPECTS OF THE INFORMATION SOCIETY"**

## Main preliminary findings and expected deliveries.

The development of Information and Communication Technologies (ICTs) and the liberalisation of the telecom sector have given a growing number of people the possibility to access to all type of information and also have contributed to promote the communication among citizens, businesses and public administrations, removing the constraints of time, place and distance, making the world a "global village"[8]. Therefore, this technological development is a key for the development of a knowledge based economy[9] in which the information can be transmitted and be accessible by all within a "global network" – The Information Society. This concept embodies not only the technological issues (develop ICTs); but should also take into account socio-economic considerations and its contribution to new forms of territorial organisation. This project is about the further development and deepening of the findings of the ESPON project on telecommunication services and networks, precisely from this angle.

The general objective of this project is to characterize the information society from a territorial perspective and analyse its territorial aspects at macro, meso and micro level. In spatial terms special attention will be given to the unequal provision of and access to ICTs in Europe and in social and economic terms to the unequal access and ability to use ICTs and the Internet among different economic activities and socio-economic groups. The research shall put into evidence both the decentralised and centralised territorial effects of the information

[7] Only in relation to the delivery of the ESPON Atlas foresee for the end of 2006.

[8] Marshall MacLuahan.

[9] Information *per se* is not desirable, it should lead to Knowledge, which is information contextualized and understood.

society at short-term and mid-term/long-term perspective and relate it with the goals and policy options defined in the ESDP. The project covers rural and peripheral areas of the European Union, areas where the information society could be an important step towards their development, and the role of the information society in the development of urban-rural functional relations.

The underlying objective is to assess the possible contribution of the information society to balanced spatial development, territorial cohesion and "polycentricity". For this, the project will consider two interdependent and complementary "components" that mutually affect one another and are relevant to improve the understanding of the spatial dimension of the Information Society. The first one is related with the technological component or the "physical" infrastructure of the Information Society: it represents "the state of technology". In respect with this, the project will build upon ESPON Project 1.2.2 – Telecommunication Services and Networks: Territorial Trends and Basic Supply of Infrastructure for Territorial Cohesion which developed a full analysis on ICTs in terms of availability and penetration, at different territorial levels and by economic sectors. It will in particular take into account the "territorialities of technologies" for the development of the project. The second component regards the "content" of the Information Society, which comprehends information (available through ICTs), communication (levels of interactions: information, one-way interaction) and users (who are able to transform information into knowledge).

An integrated analysis of both types of "components" will permit to understand the territorial aspects of the information society and assess whether the ICTs and initiatives on information society are making space more even and promoting a balanced and sustainable development of the territory of the EU or are exacerbating disparities between regions, both inside and across countries. Within its ten month duration, the project is expected to define concepts and to find appropriate territorial indicators, typologies and instruments as well as methodologies to identify trends with special reference to regions (preferably below NUTS 2) concerning the development of the information society and taking into account typologies developed by other ESPON projects (on polycentrism, urban-rural relationship, transport trends and R&D impact). Therefore, the project should be sustained by empirical, statistical and/or data analysis. Not all indicators available in different sources will be used, instead, the project will take an inductive hypothesis approach to indicators definition.

The main expected deliveries will be:

- the provision of a review of the scientific literature on the research issue;
- the provision of an operational concept of Information Society building upon existing research which is practicable and measurable at different levels (macro, meso and micro) and the diversity of the European territory regarding the use of ICTs and which encapsulates the European orientations on this subject. (Regarding this point indicators and map-making methods will be gathered and proposed to measure and to display the state and trends of the development of the information society. Special attention will be given existing European studies as the basis for the development and identification of an operational common platform and a methodology for approaching the territorial dimension of the information society.)
- the definition of typology of areas (preferably at NUTS 3 or 2 level) regarding the incorporation or development of the information society taking into account the concept previously defined;
- the analysis of the effects that the information society has on spatial development, and in particular its potential for strengthening territorial cohesion especially with regard to FUA's, rural and geographically handicapped areas;

- the assessment of the contribution of the Information Society to the relocation of economic activities (industry and services) and households, as well as to its impact on transport demand and traffic congestion including the unintended and unforeseen effects;
- the identification of a possible correlation between e-initiatives, traditional indicators on regional competitiveness and contextual factors such as age structure and educational attainment and
- the definition of policy recommendations taking into account the three level approach in order to overcome traditional disadvantages deriving from remoteness and distance and enhance and support the sustainable introduction and use of ICT and ISTs.

At this moment, it is relevant to assess the main impacts of the emergence of the Information Society on the European territorial structure, focusing the approach on the ESDP key policy development principles and assess the effectiveness of the cohesion policies to provide for a balanced and harmonious European territory. The territorial aspects of the Information Society need to be explored through an integrated approach in order to formulate adequate policy recommendations – both at EU- and national level.

The main intention is to assess where and to what degree ICT can be used as an instrument for strengthening territorial cohesion in particular with regard to FUA's, rural and geographically handicapped areas. The basis for this will be the cross analysis of results from the 1.2.2 project (Telecommunication Services and Networks: Territorial Trends and Basic Supply of Infrastructure for Territorial Cohesion) with results and typologies of other ESPON projects such as 1.1.1 (polycentrism), 1.1.2 (urban-rural relationship), 1.2.1 (transport trends), 2.1.1 (transport impact) and/ or 2.1.2. (R&D impact)

The recommendations will on the one hand focus on options that can support existing positive development, and on the other hand, options for assisting territories in decline in opposing negative development trends. Also, the fact that many initiatives may have more importance at regional and local level than at a national or even European level, will be taken into consideration since they might put in evidence conditions for local competitiveness of peripheral regions.

In order to ensure continuity to existing research, analyses and policy development linked to the information society, other European projects on this subject (such as BISER, SIBIS, JANUS, UNDERSTAND, SPECTRE), the orientations produced at a European level (Bangemann Report, White and Green Papers, eEurope Action Plans), and more general documents resulted from the World Summit on the Information Society (the Declaration of Principles and the Plan of Action) should be taken into consideration.

**Composition of the Transnational Project Group**

**Lead Partner: Centre for European Regional and Local Studies, Warsaw University (EUROREG), POLAND**

- Department of Social Geography and Regional Development, Faculty of Science DSGRD-UP, Charles University in Prague, CZECH REPUBLIC
- Karelian Institute (SKK), University of Joensuu (UJOE), FINLAND
- Institute for Regional Development and Structural Planning (IRS), GERMANY
- Department of Planning and Regional Development (DPRD), University of Thessaly, GREECE
- Institute of Economics (IE-HAS), Academy of Sciences, HUNGARY

- Centre for International Studies on Economic Growth (CEIS), University of Rome 'Tor Vergata', ITALY

**Project 1.4.1 "THE ROLE OF SMALL AND MEDIUM SIZED TOWNS"**

**Main preliminary findings and expected deliveries.**

All ESPON projects deal with aspects, which to various degrees have a determining impact on quality of life and future prosperity in small and medium sized towns. However, the knowledge of the role of small and medium sized towns needs to be explored more extensively in order to formulate adequate policy recommendations – both at EU- and national level, which on one hand can support existing positive development and on the other hand can assist small and medium sized towns in decline in diverting present negative development trends.

The one year study is expected to provide first insights in the role small and medium sized cities have in spatial development at various geographical levels and in various types of territories. The main result expected is a contribution to the development of projects for future applied research in the field. The geographical focus of the study is on the so called ESPON space, which covers EU 25 plus Bulgaria, Romania, Norway and Switzerland.

It is important to clarify the diversity of roles played locally by small and medium sized towns. Many of them may seem insignificant at a European or even at a national level, whereas at regional and local level they may be of reasonably significant importance, as is the case of main towns being decision centres on islands or in more remote or peripheral areas.

There is a need for clarification and differentiation of their role in various contexts, for example in relation to distances to larger cities or agglomerations, in relation to infrastructure (like broadband connections and related costs), in relation to conditions for competitive abilities related to various business sectors, in relation to various geo-morphological "handicaps" like isolated position on islands, in mountainous areas or in peripheral or outermost regions. It is equally important to get a first impression of how small and medium sized towns related to the developed ESPON typologies. Questions such as which relationships are there between e.g. territorial location, size and age profile of population, characteristics of the local workforce and educations standard, etc. and various ESPON typologies such as the. FUAs will support the project. A series of hypothesises will be formulated on basis of the various typologies and they will be tested to see if they are true or not or in need for more knowledge, before questions can be answered reasonably satisfactorily.

The ESPON study will build on developed ESPON knowledge and take as starting point project 1.1.1 – polycentrism, project 1.1.2 – urban-rural relationship, project 1.1.3 – enlargement, and project 1.1.4 demography. However, findings from other ESPON projects such as those on transportation, telecommunication or energy will be considered.

Expected deliveries for this study are:

- a European wide definition of "Small and Medium Sized Towns" (Small and medium sized towns are characterised both by their size and their specific functions in a territory. As the size of towns and cities varies throughout Europe, a definition of small and medium sized towns cannot be solely based on their demographic mass, or at least the definition of minimum and maximum numbers of inhabitants needs to be adjusted for each country. However, the presence and/or absence of specific functions, as well as the place in the national urban system/hierarchy are much more likely to constitute a suitable indicator for the definition of small and medium sized towns.)

- an analysis of the role of Small and Medium Sized Towns in Spatial Development and the possible contribution of small and medium sized towns to balanced spatial development, territorial cohesion, polycentricity and rural-urban partnership. (The role played by SMSTs in spatial development will be contextually analysed. It might differ regarding the geographical context of a town (being linked with a big city or part of a functional cluster of towns or the only town in a region), the economic performance, the function and size a town has or other aspects such as accessibility or socio-economic specialisation in a certain sector.) For this analysis of roles, the 3-Level-Approach developed by ESPON will be applied, i.e. the analysis differentiates roles in spatial development regarding (a) regional, (b) national / trans-national, and (c) European context.) The main hypothesises will be identified and assessed when analysing the role of small and medium sized cities. The analysis is based on literature studies as well as on case studies and possibly statistical and spatial analysis reflecting the European diversity in the field. The analysis also pays attention to existing spatial typologies and assess whether the role of cities differs in different types of areas. Typologies provided by other ESPON projects will be taken into account, such as functional urban areas, rural-urban distinction, accessibility etc. Furthermore, typologies widely used in the field of European spatial policies should be employed, such as mountain areas, island, coastal areas, areas eligible for different types of Structural Funds support etc.
- a typology of areas regarding Small and Medium Sized Towns (The project will investigate the development of a typology based on definitions and functions preferably at NUTS 3 or 2 level and to provide spatial and statistical analysis and maps on this.)
- an analysis of specific potentials and challenges of Small and Medium Sized Towns (These will be identified and discussed in relation to (a) existing spatial typologies, (b) the 3-Level-Approach, and (c) European diversity. The analysis will be based on literature studies as well as on case studies and possibly statistical and spatial analysis. The main question is which are the specific territorial capitals of small and medium sized cities and what are the main hampering factors for exploiting these. It will also address development dynamics and the specific role of small and medium sized cities linking up with bigger cities or of several small and medium sized cities cooperating in order to improve their critical mass.)
- recommendations for further research **(**Proposals for future policy-relevant research regarding the role of small and medium sized town in spatial development will be drawn up.)
- tentative policy recommendations **(**These should stimulate the debate on proactive policies for positive territorial development of small and medium sized towns in order to first and foremost counter balance the demographic trends towards depopulation and secondly to contribute to a balanced territorial development with a satisfactory accessibility, to secure and maintain nature and cultural values and heritage and quality of life.)

**Composition of the Transnational Project Group**

**Lead Partner: Austrian Institute for Regional Studies and Spatial Planning (ÖIR), AUSTRIA**

- University of Tours, Laboratoire CITERES, FRANCE

- Federal Office for Building and Regional Planning (BBR), GERMANY
- Nomisma, ITALY
- NORDREGIO, Nordic Centre for Spatial Development, SWEDEN

**Project 3.4.2 "TERRITORIAL IMPACTS OF EU ECONOMIC POLICIES AND LOCATION OF ECONOMIC ACTIVITIES"**

**Main preliminary findings and expected deliveries.**

The common market was created in order to increase competition in the EU, which should raise efficiency in the economic production and as a result create consumer's and worker's benefits by lower market prices and higher demands for production/services. The common market rules defined at the EU level (such as free movement of goods, capital and persons, breaking of national monopolies (such as energy, water, postal services and opening of public tendering to the whole EU a.s.o.) may result in territorially diverse effects. Concurrently, national, regional and local authorities make efforts to attract the location of companies and activities by a range of measures. On the national level, measures such as taxation policy, monetary policy implying regional and sector incentives, public investment in R&D, transport infrastructures, and other framework conditions play a relevant role in the choice of the location of companies/activities.

Using as starting point, these two approaches and based on findings from a selected number of case studies covering both the national, regional and local perspective, the project shall develop further and deepen the understanding of the economic dimension of European spatial development. In order to achieve this, this one year project will (1) identify the spatial pattern of company/investment locations and the factors influencing these patterns and (2) consider, from a policy perspective, the key measures having impact on these patterns. The policy perspective will address both measures undertaken at EU level in terms of defining the overall conditions of the internal market and the conditions created by national, regional and local actors in order to attract companies/investments to a particular location. Based on this multilevel approach, the project will integrate its findings in order to characterise the territorial diversity and dynamics within Europe, elaborate hypothesis regarding the territorial impacts of EU economic policies and location of economic activities in Europe and formulate policy recommendations in support of territorial cohesion.

The leading research questions will cover:

- Trends and dynamics in territorial dimension of economic development including measuring regional economic development as an aggregate, location of companies and investments and economic potentials of different types of regions and FUA's
- Impact of economic policy on territorial development covering EU economic policies (in close coordination with project 3.3/Lisbon-Gothenburg strategy) and national, regional and local economic policies
- Combined territorial effects of economic trends and policy impacts
- Policy recommendations which will be developed in close coordination with project 3.3/Lisbon and project 2.3.1/ESDP application. It is expected to clarify issues on the effect on territorial development of the Lisbon/Gothenburg agenda, and in particular to what extent does increased competition in the EU have an effect on the territorial development; which are the regions most benefiting and most suffering from this approach; how is the ESDP addressing the important aspects relevant for the regional economic development…

**Composition of the Transnational Project Group**

**Lead Partner: Institut de Gestion de l'environnement et d'aménagement du territoire (IGEAT), Free University of Brussels, BELGIUM**

- Université Libre de Bruxelles, Department of applied economics (DULBEA), BELGIUM
- Department of Economics, Financial Studies and Quantitative Methods (SEFeMEQ), ITALY
- Centre for European and Local Studies, EUROREG, POLAND
- Centre for Regional Science, CERUM, University of Umeå, SWEDEN
- NORDREGIO, Nordic Centre for Spatial Development, SWEDEN
- Faculty of Economics, University of Rennes 1, FRANCE

**Project 3.4.3 "THE MODIFIABLE AREAS UNIT PROBLEM (MAUP)"**

**Main preliminary findings and expected deliveries.**

Currently all ESPON project are asked to carry out their spatial analysis at NUTS 3 level. However, first results have raised the question as to whether this is the most appropriate approach for spatial analysis. Indeed, it is sometimes impossible to find a proper mixture of analytical units which insure the comparability of territorial division in different countries. The Modifiable Areas Unit Problem (MAUP) has been recognised since the 1970s. The cartographical pattern of spatial distribution of variables or the level of correlation between two variables distributed in space can be completely modified according to the level of aggregation of spatial units or more generally the spatial grid used for collecting and presenting spatial information. The MAUP has very deep consequences, form theoretical, methodological and practical points of view and is a major challenge when using spatial information for statistical or cartographical purposes.

This has also been experienced within the SPESP (Study Programme on European Spatial Planning) and the ESPON. In both the work with NUTS 3 and 2 levels has been criticised by many researchers who prefer to use a combination of NUTS 2 and 3 levels in order to achieve a better homogeneity of surfaces and population or even approach not at all related to NUTS. In addition also other possibilities related to functional regions, travel to work areas etc. have been considered at various occasions. Indeed, within the work of spatial integration (action 1.4) under the SPESP and the ESPON 3.1 (and also 1.2.1) project, different solutions for the delineation of areas have been discussed.

In order to assess MAUP and the implications of possible solutions for future ESPON research, this study will investigate possible solutions and their implications on research findings, policy recommendations and the dialogue with practitioners bearing in mind that a proposed methodology needs to serve both the purpose of spatial analysis and application through existing institutional settings. Furthermore, it will focus on the specificities of the geographical area to be covered by the research, which is EU25 plus Bulgaria, Romania, Norway and Switzerland.

The aim of the study is thus to provide input for improving the spatial analysis in current ESPON studies and future research in the field. With regard to this, the key issue for the study is the assessment of the possible policy acceptance of an improved spatial analysis. ESPON maps are an important element in the dialogue with policy-makers at European and national level and within various sectors addressed by ESPON. Therefore it is important that the

format in which ESPON maps are presented is understood and accepted by these policy-makers.

The project will provide:

- different approaches for overcoming the MAUP challenge (The first step of the study will be to identify and present different solutions for overcoming MAUP. This should include the mixing of NUTS 2 and NUTS 3 levels as well as other possible approaches such as the use of functional areas, local labour market areas, grid net data and/or localised information (e.g. residences or places of work). Each approach will be described and analysed according to its possibilities and limits (advantages and disadvantages) for achieving a better comparability between countries constituting the ESPON space.)
- a new map collection (Ten to 15 existing ESPON maps will be reworked for each of the viable alternatives identified in the first step of the project. Giving special attention to maps which are important means for communication with other policy sectors.)
- reflection on the implications on findings and policy messages **(**A thorough assessment of the differences in findings and policy messages deriving from the various approaches needs to be provided based. This implies an interpretation of the "old" and "new" maps and the differences between them.)
- an assessment of implications for policy dialogue and acceptance by stakeholders (The main challenge of ESPON is to communicate research findings to practitioners and policy-makers in various sectors. Thus the implications of policy dialogues and the acceptance of new types of maps need to be tested and assessed. For this a series of maps from the new map collection will be selected in co-operation with the ESPON CU and tested according to their readability and acceptance by policy-makers in various policy fields. The policy fields to be covered are at least regional policy, transportation policy, telecommunication policy, research and development policy, common agricultural policy. The focus will be on European level policy makers but to a certain extent will also involve national policy makers. The assessment will lead to recommendations on the approach to be used in future ESPON projects.
- a resume on the methodologies and recommendations for future ESPON projects (A resume on the MAUP problem summing up the main advantages and disadvantages and the limits of the new methodology, providing possible solutions and implications will enable to make recommendations for future use in ESPON projects. The study team will seek contact and co-operation with other relevant actors in the field, such as Eurostat, EEA, JRC and the INSPIRE programme. )

**Composition of the Transnational Project Group**

**Lead Partner: Université Paris 7 - UMS 2414 RIATE (CNRS DATAR Université Paris 7), FRANCE**

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- The National Centre for Geocomputation, National University of Ireland, IRELAND
- University of Umeå, SMC, SWEDEN

**Project 1.4.2 "SOCIAL ASPECTS OF EU TERRITORIAL DEVELOPMENT"**

**Main preliminary findings and expected deliveries.**

Territory not only points to places but also to the people who live in it, with their way of organizing themselves in societies. Accordingly, territory includes space and society, the latter being focused on the relationship between people and their participation in social institutions and organization and the place they live in. From that point of view the concept of social cohesion, already present in European policies, can be linked to a territorial dimension. The Cohesion Report states that the promotion of social cohesion requires the reduction of the disparities which arise from unequal access to employment opportunities and the rewards in the form of income. Such inequalities tend to have serious social consequences through the marginalization of sections of society such as the long term unemployed, young unemployed and the poor. The document "Strategy for Social Cohesion", approved by the Committee of Ministers in July 2000 sets out the Council of Europe's understanding of the term "social cohesion" and identifies five main areas of social exclusion: housing, health, education and training, employment and income distribution and social services.

Project 1.4.2 has the scope to be a preparatory study which shall explore the main elements and prepare for a major ESPON research project to be financed in the next programming period. Started at the end of 2005 and with a duration of only six months, it intends to provide sufficient information and guidance on how to identify the existence of regional disparities (situation and trends) in particular with reference to income and employment at Nuts 3 level (minimum requirement), as well as on how to identify the territories most negatively and most positively affected by acknowledged trends. In particular, for each of the main areas mentioned above, the project will identify a key set of relevant indicators, check the availability of data and test the quality and comparability of datasets and make proposal to on how eventually complete the datasets. Taking into account the main typologies identified by the existing ESPON projects, it will identify a series of relevant cases studies in order to provide examples in the form of case studies on how to measure and display the state and trends in the "social dimension" and how to identify major difficulties (data availability) and clearly indicate research limits (NUTS level, etc.).

**Composition of the Transnational Project Group**

**Lead Partner: Austrian Institute for Regional Studies and Spatial Planning (ÖIR), AUSTRIA**

- Metropolitan Research Institute (MRI), HUNGARY
- Centro de Estudos Geográficos, PORTUGAL
- NORDREGIO, Nordic Centre for Spatial Development, SWEDEN

**Project 2.4.1 "TERRITORIAL TRENDS IN ENVIRONMENT AND IMPACT OF EU ENVIRONMENT POLICY"**

**Main preliminary findings and expected deliveries.**

The aim of this ESPON project is to prepare better knowledge on environmental issues and trends, as well as impacts of EU Environmental Policy in relation to the development of the European territory. The project shall prepare for a better understanding and integration of the environmental dimension as part of a sustainable territorial development. In this respect, the project shall deepen the understanding of the potential contribution of environmental factors to the competitiveness of territories and to the territorial capital of individual regions. In line

with the idea that all ESPON future applied research has to build on existing research and sources of information, the project shall therefore include reviews on scientific progress made on relevant findings and methodologies as well as on existing data. It will take a broad perspective to environmental elements and the policy areas being processed as part of EU Environmental Policy. Based on this broad approach, the project will narrow in on the most relevant issues and policy areas relevant for territorial development, contributing thus to targeting future applied research projects crossing territorial and environmental concerns and potentials.

The project of a ten month duration will include 3 main elements:

(1) Presentation of territorial trends, situations and structures at European scale in relation to the main environmental issues of relevance for the development of regions and larger territories. The presentation should rely on a review of existing literature related to environmental trends and policies at EU level and be based on existing sources and geo-referenced data, indicators and information systems. It should display the state of existing environmental knowledge relevant for territorial analysis, as far as possible presented on European maps.

(2) Proposals on feasible Territorial Impact Assessments (TIA) of EU Environmental Policy based on a test (case studies) related to 3 major elements of European environmental policy, such as habitats, biodiversity, air quality and water management. The model for TIA conceived for the 3 cases should take into account relevant policy assessment tools at European level as well as the experiences gained carrying through territorial assessments of EU sectoral policies by other ESPON projects.

(3) Recommendations and proposals on future applied research projects linked to environmental trends and EU Environmental Policy that can foster the integration of environmental concerns into territorial development strategies at different scales (European, transnational/national, regional/local scale). Improvement of knowledge on regional diversities of the European territory shall therefore be reflected in the proposals.

The geography covered by the project includes EU 25 plus Bulgaria, Romania, Norway and Switzerland.

**Composition of the Transnational Project Group**

**Lead Partner: Geological Survey of Finland (GTK), SWEDEN**

- GeoVille Information Systems GmbH (GeoVille), AUSTRIA
- Plan + Risk Consult (PRC), GERMANY
- Geographic Information Management SA (GIM), LUXEMBOURG
- Ministry of the Environment and Spatial Planning, Office for Spatial Development (MESP-OSD), SLOVENIA
- European Topic Centre on Ter-restrial Environment (UAB ETC/TE), Free University of Barcelona, SPAIN

**Project 1.2.3 "IDENTIFICATION OF SPATIALLY RELEVANT ASPECTS OF THE INFORMATION SOCIETY"**

**Main preliminary findings and expected deliveries.**

The project which started on 27 June 2005 delivered its 1st Interim Report at the end of the year. The main result of this first stage of the project based on the review of: a) scientific literature, b) ESPON results c) EU sources and c) OECD sources is the elaboration of a common concept for the Information Society incorporating a threefold dimension/approach (technological, economic and social) which, used to elaborate indicators, allows to analyse the impact of the Information Society on the territory.

The review of scientific literature covered the definitions of IS, its measurement, factors leading to its emergence and development, the impact of information technologies in society, the complexity of the phenomena, its altering effect on competition, the concept of knowledge as a product of the Information society, the identification of four frameworks producing knowledge, the collective and combinative nature of knowledge creation and the role of institutions in the knowledge based economy. From the review of ESPON results a series of indicators developed in other projects and relevant case studies were identified. But generally, a lack of methodology and indicators is apparent especially in the field of research of the spatial impacts related to the IS. EU sources show that IS being the backbone of the Lisbon Strategy, that it is a horizontal issue which should be taken into account and developed throughout all EU policies and activities. However, there is no clear and unified definition of IS. Amongst the various literature, the most relevant to the project is the BISER project (Benchmarking the Information Society:e-Europe indicators for European Regions) whose aim is to develop, define and pilot statistical indicators for measuring and benchmarking the impact of knowledge economy in Europe's regions based on a model of factors influencing regional development. OECD sources reveal the active role of the organization and its extensive research material. However, only few studies deal with IS in a regional perspective.

Given that there is no uniform and commonly accepted definition of Information Society or Knowledge Economy, the project opts to apply an operational approach to define these terms. It shall be done in the process of selecting indicators from case studies and collecting data for a whole-European picture of regional differentiation of those manifestations of IS which can be measured by available data. However, prior to this, the project reviews other approaches towards operational IS definitions: Regional Systems of Innovation; Learning Regions; Measuring a Knowledge-based Economy and Society. Informed by these approaches, the project proposes to consider the knowledge-based economy as core of the IS. In this combined concept, KBE is an element of a wider definition of the IS of which it is interdependent. With the proposed concept, the relevance of different issues for the IS in general can be noted. In order to analyse spatially relevant aspects of the IS, these different dimensions need to be taken into account. However, characteristics and indicators need to be differentiated as to whether they inhibit spatial relevance or not. To further its operationalisation, the project proposes a number of potential indicators which are assigned to the different elements of the IS and takes an overview of data availability.

**Project 1.3.3 "ROLE AND SPATIAL EFFECTS OF CULTURAL HERITAGE AND IDENTITY"**

**Main preliminary findings and expected deliveries.**

The Second and Third Interim Reports were delivered during the year. The Third Interim Report project can be seen as the key step forward from the stage of definition of the object of

investigation and the setting of a theoretical and analytical platform and data collection (Work Packages 1 and 2) to the elaboration of indicators and, based on those, the identification of regional typologies in the role and effects of cultural heritage and identity (Work package 3), which are further explored and reconnected to policy issues through the use of case studies (Work package 4). Focusing on the issues and problems of data procurement, standardisation and processing and on the methods of the analysis, the stage of data collection has been particularly problematic due to the peculiar nature of the data being collected and the dispersion of information of European heritage components in a variety of national sources. Four categories of data have been utilised to represent the differentiation of the European space with regard to cultural heritage and identity at NUTS III or NUTS II level

a) GENERAL DATA: Data extracted from the official EU statistics, referring to aspects that are not directly related to this study;

b) SPATIAL DATA: obtained from direct cartographic and spatial observation and, as in the case of the first group, do not consist of specifically cultural elements;

c) COLLECTED DATA: originating from the various ESPON research groups during the first stage of the project (Workpackage 2) and which largely refer to the various elements of which Cultural Heritage is composed and are expressed in absolute figures;

d) DERIVED DATA (INDICATORS): obtained from the previous categories by converting them into indicators of presence, density, pressure, national or regional averages, and other indices. Such data serve as basic dimensions in the definition of regional typologies and classifications to be identified in this study.

One of the principal merits of the ESPON programme regarding cultural heritage is that through intensive collaboration in the network of Universities and Research Institutes a start has been made to construct such a data-base. The theoretical discussion on how these statistics ought to be gathered and read (the meta database) may be a good base for further discussions in a European context.

Tactically and with a mapping optic, the TPG proposed to subdivide cultural heritage and identity into different categories or components which are likely to produce distinct types of spatial effects:

1. TANGIBLE PROTECTED HERITAGE ASSETS (individual immovable tangible heritage assets)
2. TANGIBLE PROTECTED CONJUNCTS AND CULTURAL LANDSCAPES (immovable tangible heritage entities that have a composite nature and occupy a large area in the space)
3. MUSEUMS AND COLLECTION (collections of movable tangible heritage assets and focus on their “institutionalisation”)
4. EVENTS (intangible manifestations of the local or national culture, celebrations, and thematic festivals)
5. CULTURAL DIVERSITY (a measure of the level of diversity existing in a region with regard to certain intangible cultural identity processes, such as nationality, ethic descent, religion and language)
6. CULTURAL PROFESSIONS (an estimation of the number of people in any region with “cultural” or creative professions)
7. CULTURAL INFRASTRUCTURE (the category includes different types of infrastructure which is used for cultural activity of the resident communities)
8. INTELLECTUAL CAPITAL (a measure of the intangible cultural skills produced or present in a specific region)

Additionally other data regarding “cultural excellence” of Europe has been collected.

The data collected was combined with general and spatial data to produce indicators that can be utilised to describe the spatial variation on the European territory of the selected cultural components. This basic analysis allowed a first “reading” of the European territory according to one or more dimensions of culture, and provided a first essential input to further spatial analytic efforts necessary to produce an innovative classification of European regions.

Moving from a simple description of how cultural components are distributed in the European regions has required a more sophisticated analysis (i) addressing: spatial patterns of distribution of cultural components leading to a subdivision of regions based on the spatial features of individual cultural components; and (ii) the relative degree of specialisation of regions in one or a group of cultural attributes, leading to a subdivision of the EU territory based on the relative clustering of a set of highly correlated variables. A selection of maps are presented and commented however, extensive “polishing” will be required in order to present comparable realities across Europe.

**Project 1.4.1 “THE ROLE OF SMALL AND MEDIUM SIZED TOWNS”**

**Main preliminary findings and expected deliveries.**

The work so far within the Small and Medium-sized towns (SMESTOs) project has been to collect as much information as possible on the following issues: definition of small and medium sized towns – i.e. the major task of WP 1 and analysis of the role of small and medium sized towns in spatial development – i.e. the first preparatory task within WP 2 which consisted in a first literature review on the topic.

Before one can analyse (SMESTO), one first has to distinguish urban areas from rural ones. The project considers the three statistical approaches (morphological, functional and administrative) of European Small- and Medium-sized Towns (SMESTOs) as well as the availability of data at that scale. Results show that multiple spatial definitions must be taken into account at European level. Each of them must be connected to a certain type of urban issues and be classified according to a unified European terminology in order to avoid confusion due to the use of similar concept to describe different types of urban areas in ESPON countries. Finally, the SMESTOs must also be analysed in relation with other territorial units, such as NUTS 3 regions.

The scientific and official materials gathered in a selection of European countries highlight the fact that urban areas as they are defined in different countries are incomparable entities. It is therefore necessary to redefine the urban objects in a common European approach. WP2 reviewed the criteria most commonly used to identify SMESTOs in some selected countries. These criteria were subdivided in two broad categories: quantitative and qualitative. The project proposes a 2 step strategy for the definition of SMESTOs at a Euroepan level: identification and characterization which centre on morphological and functional aspects respectively. As part of WP4, the specific roles and functions of SMESTOs are considered and a SWOT analysis developed in line with the manifold roles: roles of a contextual type (spatial and settlement development in Europe; socio-demographic; socio-cultural; economic; hierarchical, accessibility, interdependence with Metropolises) and deriving from different perspectives (functional, national, regional, European, urbanistic and politico-administrative). However, identifying roles and functions of Europe’s small and medium sized towns is a difficult task. Hardly any up-to-date research exists on SMESTOs – unique sources are case studies, often conducted in countries where smaller urban units are predominant (e.g.

Switzerland). Information about roles often must be derived from general findings about urban development in Europe.

At this stage, the project has also elaborated 26 hypotheses which will guide the analysis based on the case studies selected.

**Project 2.3.1 "APPLICATION AND EFFECTS OF THE ESDP IN MEMBER STATES ESDP IMPACT".**

**Main preliminary finding and expected deliveries.**

The focus of the study is the application of the European Spatial development Perspective (ESDP), which was adopted at the Potsdam informal Ministerial Council meeting in May 1999. The informal nature of the Committee of Spatial Development (CSD) which fathered EDSP together with DG REGIO, means that the document itself is of a voluntary character and that the individual Member States therefore may implement it according to their own wishes, timetables, and national agendas. The questions addressed in the report relate to the impacts of the ESDP: how well known is it and by whom is it known? what effects has it had on policy development within the European Commission? within the differentiated ESPON space of 29 countries?

Since ESDP lays down guidelines, aims and options for spatial development yet it is very general and therefore difficult to "apply", its contribution has to be assessed in terms of the dissemination of best practice in spatial planning and in the highlighting of European issues that are not usually at the forefront of national policies. But dissemination of ideas is not a linear process; ESDP itself also mirrors the professional discourse in the countries most active in the drafting process. Once defined, its influence depends in a large part on the various circumstances pertaining to policy fields, countries, and regions concerned. And often when arguments taken from the ESDP are considered useful, they often are used without reference to the ESDP. Usually being indirect and implicit rather than direct and explicit in nature, the application of ESDP is difficult to trace.

The report is based on several different data sources: interviews with civil servants in the European Commission, national reports, a questionnaire addressed to national experts and a number of case studies. It has proved challenging to collect data on the application of the ESDP, as knowledge of the document is often limited, while national debates can always be interpreted in different ways. For the final report scheduled in May 2006, a detailed analysis of the differences between the results provided by the various data sources will be required whilst also assessing the impact of the differences between countries in respect of their involvement in the drafting process of the ESDP.

**Project 2.3.2 "GOVERNANCE OF TERRITORIAL AND URBAN POLICIES FROM EU TO LOCAL LEVEL"**

**Main preliminary findings and expected deliveries.**

This third report is structured in two parts. The first part presents the main concepts, the methodologies, the typologies and the indicators developed; follows a report on networking undertaken with other ESPON projects and on cooperation among TPG members, as well as a synthesis of work done in the different working packages. Special attention is paid to methodological issues, and most specifically to TIA and integration between qualitative and

quantitative methods. In the second part, progress regarding the fine-tuning of the National Overview results is an attempt to get a clearer view of the (i) institutional structure within spatial planning (urban and territorial policies); of the (ii) different paths leading to a governance culture, and (iii) singles out "governance practices" used in the countries covered by the project. Variables worth investigating in the national overviews are: Styles of planning, Spatial planning-devolution powers, Traditions of Spatial Planning, Citizen participation in Spatial Planning, Forms of cooperation (horizontal and vertical) and Cross–border and Transfrontier cooperation.

Finally, results from the Case Studies elaborated by TPG of National teams are presented using data and indicators to assess governance in urban and territorial policies which offer a set of preliminary results regarding vertical relations and outcomes, and failures and success of governance processes. For the governance trends analysis, the adopted analytical framework is the type of territory: trans-national, national, polycentric, metropolitan areas, urban-rural and intraurban for which indicators and models are still being defined and will be presented in the Final Report is scheduled for May 2006.

**Project 3.2 "SPATIAL SCENARIOS AND ORIENTATIONS"**

**Main preliminary findings and expected deliveries.**

The main objective of project is the development of future visions of the development of the territories making up the ESPON space, i.e. EU27+2. It aims to provide policy makers with the necessary tools to understand the potential evolutionary paths that European regions might take and the possible consequences of different spatial policy choices. The major tool developed and to be developed are scenarios, i.e. future visions of possible, desirable and undesirable developments until 2030. These visions are to be grounded in the general policy questions and options defined by the ESDP. These future visions will take different forms from basic quantitative trends scenarios to qualitative normative, roll-back scenarios. This report presents the first round of draft thematic scenarios on a wide range of issues relevant for spatial planning and territorial development. These thematic scenarios can stand on their own as awareness-raising and policy exploration tools but will also serve as foundation to the more integrated and multi-thematic scenarios to be developed in the next phase of work. Parallel to the elaboration of these scenarios, work has progressed on the tools the team proposes to use in conjunction with the scenario building exercise. These include the MASST macro-economic regional development model, the KTEN transport meta-modeller, measurements of elements of territorial cohesion and the long-term database structure.

In this report the project team presents its first round of draft thematic prospective scenarios covering the themes of demography, transport, energy, economy, governance, enlargement, rural development, climate change, and socio-cultural issues (Chapter 2 - Scenarios). Even in their current, preliminary state, the scenarios already lead to quite a range of interesting policy options and should, therefore, once they have reached their final version, be of immediate use for policy makers in the fields of territorial development and spatial planning, but also more generally within any policy field that has possible spatial impacts (Chapter 1 - First ideas and policy recommendations). The team has developed a communication strategy which should allow wide-spread dissemination and debate on these scenarios (Chapter 4 - Proposal of a communication strategy...). Other tools are also being developed in conjunction with and in complement of the actual scenarios. These tools include a regional econometric model which will allow the simulation of economic growth according to a wide range of hypotheses (section 3.1.1 MASST), a meta-modeling system currently applied to transport (including freight) and which allows policy-makers to easily play with different policy options in a transparent way (section 3.1.2 KTEN), research into the possibility of creating a European

Territorial Cohesion Index which would allow to test scenarios according to the impact of possible evolutions on territorial cohesion in Europe (section 3.1.3 ETCI), and a long-term database which should lay the foundation to a sustainable management of data across varying spatial units and across time (section 3.2 LTDB). All these tools will be directly used in the scenario building process of the current project, but will also be useful tools in future exercises of policy-relevant trends analysis in the ESPON framework. The Final Report is scheduled for October 2006.

Next to the scenario building and the related development of tools, project 3.2 also has the task of supporting the scientific coordination of the entire ESPON programme and of maintaining and enhancing the ESPON common scientific platform. Work is going into several elements of coordination such as the maintenance of the ESPON Database and Map Kit (Section 5.2 ESPON data base), the continuing guidance of projects in their complete life cycle and concerning common elements of research (section 5.1 Nijmegen Guidance Paper), the preparation and implementation of seminars and the overall external communication of the ESPON programme. All this is happening in close collaboration with the ESPON Coordination Unit and through regular discussions with the Monitoring Committee. Additionally, several new ESPON projects have taken over some of the work which was initially foreseen within 3.2 in order to fill the holes in the existing information. This is notably the case with project 2.4.2 which will provide an analysis of specific territories as well as a selection of analytical indicators, and projects 3.3 and 3.4.2 which shall analyse issues of regional economics not covered by any of the previous projects.

**Project 3.3 "TERRITORIAL DIMENSION OF THE LISBON / GOTHENBURG PROCESS"**

**Main preliminary findings and expected deliveries.**

The European Council in Gothenbourg 2001 agreed on an EU strategy for sustainable development in which the social and economic aims agreed at the Lisbon EC strategy in 2000 (and its review and actualization, by the Renovated Lisbon Strategy in 2004) were to be complemented by a territorial dimension. The main aim of the project is to set up a sound scientific and political basis to suggest a guideline for an effective distribution of structural funds, with the final goal of balancing the regional differences. In the project's approach, and its respective research, such a guideline relies on the concept of regional capability to be "competitive in sustainability" (competitiveness based on sustainability). The methodology developed provides a means to make this concept operationally assessable in a map and/or database reading. In order to add the territorial dimension to the Lisbon/Gothenburg strategy, the project confirms an approach based on the assessment of the competitiveness (Lisbon strategy) sustainability (Gothenburg strategy) by modifying and integrating the list of the most suitable indicators into a reviewed version of the Porter Diamond; and, by an innovative methodological approach (STeM Approach Prezioso, 2003) destined to calculate the territorial capability of the economic/territorial/environmental systems to be "competitive in sustainability", both at national (spatial systems) and regional scales (large areas). The first key message of this project is that new Structural Funds must sustain the EU National/regional territorial capability to be competitive in sustainability. The second key message is the need to sustain the market competition through those endogenous factors that differentiate the EU regional territorial systems (mix of social, environmental, economics elements influencing the regional ranking within the enlarged Europe and in the international context).

A "short list" of indicators have been derived from the strategic set elaborated by the EC in order to allow for a more "concise presentation and a better assessment of achievements over time vis-à-vis the Lisbon agenda". The short list indicators cover the five domains of

employment, innovation and research, economic reform, social cohesion, the environment as well as general economic background. Indicators were merged into three groups mirroring the "ESDP triangle" of economic (1-8), social (9-11) and environmental (12-14) sustainability, providing three synthesis indicators where, within each theme, each of the separate indicators weight equally. Various policy recommendations are presented which are provisional at this stage and will be fixed in the Final Report to be delivered in May 2006. The project however insists on the need for more, revised and better indicators to assess the three angles of ESDP.

**Project 3.4.1 "EUROPE IN THE WORLD"**

**Main preliminary findings and expected deliveries.**

The essence of this ESPON project might be defined as "grounding globalisation: study of the spatial forms that globalisation takes- in Europe or outside Europe- and the spatial strategies that are being developed, both within and outside Europe, to take advantage of the opportunities created by globalization while also addressing its risk. The particularity of this project is to introduce a fourth level of analysis in addition to the 3 traditional ESPON levels, which is the world one, and proposes a systemic analysis as the global theoretical framework a susceptible to highlight trans-scalar relationships. The fundamental distinction between physical and informational flows proposed by the system theory, resulting in inputs and outputs, can be easily applied to the analysis of globalisation. Issues such as (sub)systems' environment and hierarchy have been fine tuned and the systemic method has been adapted to the specific problems of an analysis which has to focus on the territorial dimension of political action to include geographical, time and political scales and levels.

The analysis of both structure and flows will be intertwined requiring very early on a coherent statistical framework for the analysis to be developed. From the point of view of statistics, data gathered by other ESPON projects poses limitations for the project because most of those indicators are related to small areas like NUTS2 or NUTS3 levels and are only available for ESPON or European Union space. Also, the project will study trends in long term perspective. As a consequence, specific structural and flows databases have to be built mainly based on international sources like UNCTAD, WDI, OECD, UN. The Final Report which will is scheduled for May 2006.

**Project 3.4.2 "TERRITORIAL IMPACTS OF EU ECONOMIC POLICIES AND LOCATION OF ECONOMIC ACTIVITIES"**

**Main preliminary findings and expected deliveries.**

The first Interim Report presents mainly intermediate results of literature reviews and a detailed assessment of data and data collection issues. Also for this project some limits exist in the availability of relevant data, in particular for some countries which should be dealt with by May 2006 date of the Final Report. The ESPON CU has encouraged the project to make use of its ECP network in the task of collating data.

Working on the basis of a unified theoretical background, the team has defined a common working hypothesis which states that in a knowledge and innovation based economy going through a slow-growth cycle and where economic activity becomes more linked to specific environments which offer the necessary context for enterprises looking for externalities allowing them to profit from existing infrastructures and knowledge to reduce costs, public policy is oriented towards indirect intervention through the creation of those specific desirable environments. This leads to a rising importance of the existing resources of regions and to the re-metropolitisation and re-concentration of economic activities mainly into those areas already endowed with the necessary framework conditions.

The verification of this hypothesis through a review of the existing knowledge and several additional empirical means indicate that:

- from the point of view of the general economic context there is some evidence of remetropolitisation, that the evidence on convergence and divergence of European regions is ambiguous; that externalities come in different forms; that contrary to common discourse, global competitiveness does not seem to be a decisive factor of growth; that competition on a European level is probably more decisive than at global scale; and that firms reinvest a decreasing amount of their profits.
- with regard to theories on regional development, orthodox theories have been taken over by the more heterodox which have a higher heuristic value in analysing interrelated processes where innovation is seen as the key driving force and knowledge spill-over as the enhancing mechanism geographically bounded.
- with regard to the economic geography of Europe, the spatial pattern remains very strongly characterised by a centre-periphery structure where metropolitan regions function more and more as nodes of the world network and intra-national disparities remain.
- public policy for regional development has moved from a Keynesian (instruments to compensate inadequacy between supply and demand) to a more Schumpeterian (instruments to improve the qualify of factor supply in relation to business needs) approach; that the concept of capital has evolved to include intangible forms of capital.
- the analysis of the impacts of macro-economic policies faces several methodological problems associated to policy evaluations: time lags, using a control group, regional/macro levels; has to outline the importance of other forms of flexibility in the context of a single currency; points to a greater sensitivity of European regions to asymmetric shocks compared to the situation in the US and to the importance of increased returns to scale; would benefit from an analysis of labour force driven migration.

### 2.1.8 Coordination of projects

As in 2004, the political agenda has been important during 2005. This include in particular:

- The EC guidance on Strategic Orientations for the Structural Funds 2007-2013 which included several ESPON maps
- the Luxembourg EU Presidency and the Ministerial Meeting on 20-21 May 2005 proposing a document entitled “Territorial State and Perspectives for the European Union” and calling for an ESPON II Programme

During 2005, the ESPON Scientific Platform has been consolidated thanks to the numerous exchanges brought about by the multiplication of interim and final reports.

The following coordination and guidance activities have been organised by the Coordination Unit for the year 2005:

- Provision of feedback to Interim reports received by the end of 2005
- Individual meetings with ongoing projects to discuss feedback to Interim Reports
- Organisation of two ESPON seminars in the City of Luxembourg (Luxembourg) and in Manchester (United Kingdom)

- Organisation of an ESPON Scientific Conference on 13-14 October 2005 hosted by the Luxembourg University which gathered 150 participants, half of which were not involved in ESPON's regular activities, to debate scientific issues among scientists contributing to the scientific platform of ESPON. Proceedings will be compiled and published in 2006.
- Organisation of two Lead Partner Meetings: the 6th LP Meeting took place on 17 February 2005 in Brussels and the 7th on 12-13 October in Luxembourg
- Final draft of the Nijmegen Guidance Paper elaborated by the Coordinating project 3.2 in close cooperation with the ESPON Coordination Unit
- Five coordination meetings between coordinating projects 3.1 and 3.2 and the CU took place during 2005: 11-12 January in Brussels, 3 May, 28 June, 22 September and 25 November in Esch-sur-Alzette.
- Assessment of Final Reports received in 2005.

As foreseen in 2004, special attention was given to ensure an on-going dialogue between all parties involved: Transnational Project Groups, ECP Network, Monitoring Committee and Scientific Community. In particular, the ECP Network was implicated more to find solutions for data problems face by projects.

Altogether 23 Final and Interim Reports have been delivered by sixteen Transnational Project Groups (TPGs) involving 159 partners. These reports received all a written response and were used as a basis for the 2005 ESPON seminars.

| | **January-March 2005** | **April-September 2005** | **October-December 2005** |
|---|---|---|---|
| Final Reports | 5 | - | 1 |
| Third Interim Reports | - | 2 | 3 |
| Second Interim Reports | 6 | - | 1 |
| First Interim Reports | 2 | 1 | 2 |
| Total | 13 | 3 | 7 |

### 2.1.8 Quantification of objectives and their achievement at measure and project level

The Programme complement agreed by the MC at the end of 2004 and approved by the Commission in January 2005 provides quantified performance indicators for priority and measures level for the period 2002 – 2006 showing generally higher expectations than those defined for 2002-2004. The projects are required to provide a list of outputs corresponding to these performance indicators for their final reports as most of them are only fully quantifiable at the final stage of project groups' work. Below are presented the performance indicators for projects which have delivered their Final Progress Report (during 2004 and 2005).

**Quantification of Measure 1.1: Projects 1.1.1, 1.1.2, 1.1.3, 1.1.4**

The projects (actions) within the thematic range of this measure focus on the following issues:

1.1.1. The role, specific situation and potentials of urban areas as nodes of polycentric development

1.1.2. Urban-rural relations in Europe

1.1.3. Particular effects of enlargement of the EU and beyond on a polycentric spatial tissue with special attention on discontinuities and barriers

1.1.4. The spatial effects of demographic trends and migration

According to the information included in the Final reports, the above projects have developed 61 core indicators, tested 26 typologies, produced 223 maps and addressed 49 ESDP policy options.

| **Indicators 2002 - 2006** | **1.1. 1** | **1.1. 2** | **1.1.3** | **1.1.4** | **Total achieved** | **Total envisaged* (2002 -2006)** |
|---|---|---|---|---|---|---|
| Number of spatial indicators being developed | 43 | 6 | 9 | 3 | 61 | 15 |
| Number of typologies tested | 3 | 4 | 6 | 13 | 26 | 10 |
| Number of maps produced | 35 | 60 | 27 | 101 | 223 | 10 |
| Number of ESDP policy options addressed | 7 | 28 | 3 | 11 | 49 | 20 |

* over the whole period for all projects covering measure 1.1

**Quantification of Measure 1.2.: Projects 1.2.1, 1.2.2**

The projects (actions) within the thematic range of this measure focus on the following issues:

1.2.1 Transport services and networks: territorial trends and basic supply of infrastructure for territorial cohesion

1.2.2 Telecommunications services and networks: territorial effects and basic supply of infrastructure for territorial cohesion

According to the information included in the Final reports, the above projects have developed 90 indicators, tested 22 typologies, produced 172 maps and addressed 4 ESDP policy options.

| **Indicators 2002 - 2006** | **1.2. 1** | **1.2. 2** | **Total achieved** | **Total envisaged* (2002 -2006)** |
|---|---|---|---|---|
| Number of spatial indicators developed | 49 | 41 | 90 | 15 |
| Number of typologies tested | 4 | 18 | 22 | 10 |
| Number of maps produced | 94 | 78 | 172 | 12 |
| Number of ESDP policy options addressed | - | 4 | 4 | 15 |

* over the whole period for all projects covering measure

**Quantification of Measure 1.3.: Projects 1.3.1, 1.3.2**

The projects (actions) within the thematic range of this measure focus on the following issues:

1.3.1 Territorial effects and management of natural and technological hazards in general

1.3.2 Territorial trends in the management of the natural heritage

According to the information included in the Final reports, the above projects have developed 34 indicators, tested 8 typologies, produced 59 maps and addressed 8 ESDP policy options.

| Indicators 2002 - 2006 | **1.3. 1** | **1.3. 2** | **Total achieved** | **Total envisaged *(2002 -2006)** |
|---|---|---|---|---|
| Number of spatial indicators developed | 32 | 2 | 34 | 10 |
| Number of typologies tested | 2 | 6 | 8 | 10 |
| Number of maps produced | 33 | 26 | 59 | 10 |
| Number of ESDP policy options addressed | 5 | 3 | 8 | 17 |

* over the whole period for all projects covering measure 1.3

**Quantification of Measure 2.1.: Projects 2.1.1, 2.1.2, 2.1.3, 2.1.4**

The projects (actions) within the thematic range of this measure focus on the following issues:

2.1.1 Territorial impact of EU transport and TEN policies

2.1.2 Territorial impact of the EU research and development policy

2.1.3 Territorial impacts of CAP and rural development policy

2.1.4 Territorial trends of energy services and networks and territorial impact of EU Energy Policy

According to the information included in the Final reports, the above projects have developed 154 indicators, produced 139 maps and addressed all ESDP policy options.

| **Indicators 2002 - 2006** | **2.1. 1** | **2.1. 2** | **2.1.3** | **2.1.4** | **Total achieved** | **Total envisaged* (2002 -2006)** |
|---|---|---|---|---|---|---|
| Number of spatial indicators developed | 9 | 8 | 80 | 57 | 154 | 10 |
| Number of maps produced | 56 | 12 | 27 | 44 | 139 | 20 |
| Number of ESDP policy options addressed | 5 | 8 | All | 4 | All | All aims |

* over the whole period for all projects covering measure 2.1

**Quantification of Measure 2.2.: Projects 2.2.1, 2.2.2, 2.2.3**

The projects (actions) within the thematic range of this measure focus on the following issues:

2.2.1. The territorial effects of the Structural Funds

2.2.2. The territorial effects of the "Aquis Communautaire", Pre-accession Aid and Phare/Tacis/ISPA Programmes

2.2.3. Territorial effects of Structural Funds in urban areas

According to the information included in the Final reports, the above projects have developed 54 indicators, produced 50 maps and addressed 18 ESDP policy options.

| **Indicators 2002 - 2006** | **2.2. 1** | **2.2. 2** | **2.2.3** | **Total achieved** | **Total envisaged* (2002 -2006)** |
|---|---|---|---|---|---|
| Number of spatial indicators developed | 2 | 51 | 1 | 54 | 7 |
| Number of maps produced | 9 | 29 | 12 | 50 | 10 |
| Number of ESDP policy options addressed | 10 | 4 | 4 | 18 | All aims |

* over the whole period for all projects covering measure 2.2

**Quantification of Measure 2.4: Projects 2.4.2**

The projects (actions) within the thematic range of this measure focus on the following issues:

2.4.2. Integrated territorial analyses based on ESPON results

According to the information included in the Final reports, the above projects have elaborated for all 29 countries 15 charts on the institutional structures and addressed all ESDP policy options. In addition, 29 national case studies have been carried out.

| **Indicators 2002 – 2006** | **2.4.2** | **Total achieved** | **Total envisaged* (2002 -2006)** |
|---|---|---|---|
| Number of countries investigated | 29 | | 15 |
| Number of charts about the institutional structure | 15 | | 3 |
| Number of ESDP policy options addressed | All | | All aims |
| Number of study cases | 29 | | 15 |

* over the whole period for all projects covering measure 2.4

**Quantification of Measure 3.1: Project 3.1**

The output related to the results defined for this priority breaks the measure down to the following actions:

- Integration of European spatial databases is a core task which provides the basic material for all further research by projects under the ESPON (starting from the databases and indicator system suggested and compiled by the SPESP regular contacts with National Statistical Agencies, Eurostat and European Environment Agency);

- Clarification of the concepts and definition of the indicators to measure spatial and social integration (6 concepts mentioned);
- Specification of potential thematic fields for Community intervention and how it could be articulated within national, regional and local policies.

According to the information included in the Interim and Final reports of projects 89 indicators. 89 maps have been published in the Final Report of which 6 maps have been proposed to the ESPON map collection.

| **Indicators 2002 – 2006** | **3. 1** | **Total achieved** | **Total envisaged (2002 - 2006)** |
|---|---|---|---|
| Number of spatial indicators developed | 89 | 89 | 40 |
| Number of maps produced | 89 | 89 | 10 |

### 2.1.9 Financial information on projects

During 2005 an additional amount of €998.400 was engaged for projects under priorities 1 to 3 for the newly selected projects and provisions were made for the committement of additional €224.750 for the new round of selection started at the end of 2005 leading to the selection of three new projects in 2006. The total level of commitment for Priorities 1, 2 and 3 by the end of 2005 was therefore €11.462.355,25, corresponding to the 98,23% the total budget resources for those priorities.

Throughout 2005, the ESPON CU systematically provided new projects with support on project related financial issues and in particular on the financial reporting. In a direct or indirect way, support was given to the 273 partners involved in the projects. Nonetheless, difficulties were still encountered by the projects in complying with ERDF rules. In particular the implementation of 1st level financial controls which, in the case of transnational projects groups, still slows the accomplishment of the reporting procedures with consequent delays in the reimbursement level. However, it is noteworthy to say that the participation of New Member States in the projects has not meant any additional problems. This support explains partly the increasing level of projects spending execution, as indicated in the following table.

## Financial execution of priorities 1-3 until the end of 2005:

| Priority / Measure | Available in CIP (A) | Commitments (B) | % of Committments (B/A) | Payments in 2005 (C) | Cumulative payments (end 2005) | Execution rate (C/B) |
|---|---|---|---|---|---|---|
| 1.1.1 POLYCENTRISM | - | €474 000,00 | | €230 359,00 | €416 502,02 | - |
| 1.1.2. URBAN-RURAL | - | €370 224,91 | | €53 171,43 | €224 750,13 | - |
| 1.1.3.ENLARGEMENT | - | €460 000,00 | | €0,00 | €52 861,66 | - |
| 1.1.4. DEMOGRAPHY | - | €320 000,00 | | €0,00 | €77 214,17 | - |
| Total 1.1. - Polycentric development and urban-rural relations | €1 720 000,00 | €1 624 224,91 | 94,43% | €283 530,43 | €771 327,98 | 44,84% |
| 1.2.1. TRANSPORT TRENDS | - | € 467 035,40 | | €391 371,01 | €453 382,71 | - |
| 1.2.2. TELECOM TRENDS | - | € 408 283,63 | | €200 713,41 | €406 326,93 | - |
| 1.2.3. INFORMATION SOCIETY | - | € 150 000,00 | | €0,00 | €0,00 | - |
| Total 1.2. Access to infrastructure and knowledge | €1 030 000,00 | €1 025 319,03 | 99,55% | €592 084,42 | €859 709,64 | 83,47% |
| 1.3.1. NATURAL HAZARDS | - | € 420 000,00 | | €81 731,39 | €170 136,41 | - |
| 1.3.2. NATURAL HERITAGE | - | *€ 315 000,00* | | €0,00 | €159 629,56 | - |
| 1.3.3. CULTURAL HERITAGE | - | € 459 642,20 | | €0,00 | €0,00 | - |
| Total 1.3. Natural and cultural heritage | €1 300 000,00 | €1 194 642,20 | 91,90% | €81 731,39 | €329 765,97 | 25,37% |
| 1.4.1 SMALL & MEDIUM CITIES | - | € 99 900,00 | | €0,00 | €0,00 | - |
| 1.4.2 SOCIAL DIMENSION | - | € 99 500,00 | | €0,00 | €0,00 | - |
| Total 1.4. Natural and cultural heritage | €200 000,00 | €199 400,00 | 99,70% | €0,00 | €0,00 | 0,00% |
| TOTAL P.1 Thematic projects on important spatial developments | €4 250 000,00 | €4 043 586,14 | 95,14% | €957 346,24 | €1 960 803,59 | 48,49% |
| 2.1.1. TRANSPORT IMPACTS | - | € 344 197,35 | | €153 950,30 | €344 197,35 | - |
| 2.1.2. R&D IMPACTS | - | € 394 900,00 | | €0,00 | €0,00 | - |
| 2.1.3. CAP IMPACTS | - | € 457 246,76 | | €298 937,64 | €437 578,44 | - |
| 2.1.4. ENERGY | - | € 300 000,00 | | €167 185,81 | €167 185,81 | - |
| Total 2.1. The territorial effects of sector policies | €1 504 000,00 | €1 496 344,11 | 99,49% | €620 073,75 | €948 961,60 | 63,10% |
| 2.2.1 STRUCTURAL FUNDS IMPACTS | - | €510 000,00 | | €264 126,47 | €373 812,15 | - |
| 2.2.2 ACCESSION AID IMPACTS | - | €310 000,00 | | €142 627,68 | €288 906,83 | - |
| 2.2.3 STRUCTURAL FUNDS URBAN IMPACTS | - | €191 325,00 | | €0,00 | €0,00 | - |
| Total 2.2. Structural Funds and related Funds | €1 011 324,00 | €1 011 325,00 | 100,00% | €406 754,15 | €662 718,98 | 65,53% |
| 2.3.1. ESDP | - | €370 000,00 | | €32 115,69 | €32 115,69 | - |
| 2.3.2. GOVERNANCE | - | €391 600,00 | | €0,00 | €0,00 | - |
| Total 2.3. Institutions and instruments of spatial policies | €804 000,00 | €761 600,00 | 94,73% | €32 115,69 | €32 115,69 | 3,99% |
| 2.4.1 ENVIRONMENT | - | €250 000,00 | | €0,00 | €0,00 | - |
| 2.4.2 ZOOMING | - | €200 000,00 | | €26 322,37 | €26 322,37 | - |
| Total 2.4. Filling gaps and new projects | €400 000,00 | €450 000,00 | 112,50% | €26 322,37 | €26 322,37 | 6,58% |
| TOTAL P. 2 Policy impact projects | €3 719 324,00 | €3 719 269,11 | 100,00% | €1 085 265,96 | €1 670 118,64 | 44,90% |
| Measure 3.1. SPATIAL TOOLS | €1 140 000,00 | €1 140 000,00 | 100,00% | €537 420,80 | €895 794,19 | 78,58% |
| Measure 3.2. SPATIAL SCENARIO | €1 459 502,00 | €1 479 500,00 | 101,37% | €80 430,84 | €80 430,84 | 5,51% |
| Measure 3.3. LISBON | €500 000,00 | €431 000,00 | 86,20% | €0,00 | €0,00 | 0,00% |
| Measure 3.4.1 EUROPE IN THE WORLD | - | €250 000,00 | | €0,00 | €0,00 | - |
| Measure 3.4.2 ECONOMY | - | €349 000,00 | | €0,00 | €0,00 | - |
| Measure 3.4.3 MAUP | - | €50 000,00 | | €0,00 | €0,00 | - |
| Total 3.4. Filling gaps and new projects | €600 000,00 | €649 000,00 | 108,17% | €0,00 | €0,00 | €0,00 |
| TOTAL P. 3 Co-ordinating cross-thematic projects | €3 699 502,00 | €3 699 500,00 | 100,00% | €617 851,64 | €976 225,03 | 26,39% |
| TOTAL PRIORITIES 1, 2 and 3 | €11 668 826,00 | €11 462 355,25 | 98,23% | €2 660 463,84 | €4 607 147,26 | 40,19% |

# 3. ESPON Research briefing and scientific networking (Priority 4) - Progress in the implementation.

The measures specified under priority 4 are performed by a mix of project activity and CU led initiatives.

## 3.1 Measure 4.1 - Data navigator: preparatory surveys on data access

The Data Navigator is an ESPON tool, which gives an overview on the main data sources in European countries, contact points, structures and links, which offer potential support to the applied research of the ESPON covering national and regional, as well as European and transnational levels. Based on a number of inventories, a framework of basic information has been established helping the Lead Partners and their project partners within the TPG's to rapidly identify those entities, which can provide relevant datasets and maps required for their respective fields of work.

The Data Navigator supports the search for relevant territorial data across Europe for several themes:

- Agriculture
- Communication Technology
- Cultural Sites
- Employment and Labour Market
- Enterprises and Investments
- Environment
- Household oriented infrastructure
- Housing
- Land Use
- Population
- Public Sector
- Research and Development
- Social Situation
- Spatial Typologies
- Telecommunication and Information Society
- Tourism
- Transport
- Utilities
- Wealth and Production

It is a compilation of 28 inventories, one from each of the 25 Member States as well as from Switzerland and Norway, 1 covering the European and transnational level and 3 dealing with relevant data in accession and neighbouring countries, covering the Baltic Area, the Cadses Space and the Mediterranean Basin.

A version for the Internet use, the Interactive DataNavigator is accessible for the wider public (http://datanavigator.espon.lu/).

With the enlargement and the inclusion of ten new Member States and following the recommendations on the Mid Term Evaluation, the Monitoring Committee decided an improvement of the Data Navigator in order to include more precise and up-date information

from the New Member States. The process has been initiated at the end of 2004 and was completed during 2005. The new version of the Data Navigator was available in September 2005.

## 3.2 Measure 4.2 - ESPON briefing and scientific co-ordination of ESPON Contact Points (ECP)

Measure 4.2 is not a project activity, but an action carried through ECP co-ordination and meetings. Basically, ECPs undertake a multitude of tasks.

At national level, ECPs contribute to the programme implementation in Member States, in particular by providing support to Transnational Project Groups in the project development process in cooperation with the ESPON Coordination Unit (tendering procedures, access to data and information). They also play an important role in the promotion and dissemination of ESPON results towards national stakeholders and manage a national network of researchers.

As a network, they also support Transnational Project Groups by fostering exchanges with other projects and with the Coordination Unit, and finally, by commenting on the Interim and Final reports, bringing national perspectives to the results achieved at EU level.

A financial mechanism has been set up by the programme to support ECPs in developing further their networking activities at transnational level. By beginning of 2006, a third round of Transnational networking activities will start. Information on this last round will be available on the website by February 2006

During 2005 the following transnational activities were carried out by the ECPs:

| Transnational activity | Place and date of the meeting |
|---|---|
| **"Reveurope"**<br>Organisation of an international conference on 'Polycentrism & Cities Network' | La Rochelle - France<br>20-21 October 2005 |
| **"Western Balkans"**<br>Compilation of data and indicators on 'Western Balkans' area | - |
| **Sustainable Southern Europe "SSE"**<br>Organisation of a seminar on 'Sustainable Southern Europe' | - |
| **Territorial Cohesion & Coordination in the Baltic Sea Region "COBALT"**<br>Organisation of a transnational seminar considering Territorial Cohesion and Coordination in the Baltic Sea Region | - |
| **Compiling 1**<br>Production of a report compiling and synthesizing comments of ECPs on the first 10 ESPON final reports | |
| **ESPON Going Regional**<br>Organisation of 2 transnational seminars presenting ESPON results from a North West Europe perspective. | London - UK<br>11-12 July 2005 |
| | Belfast - Ireland<br>22-23 February 2005 |
| **SEEP - South East Europe Perspective**<br>Organisation of a transnational seminar presenting ESPON results from a South East Europe perspective, covering the Balkans area | Athen - Greece<br>16-17 October 2005 |
| **Youngstars- Create Europe**<br>Organisation of a transnational seminar targeted towards students, young researchers and professional in the field of Spatial planning | Ljubljana<br>30-31 May 2005 |

**ECP meetings**

Four meetings have been held during 2005, two of them at the occasion of the ESPON seminars. The first meeting was conducted on the 16 February 2005 in Brussels. The progress or the programme in general were discussed and the improvements of the ECP networking activities. Various variants on how to strengthen the networking activities has been on the agenda. In additional ECPs discussed how to use the ESPON Intranet that was set up in order to facilitate the circulation of documents and for dialogue of the network. Finally, in the framework of an open discussion the future role of ECPs were debated.

The second meeting took place in Luxembourg the day after the ESPON seminar. The main topics for discussion were:

- Agenda of Youngstars seminar and ECP UK Seminar
- Progress on SEEP activity
- Reminders, and launch of second call
- Final listing of envisaged project proposals for 2d round
- Coordination issues

The involvement of the ECP network in the Scenario project 3.2 was also part of the agenda.

The third meeting took place in Brussels on 14 September 2005 with the following main topics:

- Follow up on discussion on role of ECPs in ESPON II
- Inputs from MTE Update Final Report
- Presentation ECP paper by ECP Belgium and Netherlands
- Information on first round of activities
- Presentation and discussion on activities selected for the second round (LP)
- Coordination issues

The forth ECP meeting for 2005 took place on 9 November 2005, the day after of the ESPON seminar in Manchester. More discussion was made on the feasible roles of the ECP network in an ESPON II programme.

| **Indicators 2003 - 2005** | **Achieved 2003** | **Achieved 2004** | **Achieved 2005** | **Total achieved** | **Total envisaged (2002 – 2006)** |
|---|---|---|---|---|---|
| Number of ESPON Contact Point briefings | 3 | 4 | 5 | 12 | 6 |

## 3.3 Measure 4.3 - ESPON briefing and scientific co-ordination of Transnational Project Groups[10]

Measure 4.3 is being handled in a similar way to measure 4.2 and is a measure carried out through ESPON seminars and Lead Partners meetings both held twice each year.

[10] Programmes on the events organised under priority 4.3 can be found in annex 5

| Indicators 2003 - 2005 | Achieved 2003 | Achieved 2004 | Achieved in 2005 | Total achieved | Total envisaged (2002 – 2006) |
|---|---|---|---|---|---|
| Number of conferences with Transnational Project Groups | 2 | 2 | 2 | 6 | 10 |

### 3.3.1 ESPON seminars

**Organisation of the sixth ESPON seminar – Luxembourg May 2005**

The sixth ESPON seminar organized in 17-18 May 2005 under the Luxembourg EU Presidency intended to continue the consolidation process of the ESPON programme, as a European networking activity bringing new knowledge on territorial trends and policy impacts, territorial imbalances and potentials.

It contributed to support this process by providing an opportunity

- to foster dialogue and exchange of experiences on new final ESPON Reports and Interim Reports (delivered by December 2004 and March 2005).
- to support the ongoing development of cross-analytical results, based on the use of the thematic and policy impact analyses implemented up to now by the transnational project groups
- to ensure the highest possible quality of upcoming final results as well as transfer and continuity of the scientific progress achieved, compiled in the ESPON scientific platform by the coordinating projects.

Considering the positive experience of the previous seminars, the discussion has been organised through extensive use of workshops. It was attended by more than 130 scientists, consultants, policy makers from all over Europe, as well as representatives from other Interreg programmes.

**Organisation of the seventh ESPON seminar – Manchester November 2005**

The seventh ESPON Seminar took place on 7-8 November 2005 in Manchester, United Kingdom.

The Seminar aimed at networking and discussion between Transnational Project Groups, Monitoring Committee Members and ESPON Contact Points, was focused on the following topics:

- Strategic orientations for an ESPON II Programme
- Regional perspectives on Spatial Scenarios
- Spatial Monitoring: Territorial Impact Assessment (TIA), Key indicators and ESPON tools

It also included a slot on the perception of the world map to the ESPON Community and a section devoted to the presentation of the Interim results from September 2005.

This ESPON seminar was attended by more than 135 researchers, consultants and policy makers from all over Europe

### 3.3.2 ESPON Lead Partner seminars

Two Lead Partner Seminars have been held during 2005.

The main intention of the first LP Seminar held in Brussels on 17-18 February was to discuss:

- the work on a third version of the ESPON Web site.
- the test of two ESPON tools from project 3.1 – the Web-GIS and HyperAtlas

The LPs was asked to select one expert within their TPG to participate in this test phase which was run between February and May 2005.

The second Lead Partner meeting took place on the 12-13 October 2005.The aim of the meeting was to strengthen the networking between projects and offer a platform for discussion of topics relevant for all ongoing projects.

Information on the financial implementation of priority 4 can be found in the table below.

| Priority / Measure | Total available in CIP | Total commitments until end of 2005 | Total Payments in 2005 | Total Payments until end of 2005 |
|---|---|---|---|---|
| 4.1 Data navigator: preparatory surveys on data access | €350.000,00 | €256.414,25 | €59.633,54 | €172.506,49 |
| 4.2 ESPON Contact Points | €509.100,00 | €479.032,18 | €31.568,79 | €60.388,55 |
| 4.3 Transnational Project Groups | €247.000,00 | €174.472,78 | €41.073,45 | €93.884,28 |
| TOTAL Research briefing and scientific networking | €1.106.100,00 | €909.919,21 | €132.275,78 | €326.779,32 |

# 4. Steps taken by Managing Authority and Monitoring Committee to ensure quality and effectiveness of implementation

The overall task of the Monitoring Committee (MC) which undertakes the tasks of both Monitoring and Steering Committees and was set up during the first half of the year 2002 in accordance with Article 35 of Council Regulation (EC) no 1260/1999, is to ensure the quality and effectiveness of implementation and accountability of the ESPON Programme is.

By the end of 2005, 21 MC meetings have been convened. During 2005 meetings were held on 28 February - 1 March 2005 (Brussels), on 9-10 June (Brussels), on 8-9 September (Brussels), and on 9-10 November (Manchester).

During 2005 the Monitoring Committee of the ESPON programme decided to strengthen the Coordination Unit as a consequence of a consistent increase of the financial and administrative workload with the selection of a Financial and Administrative Officer to be paid under the Technical Assistance budget. The staff selected joined the ESPON Coordination Unit on 1st September 2005.

Other staff changes in the ESPON Coordination Unit were two short period secondments from Slovenia and the Czech Republic, the departure in November 2005 of the seconded expert from the Nordic Council of Ministers and the arrival in December 2005 of a Hungarian expert for a one year secondment. These secondments from the New Member States have contributed to a more active integration of these States in ESPON activities.

Pursuing its traineeship programme and capacity building, the ESPON CU welcomed throughout 2005 trainees from Greece, the United Kingdom, Portugal and Sweden.

Following the decision to join the system in place for the INTERREG III C and the INTERACT programmes, the first meeting of the ESPON Financial Control Group took place on March 9th 2005 in Alicante. In order to ensure legal basis for its creation, the Agreement between the Managing Authority of the ESPON Programme and the Member and Partner States had to be changed and a procedure for the signature of the agreed amendment was launched. At its first meeting, the ESPON Financial Control Group approved its Rules of Procedure. The ESPON FCG also decided to externalise the execution of Article 10 checks to an international auditor. The Terms of Reference were approved in written procedure and a negotiated tendering procedure was launched during summer 2005 with the publication on the S series of the JOCE. Unfortunately no expression of interests were received and at the end of September 2005; the ESPON FCG gave the mandate to the Winding-Up Body to start direct negotiation with a restricted number of international audit firms. Finally by the end of December 2005 a preliminary agreement was reached with Ernst & Young. This preliminary agreement indicates that the methodology and the risk analysis will be finalised on time for an approval of the FCG at its first meeting in 2006 allowing for the start of the system audit and sample checks by the end of 2006. The negotiation with the auditor will be finalised by the end of March 2006 and the next meeting of the ESPON FCG will take place no later that mid June 2006, on time to approve the art. 13 report.

## 4.1 Financial implementation of the assistance

By the end of the year 2005, financial means actually paid amounted to over €3.000.000 showing consistent increase in the expenditure comparing to the previous year 2004. More than the 80% of the expenditures for 2005 is project related and although the programme is

still registering some delays regarding the submission of reimbursement claims from the projects, the flow of requests has increased throughout the year and will gain speed in 2006 as the programme draws to its end.

Concerning Technical Assistance, it has to be recalled here that most of the costs relating to the functioning of the ESPON Coordination Unit are covered directly by the Ministry of Interior of Luxembourg, which is contributing with more than €2.000.000 for the entire programme period.

The table below present the approved Technical Assistance budget for 2005 and situation regarding the financial execution of the budget. The budget implementation column includes payments executed also in the 2006 but related to 2005 Technical Assistance activities. For a detailed overview related to the financial execution of priority 5, please refer to the tables annexed to this report.

| Measure 5.1. Management, monitoring and implementation | Approved budget 2005 | Budget implementation |
|---|---|---|
| CU Travel | € 42.500,00 | € 36.169,34 |
| MC EU Member travel | € 80.000,00 | € 60.973,42 |
| MC Observers travel | € 2.500,00 | € 0,00 |
| Project Expert until end 2007 | € 75.000,00 | € 71.413,71 |
| Financial and administrative support expert until February 2007 | € 20.000,00 | € 21.226,84 |
| Trainee | € 10.000,00 | € 6.596,15 |
| Secondment from New Member States | € 20.000,00 | € 15.823,50 |
| Training of CU staff | € 10.000,00 | € 2.389,35 |
| Office rent | € 20.000,00 | € 15.306,24 |
| Costs for 2nd level control and winding | € 80.000,00 | € 0,00 |
| Site costs for FCG meetings | € 4.000,00 | € 1.707,64 |
| Financial Monitoring system | € 7.000,00 | € 0,00 |
| Recruitment procedure - Financial and administrative expert | | € 1.115,00 |
| Miscellaneous | € 5.000,00 | € 5.101,67 |
| Expert legal advice | € 14.000,00 | € 11.019,43 |
| Experts external evaluation 2.1.2 & 1.3.2 | € 4.000,00 | € 4.000,00 |
| Groups meeting Synthesis Report II | € 1.500,00 | € 329,13 |
| Contingency reserve | € 31.298,00 | € 0,00 |
| TOTAL | € 426.798,00 | € 253.171,42 |

## 4.2 Financial Management

Following the strategy to improve the financial management system at project, national first level control, CU and MA and PA levels, decided in 2003 and undertaken in 2004, it can be said that 2005 saw a sound system in place. The ESPON website provides detailed information on the financial reporting of projects and the role of the 1st level financial control. Regular Coordination Unit, Managing Authority and Paying Authority contacts enable a smooth running of things. Projects have been asked to declare all their costs under the new system which has sometimes meant an additional burden, but in all, once the system is understood, it runs smoothly. Changes in the person responsible for the 1st level financial control (at Ministry or sub-delegation level) usually brings teething problems again but with procedures in place, these are quickly resolved. The ESPON CU received in total 26 project related payments claims during 2005 all of them needing corrections, further resubmission and additional checks. Huge efforts had also been made in making the 1st level financial control checks run smoothly and are performed according to the agreed standards.

A major effort was made in 2005 to reach a consensus on the Second and Third level Financial Control and the auditing procedures. As reported earlier, a Financial Control Group was officially constituted on March 2005 led by IGF which decided in the direction of the externalisation of the Art. 5 checks. The tendering procedure took place in the second half on 2005. It has to be underlined that the ESPON CU acts as secretariat of the Financial Control Group and is the main source for related information.

In 2005 the ESPON Programme was not affected by the risk of de-commitment due to the application of the N+2 rule as projects showed a substantial increase of their spending level. The ESPON Coordination Unit closely followed up projects closing down and provided additional support for the preparation and submission of their payment claims. Staff of the Coordination Unit visited Lead Partners to check the progress made and the accuracy in the preparation of their claims. Projects 1.1.2, 1.1.1, 1.1.4, 1.1.3, 1.3.2, 2.2.1, 3.4.1, 3.2 received individualised support by either having a financial officer visit the ESPON CU or having CU staff visit the contractor. Additionally, staff from ESPON CU visited the Greek 1st level financial control authorities and all Greek Lead and Project Partners to clarify procedures.

## 4.3 Sample checks on operations according to Article 10 of Regulation (EC) No. 438/2001 ("second level control")

A major effort was made in 2005 to reach a consensus on the Protocol for Second and Third level Financial Control and the auditing procedures.

An ESPON Financial Control Group (FCG) involving representatives from all Member States, Norway and Switzerland had been set up to organise sample checks on operations on an appropriate sampling basis in accordance with Article 10 of Regulation (EC) 438/2001. In 2005, the FCG held one meeting, which took place in Alicante/Spain on 9 March 2005. This meeting (see Annex I for the agenda and Annex II for the minutes) resulted in the set up of the following procedures and the conclusion of the following agreements:

- Development of general procedures for audits, reports, follow-up and winding-up
- Drafting of Rules of Procedures for the ESPON FCG
- Agreement on the Terms of Reference for the externalisation of the following financial auditing services: sample checks in the framework of the ESPON programme and preparation of the winding-up declaration in accordance with Chapter 4 and Chapter 5 of the Commission Regulation (EC) No. 438/2001

Based on the agreed Terms of Reference for the externalisation of the sample checks, a tender procedure was launched. It consisted of two phases: it started with the call for requests to participate in the tender, which was opened on 7 June 2005 and closed on 13 July 2005. Then in a second step, the candidates fulfilling the minimum criteria were invited to submit an offer.

Unfortunately, no requests to participate in the tender were received by the Managing Authority of the ESPON Programme. The Financial Control Group decided to initiate a direct negotiation procedure with a restricted number of international audit firms, and a positive answer was received only late December 2005 by Ernst & Young (selected for the implementation of Art. 5 checks for the Interreg III C Programme).

The contract with the external auditor is expected to be signed before the end May 2006 and the methodology and sample checks to be approved by the FCG at the next meeting foreseen in June 2006.

In order to ensure maximum transparency and facilitate the tasks of the institutions involved with Art. 4 and Art. 10 checks, the Managing Authority and the Coordination Unit have also set up during 2005 a special section of the ESPON Intranet specifically dedicated to financial management of the programme, where updated information on each of the projects could be easily found and accessible by all members of the Financial Control Group.

## 4.4 Data collection arrangements

Pursuant to Article 36 of General Regulations the Monitoring Committee holds together with the Managing Authority joint responsibility for carrying out the monitoring of the ESPON programme. For "measuring" quality and effectiveness of programme implementation, physical and financial indicators have been specified in the Community Initiative Programme and the Programme Complement at the level of measures and priorities.

The financial monitoring and accounting system is implemented in the Ministry of Interior (acting as Management Authority and Paying Authority). In parallel the ESPON Coordination Unit keeps track of the accounts using an internal Financial Monitoring System. Taking into account the small amounts involved in the programme and the small number of engagements / payments involved, the Coordination Unit decided to implement a simple financial monitoring system based on Access software. In addition, a smooth cooperation has been established between the Coordination Unit and the Paying Authority and regular meetings have taken place involving the key persons of both organisations. The cooperation and coordination between the Paying Authority and the Coordination Unit have been strengthened during 2005 and will continue in 2006 as the programme draws to its end.

## 4.5 Measures taken to make publicity for the assistance

Communication and promotion activities related to the ESPON programme played an important role in the activities of 2005. The objectives of measure 5.2 "Information, publication and evaluation" were largely delivered through the ESPON website and the presentation of the ESPON programme and ESPON results at various events.

Printed publications and presentation material were widely disseminated. The ESPON Programme was presented by the CU on different occasions:

| | | |
|---|---|---|
| 06/02/05 | Seminar on New spatial Visions Study for CADSES Space | Krakow |
| 22-23/02/05 | Seminar on Spatial Development of Europe's North Western Periphery | Belfast |
| 24-25/02/05 | Interact Seminar on Spatial Visions | Bruxelles |
| 16-17/03/05 | Land Use Accounting Meeting – EEA | Copenhagen |
| 29/03/05 | Presentation on ESDP & ESPON - | NASC West Ireland European Liaison - Bruxelles |
| 30/03/05 | Debate on territorial cohesion at European Parliament | Bruxelles |

| | | |
|---|---|---|
| 26/05/05 | 3rd Meeting on PRELUDE project by EEA | Copenhagen |
| 30-31/05/05 | Youngstars Seminar | Ljubljana |
| 06/06/05 | ÖROK Seminar | Vienna |
| 21-22/06/05 | Interact Seminar on Transports | Prague |
| 21-22/06/05 | SUD meeting | Bruxelles |
| 26/06/05 | CRPM Conference on SDEA project | Porto |
| 05/07/05 | Workshop on Lisbon Regions Network | Bruxelles |
| 11-12/07/05 | North West Europe Seminar | London |
| 29/08/05 | Cooperation Meeting ESPON-URBACT-INTERACT | Bruxelles |
| 15/09/05 | Conference on ESPON | Gdansk |
| 28-29/09/05 | Interact Seminar on Territorial Cooperation | Bruxelles |
| 07/10/05 | Conference on European Space at High Resolution | Venice |
| 13-14/10/05 | ESPON Scientific Conference | Luxembourg |
| 16-17/10/05 | South Eastern Europe Perspective Seminar | Athens |
| 20-21/10/05 | Conference on Cities & Network | La Rochelle |
| 26/10/05 | CUIDEM Conference | Valencia |
| 15/11/05 | National conference on Regional Policy | Åre (Sweden) |
| 16/11/05 | Conference on Urban Management | Bled (Slovenia) |
| 29-30/11/05 | Interact Seminar on Hazards | Valencia |
| 16/12/05 | SUD meeting | Bruxelles |

### 4.5.1 A Media Bureau

In addition to the above and following the MTE Update recommendations, more efforts and resources were put in strengthening the ESPON Communication Strategy (CS) with the setting up of a "Media Bureau".

At the end of 2005, the "Media Bureau" was subcontracted as part of the upgrading of the ESPON Communication Strategy (CS) to assist and collaborate with the ESPON Coordination Unit during the last phase of the program period (until the end of 2006). The Media Bureau should assist in communicating comprehensive and complex ESPON results in a targeted way at different occasions towards various groupings of political/administrative actors, professionals and scientists in Member States and at EU level. Are envisaged :

- A Communication Info-pack to assist national authorities to communicate ESPON knowledge and findings to national/regional/local administrations and professionals;
- Press briefings to provide concrete media coverage;
- Meetings with regional offices in Brussels to present ESPON results focusing on regional aspects in the Member States, aiming at making the regional offices understand, that territory matters;
- Speaking opportunities for ESPON MC/MA/CU;
- A travelling exhibition

During the meeting on 9 December 2005, and the first coordination meeting organised between the contractor: Chelgate, the MA and the ESPON CU on 6 January 2006 in Brussels, the precise content of the ESPON Media Bureau communication activities for 2006 was discussed. In particular an adjusted the work plan and time schedule for activities in 2006 were established.

### 4.5.2 Publications and Events

In support of policy development a second ESPON Synthesis Report was published based on final results from more terminating ESPON projects. The first cross-thematic analysis of results was presented in this report. The report and the promotion material were in parallel distributed to all current 25 EU Member States as well as to Norway and Switzerland. The ECP network fulfilled its role in disseminating the publications in the Member States and the CU brought the material to all presentations of the ESPON programme.

A Scientific Seminar, involving researchers currently outside the ESPON projects, took place in Luxembourg in October 2005 taking thus a step further the building of a European research network in the field of territorial development.

ESPON work has been used in various articles, such as: "Vers la construction d'un indicateur de cohésion territoriale européen ?" by C. Grasland and G. Hamez published in the second issue of Espace Géographiques in 2005; "European Spatial Development Policy and Evolving Forms of Territorial Mobilisation in the United Kingdom" by D. Shaw and O. Sykes in May 2005 and "Territorial Cohesion: A Policy Phenomenon in Europe or a Global Issue?" in September 2005, both published in Planning, Practice & Research.

### 4.5.3 ESPON Web Site (version 3) and Intranet

The official ESPON web-site continued to show a good usage during 2005 with more than 121.500 visits. The improvement of the intranet (addition of new functionalities and access to

the ECP Network and Lead Partners) was finalised in September 2005 and progress was made towards the production of a new website which will become fully operational in 2006.

On the MC meeting 9-10 June 2005 the CU informed on the update of the ESPON website. The present structure will be maintained and complemented with new keys and facilities. Improvements will specifically be on subsections. Among new keys will be newsletter, a Press section, a "search engine". The ESPON Intranet also be improved and changed into the ESPON design.

The CU made a brief presentation on the ECP meeting in September of the new version of the ESPON intranet and outlined that the improvements, apart from the application of the new ESPON design, are mainly related to the introduction of new facilities:

- a shared calendar (where each user can enter an own event),

- an uploading facility (upload possible for ECP to ECP, not ECP to LP or MC),

- a forum for discussion within the ECP network.

It was also stressed that this new updated is envisaged to be operational by the end of September 2005.

Regarding the ESPON web site, the ECPs were informed that three different companies had been invited to present an offer to implement the improvements defined in the Terms of Reference. The CU received two offers and on the basis of the evaluation session a company from Luxembourg was considered the best choice for contracting. The process of implementing the new website is on going.

Indicators for publicity:

| **Indicators 2002 – 2005** | **Achieved 2002** | **Achieved 2003** | **Achieved 2004** | **Achieved 2005** | **Total achieved** | **Total envisaged (2002-2005)** |
|---|---|---|---|---|---|---|
| Number of publications organized | - | 2 | 1 | 1 | 4 | 2 |
| Numbers of visitors on ESPON homepage* | 6.334 | 31.347 | 60.925 | 85.945 | 184.547 | 4.000 |
| Evaluation study tendered | - | 1 | - | 1 | 2 | 1 |

*The number of visitors on the ESPON homepage has, due to an error in the former statistics, been corrected compared to the information included in the Annual Report 2004.

From a financial management point of view, the implementation of priority 5 measure 2 also progress smoothly, as it is indicated in the table below. The budget for priority 5.2 is managed according to actions and not, like the 5.1 technical assistance budget, on the basis on annual allocations.

| Measure 5.1. Management, monitoring and implementation | Allocated ressources (as foreseen in 2005) | Budget implementation |
|---|---|---|
| ESPON website and Intranet (inlcuding hosting until end 2007) | € 46.553,90 | € 42.553,90 |
| Datanavigator programming and hosting (hosting until end 2007) | € 20.682,62 | € 10.332,62 |
| Mid-Term evaluation | € 48.500,00 | € 48.500,00 |
| Mid-Term evaluation update | € 15.000,00 | € 15.000,00 |
| Scientific Conference | € 7.141,98 | € 8.573,16 |
| Media Bureau | € 48.790,00 | € 48.790,00 |
| Communication strategy - development | € 20.000,00 | € 20.000,00 |
| ESPON Synthesis report I | € 45.575,00 | € 45.575,00 |
| ESPON Synthesis report II | € 30.724,25 | € 30.724,25 |
| ESPON Synthesis report III - Final report (printing, drafting; external i | € 40.000,00 | € 0,00 |
| ESPON Scientific Progress - conference proceedings | € 30.000,00 | € 0,00 |
| ESPON Scientific Report (printing, drafting; external inputs and langu | € 40.000,00 | € 0,00 |
| ESPON Folder | € 21.152,00 | € 21.152,00 |
| ESPON Poster | € 6.010,00 | € 6.010,00 |
| Briefing I | € 4.788,78 | € 4.788,78 |
| Briefing II | € 7.600,00 | € 0,00 |
| Graphic design | € 14.168,50 | € 14.168,50 |
| TOTAL | € 446.687,03 | € 316.168,21 |

As for priority 5.1, for a detailed overview related to the financial execution of priority 5.2, please refer to the tables annexed to this report.

## 4.6 Steps taken to ensure compatibility with Community Policies

Nothing new is to be reported under this heading. All ESPON documents are in line with Community Policies and its beneficiaries are aware of their obligations in this respect.

Note has been taken of the contents of EU Regulation 2035/2005 Amending Regulation 1681/1994 concerning irregularities and recovery of sums wrongly paid.

## 4.7 Follow-up on the implementation of the results of the ESPON Mid-Term Evaluation and of the Mid-Term Evaluation Update

### 4.7.1 Mid-Term Evaluation

The Monitoring Committee has responded to recommendations given by the evaluators in the Midterm evaluation.

The recommendations made by the evaluators addressed different areas of the ESPON programme and need therefore different ways and different “speeds” of implementation.

Some recommendations were linked to the process of guiding TPGs towards final results. They have already been taken into consideration when drafting two major elements of guiding. (Recommendations 3, 4, 5, 6 and partly 1).

Other recommendations linked to activities/processes were realised during 2004. This concerns the updating of the ESPON communication strategy and the implementation of a Thematic Interaction together with the InterAct Point Qualification and Transfer or (Recommendation 7 and 10).

Three recommendations (9, 11 and partly 1) expressed a need to review already implemented structures and procedures. This refers to the enhancement of commenting and improvement of validating of ESPON results (recommendation 9), a more rigorously application of evaluation

procedures (recommendation 11) and the strengthening of the role of ECPs in the networking (recommendation 1).

Recommendation 2, 8 and 12 propose the implementation of new structures whereas only for recommendation 2 the ESPON Monitoring Committee was seen to be the right addressee. Recommendation 8 calls for a policy document – 12 for an ESPON II programme.

The following table systematise the recommendations of the ESPON Midterm Evaluation and propose proper actions to be taken by the MC:

| Nr | Recommendations | Proposals on implementation |
|---|---|---|
| 1 | Maintaining the internal coherence of the programme suggests that flexibility is needed in the allocation of funding between priority areas. In particular: | |
| | • A larger proportion of the budget could be applied to Priority 4, with a specific measure to strengthen the role of ECPs in the networking. | • Revision of the ESPON budget by increasing allocation to Priority 4 on the basis of a strategy paper on improvement of ECP network activities.<br>(for MC discussion on 18-19 February 2004) |
| | • The set of data series and indicators, with their related models and tools, that are being elaborated by the projects need to be maintained and updated at least to the end of the current programme. The CU and MC have identified this as an activity to be supported by the new cross-thematic project 3.2. Nevertheless, it is also important that the precise definition and method of creation (meta-data and model /tool systems) is documented by the projects so that the can be maintained even beyond the life of project 3.2. | • Guiding projects towards provision of Meta information on data and indicators as well as information on the models.<br>• Ensuring that project 3.2 is handling the updating of data sets from finalised projects<br>• Requesting meta-data information and definition of models used as an element in all final reports.<br>(under implementation) |
| 2 | Performance indicators given in the CIP and PC should be collected, updated and analysed on a more consistent and timely basis than now and used as a tool for monitoring and managing the programme. Although most programme level performance indicators will only be fully quantified in the final stages progress should be closely followed. The absence of activity in this area will make it difficult to use the experience of the programme in setting performance indicators for any future follow-up programme. | • Integration of a collecting/reporting system on performance indicators into projects' interim-, final- and progress (activity) reporting<br>• Implementation of a monitoring tool into financial monitoring system which is being implemented.<br>(will be implemented in 2004 and onwards) |
| 3 | Data availability issues need further attention as nearly every project has qualified its results by a lack of adequate | • Guiding projects towards formulation of missing data including provision of lists on gaps of data which have hampered the |

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| | data. A clear list of missing data classified by necessary / required / useful must be produced as a base for negotiation with organisations collecting data on future changes to meet ESDP requirements. | research undertaken and on data where access has been denied or been possible at high costs.<br><br>(under implementation) |
| 4 | Sensitivity analysis should be carried out to compare analyses at different levels of spatial aggregation for countries that have both NUTS3 and NUTS5 (or similar) data to see whether the resulting analyses and maps do show a consistent story at different levels of aggregation. Work published outside of ESPON by some TPG members show that this is feasible. | • Guiding projects towards carrying through statistical tests and control procedures necessary to ensure robustness, consistency and comparability in the dataset used.<br><br>(under implementation)<br><br>*Further comments:*<br><br>The idea of comparing analyses at different levels of spatial aggregation does not seem to be an appropriate mean for validating ESPON results as different geographical levels of analysis may create different messages. The method proposed seems to be more suitable for more detailed studies. |
| 5 | Where data is not available for different countries on a comparable basis and data has been used based on local methodologies, the definitions used should be clearly shown and the possible effects examined. The maps should also be annotated clearly to show users where non-comparability of spatial unit or data definition exists. | • Guiding projects towards providing all the information necessary for data identification and proper testing of comparability of data set. (see also recommendation 1).<br>• Provision of guidelines for mapping including information on citation and quality of data behind the maps.<br><br>(under implementation) |
| 6 | The original target of providing a small set of maps suitable for presenting the ideas uncovered by ESPON to non-specialists should be reinforced and more closely defined. At present, maps have been created for almost every data variable. Project 3.1 has done some work in defining a reduced set, but this needs to be implemented urgently. There are signs that as projects move from IR1 to FR they are concentrating their efforts. However, as the current IR is the last for several projects a more formal requirement needs to be set out now rather than leaving this for comment on the draft FR when resources will be scarce. | • Guiding projects towards provision of fewer maps within core text of final report (showing the most important and significant)<br>• Definition of so called ESPON map collection by project 3.1 and their finalized before summer 2004.<br><br>(under implementation) |
| 7 | There is a need to connect ESPON to people and organizations carrying out spatial development (i.e. practitioners). This would be facilitated if methods developed in ESPON, such as Territorial | • Connections to a wider community interested in ESPON results will be part of the further promotion and communication of ESPON.To be further considered and to be defined in more detail in the course of<br>- the updating of the ESPON |

| | | |
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| | Impact Analysis and trends studies, were promoted widely for use throughout INTERREG and any successor programmes. | communication strategy;<br>- the development of a strategy on strengthening the role of ECPs;<br>- implementation of a Thematic Interaction together with the InterAct Point Qualification and Transfer.<br>(for decision by the MC) |
| 8 | Specific action is needed to create a theoretical framework for the longer term development of ESDP policy analysis. ESPON consists of a mixture of a 'bottom up' approach and a 'top down' approach. The responsibility for defining and documenting the 'top down' view does not seem to have a clear focal point, such as the CU or one of the projects. The problem is not the absence of an operational plan; the PC and additions by the MC fulfil this requirement. Rather the ESDP is not being extended to become a coherent intellectual framework ('story') with a firm scientific base. Such a framework is needed to prepare the programme for long term development of models, tools and concepts for policy elaboration and control. There needs to be some working group tasked with the initial elaboration of this framework from the different inputs the programme generates and developing an ongoing process to extend and update it. | Further development of a policy document like the ESDP is not the task of the ESPON programme. ESPON is only supposed to provide knowledge and information for policy development<br>(no activity relevant for ESPON) |
| 9 | Feedback on project output, in relation to choice of data, the different national viewpoints and policy context should be enhanced and set in a clear operational structure. The credibility of the programme is judged by the quality of its results. Greater rigour in the assessment of tools, methodologies, indicators, maps, etc., would raise confidence amongst practitioners and promote wider application of the output. This could be achieved in several ways, for example, through independent peer reviews of the project IRs by external experts. Attention needs to be paid to both scientific and policy aspects of the project results. | • Response to projects has been enhanced in autumn 2003 through a closer dialogue on Interim reports including comments from MC and ECP.<br>• An improvement of assessment of tools, methodologies, indicators, maps etc. is supposed to be undertaken by project 3.1 and 3.2. The scientific progress will be documented in ESPON reports towards the European scientific community in the field of territorial development<br>• Concerning independent peer reviews of the scientific quality within the ESPON programme the MC decided on 8-9 October 2003 to eliminate a proposed project entitled "Independent scientific evaluation of final reports of ESPON".<br>(A further clarification on the last point shall be presented at the MC meeting in May 2004). |
| 10 | Networking and building a European | • Enhancement of activities in support of networking and community building |

| | | |
|---|---|---|
| | spatial development community is not working well and should be further developed. Networking and building a community should encompass not only the operation of ECPs and TPGs, but a much wider community. Whilst ESPON does satisfy its performance indicators of networking researchers the operational structure of that interaction is inadequate. The ECP network is designed to create a network within a country. Some countries have only a few members in their network, there is no structure to create links between institutes in different countries. The existence of TPGs can only partially fulfil this function since for practical reasons they are not required to be comprehensive in their geographic coverage and do not have the continuity required throughout the programme period. The following suggestions are offered as ways to move towards improved networking and greater openess: | including the generation of deliverables and organisation of events. This shall be further considered and defined in more detail in the course of<br>- the updating of the ESPON communication strategy<br>- the development of a strategy on strengthening the role of ECPs<br>- implementation of a Thematic Interaction together with the InterAct Point Qualification and Transfer<br>(see as well recommendation 7) |
| | • Provide a list / directory of member institutes on the ESPON web site covering TPGs, ECPs and other interested research groups. | • Is partly already implemented and will be continued |
| | • Allow other institutes to sign up online, or at least attempt to join via the ECP. | • All interested institutes can approach the most recent results from all ESPON projects via the web.<br>• The ECP network has the task to connect to relevant institutes in their country<br>(no further implementation) |
| | • Establish a newsletter to ECP, TPG and other network members. | • The function of a newsletter is undertaken by the ESPON web site. The information should be enhanced and changing more often<br>• No printed newsletter is foreseen<br>(under implementation) |
| | • Organise an ESPON international conference. | • The idea will be incorporated in the communication strategy<br>(under consideration) |
| | • Include policy institutes and other organisations that are not primarily regional in focus but do regional analysis. | • The Transnational Project Groups are supposed to involve relevant research institutes; so is the ECP<br>• An approach to European policy institutes will be integrated in further communication<br>(under implementation) |

| | | |
|---|---|---|
| | • Publish ESPON reports as a series and do not allow ESPON projects to publish those reports outside this framework to force a level of esprit de corps with citations and links identified with the ESPON framework. | • The publicity is proposed to include 5 reports until the end of the programme<br>• The contracts with lead partners institute a shared ownership to results. Due to transparency openness should prevail should a project want to publish their final report or parts of this.<br>(no action to be taken) |
| 11 | Monitoring and evaluation procedures should be more rigorously applied to avoid duplication of effort. The involvement of organisation in projects should be better monitored from evaluation stages through contract implementation to avoid the same or similar work components being proposed in different projects. Furthermore, there is an impression given that the skill and expertise of some organisations is being duplicated across several projects in which they carry out a similar if not identical function. | • The already implemented evaluation procedures will not undergo major changes, but be adjusted in case of needs.<br>• Any idea of excluding institutes from participating in tenders would violate a free competition<br>(no further implementation needed) |
| 12 | Continuity of the action after 2006 is imperative. The current problems with data quality and coverage, and the inevitable doubts as to the accuracy of analysis as a result, make such a continuation essential. A second round of the type of analyses of concepts and linkage between policies and outcomes that is being pursued in the current programme should be continued and the community building and expansion pushed forward. Improvements in the connection between policy makers, analysts and scientists are unlikely to proceed sufficiently rapidly for the programme to meet fully the objectives in this area by its end in 2006. | • Any consideration on a continuation of the ESPON exercise lies outside the current programme and has to be decided on the political level<br>(no further implementation needed) |

In particular, the Monitoring Committee of the ESPON Programme decided the following:

- An increased allocation for ECPs under Priority 4 which was introduced with the revision of the ESPON budget (recommendation 1). The basis for improving the networking activities will include a strategy for strengthening ECP network activities.
- To include the recommendation 2 in the improvement of financial management in the ESPON programme
- That recommendation 3, 4, 5, 6 and partly 1 (provision of meta-data) were already in process of being implemented.
- That recommendation 7 and 10 needed further consideration in the discussion of enhancing of activities and products in support of promoting and communicating ESPON results.

### 4.7.2 Update of the Mid-Term Evaluation

In the second half of 2005, the Final Report presenting the results of the Mid-Term Evaluation (MTE) Update implemented by the MVA Company was delivered to the Monitoring Committee. According to art. 42 (4) of Regulation (EU) 1260/99, the update of the MTE is a continuation to the MTE from 2003, builds on the work of the MTE, and focuses on areas where it can add value, in order to prepare for subsequent assistance operations. The update did take into consideration the results and recommendations issued in the MTE Final Report, of December 2003, and actions decided by the MC and implemented by the programme on the basis of these elements since then. It measured either qualitatively or quantitatively the progress made towards the achievement of the programme objectives and targets set into the programming documents.

The general conclusions and recommendations[11] from the evaluator on the programme development covering December 2003 to June 2005 showed that the ESPON Programme has addressed many of the recommendations of the MTE.

In short it is stated, that "The response of the MC and CU to each of the 12 recommendations given in the MTE report has been carefully and sensitively handled. Appropriate initiatives have been adopted to remedy weaknesses and resources have been reallocated to strengthen networking and key objectives. Immediate benefits in respect to the overall delivery of the programme is evident and networking in particular appears to be working in a more effective and efficient manner. There has also been an improvement in the flow of financial and management information. Project outputs are being systematically documented in a monitoring process which is now able to demonstrate progress towards programme objectives. Since the MTE in 2003 there has been a marked improvement in the quality of programme implementation. The technical support infrastructure provided by the Managing Authority and Coordination Unit has continued to develop and has matured into an effective management tool for the programme. Difficulties encountered in the operation of the financial control system have been rectified".

The update of the MidTerm Evaluation added recommendations summarised below encouraging in particular the Managing Authority, Monitoring Committee and Coordination Unit to develop strategies to enhance the impact of ESPON and offer suggestions in respect to a follow up programme (ESPON II):

The seven recommendations from the MidTerm Evaluation Update addresses:

- Updating the CIP
- Financial monitoring and consolidation of residual funding
- Development of performance indicators for newly decided projects
- ECP role and function
- Scientific validation of results
- Model contracts for a future programme
- Project funding in a future programme

The Monitoring Committee approached the recommendations complementing and concretising some of the analysis and proposals made by the evaluator:

[11] ESPON Mid-Term Evaluation Update Final Report, prepared by MVA for ESPON Programme, September 2005

- Regarding the expected impacts of the programme results: It has so far proved to be very difficult to measure the impacts (in particular long term impacts) of the ESPON programme on policy development, either at EU or national Level.

  Additional information from MC members on the use made of ESPON results for supporting the elaboration of Strategic Guidelines, National Development Strategies, or other type of policy documents at EU/National/regional level could further improve and nourish the analysis made by the evaluator (see Final Report MTE Update p. 37-38).

- Still in relation to the impact analysis: Proposals from the MC on possible performance and impact indicators for a future ESPON II programme, based on the proposals made in the report, would also be a valuable complement to the report and make this specific part more concrete.
- Addressing networking activities, in particular the ECP Network, the evaluator provides an analysis of the role and contribution of the ECP network to the programme, very much based on the MA, CU and ECPs perspectives, focusing on their "communication and promotion role" at transnational level. Elements presenting the ECPs role and functions, seen from a national perspective were felt somehow missing by the MC. The interplay MC/ECP, the policy support possibly provided to MC by ECPs at National level, could be issues where MC comments could also complement the report.

In general, the MC, MA and CU appreciated the results and recommendations made by the evaluator, and considered that these results are useful inputs for the preparation and discussion on an ESPON II programme.

## 4.8 Most significant problems encountered in managing the programme

The ESPON Programme has achieved substantial progress in providing new knowledge on territorial dynamics and imbalances within Europe and ensuring a considerable level of European scientific networking in the field of territorial development. In particular, during 2005 increased endeavour has been put for the New Member States to catch up in activities initiated without their involvement. As the new funding period for the Structural Funds approached, the challenge (and limitations) of bridging science and policy relevance became more evident. The ultimate aim of ESPON to present policy messages in a condensed and readily usable fashion seemed a colossal feat, very time consuming and heavily dependent on proper resources.

Considerable efforts have been asked by all actors involved in order to achieve the significant results accomplish during 2005. The implementation of an applied research programme needs specific resources for scientific guidance and quality control which at the moment is not reflected in the budget line for technical assistance. As previously said, the current financial resources for the implementation and coordination of the ESPON 2006 programme are very limited and represent a constraining factor which becomes more evident as the programme takes on more impetus.

The relative small budget of the ESPON Programme does not imply less financial and administrative work for make a transnational programme involving 25 EU Countries being implemented in the full respect of Structural Funds regulations. In particular, the implementation and coordination of the networks of financial controllers in charge of performing checks according to article 4 and article 10 has proven extremely difficult. The implementation of first level financial controls is a real difficulty for many Lead and Project Partners and resulting in mayor delays in payment claims requiring a close monitoring of the

situation by the ESPON Coordination Unit in order to avoid any risk of de-commitment due to the application of the N+2 rule.

Although launched in the first half of 2005, the 2nd and 3rd level control suffer from time constraints (due to the need for coordination within ESPON and with the other network programmes) and limited financial resources (a “small” contract being of less interest to auditing companies) which can hinder the advancement of this crucial activity. However, this activity will gather momentum during 2006 when control activities will be launched.

# Annexes

**Annex 1: Financial tables**

**Annex 2: ESPON Work Programme 2005**

**Annex 3: Evaluation reports**

**Annex 4: Minutes of MC meetings 2005**

**Annex 5: ESPON seminars and Lead Partner seminars**

**Annex 6: ECP Meeting agendas**

**Annex 7: FCG agenda + Rules of Procedures + Minutes**

**Annex 8: A hard copy version of publications produced in 2005**