



Co-financed by the European Regional Development Fund

Inspire Policy Making with Territorial Evidence

POLICY BRIEF

# The territorial dimension of future policies



Shaping the territorial dimension of future policies requires understanding the territorial diversity – key challenges and development perspectives – of different places around Europe within and beyond their administrative boundaries as well as formulating policy approaches and implementation tools that can help to maximise their development potentials with the aim of promoting the well-being of European populations. Eventually, this **territorial thinking should become an integral part of pan-European and national policy orientations** and guide the design and implementation of regional, urban and local development strategies.

Amidst the discussions on the future of EU-level policies (including Cohesion Policy (CP)) and in view of the upcoming preparations for the next round of strategies and programmes at national, regional and local scales, ESPON Programme has delivered new territorial evidence on a variety of subjects (employment, business development, connectivity, public services, low-carbon economy, governance, etc.), addressing key challenges and opportunities for the future development of cities and regions.

This policy brief presents a synthesis of key observations and policy messages from the ESPON studies developed as part of the ESPON 2020 Cooperation Programme with the **aim of supporting the debate on the territorial dimension of future policies at European, national, regional and local scales.**

## KEY POLICY MESSAGES

The territorial dimension in policy-making should continue to be promoted on the basis of the concepts of **polycentricity and a place-based approach**, understanding and stimulating territorial assets in the context of local and regional development strategies.

At the same time, increasing **interconnections and interdependencies** among places require us to adopt a new perspective on their development. It must extend across administrative boundaries and engage a broad range of stakeholders in joint efforts to increase positive results and impacts through combined resource potential and better-coordinated development initiatives.

Achieving more and better results with scarce public resources is possible only through joint action. Therefore, **cooperative endeavours** at wider geographical scales should become a much more prominent element of public policies at all scales.

Accordingly, in future policies the **territorial dimension can be strengthened by:**

1. tailoring public policies and interventions to **functional areas** – functional urban areas, cross-border areas, transnational areas, etc.;
2. designing policy frameworks that **incentivise cooperation**;

3. developing **new governance solutions** that engage public authorities and private stakeholders in joint efforts to address shared development challenges;
4. expanding cooperation practices in planning and making investments, by offering tools that support **joint investment initiatives** and allow the **combining of resources** from different funding streams;
5. **strengthening the capacities** of national, local and regional actors to engage in cooperative activities.

More specifically, **future Cohesion Policy should:**

1. Continue to support the design and implementation of **local and regional strategies**.
2. Encourage and support **joint investments** both within mainstream EU support programmes and within the European Territorial Cooperation objective.
3. Further promote the **use of ITIs and other integrated territorial approaches** and instruments (e.g. CLLDs).
4. Continue to finance pan-European programmes, aimed at developing **policy-making and implementation capacities** of national, regional and local stakeholders.

# 1

## The key concepts of integrated policies – polycentricity and a place-based approach

### 1.1. Promote polycentric development by strengthening the potentials of places on the basis of their specific assets and through intensified functional links

Polycentricity is a **relational concept** that encourages regions and cities, working with neighbouring territories, to explore common strengths and promote more functional links and interactions among places.

Polycentricity is sometimes misunderstood and perceived as a policy framework that legitimises requests for more investment to grow larger and stronger cities. Policy implementation experiences around Europe show that polycentricity does not bring the expected results if it is not implemented through **collaborative governance and planning tools** engaging the potentials of places beyond administrative borders and promoting cooperation among them.

If understood and implemented from a relational perspective, polycentricity helps to strengthen the **competitive power of urban centres**, while delivering **more balanced development between regions** and overcoming the **negative effects of peripherality** through more cooperative and functional urban-rural linkages. At the same time, polycentricity contributes to **increasing the efficiency of using limited resources** by avoiding duplicating roles and functions and by bringing more benefits to local inhabitants using the combined resource potential. Moreover, it contributes to **making cities and regions more resilient and diversified**, which strengthens the competitiveness of Europe in the global economy.

Therefore, relational polycentricity contributes to creating **a new culture of public policy and public action** that acknowledges the benefits of collaborative working and integrated solutions to address shared territorial challenges more efficiently.

In practical terms, pursuing the benefits of polycentricity requires **acknowledging and strengthening the potentials of different places** (urban, rural, inner peripheries, territories with geographical specificities, etc.) based on their specific assets and **designing policy interventions for functional areas** that make it possible to increase the potentials of places through intensified links and exchanges. These elements are explained in more detail in the following sub-sections.

### 1.2. Apply an integrated place-based approach (spatial, thematic/cross-sectoral, public-private)

Promoting the development of places requires an integrated place-based approach that is based on four key principles:

- **Territorial integration** requires adopting a view on territorial development perspectives of places beyond their administrative borders – understanding connections and interdependencies with other places, comparative advantages, and opportunities to maximise their development potentials and achieve critical mass through joint initiatives.
- **Thematic integration (horizontal coordination)** calls for a holistic cross-sectoral view on the development of places. Investments in human capital, infrastructure, business development, innovation, services, etc. should all be aligned to achieve common development objectives and promote the well-being of populations.
- **Public-private partnerships and wide stakeholder engagement** are crucial to achieve the ownership and practical implementation of the agreed development objectives. Moreover, collaborative initiatives promote social capital as a crucial precondition for innovation.
- **Financial integration** requires pooling resources from different funding streams and ensuring their coordinated use for achieving locally and regionally defined objectives. The definition of policy interventions should not be driven by the availability of funds because, in that case, they risk becoming weakly related to the assets and real needs of places and therefore will not contribute to the achievement of agreed goals and, in the worst case, will become a wasteful investment with no real results or impact.

All these principles should guide the development of local and regional development strategies, and financial integration should serve as the framework for CP-supported investments.

**The post-2020 CP should continue to support the design and implementation of local and regional strategies**, especially encouraging cities and regions to plan their developments and investment initiatives beyond administrative borders and to engage in joint or cooperative projects to increase investment efficiency, visibility and positive returns on investment.

Considering that strategic planning is a future-oriented praxis, it is advisable to apply **foresight methods** for policy development processes. Scenario planning and forecasting can be useful for supporting the deliberations and agreements on a vision of a particular territory, and for proactively matching policy measures with the expected trends, provided that the developed projections and scenarios are realistic and not merely optimistic.

At the same time, taking into account that planning is always confronted with quite a high degree of unpredictability of future developments, **strategies should ensure sufficient flexibility** to be able to adapt their implementation measures to constantly changing realities.

Finally, in line with the principles of place-based and integrated development, ESPON advises designing a **single development strategy** (rather than multiple strategies on specific subjects or for specific parts of a territory) that reconciles and harmonises various interests and possible development pathways and ensures a holistic view and set of policy measures for promoting territorial potentials.

The importance of a place-based approach that is based on acknowledging and strengthening endogenous development resources is further explained in the boxes below from a geographical perspective (using the example of territories with geographical specificities) and a thematic perspective (using the example of stimulating a knowledge economy).

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### BOX 1

## Promote the development of territories with geographical specificities (islands, mountains, sparsely populated areas and coastal areas) based on their development assets

The European policy debate on the development of territories with geographical specificities has been moving in recent years away from discussions of the need to compensate for “natural handicaps” and develop a special policy or instrument “per handicap/specificity”. The discourse nowadays, acknowledging that the specific challenges of these places may need tailored solutions, is focused on the **need to reveal and strengthen their development potentials**.

Socio-economic conditions in territories with geographical specificities in Europe are very diverse. Therefore, a geographical specificity is a feature that needs to be considered in a **broader territorial context** (e.g. islands in relation to neighbouring coastlines, mountain areas in relation to their piedmonts) **and national economic context** to formulate strategic options for their future developments.

Considering this mindset, ESPON has come up with a set of recommendations for promoting the development potentials of these territories. Place-based strategies and policies should:

- aim to promote diversification of economic activities;
- introduce measures to counteract population decline and address the impacts of seasonal variations in population;
- promote connectivity through a set of actions that are directly linked to existing and future economic activities;
- increase access to high-quality broadband;
- consider specific opportunities and vulnerabilities resulting from the physical environment, and environmental protection measures aimed at generating opportunities for development.

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### BOX 2

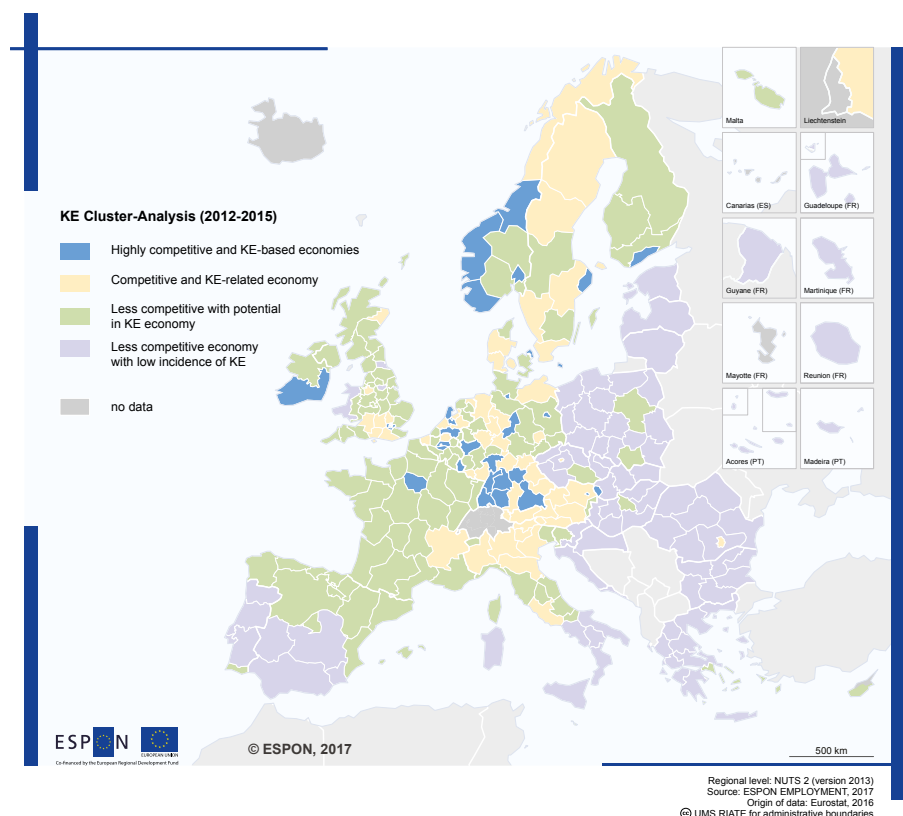
## Strategies to stimulate knowledge economy drivers

According to ESPON research, there are **five potential strategies that could be deployed to stimulate knowledge economy drivers based on territorial assets**.

In four out of six cases (Abruzzo, Małopolskie, Berlin, North-East region of Romania), an approach adopted is based on the **provision of monetary or non-monetary**

**incentives**, such as fiscal deductions, grants, services or other incentives, to attract (high-skilled) workers, companies or research centres. Incentives often support the promotion of clusters of universities and companies. The regular and close interaction promoted under the clustering scheme is expected to improve cooperation among actors that were not cooperating before.

## Map 1 Types of competitive knowledge economies



Source: ESPON, European Territorial Review: Territorial Cooperation for the Future of Europe, 2017

A second strategy, well represented by the Mecklenburg-Western Pomerania strategy for the health and wellness sector, can be referred to as an **“oasis strategy”** insofar as it focuses only on the most successful, vibrant and growing sector of the region. The sector’s stakeholders are incentivised to work together to achieve the common goals of fostering innovation and promoting economic development.

A third place-based strategy occurs in the case of very remote areas with rather low potential for attracting resources from abroad. In this case, development strategies can be oriented towards **“building a magnet”**, i.e. attracting highly skilled workers by exploiting some **“unique” resources of the territory**. This is well illustrated by the Abruzzo case study, where the Gran Sasso Science Institute leveraged the presence of one of the world’s top four laboratories of particle physics (housed inside a tunnel originally constructed as part of a motorway) and various university-based research groups to create a centre of excellence attracting students and teachers from Italy and abroad.

A fourth strategy option is building knowledge economy opportunities through urban development. Examples of this strategy can be found in Berlin, London and the city of Iași in Romania (the largest in the North-East region).

These policies provide a **physical environment that facilitates cooperation between science and industry** and the perception of opportunities for young professionals to work in innovative businesses in regenerated and/or newly developed areas.

A fifth option, most suitable for well-established knowledge economies, is **branding**. For example, the slogan “the world in one city” was used by London to win the 2012 Olympic Games and, more recently, London’s Mayor has used the hashtag #LondonIsOpen to show that London – after the Brexit referendum – is still aiming to remain open for business and welcoming diversity. Berlin’s slogan “poor but sexy” also contributed to Berlin’s image as an open and diverse city.

Other policy options aim to steer the inflows of migrants and exploit the skills of emigrants with ad hoc diaspora measures. For example, the UK government set up selective policies to steer its high migration flows from non-EU countries, in order to attract high-skilled students, researchers and professionals. Romania, which is one of the EU countries with the highest outmigration rates, recently tried to exploit its diaspora, providing financial incentives for Romanian emigrants to set up non-agri cultural businesses in urban areas to encourage return migration.

## 2 Key approaches of territorially oriented policies – functional areas and cooperation among places

### 2.1. Design policy interventions for functional areas

Increased interconnections and interdependencies among different places have caused the spillover of development patterns beyond administrative borders. Territorial challenges need to be addressed and new opportunities developed at the scale of functional geographies.

Nowadays, **functional areas of different sizes and characters shape territorial development in Europe**. These range from urban or rural areas, via rural-urban partnerships, functional cross-border regions, and transnational and macro-regions, to global integration zones. They tend in the majority of cases to break with existing administrative delineations of municipalities, regions and countries. Furthermore, delineations of functional areas can differ according to the function and, being highly dynamic, can shift over time. For example, labour market catchment areas and the functional geography of providing advanced services of general interest or industrial symbiosis processes vary considerably. Therefore, one single place can be part of several different functional areas.

**Identifying functional areas, understanding their respective development potentials and bottlenecks, tailoring governance mechanisms and planning frameworks to fit the functional geographies** are important preconditions for increasing the efficiency of policy interventions and return on investment, at the same time avoiding wasteful (overlapping, fragmented) investment. The latter is particularly important, considering the increasing public resource constraints and the need to achieve more with less. In addition, tailoring support programmes to functional geographies can increase the visibility and the added value to the EU of investment.

**The importance of functional areas** and the fact that they are not aligned with administrative boundaries **make governmental cooperation an imperative for territorial development**. Links between places and the need to develop territories with regard to their functional interdependencies imply that a single administrative territory (be it a municipality, region or country) cannot disregard other places in its policy development. Depending on the nature of the policy issue, this implies cooperation within functional urban or rural regions, across national borders, or in wider transnational or macro-regional contexts.

### 2.2. Promote cooperation among places in planning, governance and investment

Cooperation among places should become the key element of planning, governance and investment practices under future policies at European, national, regional and local scales.

**In EU policies**, cooperative initiatives both within and beyond administrative borders should be encouraged and widely supported **within mainstream EU support programmes and within the European Territorial Cooperation objective**, as they will allow:

- more and better results to be achieved by pooling resources;
- their efficiency to be improved by avoiding potentially overlapping and wasteful investments;
- their visibility to be increased;
- geographically wider spillover effects to be ensured.

**At the national scale**, promoting cooperation among places requires the establishment of an overarching policy framework and guidance to enhance the involvement of regional and local authorities in cooperative governance and planning initiatives at various geographical scales. Moreover, cooperation can be incentivised by national governments through:

- allocating financial incentives to support networking, cooperation and linkages among municipalities (land funds, subsidies for housing, tax-sharing methods, land acquisition and compensation);
- providing funds for territories on condition that the regional and local authorities involved implement governance and planning approaches towards polycentric development.

**Regional and local stakeholders** are advised to employ a certain set of principles to develop successful cooperation practices. The most important ones are the following:

- Build upon **existing traditions** of collaboration (e.g. in the fields of transport, waste management and environmental protection).
- Understand the **territory's spatial dynamics**, taking into account not only the territorial and physical dimensions but also the key socio-economic and environ-

mental impacts of developments beyond the borders of statutory (city) plans.

- Initiate **bottom-up small-scale practices with local actors** and allow cooperation to move towards new policy fields (e.g. from public transport to biodiversity or land use).
- Develop **flexible cooperation structures** to fit the spatial dynamics of the territory and to adjust to changing institutional factors.
- **Political commitment** at regional and local levels is a key issue for evolving from a project-based short-term

cooperation towards a (strategic or statutory) planning-based and long-term one.

- Understand **shared benefits** for actors by early recognition of interdependencies among relevant actors and creating win-win situations among them. A process to involve a broad range of actors is crucial to develop joint strategic and spatial planning approaches and to prevent resistance and conflicts.

The importance of cooperation among places is explained in the following boxes from two angles: geographical (for inner peripheries as one territorial type) and thematic (for the circular economy as one policy field).

### BOX 3

## Addressing the challenges of inner peripheries requires sufficient political attention and promoting geographical and relational connectedness

**Inner peripherality** is related to low economic potential, poor demographic situation, poor access to services of general interest (SGI) or a combination of those factors. At the core of the concept are aspects linked to the capacity of a territory to “connect” with its environment (regardless of its geographical location). Connectedness generates synergies, networks and other types of links that allow to be present in the places where relevant decisions are made, both in relation to public policy and in relation to investment and private strategies.

**Inner peripheries (IPs) are present in almost all European countries** and there are many areas that are at risk of becoming IPs in the future.

The pathway to change rests upon an endogenous development process and the capacity to connect with exogenous resources and agencies. National/regional governments can support IPs. This is not necessarily a call for new funding programmes but implies political attention to IPs in the national context. The main reason for their relatively worse position is a lack of connectedness in terms of geographical and/or relational proximity. Therefore, **different aspects of connectedness have to be addressed** in order to break a continuing downward cycle.

Regional and local action should be based on articulated **strategies to promote connectedness, joint initiatives, and sufficient institutional and interaction capacities.**

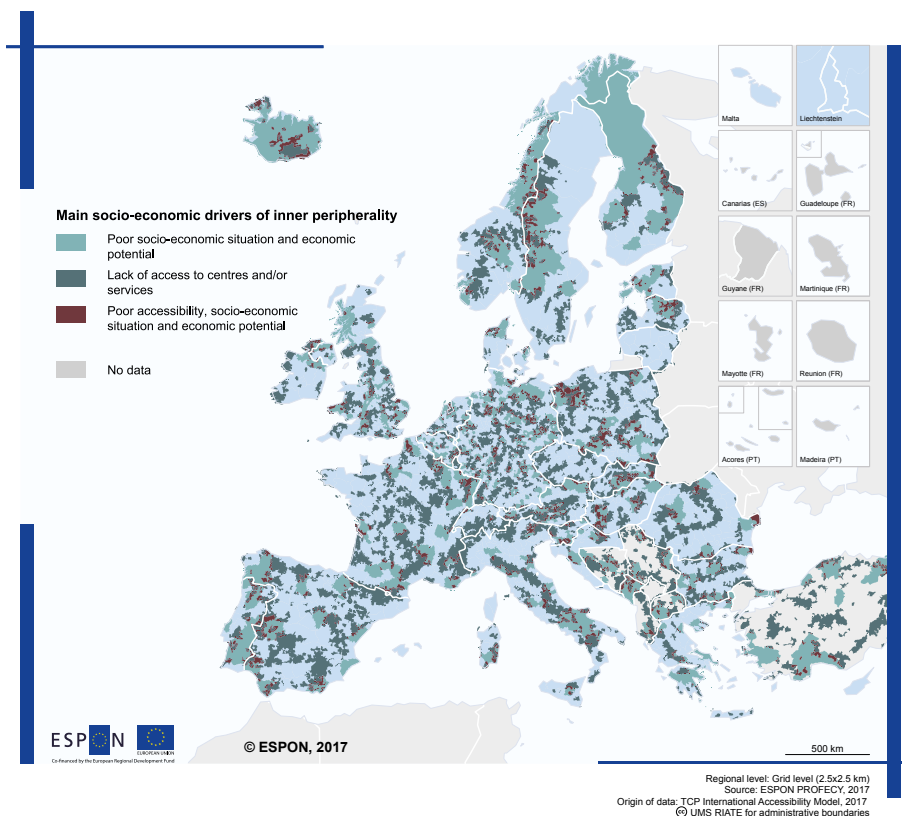
In some cases, IPs are rather small in scale or very dispersed, so that it is difficult for local stakeholders to raise resources for an effective intervention strategy. **A supra-local platform is important for connecting resources** and developing action plans. Regional cooperation might be specifically effective regarding locality branding and positive visibility of IPs; strategies for attracting a skilled workforce; fostering innovation and small and medium-sized enterprise (SME) development; evaluation; etc.

Local policy-makers could adopt an **explicit focus on connectedness and interaction capacity** when reflecting the localities’ territorial capital. Examples of this are related to the labour market, network brokerage to support the attraction of an external labour force to the region, or joint initiatives for qualifying the local labour force. In response to deficits in service provision, it might involve new methods and constellations incorporating novel IT-based solutions.

**Smart specialisation strategies (S3) are also an effective tool to engage the potentials of localities by means of interaction** among public, private, academic and non-governmental actors. They build on research and innovation strengths in a territory to address emerging opportunities and market developments in a coherent manner. The S3 networking and cooperation approach should cover each step in the value chain from research to commercialisation, and all relevant actors of different sizes and across sectors.

## Map 2

### Delineations of inner peripheries according to the main socio-economic drivers



Source: ESPON, Inner Peripheries: National Territories Facing Challenges of Access to Basic Services of General Interest, 2017

## BOX 4

### A circular economy should build on cooperation: between enterprises to streamline residues and industrial symbiosis and between individuals to develop a sharing and collaborative approach to consumption

A circular economy will imply huge changes for all parts of Europe and will also affect the European urban system and territorial balance. To make the most of the circular economy, territorial cooperation can help in different ways, of which the following stand out:

**Create critical mass for industrial symbiosis.** Industrial symbiosis mostly requires a range of production facilities in close proximity so that the waste or by-products of one become the raw materials for another. In particular, for small places (e.g. rural areas or small and medium-sized

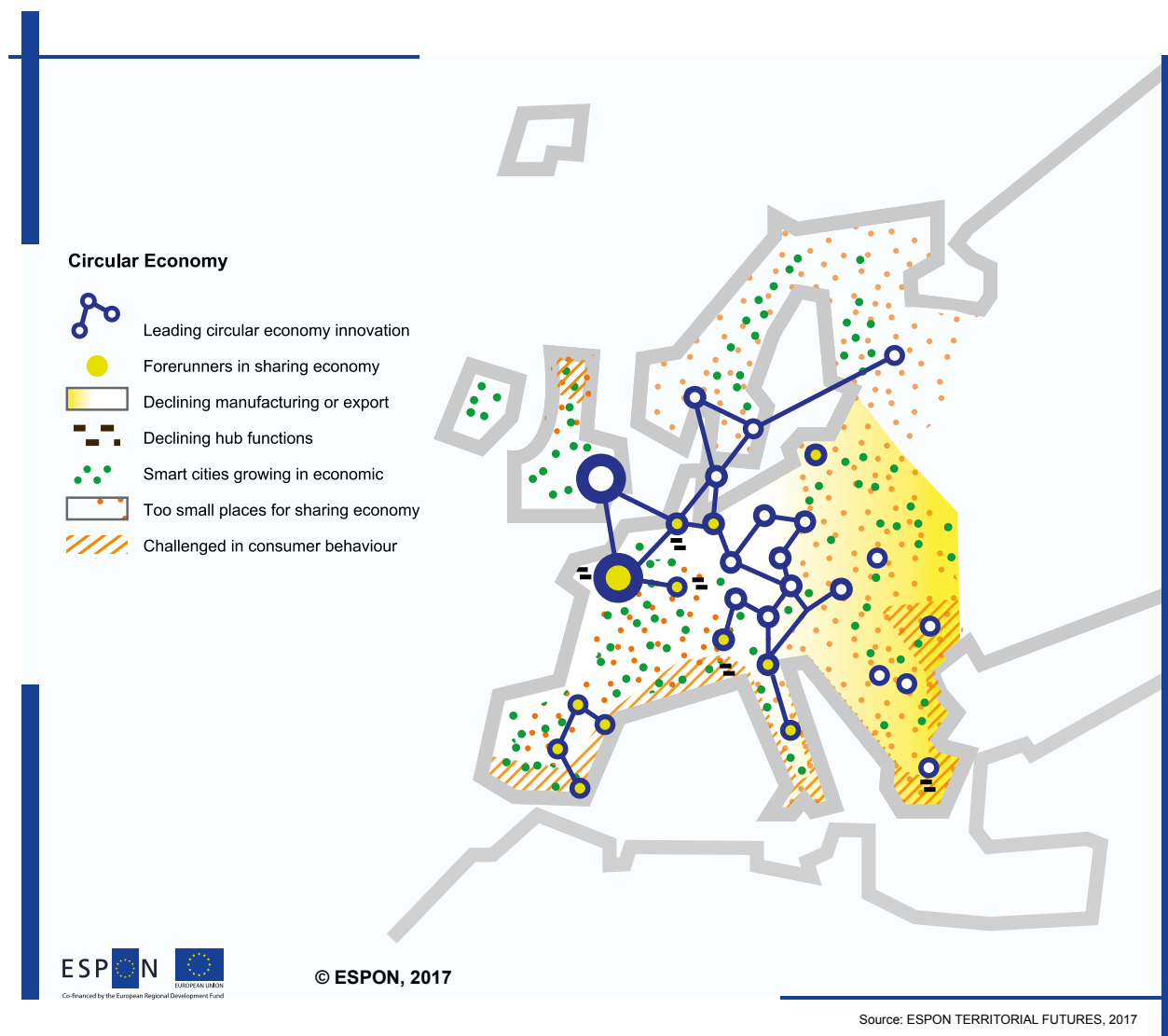
towns) with limited industrial activities this can be challenging. Critical mass can be created by building on the industries of an entire functional urban region (e.g. in S3).

**Create critical mass for local sharing economies.** Sharing-economy approaches at local level require sufficient participants within reasonable proximity to share goods or collaborate on services. The same goes for local reuse and repair approaches. Critical mass can be created by developing joint regional sharing-economy platforms, such as car sharing or tool sharing.



## Map 3

## Territorial impact of transition to a place-based circular economy



Source: ESPON, European Territorial Review: Territorial Cooperation for the Future of Europe, 2017

#### Cooperate for new production and repair systems.

The transition to additive manufacturing, repair and reuse holds development potential in particular for small and medium-sized towns as well as for lagging regions. However, players in these areas should cooperate in larger networks or with central places – polycentric networks.

**Draw up joint strategies for changing transport systems.** The transition to a circular economy will also affect transport flows from the global to the regional level. Regions with below average levels of physical connectivity may hold the potential to rethink transport systems at the level of macro-regions or functional urban areas (e.g. transport pooling).

**Set up circular economy knowledge transfer networks bringing together forerunners and areas needing to adapt.** Cooperation is needed to bring together decision-makers and entrepreneurs across Europe so that new solutions are picked up rapidly.

**Set up circular economy knowledge transfer networks on consumer behaviour** in the circular economy, mixing different cultural habits. Advanced territorial cooperation between areas covering waste reduction, recycling or use of the sharing economy for example, can be expanded to other areas to disseminate new solutions.

## 3 Tools supporting the implementation of integrated territorial policies

### 3.1. Develop new territorial governance arrangements: soft and metropolitan governance

There is no single governmental level that can fully meet the current social, economic and environmental challenges. The recent ESPON studies conclude that **soft territorial cooperation** and a **metropolitan planning approach** are two collaborative governance models that can effectively support policy design and implementation at different functional geographical scales.

Thinking and planning in **soft territorial cooperation areas** can overcome some of the constraints of dealing with territorial development within administratively defined territories and by means of hard statutory planning instruments. Frequently invoked constraints are linked to the observed failure of political-administrative territories to address functional interlinkage, the “silo mentality” of traditional sectoral planning and rigid institutional systems.

The core challenge of soft cooperation is to **stimulate a spiral of growth in cooperation**. For soft territorial cooperation to remain relevant over time, it has to continuously develop, adapt to changing conditions and create new cooperation momenta. For this spiral of growth in cooperation to happen, soft territorial cooperation requires continuous encouragement, even if one may succeed in establishing a territorial “brand” or shared identity and in changing working habits so that cooperative initiatives become easier to implement. Understanding the cycle is important for assessing the dynamics of soft territorial cooperation and can guide its implementation.

**Soft territorial cooperation requires appropriate frameworks for dialogue between actors.** As relevant actors do not necessarily possess the skills and resources needed to organise a collaborative, consensus-oriented cooperation process, European and national frameworks are needed to provide access to a wider range of human and financial resources and to facilitate cooperation. Joint collaboration involving actors from different levels is helpful, but not sufficient, to establish an effective soft territorial cooperation framework. **Continuous efforts** are

needed to identify potential fields of cooperation, mobilise relevant actors, facilitate dialogue and implement measures.

**The metropolitan planning approach sets out eight action areas** that can help to gain a better understanding of the current situation in the metropolitan areas, establish a suitable governance process and support decision-making about future plans and strategies. The eight action areas can serve as a useful guide for national, regional and local policy-makers and also be used by EU institutions as a set of preconditions to be fulfilled for receiving EU-funded investment support.

**Defining the borders and the scale of the metropolitan area** can support the set of decision-making processes and the joint governance efforts needed across multiple municipalities and/or regions. This delineation process should be supported by an assessment of the spatial dynamics of the area.

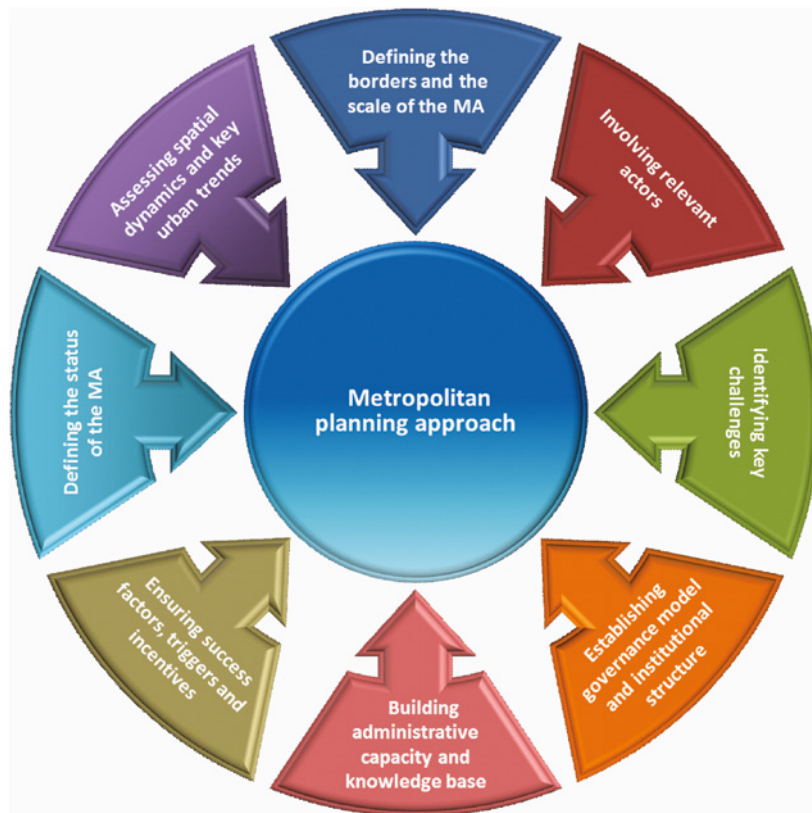
**Assessing the spatial dynamics and key urban trends** helps in understanding the spatial dynamics of the areas and supports decision-making about urban growth and designation of urban functions.

**Identifying key challenges in metropolitan development** includes formulation of issues, impediments and new opportunities and involves consulting relevant actors with regard to what are to be considered challenges for the area and why.

**Defining the status of the metropolitan area** is needed to ensure that it is recognised as a shared territory and a governance level where different spatial developments need to be addressed. The status will depend on the specific institutional context of the spatial planning systems and the governmental levels in charge.

**Deciding on the governance model and institutional structure** needs to be based on both the national and the local context. There is no single perfect arrangement for metropolitan governance, as each has advantages and disadvantages.

**Figure 1**  
**Eight action areas for the implementation of the metropolitan planning approach**



Source: ESPON, Spatial Dynamics and Strategic Planning in Metropolitan Areas, 2017

**Involving relevant actors in planning and decision-making** requires specific targeted actions, collaborative initiative and leadership. Actors' involvement at the beginning of any planning process is an essential factor in preventing resistance and conflicts about urban developments.

**Ensuring key success factors, triggers and incentives** looks different in each case; a particular local issue or group of actors has usually triggered the start of a metropolitan planning initiative. In some cases, initiatives have been taken by local governments (bottom up) and in other cases by a higher level of government (top down).

**Building administrative capacity and a knowledge base** is a long-term and ongoing process needed for successful implementation of the metropolitan planning approach.

In order to be successful, collaborative governance tools require:

- combining top-down policy incentives with bottom-up collaboration and implementation;
- collaboration between the relevant planning authorities at national, regional and local levels;
- involvement of a wider range of stakeholders (e.g. businesses and branch organisations);
- ensuring the transparency and openness of collaboration processes and building awareness;
- working towards a "minimum gain for all" when negotiation and compromise are needed;
- starting with bottom-up initiatives (e.g. transport) that can be convincing for most actors;
- political commitment and support from higher levels of government (e.g. national);
- mobilising political leadership to engage with different actors in collaboration;
- setting the rules of the game – combining flexible shared governance in spatial planning with the establishment of more restrictive/legal mechanisms for managing growth;
- creating common funds and agencies to support the metropolitan scale of planning, which can enable expertise and financial incentives to be applied (e.g. from EU and/or national sources).

### 3.2.

#### Financial tools supporting joint investment initiatives

In order to fully exploit the development potential of different places and to increase the impact of financial investments a mix of interventions is required. Territorial investment tools, such as integrated territorial investments (ITIs) and community-led local developments (CLLDs), have gained prominence in the current CP as part of a shift to place-based thinking and practice. Nevertheless, finding opportunities to combine funding from various sources is still one of the main challenges.

In the framework of CP, **the use of ITIs and other integrated territorial approaches and instruments** (e.g. CLLDs) should be promoted to support the implementation of collaborative initiatives between different types of actors based on complementary projects.

Promoting wider use of these instruments requires harmonisation of EU funding rules in order to simplify the use and coordination of different funds for the implementation of integrated territorial strategies.

Horizontal and vertical coordination of different funding streams and programmes is also important to ensure efficient use of funds, especially in an environment where resources are scarce. Parallel instruments and funding are often a result of the uncoordinated use of various measures and a lack of sound strategies. Post-2020 CP should put an **emphasis on complementary use of funds without duplicating national measures**, with the aim of filling gaps to form a cohesive innovation and/or start-up ecosystem in a region, with support from the national and European levels. On the other hand, Member States and regions should also be encouraged to identify funding gaps and make appropriate investments.

## 4

### Capacity building as a key precondition for efficient territorial policies

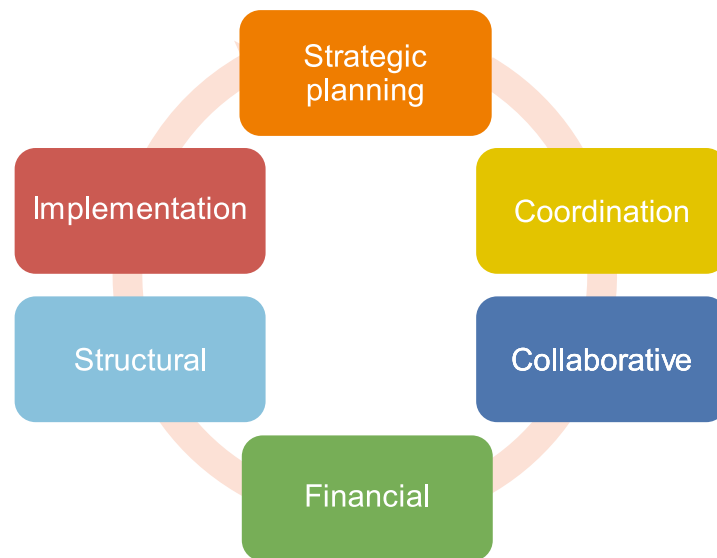
**Building the capacities of national, regional and local stakeholders** is of the utmost importance for promoting territorial development and applying all governance and planning approaches and tools advised by ESPON.

The introduction in the current programming period of **ex ante conditions**, requiring the presence of appropriate regulatory and policy frameworks, and **sufficient administrative/institutional capacity**, has acted as an important incentive for the development of comprehensive and targeted strategies and action plans at the regional and local levels. The introduction of **new territorial instruments, such as ITIs and CLLDs**, has also strengthened the participation of local stakeholders in decision-making. However, lagging regions still have little

experience, especially at the regional and local levels, in how to exploit local assets and potentials through the use of innovative and knowledge-based enablers, and often regional strategies show weaknesses in their design and implementation.

**CP governance and implementation mechanisms should therefore better support capacity building** among local stakeholders as well as institutional multi-level and interregional networking and cooperation. The question is how to design a more effective shared governance and management system and to support strategic and administrative capacity at local and regional levels, as well as promoting the involvement of private investors.

**Figure 2**  
Capacity-building scheme



ESPON advises paying particular attention to the following capacities:

1. Capacities for carrying out **strategic processes** – drawing up strategic plans.
2. Capacities for carrying out **coordination** – acquiring support from the national government and organising political leadership and commitment.
3. Capacities for carrying out **collaborative processes**:
  - motivating actors to collaborate in joint projects;
  - involving businesses in local economic development;
  - raising awareness among actors of their joint “problem ownership” and responsibility;
  - building upon existing traditions of cooperation;
  - identifying common benefits by consultation;
  - changing attitudes;
  - creating well-developed commitment mechanisms;
  - sharing knowledge.

4. **Financial** capacities:

- joint service delivery to save costs (through economies of scale);
- fiscal inequality in the region (due to different tax bases).

5. Capacities for **structural organisational changes**.

6. Capacities for **implementing agreements**, restrictions on land use, etc.

While some of these capacities can be efficiently supported and promoted at EU level and through EU-level programmes (e.g. strategic planning and collaboration/networking capacities), most of the identified capacity needs should be addressed at national and sub-national scales. Therefore, capacity-building activities require efficient interplay among EU-level institutions, EU-funded programmes and umbrella organisations on one side and national and regional government institutions on the other.

The importance of capacity building is further explained in relation to the field of digitalisation of public services in the box below.

**BOX 5**

**Digital skills and multi-level governance for successful digitalisation of public services**

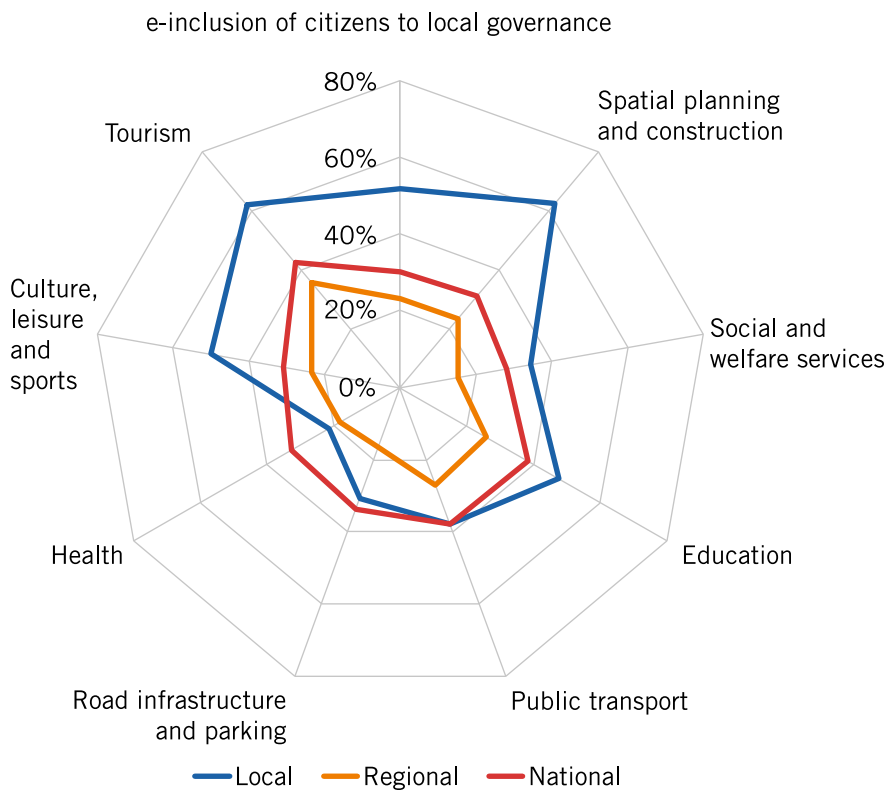
**Digital transition is reshaping public services** and it is clear that its impact is very significant. Lack of skills is one of the key constraints on the uptake of digital solutions in the public sector. **Digital skills for public administrations are essential** for making e-government happen. Existing staff need new skills to adapt local public services to the digital era and to work effectively across sectors and borders.

The majority of public services are provided at the local level. However, many digital public services are also

being delivered by regional or national authorities depending on the nature of the services, the legal framework and institutional competencies. In many instances, different services offered at different administrative levels complement one another. The solutions to **successful digitalisation** are thus delivered at different levels and **require multi-level governance** arrangements as well as **effective collaborations between the public and private sectors**.

**Figure 3**

**Share of digitalised services provided at local, regional and national levels, by type**



Source: ESPON Survey on the Digital Transition of Cities, 2017

**Enhancing the capacities of cities to deliver digital services** and tackling these challenges requires policy responses at all levels and by all actors, targeting specif-

ically regions and cities (especially towns and small cities) that are lagging behind with their digital transformation, allowing them to become more attractive and competitive.

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## ESPON 2020

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