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Inspire Policy Making with Territorial Evidence

REPORT //

ReSSI-EE

Regional strategies for sustainable and inclusive territorial development - Estonia

Final Report // April 2021

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This document is a final report.

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commit the ESPON EGTC and the countries participating in the
ESPON 2020 Cooperation Programme.

The final version of the report will be published as soon as approved.

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1 Introduction

The promotion of local and regional development is a common objective of European Union member-states, as well as a component of European Union cohesion policy. The European Commission, through the New Framework for Regional Development and Cohesion Policy beyond 2020 has set ambitious objectives for regional development which promotes a greener, carbon free Europe (through implementation of the Paris Agreement and investing in energy transition, renewables and the fight against climate change), a more social Europe (by delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare) and a smarter Europe (through innovation, digitisation, economic transformation and support to small and medium-sized businesses). Regional and local policymakers have an important role in delivering these outcomes. However, the growing recognition of the importance of local and regional actors is taking place in a context of ongoing changes to territorial governance and spatial planning systems.

With this background, the ReSSI-EE (Regional Strategies for Sustainable and Inclusive Territorial Development – Estonia) project set out to employ the findings and framework from ESPON ReSSI (ESPON, 2018) to the specific case of Estonia. The aim of the ReSSI-EE project is to provide evidence-based policy recommendations on the development and implementation of mechanisms to strengthen multilevel and cross-sectorial coordination of regional policy in Estonia. To fulfil this aim, ReSSI-EE set out to address the following research objectives, taking into consideration the specific institutional context of Estonia:

1. To identify forms of horizontal and vertical coordination in regional development in the European Union, according to institutional arrangements per country.
2. To provide policy recommendations for vertical and horizontal coordination mechanisms in regional policy and development to the specific case of Estonia.
3. To consider how the coordination mechanisms proposed may be employed in regional development and territorial planning for existing functional cross-border areas.

This report is based on a six-month project, completed between October 2020 and March 2021. Fieldwork consisted of interviews with civil servants and county and municipal level officials (contacts for which were provided by the Ministry of Finance of Estonia), and a subsequent workshop with stakeholders. All primary data collection took place remotely, due to social distancing and travel restrictions imposed in response to COVID-19 pandemic.

2 Overview of current regional governance arrangements in Europe

European local and regional authorities are required to promote sustainable and inclusive economic development, within the context of overarching European and national strategies. Moreover, in the majority of European countries consolidated administrative levels have had to coordinate with new development actors, such as metropolitan city authorities, inter-municipal collaboration platforms and intra-regional or regional agencies. This implies a degree of transfer of power, competences and resources, and raised issues of interdependencies across levels of governance and public and private actors, institutions and organisations.

This section of the report provides an overview of the most prevalent governance regimes that are common to European regions (section 2.1). This will set out the background framework for planning in Estonia, setting up the coordination mechanisms of regional development planning across levels of governance (section 2.2).

2.1 Regional governance in the European Union

Regional governance arrangements in Europe vary across each nation-state. However, it is possible to group those arrangements into rational typologies. The best-known typology of spatial planning systems in Europe was provided by the EU compendium of spatial planning systems and policies (CEC, 1997), which created four ideal types or 'traditions of spatial planning' in Europe. In this typology, the word 'tradition' is used to emphasise the way that forms of spatial planning are deeply embedded in the complex historical conditions of particular places. The four broad types of spatial planning are: 1) comprehensive integrated approach; 2) regional economic approach; 3) land use regulation; and 4) urbanism¹. The EU compendium recognises that some countries might exhibit a strong tendency to one tradition while others may exhibit a more complex combination of types. This aspect was also stressed in a later extension of the typology (ESPON, 2007), where Estonia was classified as an example of the comprehensive integrated approach to planning, characterised by a systematic and hierarchical structure of plans, from national to local level. Typically, countries which employ this form of planning possess mature planning systems, with responsive and sophisticated planning institutions and mechanisms, in which political commitment is a feature. The planning framework is typically delivered through public investment.

2.2 Evolution of Estonian subnational governance

Estonia presents a very specific context for regional development coordination and policymaking. The country completed a post-socialist transition during the 1990s, and became a member of the European Union in 2004.

Estonia is a unitary state which is composed of 79 local authorities, which include 64 rural municipalities (*vald*) and 15 urban municipalities (*linn*) (CoR, 2021). While unitary states are common across Europe, most have both local and regional subdivisions of government (Table 2.1). Estonia is one of the few exceptions in the European Union, in that the country does not have a regional subdivision of government.

¹ Detailed analysis of the characteristics of each of the four types is outside the scope of the report, but it is available from the original source: <http://aei.pitt.edu/99138/1/28.pdf>

Table 2.1
Subnational governance structures in Europe

State structure	Local and intermediate and/or regional subdivision of government	Only local subdivision of government
Federal	Austria, Belgium, Germany, Switzerland	
Unitary	Croatia, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, United Kingdom ²	Bulgaria, Cyprus, Estonia, Iceland, Lichtenstein, Lithuania, Luxembourg, Malta, Slovenia

Source: authors

As a result of the Administrative Reform Act in 2016, which stated that local government units must have territorial organisation of at least 5,000 residents, the composition of local authorities in Estonia was altered. A number of existing local authorities failed to meet this criterion and were required to merge, resulting in the current 79 local authorities (down from a previous total of 213). This reform was completed by October 2017 (CoR, 2021). By 2017, the average municipal population size in Estonia was 16,657 inhabitants, significantly above the EU28 average of 5,867 inhabitants. Likewise, the average municipal area size in Estonia was 550km², significantly above the EU average of 50 km² (OECD, 2018). While the aim of the reform was to support more consistent regional development, local authorities did not gain any regional development responsibilities. The competences that remain at the local level include education; upkeep of public areas; social welfare and service; welfare services for the elderly; youth work; provision of public service; housing and utilities; water supply and sewer maintenance; local planning; maintenance of local public roads; local public transport; municipal libraries and museums; sports and leisure facilities (CoR, 2021).

As of 2020, Estonia is undergoing some changes in the regional governance and development process. These include the end of the former national Regional Development Strategy, which brings along a considerable reshaping of the former implementation framework of national regional policy across sectoral policies/ministries: instead of the former Regional Development Strategy there is now in place a short-term Regional Policy Program as a planning instrument for state budget. However, this plan is not horizontal, and does not apply to sectoral policies/ministries. Instead, it addresses only the activities and services of the ministry responsible for regional policy, spatial planning and territorial governance in Estonia (currently Ministry of Finance of Estonia).

Other changes include:

- The new **National Development Strategy "Estonia 2035"** (NDS2035), that remains the main national level cross-sectoral strategic document defining strategic policy objectives and targeting regional development. This is neither a spatial nor a regional development strategy, but consists of a national development strategy. A set of goals and key activities are defined at a national level, and local stakeholders (in the absence of a regional level in Estonia) are expected to contribute to reaching those goals and implementing those activities.

² The United Kingdom is an asymmetrically decentralised unitary state, which combines characteristics of a unitary and federal state. Three of the four countries (Scotland, Wales and Northern Ireland) possess national parliaments with varying degrees of legislative power, even though the UK parliament (in England) retains absolute sovereignty (CoR, 2021).

- The new **Regional Policy Action Plan (RPAP)**, a horizontal policy document which addresses sectoral policies at national level as well. Its mandate and coordination mechanism are not yet clear and agreed, as this specific strategic policy document is not a subject of existing national legislation and its role has not been defined in the national strategic planning system. The document is expected to define around 10 key challenges which Estonia faces in terms of regional development, and set up key activities for sectoral policies to help to mitigate these regional development challenges. The RPAP would be also the main instrument to monitor achieving regional development aims within sectoral policies and policy measures.
- Changes in strategic development planning at regional level. Since 2017 when the territorial administration reform was undertaken, the county level strategic development planning is a joint task of its local municipalities, basing on guidelines provided by state level. There are 15 integrated county development strategies in place, each covering a county's development needs, objectives and activities.

The points above suggest a complex picture. Estonia has a tradition of strong, comprehensive planning, but a series of reforms have removed the regional governance level, raising questions about governance at sub-national level. These changes point to a need to develop coordination mechanisms, both vertically and horizontally, which support existing initiatives and stakeholders, given that no regulation establishing meaningful regional development policy coordination currently exists in Estonia.

3 Regional development policy in Estonia, in practice

This section elaborates the findings of the research project. Three major aspects are highlighted: the vital importance of cooperation between central and local government; the limitations of current county-level governance arrangements; and the successes in communicative approaches. Following that, findings about cross-border cooperation are also covered.

3.1 The importance of vertical coordination

As noted in section 2, regional development policy in Estonia is the product of a comprehensive system, but the ongoing changes to the new planning regime may reduce the directive role of central government in regional policy. This is, in part, because the design and implementation aspects of the Regional Policy Action Plan (RPAP) are not yet defined. Regional government was abolished in a previous administrative reform, and central government's main interface in terms of the new regional development policy are county development agencies. These are, for the most part, NGOs which aggregate municipalities within their counties; they correspond to administrative territorial divisions, not functional ones. County development agencies draw up development strategies for the county, put together in cooperation with the member municipalities.

In developing the new regional development policy, the Ministry of Finance compiled the guidelines for counties' development strategies, to serve as inputs to national policies. However, the integration of those strategies in the development and implementation of national policy has been limited. This view was confirmed by regional policymakers, suggesting there is a policy disconnect between central government and county development agencies in devising regional policy.

IN STAKEHOLDERS' WORDS

Quote 1

... .. we have county development plans as well. These regional development organisations are responsible for elaborating and implementing these documents, and there is a little bit more collaboration with the sectoral Ministries in preparing these documents as we have experienced earlier, but (...) it is thanks to our [Ministry of Finance's] own initiative mostly (...) I cannot say how well they are taken on board in national sectorial policies or not, maybe not as well as we expect. (EE1, central government)

IN STAKEHOLDERS' WORDS**Quote 2**

By law, our Ministries should take into account our plans, but in reality, it is a little bit different. I have not heard about any Ministry that has taken anything into account what is in the County Development Plans. (EE4, county association of local municipalities)

This disconnect across the various scales of government was also reported by stakeholders at municipal level. This is not to say that there is a complete disconnect across the policy levels; but very often the existing connections operate along informal routes, with individuals in the municipalities reaching out directly to personal contacts in ministries.

Overall, this suggests that there are challenges in coordinating regional policy across the state, county and municipal levels. These difficulties are likely to be especially difficult in a country where, traditionally, sub-national policymakers have expected very comprehensive plans and guidance from central government. State, county and local policymakers all remarked on the difficulties in implementing policies in a consistent and fair manner.

3.2 Institutional capacity at subnational level

Current regional development organisations – the county associations of local municipalities and county development agencies – typically only include municipalities within their county. The findings suggest that they coordinate mostly vertically – with central government and with local government. We have found no evidence of coordination with other county-level authorities with which they might share functional areas.

The county associations of local municipalities involved in this study reported having very limited resources to develop or implement policy. The most commonly referred limitations related to lack of both human and financial resources. It is likely that these limitations are more strongly felt in more deprived areas of the country.

IN STAKEHOLDERS' WORDS**Quote 3**

...our capacity is also not big enough to host some huge cooperation, but we try to get all the counterparts that are important for the cause around the same table. We only have five people working here. (EE4, county association of local municipalities)

From the point of view of central government, the picture in the county development agencies is mixed, but there is a sense that they should gradually become a more important actor in regional development.

IN STAKEHOLDERS' WORDS**Quote 4**

...it depends on people [in regional authorities] because we have 15 different counties and several of them are in a very good [position], they are very advanced [in their level of development and capacity]. They are very different levels actually (...) because it depends on the leaders there and the mindset of leaders and so on. I think that from central level we have to give them more responsibility to make them more stimulus to deal with these issues. (EE5, central government)

The picture that emerges is of relatively small regional development organisations, constrained by lack of human and financial resources, as well as the inability or will to communicate across county lines. Regional development organisations in Estonia thus appear to be mostly 'talk shops' at present, formulating regional development plans but having only limited impact on national policy, or how projects are delivered locally.

3.3 Success stories: communicating ideas, building concepts together

The research found success stories in policy design and implementation, where consultation and communication with stakeholders provide positive outcomes. These wide-ranging consultation processes have been a part of policy elaboration at national and county level, with stakeholders remarking on the usefulness of the exercise. The organisations involved in these consultations have also learned from the exercise, for example in terms of the importance of tailoring the message to specific audiences, and inviting the more relevant groups of stakeholders for given consultations. The most important aspect has been the sense that these consultations promote a process of co-creation of plans and policies.

IN STAKEHOLDERS' WORDS**Quote 5**

...this consultation or participation is quite regular and quite common in Estonia and every regulation that you make, every development plan that you make, you consult with your stakeholders but during this process as we covered almost all aspects and all sectors then the number of the stakeholders was bigger. We talked to different stakeholders and very often actually it was not even consultation it was more like a co-creational participation that we wanted because we put the different stakeholders together and they discussed some issues on themselves so they did not come with their usual positions, they might come with their usual positions, but we put them together to negotiate. For example, business organisations and the environmental organisations to tackle the problem and to understand that there are different aspects in every problem and in this way, we got some common understanding from the stakeholders and of course there will remain differences in their views, but we got this like a co-creational process that they helped us to define the problems and they helped us to find some solutions as well that would be acceptable for different sectors. (EE6, central government)

Another successful communication initiative was noted by a civil servant in a sectorial ministry. The ministry is responsible for drawing up overall strategies in its sector, but these are implemented by municipalities, resulting in a variety of outcomes. The ministry's strategy in this case consisted in producing rankings of municipalities and visual media to show each local authority where they stood comparatively to their neighbours, this starting a dialogue about how to improve local outcomes.

IN STAKEHOLDERS' WORDS

Quote 6

...we introduced the idea that first of all we would like to have a set of benchmarks or indicators that is unified (...) So we had a structured dialogue with each [delivery body director] on how he or she sees their strategy, how he or she understands the directions and what they can do in order to contribute to the achievement of these goals and objectives. Our external relations department has started the same system also with local governments. With local governments, they are not accountable to us, but they were actually quite eager to have these systematic reviews together with external evaluation experts based on data. So, we prepared data for local governments showing their position in relation to other local governments and how they are doing - so some kind of set of indicators which derives from strategy indicators and have a discussion of what kind of support they might need, what are the improvements or possible ways out et cetera. This is also one of the tools which can be used to promote strategy at local level, to have these kind of discussions and dialogue with local authorities. (EE3, central government)

The experience suggests that local governments, even where coordination for policy implementation is difficult, have successfully employed communicative means to engage stakeholders. This engagement, in turn, can help start discussions around how to improve outcomes related to the policy in question.

3.4 Existing cooperation in cross-border areas

Estonia currently has significant cross-border cooperation with Latvia, Finland and Russia. These cross-border agreements are funded solely by Interreg (Estonia-Latvia and Estonia-Finland) or co-financed by EU programmes and the Estonian government (Estonia-Russia). In addition, the country is also a part of the Baltic Sea Region Programme (an Interreg-funded transnational cooperation agreement).

The findings suggest that cross-border cooperation arrangements are seen as bringing a positive contribution to the economic development of the beneficiary regions in question. Respondents noted that, through these programmes, there is evidence of increased competitiveness of the beneficiary areas, with a growing awareness of the functional nature of the cross-border regions. Respondents remarked that many of the cross-border relationships between businesses have become cemented to the point that they would likely continue in the absence of formal support from Interreg.

However, the findings also suggest areas for improvement. Specifically, respondents noted ongoing issues related to lack of institutional capacity in the border municipalities. These included issues around human resources (lack of foreign language skills, not enough time and people to develop cross-border projects) and, at times, a very limited view of what can be achieved through cross-border cooperation. In the view of a central government officer working on cross-border projects, municipalities' rationales for cooperating across the border was at times quite parochial.

IN STAKEHOLDERS' WORDS**Quote 7**

...when it comes to cross border cooperation with the local government level is that you are at some point always faced with a shopping list (...) you have those long lists, and you do not see the cross-border element there like why do you need to have this with the Latvians, and you rarely get a logical answer? (...) they refer but they do not tie it up with the European level document or regulations or strategies so in that sense, in my opinion, these justifications are weaker (...) Their argumentation and justification would be much stronger if those texts would refer to the main documents that we are dealing with on a daily basis like the EU regulations and the European strategy etc. If it sees some of those in their justification or argumentation you would see that some mental leap has occurred in the border regions that they are now seeing the bigger picture and it would be much easier to negotiate with the Latvian side if we could show that our lower level is also thinking the same way and towards the same direction. (EE8, central government)

The result, the officer remarks, is that at times there is a sense that Latvian counterparts (in particular) are better organised and able to secure a higher share of the funding in the agreements.

4 Policy recommendations for developing coordination mechanisms in Estonia

4.1 The ReSSI framework for regional development

The ReSSI project identified two key dimensions for the promotion of regional development: the scope of the planning and the means used to bring them to reality. The scope refers to the understanding of the focus of planning, and can vary from a focus on a single sector or dimension, to wider territorial strategies and projects. The means, on the other hand, refer to the mechanisms by which planning officers can deliver on plans. These can range from the 'softer' communicative means applied in consensus building, such as policy recommendations, exchange of good policy practices, informal agreements, collaboration and inclusion in policy debates, to the 'harder' financial programmes and legally binding means (ESPON, 2018).

ReSSI's policy recommendations were developed to provide guidance in situations of changing regional governance frameworks. The mechanisms can be characterised as types of 'soft' instruments, with a focus on communicative strategies which go beyond providing stakeholders with information, seeking instead to obtain their attention and engagement. These approaches offer important advantages, namely:

- They do not require legal instruments to implement, making them easier and quicker to implement.
- They can be tested quickly, developed, and withdrawn if necessary.
- They focus on communicative means, which promote engagement and allow local and regional stakeholders to contribute their views and priorities.
- They seek to engage stakeholders, building institutional capacity.

4.2 Policy recommendations: vertical coordination

The findings in Section 2 and 3 present a picture of an evolving regional development paradigm in Estonia. County level organisations are expected to set their development priorities, and are guided in this process by central government's guidelines. However, the absence of a strong regional level makes it difficult to coordinate vertically across State, County and Municipal level. The following policies are proposed, in order to address these issues.

Recommendation 1. Develop county strategy documents to help link sectorial needs to funding opportunities. The research showed that the integration of county development strategies in the development and implementation of national policy has been limited. In order to improve coordination between local municipalities' needs and national policy, county development agencies should produce strategy documents which focus on tangible and specific sectorial development opportunities and how they can be financed. These aspects – sectoral development priorities and financing streams – should become a more explicit part of formal dialogues between the Ministry of Finance, sectoral ministries and municipalities, improving vertical coordination. An example of what can be achieved through this mechanism is presented in the "Developing strategic documents for vertical coordination: Coventry City Council" Case Study.

CASE STUDY

Developing strategic documents for vertical coordination: Coventry City Council

Coventry City Council's support for the local automotive industry demonstrates how strategic sectoral development documents elaborated by Local Authorities can support vertical coordination. Coventry City Council (CCC) identified a specific sector – the automotive industry – as a driver of local economic development. The Council drew up a plan to support the sector, which included understanding current key stakeholders and their needs, funding sources and foresight of technology trends which will require investment. The Council then contributed to the strategic documents of the two sub-national governance bodies of which it is part, the Coventry & Warwickshire Local Enterprise Partnership (CWLEP) and the West Midlands Combined Authority (WMCA). Support for advanced manufacturing, and specifically the automotive sector, became a pillar of the strategies of both the CWLEP and the WMCA.

Having identified the automotive sector as a strategic priority in their plans, CCC, CWLEP and the WMCA engaged stakeholders in the sector, and came to be seen as legitimate brokers of knowledge. This allowed them to establish partnerships with the private sector, and to lobby government ministries, helping shape policy and funding priorities.

Recommendation 2. Improve institutional capacity at local level and county level. The research demonstrated that county development agencies are understaffed, and that consequently they lack the time and ability to play a coordination role effectively. Improving their institutional capacity can contribute to their ability to act as agents of coordination between the municipalities, the Ministry of Finance and sectoral ministries. In order to address this, county development organisations should create staff positions dedicated exclusively to coordination. These positions should be explicitly included in the county development agencies' budgets, supported by Central government if necessary.

4.3 Policy recommendations: horizontal coordination

The absence of defined regional authorities in Estonia makes coordination at sub-national level – among counties and municipalities – more challenging. However, the existence of county development agencies with a communicative role opens the possibility that strategies can be employed to leverage and develop existing opportunities.

Recommendation 1. Reinforce shared territorial visions among stakeholders. The findings suggest that local authorities sometimes find it difficult to envisage development beyond the borders of the municipality. However, the experience of public consultations shows that it is possible to engage the public and sectoral interests in shared visions of development. County development organisations should make use of visual means to represent their vision of development, in ways which help bring society into those visions and engage it with its long-term delivery. This can be done by defining a communication plan which seeks to enrol society in exciting visions of the future. The publication of online resources is one way to achieve this, as shown in the “Developing shared territorial visions: Region of Southern Denmark” Case Study.

CASE STUDY**Developing shared territorial visions: Region of Southern Denmark**

The Region of Southern Denmark codeveloped a regional strategy with its 22 municipalities, as well as a series of sub-regional development agreements with subsets of those municipalities. The strategy is a requirement by central government and the main strategic means for the regional authority. The development of the strategy also included sectoral elements, all of which revolve around partnerships with organisations which do not exclusively work for the regional strategy, but are important entities with which to discuss a regional agenda in their field. Constitutionally, the Region of Southern Denmark does not possess the executive powers to deliver the strategy. As a result, its approach was two-fold: first, it conducted a series of systematic territorial analyses, collecting data on myriad indicators. Second, it reconfigured its place in the networks of stakeholders as a knowledge broker and provider. The Region proceeded to make use of its role to provide more than knowledge, such as can be seen in maps and statistical indicators; instead, it drew up plans based on that data which posit possible future developments, focused on imagery and persuasive communication. The Region produced and distributed a periodic magazine for stakeholders, framing the discussion about how given policies can contribute to a shared objective of 'The Good Life' for everyone living there.

Recommendation 2. Attract stakeholders to long-term partnerships through diverse support and funding. Another result of the lack of institutional capacity at county level (as well as in some municipalities) is the difficulties in maintaining civil society stakeholders (such as businesses, unions or interest groups) engaged with the project of local and county development over time. Funded projects can be used to maintain stakeholders' engagement, for example through successive phases and iterations of a strategy. Personal and social connections with long-term counterparts in the business and civil communities should be fostered through frequent collaboration. These sustained, long-term relationships can result in positive development over time, over and beyond what can be achieved in short-term initiatives, as shown by the "Maintaining long-term partnerships through successive funding rounds: Piedmont Region Authority" Case Study.

CASE STUDY

Maintaining long-term partnerships through successive funding rounds: Piedmont Region Authority

The 'Corona Verde' programme, in Piedmont, demonstrates how successive funding rounds can be used to cement long-term partnerships, improving horizontal coordination. The programme involves 93 municipalities located around Turin, which cooperated in the creation and maintenance of a network of ecological corridors. The cooperation started in the 1990s, and evolved over three distinctive phases.

In the first phase, the programme involved 24 municipalities and consisted of a collection of projects, mostly financed through EU structural funds (programming period 2000-2006). In this first phase the project contributed to the consolidation of a new development vision for Turin and its metropolitan area, based on environmental quality and quality of life. In the second phase, Corona Verde was funded under the programming period 2007-2013 through a dedicated axis of the Piedmont Regional Operative Programme (ROP), mostly financed through the European Regional Development Fund (ERDF). In order to enhance its internal coherence and impacts, in 2007 the Regional Authority commissioned the development of a Corona Verde masterplan to a group of experts. During this phase, Corona Verde became a part of the wider regional development strategy. This also saw the enlargement of the project area, to include all 93 municipalities and 38 stakeholders of different types (public entities, trade, professional and cultural associations). In the third phase, during the programming period 2014-2020, Corona Verde no longer benefits from a ROP dedicated axis. The actors involved in the project were required to look for and integrate alternative sources of funding in order to promote and realise interventions to maintain the momentum of the strategy.

Throughout the three phases, the main role of the Piedmont Region was to redefine the governance structure and its role within the Corona Verde process, to be seen as a facilitator for connections among stakeholders, as well as a broker of information concerning funding opportunities.

Recommendation 3. Showcase successful policies, programmes and interventions which result from horizontal and vertical coordination. Evaluate interventions not only in terms of what they delivered, but also what was achieved in terms of partnerships across society, territorial levels and across functional areas. Specifically, project evaluation should assess whether or not there is the scope for any partnerships formed to continue into the future, for example by evaluating the potential for follow-up projects and available funding sources for those. Use that learning to extend cooperation and establish new partnerships.

4.4 Policy recommendations: cross-border cooperation

The findings suggested that cross-border cooperation has a strong positive contribution for development in Estonian municipalities, but that this contribution could be increased. Addressing these limitations is likely to require investment in the institutional capacity at municipal level.

Recommendation 1. Establish a council of cross-border municipalities and counties. The study found that municipalities and county development agencies may at times struggle to connect local priorities with the added value provided by national and EU strategies. This suggests a need to reinforce the cooperation of local municipalities in planning for joint cross-border territorial cooperation activities and their funding. This can be achieved by establishing a council of cross-border municipalities and counties, which should also include representatives from the Ministry of Finance. This council should exchange experiences and draw

up best practice in targeting EU funding for cross-border activities which simultaneously address local priorities.

Recommendation 2. Establish cross-border sectoral councils. Given that a significant portion of cross-border cooperation activity is related to specific sectors (such as transport, for example), municipalities operating in border regions should be supported in establishing cross-border cooperation councils with their counterparts in Latvia, Finland and Russia. These councils should be led by the holders of the cross-border cooperation positions referred in the point above, engaging council leaders from relevant sectors. Learning for the possibilities of sectoral cross-border cooperation is illustrated by the cross-border cooperation between South Estonia and North Latvia in the context of green infrastructure development in order to strengthen ecological connectivity to support biodiversity and climate change policies (ESPON, 2019).

CASE STUDY

Establishing long-term, sectoral cross-border cooperation

ESPON GRETA (GReen infrastructure: Enhancing biodiversity and ecosystem services for territorial development) highlighted the importance of formal instruments for addressing cross-border issues. Environmental governance of the cross-border area between Estonia and Latvia was undertaken separately in each country, with regular communication between the nature conservation authorities of both countries crucial for any activities to take place. A coordination body established between the Ministries of Environment of both countries was established in the mid-1990s and later a Representative Group of the Republic for Latvia and the Intergovernmental Commission of the Republic of Latvia and the Republic of Estonia for the promotion of Cross-Border Cooperation was established in order to represent interests relevant to the border municipalities (Regulation of Cabinet Ministers Order No 25.,25.01.2010).

The project highlights a number of policy aspects to address for cross-border regions: the need for capacity building in planning at the local level; the need to improve the flow of information from local to national government; and the need for interdisciplinary and inter-sectoral coordination.

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