ESPON PROGRAMME 2013

Targeted Analysis PROJECT 2013/2/4

SUccess for convergence Regions' Economies (SURE)

Structured empirical analysis for convergence regions:

identifying success factors for consolidated growth / SEARCH

INCEPTION REPORT

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The present Inception Report of ESPON Project 2013/2/4 is a team effort coordinated by the Lead partner University of Naples "Federico II".

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1. Introduction

The research proposal **Structured empirical analysis for convergence regions: identifying success factors for consolidated growth / SEARCH** was designed in response to the Specification for ESPON Targeted Analysis Based on User Demand 2013/2/4: **SUccess for convergence Regions' Economies (SURE)** (2009-2010) which was published on 18 August 2008.

It is commonly accepted that convergence regions within the EU do not only suffer from far below average GDP per capita, but are also forced to grow faster than other regions. In order to tackle this reality, many EU-funded projects aim at accelerating regional performance of these regions. Convergence Regions have a common goal: they want to grow faster than the average and ensure that this growth is consistent. The challenge is to accelerate GDP growth rates to catch up with the EU's mean welfare and sustain average growth rates. The gap between the current situation and the average GDP per capita is the potential gain in welfare for each region.

EU Cohesion Policy seeks to reduce economic regional disparities and, by doing so, improve the economic performance of European lagging regions. The success of Structural Funds varies according to the traditional indicators used for regional policy, such as GDP and unemployment which, sometimes, do not fully capture the territorial diversity associated with structural imbalances. Factors like demography, accessibility or urban-rural relations are critical to understand different development opportunities. Hence, the capacity to perceive the similarities in the physiognomy of lagging regions and the relevant success factors for economic growth in lagging regions will improve the implementation of Structural Funds.

The SURE Stakeholder Regions – Campania (Italy), Podlaskie (Poland), East Macedonia and Thrace (Greece) and Valencia (Spain) – seek to understand why convergence regions are unable to improve economic performance and competitiveness. This will be achieved by a systematic comparison of factors relevant for economic growth and successful cohesion projects over the last 15 years in convergence regions with both high and low growth rates. By using benchlearning models, particular attention will be given to possible policy actions for the implementation, and eventually adjustments will be provided for the interventions during the current programming period (2007-2013) in the stakeholders' regions. This approach will also have a wider EU relevance for all convergence regions within the European territory.

This project seeks to provide new ways of conceptualising and measuring imbalances within lagging European regions. In doing so, it shall contribute to alerting public stakeholders on the regional, national and EU-level of similarities in the physiognomy of these regions and what relevant success factors can efficiently address the goals of Cohesion Policy to improve the implementation of the Structural Funds.

The definition of weak and catching up regions can be transposed to any country. From this perspective, the challenge is to reach at least national averages. The fact that not all Convergence Regions suffered from low growth rates shows that being below average is not just fate. Some have performed better than others. The former should know why to be able to do so. The latter should know in future why they have not done better. New ways of conceptualising and measuring peripherality and imbalances as well as potentials must be sought. Researchers and policy makers have to complement some of the traditional indicators used for regional policy, such as GDP and unemployment, which do not fully capture the territorial diversity associated with structural imbalances. Factors like demography, population density, accessibility, urban-rural relations, accesses to services, public administration organisation and risks from hazards are critical in understanding territorial differentiation.

2. Summary of Research objective and Methodology

2.1 Research Objective

Why do some regions lag behind the economic performance of other regions? Why are some regions much more successful than others? Why do Southern regions in Italy lag behind the economic performance of more Northern regions? How can we explain the same phenomenon in Eastern Germany, in Eastern Poland, in Western England etc? Is it just the statistical necessity, that by very definition not all regions can be above average? Or are there common structures linking these lagging regions virtually between all these different countries? How much do geographical factors matter at all? Is the so called "palm line" in Italy just geographical fate, or is there an analogy in almost every country und thus, the "palm line" exists rather in our minds?

One important aim of EU policy is to reduce economic and social disparities between the Member States and regions and to stabilise the economies of the weaker areas. However, despite the fact that extensive funds have been awarded to many weaker areas, not all of them have in fact taken advantage to the same extent.

In strategy and decision-making processes for Regional Operational Programmes, in-depth analysis at regional level provides the basis for priorities and actions. However, there is no common, comparative econometric analysis proposed in this research project which could inform cohesion policy choices.

If politicians on the regional, the national and the EU-level knew about common structures in the physiognomy of lagging regions and what the relevant success and draw back factors for economic performance are, cohesion policy could be much more effective and efficient.

Special attention will be given to the effective and efficient use of EU funds where the outputs of the project can directly impact on the implementation of regional Operation Programmes. The research will address the key issue for convergence regions with access to significant EU funding in 2007-2013: "Money is not a problem; the problem is how to spend it." The analysis shall provide answers and hypotheses to questions like: Where should the money be spent best? Is consistent under-spending (of EU funds) correlated to bad performance (Ireland is a good case for efficient

spending). A further question that will be addressed is: Is it enough just to spend it, or does how it is spent matter?

2.2 Research methodology

The objective of this project is to empower politicians and other regional stakeholders to make better regional policy in order to increase economic growth and build in sustainability. To reach this goal, we will establish those factors that effectively make a difference to achieve sustainable growth and other factors that do not. To this end, different techniques for the identification and evaluation of the relevant factors will be adopted. The project research activities can thus be split into different parts, each with a clearly defined objective:

     (1) literature search
     (2) qualitative research
     (3) quantitative analysis
     (4) synthetic compilation

The essence of the study is empirical (and not theoretical). However, it includes two rather different empirical approaches: (1) qualitative through interviews in the four stakeholder regions, (2) quantitative through regression techniques.

The two approaches will have approximately the same weight in the analysis. The interviews will be structured and go rather deep into the regional details to find out what the regional stakeholders and decision makers feel, think and are convinced of. This implies that the results of the interviews will be very prominent in the final report. Moreover, the interview results will form the base for both the four case studies and the quantitative analysis.

The final report will thus cover a qualitative analysis, a quantitative analysis, and a synthesis.

3. Literature Review

3.1 Literature search

The objective is to review academic research on what the relevant factors are.

The first activity is a systematic review of the relevant academic literature (both theoretical and empirical).

There exists an abundant body of academic literature devoted to the issue of catching up processes and systematic analysis on lagging EU regions. Determinants of economic growth across European regions and convergence patterns have been investigated by a number of recent studies, such as Kramar (2006) who examined the conflicting goals of economic growth and cohesion. Dealing with the EU enlargement, studies of Brülhart et al. (2004) and Pfaffermayr et al. (2004) investigated the impact on regional growth. Bräuninger and Niebuhr (2008) examined the convergence process among EU regions between 1980 and 2002, taking into account the effects of spatial heterogeneity, while Bachtler and McMaster (2008) regarded the influence of Structural Funds in EU regions. Very recent literature by Cuaresma, Doppelhofer and Feldkircher (2009) investigates the determinants of economic growth in European regions in the 1995-2005 period.

However, the common goal of all studies - mentioned above and in the current review - is the determination of factors that ensure successful management of cohesion actions and factors that help to understand the regional differences on general economic performance. Especially those factors are regarded which are particularly pertinent to determine the capacity of ensuring a successful management of cohesion actions. The following section gives a first outline of the preliminary findings of the literature review and former ESPON projects. Separated into thematic sections, factors that may impede economic development and investment such as the level of human capital, accessibility or EU funds are taken into consideration.

3.2 Education, human capital and innovation aspects

A major insight provided by the ESPON Project 3.2 on spatial scenarios has been that most territorial goals cannot be realised without substantial investments in non-territorial policies. Allowing regions to upgrade their productive environment and enter into the knowledge economy

involves important improvements in general education, research and innovation systems (ESPON 2006b).

The importance of innovation and knowledge has been increasingly recognised in the literature. A few studies have so far used innovation and human capital variables as determinants of growth differentials among EU regions. Results of several examinations show that the initial share of adults with tertiary education exerts a significant influence on regional growth and the same occurs to the intensity of patent application per employee. In addition, the catching-up process is faster for regions with a greater rate of highly educated people (Cuaresma et al., 2009).

The conceptual transition from national to more regional systems of innovation is viewed as an important progression, both for analytical and policy purposes (e.g. Howells, 2002; Asheim and Gertler, 2005; Sterlacchini 2006). Less-favoured regions can build innovation capacity and use it as a development tool, all the more if they have small universities or less successful industries. Pozzoli (2006) emphasises the meaning of social relations which - constantly activated and worked in projects - affect the community and its territory by soliciting joint action and as a result are vital for the success of local development. Out of the growth of existing firms and the starting up of new enterprises arises economic regeneration in any region. Both of these processes depend critically upon people, who are the rarest and most valuable development resource.

3.3   Economic aspects

The 4th report on economic and social cohesion (European Commission 2007) points out that the dominant population trend in European regions is towards suburbanisation. An increasing concentration of population and economic activity in city regions could in the longer term constrain overall economic growth as negative externalities such as increases in housing costs, shortages of business space, congestion and pollution negatively affect the competitiveness of these areas.

Moreover, national macroeconomic differences seem to be more influential on regional growth rates than spatial spillovers. The catching-up process especially of the new member states is accompanied by regional divergence processes within the individual countries (Niebuhr and Schlitte, 2008). Main contributing factors for the economic decline of lagging regions, besides their geographical location, are connected to the low levels of investments and the high rates of out-migration among the better educated portion of the population. Unemployment is another factor that has to be addressed. Regarding e.g. the region of Podlaskie there is a so called hidden unemployment in agriculture, who has a significant effect on the economic progress (Stasiak 2007).

Not only Podlaskie but many agricultural regions suffer from low incomes, unemployment and underemployment.

The 5th Progress report on EU Cohesion Policy has shown that European growth sectors have largely contributed to convergence. However, important differences in the economic structure of regions remain and the pattern of catching-up differs between Convergence and Transition regions. The analysis reveals that Convergence regions are undergoing a major economic restructuring. Substantial employment is being created in the service sector, while agriculture is shedding even more employment. Such restructuring requires a tailored policy response (European Commission 2008).

3.4 Accessibility and infrastructure aspects

Accessibility is often presented as a clearly detectable factor explaining the different performances of economies. Its influence has been tested by several authors (e.g. Sachs 1997, Gros and Steinherr 2004). On the periphery of the EU (Greek, Spain, Portugal, England, Poland) less developed regions can be found, which is described by the centre-periphery (or core-periphery) model. They represent one of the key questions the EU has to deal with.

The accessibility of a location considerably determines to which extent regions participate in economic growth, since trade costs remain high for remote regions such as Podlaskie or East Macedonia & Thrace. As an example, the Spanish government spent most of the regional policy funds given from the EU budget for the construction of traffic infrastructures all over the country. Peripheral and underdeveloped regions were linked with developed regions via high-speed trains, highways and airways, facilitating a more balanced development of the different regions (Tanaka 2008).

European-wide disparities in multi-modal accessibility show better overall accessibility for regions in the core of Europe and larger urban agglomerations, in particular those with international airports. The European core-periphery pattern is even more pronounced for accessibility by road or by train. This underlines the importance of airports to balanced European-wide accessibility. That way, a peripheral region is attractive for business establishments providing that the transportation infrastructure is connected with knowledge and innovation centres (ESPON 2006a).

The preliminary finding in this respect is that location is positively correlated with growth and productivity, while infrastructures play an important role as determinants of growth. A host of determinants are affected by external factors, while geographical location advantages largely

depend on endogenous economic factors such as FDI (Bevan and Estrin, 2004; Venables 2006; Wintzer 2007). There are some signs that the traditional core-periphery picture is being overtaken by a more balanced pattern of territorial development. Despite their location outside the European core, larger urban agglomerations and small to medium sized towns are increasingly important bases for European development (ESPON 2006a).

3.5 EU Funds aspects

Various EU sector policies (e.g. Structural Funds, CAP and R&D) stimulate local actions and potentially increase competitiveness of regions. This can empower local and regional actors and levels of governance, make them better able to capitalise on territorial and economic potentials (ESPON 2006a). There are a range of factors which influence the effectiveness and the impact of European cohesion policy. An economic context characterised by price stability and sound balanced budgets will benefit from lower interest rates. This, in turn, stimulates investment and capital accumulation, increasing both productivity and employment (European Commission 2007).

One of the main objectives within the EU has always been the necessity to diminish the differences between the various regions and the backwardness of the disadvantaged regions. According to the ESPON report on "Territorial effects of Structural Funds", Structural Funds may influence spatial development. There is 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 terms of territorial cohesion, differences between countries may have decreased, but differences between regions have remained (or been further accentuated), which implies that cohesion policy has thus not been particularly successful in its primary goal (ESPON 2005).

An aspect at the heart of the literature debates on EU Cohesion policy is the argument that Structural Funds have increased the influence of regional and local actors in economic development. Different authors (e.g. Bahloul et al. 2006) argue that higher responsibility may be necessary, but not if it induces fund absorption. In countries where regions face severe development challenges and have limited administrate capacity, a more centralised structural fund programming is needed to ensure an effective implementation.

There exists a basic structural problem as the European Union lacks the right to tax people or firms within its territory. Therefore it also lacks the means to deal with the reallocation of funds independently of the member States. Recipient regions consider money from Brussels as extra

means, while central governments in the countries see the money as a substitute for their own state revenues. Unfortunately there is a tendency to use self-regulatory methods leaving no sign of the use of framework regulations. However, EU Structural Funds have not automatically ensured a strong role for regions and regionally based development initiatives (Neal, 2007; Wisniewski 2007).

3.6 Administration aspects

The administrative structure of a country and its efficiency on the regional level is another critical factor which influences the effectiveness and the impact of European cohesion policy. It is among the strongest criteria to be mindful when dealing with Structural Funds (European Commission 2007).

The efficiency of the Structural Funds management on the administrative level has not often been evaluated in academic literature. To name an example, a study of the administrative capacity in the new EU member states (World Bank 2006) identifies an "unwillingness of politicians to give up their traditional relationship of power and patronage over the civil service in the interests of creating a professional merit based administration" as a serious issue. Horvat (2005) sees an inefficient civil sector respectively the lack of administrative capacity as one of the main factors of underdevelopment especially in Eastern European countries. The ability of the regional governments to enforce a better control in the management and use of EU Structural Funds might be a key determinant of the influence of funds policy.

3.7 Quality of life and environmental aspects

Soft factors like a high quality urban and natural environment are of increasing importance for a region's territorial and economic potential (ESPON 2006a). In the literature and among surveys (Hill 2005), freedom from crime, along with the presence of health services and affordable housing, are factors that make a local area a good place to live in. There is also an identifiable need to improve public transport, facilities for youth and job prospects in order to attain a higher quality of life.

An important aspect for the development, especially of remote areas with low population density, is the relation to the natural environment and its protection and conservation. Conflicts between nature protection and other land uses may become more notable. With respect to climate protection, the conservation of biodiversity and the protection of natural resources, more policies are expected to be developed in the field of the environmental sphere in the future. From an individual region's

perspective, positive external effects of environment-friendly measures, saving potential for producers through European wide common environmental standards, or the reduction of competitive disadvantages in those countries which already have relatively high standards, are the main arguments favouring more intense, coordinated action in this field of policy (Jeppesen 2003; Stasiak 2007).

3.8 Preliminary findings

The first results of the literature review suggest that the differences in growth do not follow easily visible patterns. Possible factors can particularly be found in the general political conditions, in the dependency on rural economic structures as well as in local historical influences of the regions and its authorities. Many of the problems and difficulties facing the three lagging regions of Podlaskie, Campania and East Macedonia & Thrace are deeply embedded and may possibly have proved resistant to policy intervention. There are some signs that the Structural Funds have not necessarily promoted the role of regional authorities, which can partly be explained by an inaccurate management of cohesion actions caused by a heavy responsibility of the regions. Referring to the new member states' experiences, several studies suggest that structural fund absorption requires solid preparation of the central administration, for instance in the form of strong policy frameworks, well designed regional programmes and implementation capacity.

The references used and further bibliography is included in Annex 1 and the complete Literature Review will be annexed to the Interim Report.

4. Qualitative research

4.1 Introduction

Objective: To understand and assess potential relevant factors for success

The activity comprises of a qualitative identification of (all) potential factors that might lead to weak/strong economic performance, focusing (in every territory) on EU structural policy effects (if any) and the influence of public stakeholders (Managing Authorities etc) on the economic performance. This will be achieved by extensive interviews with policy stakeholders (politicians, practitioners, academics etc) from the stakeholder regions: what they believe the relevant factors of the performance variations are; what the mechanisms leading to well or badly performing regions are, structured questionnaires to a wider range of relevant stakeholders and a case study for each region.

During the Kick-Off meeting with the Stakeholder Regions on 9 March 2009, the TPG and Stakeholders decided to work together closely to define both the contents of the interviews and the categories of local stakeholders to be consulted.

4.1 Structured interviews

The politicians in the different regions are the most important stakeholders and prime targets of the results of the projects. If they are to understand the results of the analysis, it must be clear what they think and why. This will be done by about 5-7 in-depth interviews in each of the four stakeholder regions (Campania Region, Podlaskie Voivodship, Comunidad Valenciana, Region of East Macedonia–Thrace). Based on the results of the consultation with the stakeholders and the literature review, a structure for targeted interviews with politicians and policy makers in the four stakeholder regions has been designed. The interviews will be carried out by the respective regional experts in local languages. This will avoid language problems and ensure maximal return and inside information on what the relevant success or failure factors are believed to be.

The structured interviews cover both open questions (e.g. of the form "What do you think is important?" or "Why is this relevant?" as well as closed questions (e.g. of the form "Rate the relevance of this factor on a scale from 1 to 10").

The interviewees will also respond to the Structured Questionnaire (see below). The draft version of the structured interviews is annexed to this Report (Annex 2).

4.2 Structured questionnaire

A questionnaire to be answered by approximately 100 politicians, senior officials, socio-economic practitioners and opinion leaders in each of the four stakeholder regions has also been prepared. They will be questioned to perceive which factors they consider to be relevant for successful and consistent cohesion policies in lagging European regions. The questionnaire covers thus primarily closed questions (e.g. of the type "Rate the relevance of this factor on a scale from 1 to 10").

The questionnaire will be translated by the respective regional experts, who also will draw up the list of the persons to be approached, in collaboration with each Stakeholder region. (Experiences from other projects show that questionnaires in English are still a barrier for many regional decision makers.) The Project Steering Committee will ensure that comparative groups or stakeholders with comparative roles are included from each region to allow for proper evaluation. The evaluation of the answers of the questionnaires will be done for all four regions by the University of Basel.

The draft version of the structured questionnaire is annexed to this Report (Annex 3).

4.3 Case studies

In order to better understand the role of the identified factors in the stakeholder regions, the research activities will also include four case studies. They will concern a key theme that shall be of relevance to other convergence regions, one covering each of the stakeholder regions. They shall illustrate how economic success or "failure" is produced by the national and regional authorities. Based on statistical facts and the structured interviews, the case studies will show what should and what should not be done (so called benchlearning).

The theme of the case studies will be agreed with the Project Steering Committee and a common methodology will be drawn up. These case studies will be used for benchlearning between the stakeholder regions and in particular as presentation to the umbrella organisations as their results should be used for the capitalisation and transfer of best practices in the regional development strategies. The case studies will provide an in-depth example of how development strategies operate in practice and reveal insights into the effective success in practice of chosen development strategies.

The results of this in-depth survey and case-studies will be of specific interest to the umbrella type organisations that will be involved in the consultative and dissemination process of the project.

5. Quantitative analysis

The objective of the quantitative analysis is to identify and understand the statistically significant factors for success. This activity comprises the data gathering (and collation) and the empirical analysis (econometrics).

5.1 Data

In order to carry out empirical analyses, data has to be collected and collated to be brought into a data base. As the results from the interviews and the questionnaires are not yet available, it is hard to say precisely which data will be necessary. However, it can be stated that there will be two kinds of data:

- Data to measure economic performance (such as GDP growth or employment)
- Data to explain economic performance: so called location factors such as accessibility or taxation. These location factors can be subdivided in three categories:
    - factors that are in the competence (under control) of the regional or local authorities (such as culture, parts of education, in some countries taxes),
    - factors that are in the competence (under control) of the national or supranational authorities (such as legal system, regulation of labour markets, and for many countries the tax system),
    - factors that are not under political control (exogenous factors, such as climate or geographical part of accessibility).

It is clear that no relevant statistical analysis can be carried out using data for the four stakeholder regions alone. Therefore data will be used from as many convergence regions as possible and classified according to the following table:

	Successfully catching up	Still performing poorly
Old EU		
New EU member states		

Given the economic data from above, this will establish the identification of (1) a group of successful European regions, that were below the average level around 1994, but have seen consistently above average growth rates since then (thus successfully catching up), and (2) a group of unsuccessful European regions, that were below the average level around 1994 and have

experienced consistently below average growth rates since then for both the old and the new member states (thus still performing poorly).

Economic performance data are available from existing data bases (be it Eurostat, ESPON or the international database the TPG has access to). Information on location factors may be partly obtained from the same sources; however, much data (from the literature review, the interviews or the questionnaires) will not be readily available and must therefore be collected from the above central sources or the regions on an ad-hoc basis. A statistical survey with the regions under consideration may deliver the desired information if necessary.

Data shall be collected on the NUTS-2 level (whenever possible) and on an annual basis for the period 1994 to 2006/07 (or as long as possible). Earlier data is hardly reliable for the former Eastern European countries, later data is hardly available. It may prove that not all variables will cover the same period. Even it may prove sensible to retrieve data for certain variables even when only one single observation is available (either because there is no variation over time, or because there is only an observation for a single year available).

Data that will be included in the regional data base will include:
- nominal and real GDP
- employment (jobs)
- population
- national regulation of labour and product markets
- tax burden for manpower and companies
- accessibility (weighted average travel time to European business centres)
- innovation capacity (tertiary education, research & development, scientific publications, patents granted, quality of universities)
- degree of regional autonomy (decentralisation index)
- EU funds
- and further data (if necessary and available) according to the results of the literature review, the interviews and the questionnaires

The data will be collected and collated (brought into a format that allows comparability across all countries and regions). The data base will be in excel format. The analysis can then be carried out in any software with an excel interface (e.g. Eviews).

It will be useful to make a short descriptive analysis of the data gathered (tables with statistical information such as mean, median, standard deviation, and graphs).

5.2 Econometric analysis

This economic and statistical assessment of performance and potential influencing factors to explain differences in economic performance between strong and weak regions in Europe with special emphasis on factors that are of special interest to lagging areas will be the core of the project. It will include reflection on the two periods of EU Cohesion Policy (1994-1999 and 2000-2006). The extensive econometric analysis will explain the differences in economic performance of regions within and across countries using differences of the above factors.

The empirical analyses can be divided into two parts. First, the number of variables that might have an explanatory influence on the differences in economic performance has to be reduced by employing a factor analysis and identifying principle components. The result of that first step will serve as an input to the econometric regression model.

Second, the econometric analysis will show which factors help explain variances in economic performance between different convergence regions. To this end an econometric model of the following form will be adopted:

$$\text{Performance} = \alpha + \beta_1 {*} X_1 + \beta_2 {*} X_2 + \beta_3 {*} X_3 + \ldots + \gamma_1 {*} Z_1 + \gamma_2 {*} Z_2 + \gamma_3 {*} Z_3 + \ldots + \varepsilon \,,$$

where α, β and γ are fixed but unknown parameters, ε is an error term, X are various economic and political variables affecting economic performance which cannot be influenced by the regional authorities (such as geographical accessibility or national regulation). Z are different aspects of variables that can be influenced by regional authorities (such as infrastructure or education). The variables X and Z are used to explain the variance of performance over the different regions. In this model, the X-variables serve as control variables, while the Z-variables deserve our full attention: Hypotheses will be derived for each β and γ-parameter. The statistical relevance of the (particularly regional) policy variables can then be tested by simple Wald-tests (see below).

Performance in the above equation is primarily the level of economic activity (GDP per capita) and the dynamics of economic activity (GDP growth). However, it is also possible to use this framework for explaining the social participation rate (employment in percent of the population) or job growth. When using GDP growth as an endogenous variable, the equation has to be amended by the GDP per capita level at the beginning of the growth period to account for different starting levels. Technically, this level term acts as an error correction term which can be interpreted (and tested for) as a conversion term.

As mentioned above, there will be a variety of regional policy indicators in the databank. Obviously it will not be possible to include them all in an econometric regression. Problems from multicollinearity and the loss of degrees of freedom will most probably lead to insignificant estimates only. To reduce the number of variables for explaining variation in economic performance the identified principle components from a factor analysis (see above) will be used as well. Alternatively, indicators attracting high attention in the political discussion (such as the distribution of taxes) will be used.

The research group will use two types of estimation methods:
(a) cross section regression analysis using average level information (such as GDP 2000 to 2006) or average rates of change (such as GDP growth 1994 to 2006),
(b) panel data regression analysis pooling cross section with annual time series information (as from 1994) allowing to include much more information and richness to the analysis. However, this approach is much more demanding, especially because the whole lag structure has to be modelled explicitly.

The following list displays the expected sign of influence on performance from the economic literature (= research hypotheses):
- intensity of national regulation of labour and product markets: negative
- tax burden for manpower and companies: negative
- accessibility (weighted average travel time to European business centres): positive
- innovation capacity (tertiary education, research & development, scientific publications, patents granted, quality of universities): positive
- degree of regional autonomy (decentralisation index): positive
- size of EU funds: positive
- level of GDP (only in growth equations): negative (which results in conversion)

- further factors: to be examined

The econometric analyses will be carried out separately for convergence regions in the Old EU and for convergence regions in the new EU member States. Afterwards we will be able to test whether the estimated coefficients from the two groups differ significantly (whether the two groups are samples from an identical population). In addition the values of those factors that prove relevant across the different groups of regions can be compared.

It also might be helpful for the understanding of economic development to use data from all regions in Europe but according to the following distinction of four categories:

		GDP growth 1994 to 2006	
		high	low
GDP per capita level in 1994	high	strong	hunted[1]
	low	catching up	weak

Of course, the focus is on the regions on the lower line (the convergence regions, i.e. the regions that started from a low level in 1994, including those successfully catching up and the weak regions still performing poorly). However, it is interesting to know whether the relevant factors for the high level regions and the low level regions are the same or different, thus to know whether there might be a different policy or policy mix appropriate for the convergence regions.

This analysis can be done by applying separate performance estimates for the four different types of regions. However, if we are interesting whether the differences in the estimated parameters are significant, it is easier to combine the four groups pairwise using the following specification:

Performance $= \alpha + \beta_1 * X_1 + \beta_{12} * D * X_1 + \ldots + \gamma_1 * Z_1 + \gamma_{12} * D * Z_1 + \ldots + \varepsilon$,

where α, β, ε, X and Z are defined as above. D is a dummy variable taking the value 1 if the respective region belongs to one type and 0 if the respective region belongs to the other type. We then can test for the estimated parameters β_{12} and γ_{12} (using Wald tests). The null hypotheses of

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[1] Whereby "hunted" refers to regions in the first group but with slower growth rates so at risk of falling behind and that may be overtaken by the fastest catching-up regions.

equality of the parameters across the regions groups under consideration (or adjacent groups in the above table) take the following form:

$\beta_{12} = 0$ and $\gamma_{12} = 0$, individually to be tested by simple t-tests, or

$\beta_{12} = \gamma_{12} = 0$, combined to be tested by an F-test.

These pairwise tests will show:
- whether high level and low level regions have the same influencing factors
- whether high growth and low growth regions have the same influencing factors
- whether strong and hunted regions have the same influencing factors
- whether weak and catching up regions have the same influencing factors
- whether catching up and strong regions have the same influencing factors
- whether weak and hunted regions have the same influencing factors

respectively, whether the size of the influence is identical or different.

As a result of this extensive empirical analysis, light should be shed on issues such as:
- Which aspects of regional policy help and which are most important for explaining economic performance?
- Which policy areas "count" for regional development and should be put into the hands of the regional level?
- Which aspects of regional policy help and which are most important for explaining economic performance in which type of regions?
- Are there significant differences in the relevance of the factors for the different types of regions?

5.3. Synthetic compilation

Objective: To understand what a region can do to improve economic prosperity

In this part of the analysis, the results from the previous parts will be brought together into one coherent view: What are the lessons stakeholders and regional decision makers can learn from this targeted analysis? What are the common results of the literature review, the qualitative analysis and the quantitative analysis? Where did we find deviations? How can they be interpreted? Can

nevertheless conclusions be drawn for policy making? It will also be interesting for the overall objective of the project to compare the econometric outcomes with the results from the questionnaire (what do the regional decision makers think are the relevant factors for prosperous development and what are the statistically significant factors?).

This reasoned synthesis of the results (literature, interviews, questionnaires, econometrics and case studies) will be presented to and discussed with policy makers in the regions in order to deepen the relevance of the results and to improve the presentation of the results. This will include benchmarking and benchlearning experiences to reinforce the use of the targeted analysis in the implementation of operational programmes and in strategic decision making.

The project will be concluded by a final report, consisting of distinct parts suitable for politicians/policy decision-makers, socio-economic practitioners and academics. Selected topics will provide information on experiences, methodologies and strategies including public administration and EU Structural impacts. The Final Report will include the four case studies.

To ensure optimal effectiveness and efficiency of the project, upstream and downstream communication is crucial during the whole project. Interaction with all regions involved will permanently challenge both the research process and the outcomes of the research. For this purpose, local expertise and close collaboration with the regional stakeholders by the expert group (Partners 1 and 2) is a fundamental key to the success and relevance of the research.

6. Dissemination of results

The TPG will contribute actively to all the dissemination events organised by the Stakeholders, providing relevant information, presentations and support at local level through the local experts, as well as attending transnational events and dedicated meetings of umbrella organisations where required. The experts will ensure that the summary materials for local, regional and national dissemination are available in an appropriate format that will be left at the disposal of the stakeholders also after the end of the project (Presentations, summary conclusions of final report in a downloadable form).

The TPG will participate in the planned dissemination and workshop events organised by ESPON during the project's lifetime, in particular the following events, as agreed at the Kick-off Meeting:
3-4 June 2009 Territorial Development Opportunities in the Global Economic Recession – Prague
December 2009 ESPON Workshop - Sweden
June 2010 ESPON Workshop - Spain

Furthermore, the TPG will adopt the following parallel dissemination strategy during and after the project lifetime intended to promote the project scope and results to the academic community and regional and national stakeholders.

Firstly, in order to reach the scientific community and the regional, national, EU and international networks the partners belong to of the project and its results, the TPG will devise a common strategy for the promotion and communication of the Project concept, scope and results on a dedicated jointly-managed web-page hosted on both the LUPT portal and the Department of Environmental Sciences, Geography, Urban and Regional Studies, University of Basel homepage. The model of the page will be presented at the Steering Committee in June 09 and will be updated with downloadable project results and presentations, as well as any TPG dissemination activities. When possible, information and results will also be made available in local languages to maximise impact.

To maximise impact in the scientific community and relate the targeted analysis to both theoretical debates in the academic community, the project results will be presented at appropriate meetings and conferences, including the European Regional Science Association Meeting. Furthermore, the project results will be presented at EU and international thematic events attended by LUPT and the

University of Basel to ensure that the analysis reaches a wider audience in the target groups. The project results will also be presented for publication in relevant scholarly journals.

A joint report by the 2 partners - LUPT/University of Basel – will be published as an annex in TRIA, International Journal of LUPT (to be funded outside the project) and the partners will investigate the possibility of a publication by an international academic publishing house.

The LP has been contacted by the Italian ESPON National Contact Point and has been invited to join the National ESPON Scientific Committee. This will allow the project scope and the results to be presented to the National Committee events and permit an immediate discussion and feedback to the Lead Partner and consortium both during its lifetime and after the event.

Once the project results are complete, both partners will host final events in their respective regions to promote the Project results. International partners from the partners' networks and relevant national and regional stakeholders will be invited to participate.

Timetable of TPG Dissemination activities

WHEN	WHAT	TARGET(S)	FUNCTION
3-4 June 2009	Presentation and Discussion Workshop B - Territorial Development Opportunities in the Global Economic Recession Prague	General public, academic community	Exchange input and ensure material from seminars and workshops reaches a wider public, profit from comparative discussion
Sept 2009	Set up joint dedicated web-page on partner websites	All target groups, academic community, general public	Present project and make information easily available to target groups, scientific community and general public
2009-2010	Coordinate with national ESPON Contact Point	National target groups	Present project and results to national stakeholders
Nov 2009	Interim Report published	Target groups	Receive input and present interim results and executive summary
December 2009 ESPON Workshop - Sweden June 2010	Participation in events organised By ESPON 2013	General public, academic community	Exchange input and ensure material from seminars and workshops reaches a wider public, profit from comparative discussion

ESPON Workshop - Spain			
June 2010	2 Partner level scientific workshops	Academic community	Present project results to scientific community, relate results to other research in the field
During/Post project	Scientific publications and presentations (eg European Regional Science Association)	Academic community	Present project results to scientific community, ensure project results add to knowledge in the field through comparative events
Post project	Publication of results	Academic community	Present project results to scientific community, ensure project results add to knowledge in the field.

7. Consortium Structure

The TPG consists of 2 partners:

 Interdepartmental Research Centre L.U.P.T.,Territorial Town Planning Laboratory, University of Naples "Federico II" - (Italy) – Lead Partner

University of Basel Urban and Regional Studies, Institute of Geography, Department of Environmental Sciences, University of Basel - (Switzerland) – Partner N. 2

The partners are supported by specialist subcontractors and local experts given the nature of the targeted analysis to be carried out. Administrative contracting procedures are currently being finalised.

8. Work Package Implementation and Timetable

8.1 WP 1 Coordination

Responsible partner: Lead partner

Implementation Period: Entire Project duration (Months 1-15) and 3 months after the official end date of project activities to close administrative matters (total 18 months)

Apart from management activities, this includes the monitoring of project activities, the updating of the project implementation timeplan 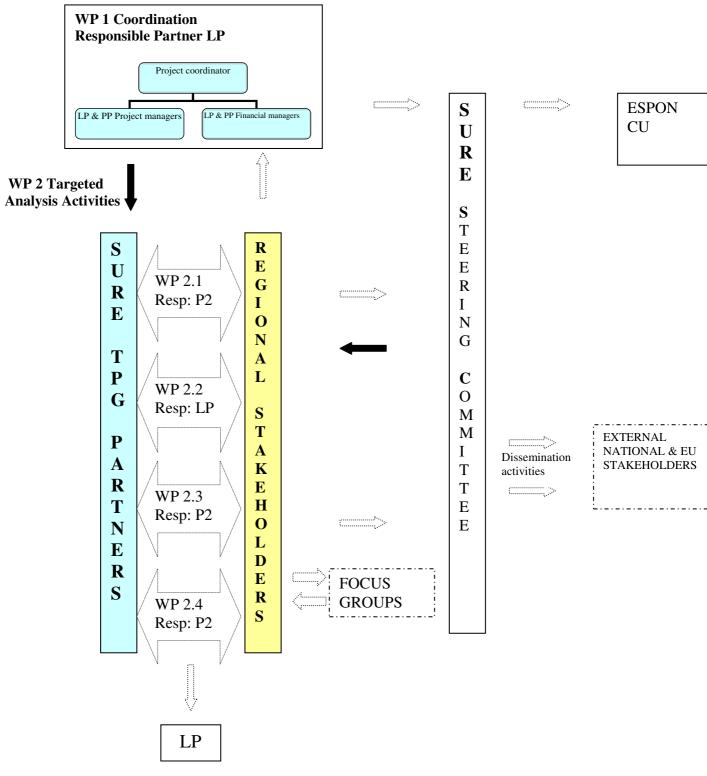to ensure timely and effective delivery and coordination of communication between the Partners (Project Coordinator and experts) and the SURE stakeholders (Regions). Many of the activities require very close collaboration between the experts and the Stakeholder Regions and it is essential for effective and timely project implementation that this is well-coordinated.

Management and Coordination

WP 1 Coordination
Responsible Partner LP

Project coordinator

LP & PP Project managers

LP & PP Financial managers

WP 2 Targeted
Analysis Activities

S U R E T P G P A R T N E R S	WP 2.1 Resp: P2 WP 2.2 Resp: LP WP 2.3 Resp: P2 WP 2.4 Resp: P2	R E G I O N A L S T A K E H O L D E R S

S U R E   S T E E R I N G   C O M M I T T E E

ESPON
CU

EXTERNAL
NATIONAL & EU
STAKEHOLDERS

Dissemination
activities

FOCUS
GROUPS

LP

8.2 WP 2. Research Activities

The responsible partner has been indicated for each sub-activity.

WP 2.1 Research Methodology and Standardised Tools

Responsible Partner: Partner n. 2

Implementation Period: Months 1-3

This activity, involving both partners but coordinated by Partner 2, will design the detailed methodology for the targeted analysis, developing the analytical approach, the themes and the criteria envisaged (Inception Report). During this period all the standard formats for personal interviews and information gathering (structured questionnaires) at Stakeholder level will be drafted. The methodology for the statistical evaluation of the questionnaires will be designed. The format of the database to be used for the project will also be designed.

All these tools will be used for the implementation of the further sub-activities indicated in this Work Package.

Tasks and Deliverables

Inception Report – this will include detailed methodology for the targeted analysis, including analytical approach, themes and criteria envisaged, based on the principles laid out in Section 5.

Standard formats for interviews and information questionnaires

Database format

Presentation of Inception Report at SURE Steering Committee meeting

WP 2.2 Coordination with Stakeholders, Focus groups, Stakeholder Interviews and Local case studies

Responsible Partner: Lead Partner

Implementation Period: Months 3 - 15

This activity will be carried out by the Lead Partner, who will employ, in accordance with EU, national and where more restrictive, internal procurement rules, local experts with extensive knowledge of the Stakeholders Regions. The standard documents for local information gathering and interviews will have been prepared in activity 2.1. Information will be collected in two ways:

1) Structured questionnaires distributed in local languages to relevant regional/national stakeholders (as outlined in Objective 3 in the detailed methodology – approx. 100 completed questionnaires in total are envisaged)

2) In-depth interviews in local languages according to agreed plan established by Project Steering Committee (at least five per Region and two per relevant Member State covering policy-makers and socio-economic stakeholders

This activity will be closely coordinated with the Stakeholders Region and each local expert will establish a communication procedure with the relevant stakeholder in order to establish the timely delivery of all activity. The activity includes managing all upstream and down stream information between the TPG and the Stakeholders. Local experts will also ensure that Stakeholder Focus Groups have access to information and provide valuable input to the process.

Local experts will also collect any relevant statistical data at regional level which may be available that could serve for the econometric analysis (2.3).

The local experts will collaborate with the Stakeholders also in the development of the local case studies, according to a commonly-agreed methodology. This will allow for benchlearning exchange. This activity will also include the organisation of the information for dissemination to umbrella organisations of regions (WP 3).

Tasks and Deliverables

Set up coordination and consultation process with relative Stakeholders and Focus Groups;
Local experts will contact Stakeholders to develop ideas on the four local case-studies envisaged, focused on transferable issues of common relevance to EU convergence regions;
One Case Study completed for each region;
Collection of regional data;

Local experts provide information for and facilitate the Stakeholder Focus Groups; Focus Groups provide input (upstream/downstream process);

Local experts will prepare comparative lists for information gathering at Stakeholder level (questionnaires in local languages to be distributed for new local data);

Questionnaires distributed and completed;

Previewed plan for in-depth interviews on site;

Local experts interviews (in English or local language as necessary) with at least five policy-makers and socio-economic stakeholders per Region and two per relevant Member State) and standardised formats completed in English;

Local translation of key summary documents.

WP 2.3 Econometric analysis and analysis of ESPON results

Responsible Partner: Partner n. 2

Implementation Period: Month 3- 15

2.3.1 Data collection and collation

This includes the collection and collation of the data already available from the sources indicated in the methodology, ESPON reports, the extensive database made available by Partner 2 and the new data collected from the Stakeholder Regions as well as the literature review.

Tasks and Deliverables

Literature review

Data gathering from different sources (secondary) and directly from regions (primary)

Classification of data

Data base with data on economic performance, location factors and indicators of decentralisation (qualitative and quantitative).

Short descriptive analysis of the data gathered

2.3.2. Empirical analysis

Responsible Partner: Partner n. 2

The empirical analyses can be divided into two parts. First, the number of variables that might have an explanatory influence on the differences in economic performance has to be reduced by employing a factor analysis and identifying principle components. The result of that first step will serve as an input to the econometric regression model. Second, the econometric analysis which is described in detailed in section 5 will show which factors help explain variances in economic performance between different convergence regions. To this end, two types of estimation methods, cross section and panel data regression analysis will be used. The complex and extensive empirical analysis will be conducted separately for convergence regions in the Old and for convergence regions in the New EU member states in order to test whether the results from the two groups differ significantly.

Tasks and Deliverables

Detailed Econometric analysis based on the approach outlined in Section5

Identification of

- factors which explain regional variances of economic performance
- regional policy aspects which are most relevant for explaining economic performance
- policy areas which count for successful regional development

Comparison of empirical results with results from the questionnaires and interviews

WP 2.4 Synthesis of Results and Final Report.

Responsible Partner: Partner n. 2

Implementation period: Months 12-15

A synthesis of the work carried out in WP 2.2 and WP 3.3 will be prepared and presented to the Steering Committee. This will provide the basis for the Draft and Final report. This reasoned synthesis of the results (literature, interviews, questionnaires, econometrics and case studies) will

also be presented to and discussed with policy makers in the regions in order to deepen the relevance of the results and to improve the presentation of the results. The final report will include the 4 case studies of the regions and will be drafted in months 12-14. Additionally, a synthesis of the most relevant results will be prepared in local languages.

Tasks and deliverables

Elaboration of a synthesis report

Discussion with Steering Group and Stakeholders including Focus Groups

Upstream and downstream communication and interaction with all regions involved during the whole project

Final Report

Synthesis of Final Report in local languages

8.3 WP 3 Dissemination

Responsible Partner: Lead Partner

Implementation Period: During the lifetime of the Project

The Dissemination activities are described on pp. 24-26.

9. Timetable

Activities	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10
Milestones																
Inception Report	■	■	■	■												
Interim Report				■	■	■	■	■	■							
Draft Final Report									■	■	■	■	■	■		
Final Report														■	■	■
Coordination																
Management	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Steering Committees														■		
Research Activities																
Project Design	■	■														
Literature Review		■	■	■												
Interviews & Questionnaires				■	■	■										
Qualitative analysis				■	■	■	■									
Case Studies						■	■	■	■	■						
Quantitative analysis						■	■	■								
Synthesis										■	■	■	■	■		
Dissemination																
Ongoing activities				■	■	■	■	■	■	■	■	■	■	■	■	■
Webpage							■	■	■	■	■	■	■	■	■	■
Final Partner Events															■	■

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10.2 ANNEX II – Draft Interview Form

1. Context questions

1.1   In what way the **promotion of economy** is part of your everyday work?

_____

1.2   What aspects of your region **most appeal to the inhabitants** and to the companies?

_____

1.3   What do you consider the **principal reasons for the low GDP** per capita and lagging development of your region?

_____

1.4   In your opinion, what are the **main development possibilities and potentials** of your region to improve economic performance?

_____

1.5   What are the **most effective growth promotion practices** in your region?

_____

1.6   What would be your **first priority action** to regenerate your region?

_____

2. Specific questions

2.1   The way **local people and actors** are exploiting local, also human potential can be important for a region's economic development.

-> How important do you consider this aspect?

_____

2.2

*A major insight provided by a former ESPON Project on spatial scenarios is that most territorial and economic goals cannot be realised without substantive **investments in non-territorial policies**. Allowing regions to upgrade their productive environment and enter into the knowledge economy involves important improvements in general education, research and innovation systems.*

-> How important do you assess the **entrance to the knowledge economy** for your region? Please explain your reasons.

2.3

*Since increasing the competitiveness of Europe and its regions is one of the main aims of the Lisbon Strategy **accessibility** remains important. More remote regions have to accept relatively poor accessibility and higher transport costs. On the other hand Nordic countries show that even less urbanised and less accessible areas can be prosperous.*

-> How do you assess **the importance of accessibility** as compared to other growth factors for your region?

2.4 Besides the major urban areas smaller sized **regional cities** also play a vital role for economic development in Europe.

-> Depending on your territorial context, e.g. neighbouring larger cities or countries, being part of a network of small towns or a development pole in a rural area, which role do **the main cities of your region** play in economic development?

2.5 It is often **external factors**, like the current economy crisis, that are the main driving factors of structural changes at all levels and which have a large impact on economic development and job creation in the European regions. Thus, longer term aspects will be crucial for the upswing after the crisis.

-> What are your region's long term strengths that could make your region more resistant to such economy crisis?

2.6 The efficiency and effectiveness of **public administrations** on national, regional and local level is another crucial factor.
-> How do you asses this aspect in your region?

2.7 -> Is **decentralisation** necessary or does decentralisation spread EU Structural Funds inefficiently?

3. Concluding questions

3.1 Are **there any other relevant aspects** of success (or bad success) for your region?
If yes, please give details:

3.2 In your opinion, which of the **factors** described in this interview **will be the most critical** for your region's success **in the next few years**?

3.3 Other comments:

ANNEX II – Draft Structured Questionnaire

1. For your region to be successful, which of the following aspects are important?

Please grade on a scale of 1-10. A "10" always means "Absolutely essential", "1" means "Not relevant at all". "Not aware" means that you are not able to judge.

1.1 EU funds and taxation aspects:	10 Absolutely essential	9	8	7	6	5	4	3	2	1 Not relevant at all	Not aware/ cannot judge
Generous financial means	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Very efficient allocation of EU funds	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Clearly defined fund allocation to specific objectives	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Excellent coordination of regional and European policies	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High regional structural fund competences	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Easy access to credits	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Fiscal incentives and rewards	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
A low tax burden for companies	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
A low tax burden for qualified manpower	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these aspects?

1.2 **Economic aspects:**	10 Absolutely essential	9	8	7	6	5	4	3	2	1 Not relevant at all	*Not* *aware/* *cannot* *judge*
Low investment barriers	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Attract international firms and/ or investments/joint ventures	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Promote the region as a business location	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Availability of attractive housing	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Liberalisation of the labour market	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Liberal regulation of the product market	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Agricultural market	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Low energy prices	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Region as a popular tourism destination	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these economic aspects?

1.3 Education and innovation aspects:	10 Absolutely essential	9	8	7	6	5	4	3	2	1 Not relevant at all	*Not aware/ cannot judge*
Very high quality of universities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
More linkages of firms with research and knowledge institutions	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High research investments	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Much support for innovative firms	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High ecoinnovation (= products and processes that contribute to sustainable development)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High human capital (Tertiary graduation rate)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High investment in job training and job education	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High access cover of broadband internet at private households	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these education and innovation aspects?

1.4 **Governance and administration aspects:**	10 Absolutely essential	9	8	7	6	5	4	3	2	1 Not relevant at all	*Not aware/ cannot judge*
Clear and transparent regulations	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Establish local development agency	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Established cooperation with other regions	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Reduction of government deficits	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Degree of political decentralisation	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Transparency of administrative processes	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High efficiency of the civil sector	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these governance and administration aspects?

1.5 **Population and social aspects:**	10 Absolute decisive	9	8	7	6	5	4	3	2	1 Not decisive at all	*Not aware/ cannot judge*
Balanced age structure of population	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
High immigration rate	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Reduction of unemployment	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Very little social disparities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Very good health-care system	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Promote cultural life and traditions	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these population and social aspects?

1.6 **Accessibility and infrastructure aspects:**	10 Absolutely decisive	9	8	7	6	5	4	3	2	1 Not relevant at all	*Not aware/ cannot judge*
Excellent accessibility of the European economic centres	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Very good highway and road connections	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Extend rail connections	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Extend the capacity of regional airport(s)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Many business flight connections	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Upgrade water and energy supply	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Very good mobile phone connections	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these accessibility and infrastructure aspects?

1.7 **Quality of life and environmental aspects:**	10 Absolutely decisive	9	8	7	6	5	4	3	2	1 Not relevant at all	*Not aware/ cannot judge*
High quality of urban environment (e.g. clean streets, green space)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Protection of the natural environment	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Very low levels of pollution	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Consider threats from hazards (e.g. earthquakes, forest fires, drought)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Do you have any comments on these quality of life and environmental aspects?