



# ESPON Seminar

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## Territorial Implications of Better Regulation for Europe

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Inspire policy making by territorial evidence

## Better regulation

... “is a way of working to ensure that political decisions are prepared in an open, transparent manner, informed by the best available evidence and backed by the comprehensive involvement of stakeholders.”

... addresses all parts of what is called the **European Union policy cycle**, i.e. **policy design and preparation, adoption; implementation, application, evaluation and revision.**

A set of better regulation principles, objectives, tools and procedures are defined for each part of this policy cycle. This includes in particular **planning, impact assessment, stakeholder consultation, implementation, monitoring and evaluation.**

*European Commission, 2015*

## Less efficient regulation

... plays a **hindering role** in all parts of the EU policy cycle. The planning process is less well organised, impact assessments might give too optimistic expectations, stakeholder consultation yields irreconcilable positions and low commitments, the implementation process is delayed or even not happening, monitoring and evaluation show that the objectives are only partially reached and that the policy is less effective than foreseen.

The **development and implementation of policies** would be **much more difficult** and the **efficiency** of the policies would be **worse**.

# ET2050 scenario system extension

	<b>Better regulation</b>	<b>Less efficient regulation</b>
<b>0 – Baseline</b>	Continuation of current policies in better regulation framework conditions	Continuation of current policies in poor regulation framework conditions
<b>A – MEGAs</b>	Promotion of large metropolitan areas in better regulation framework conditions	Promotion of large metropolitan areas in poor regulation framework conditions
<b>B – Cities</b>	Promotion of secondary European cities in better regulation framework conditions	Promotion of secondary European cities in poor regulation framework conditions
<b>C – Regions</b>	Promotion of lagging (non-MEGAs/Cities) regions in better regulation framework conditions	Promotion of lagging (non-MEGAs/Cities) regions in poor regulation framework conditions

***Scenarios modelled by SASI model***

# Less efficient regulation in SASI model

## Model assumptions

- In technical terms, the possibilities to reduce the efficiency and level of co-ordination in the field of territorial development between the EU and member states are implemented by using assumptions about the **Structural Funds and transport investments as variable components**.
- It has to be noted that **the policy processes** in the context of "less efficient regulation" framework conditions **are not modelled** as such, **but outcome of assumptions** reflecting the way "less efficient regulation" influences the implementation and efficiency of policy measures.

# Less efficient regulation: assumptions

## Absorption rate

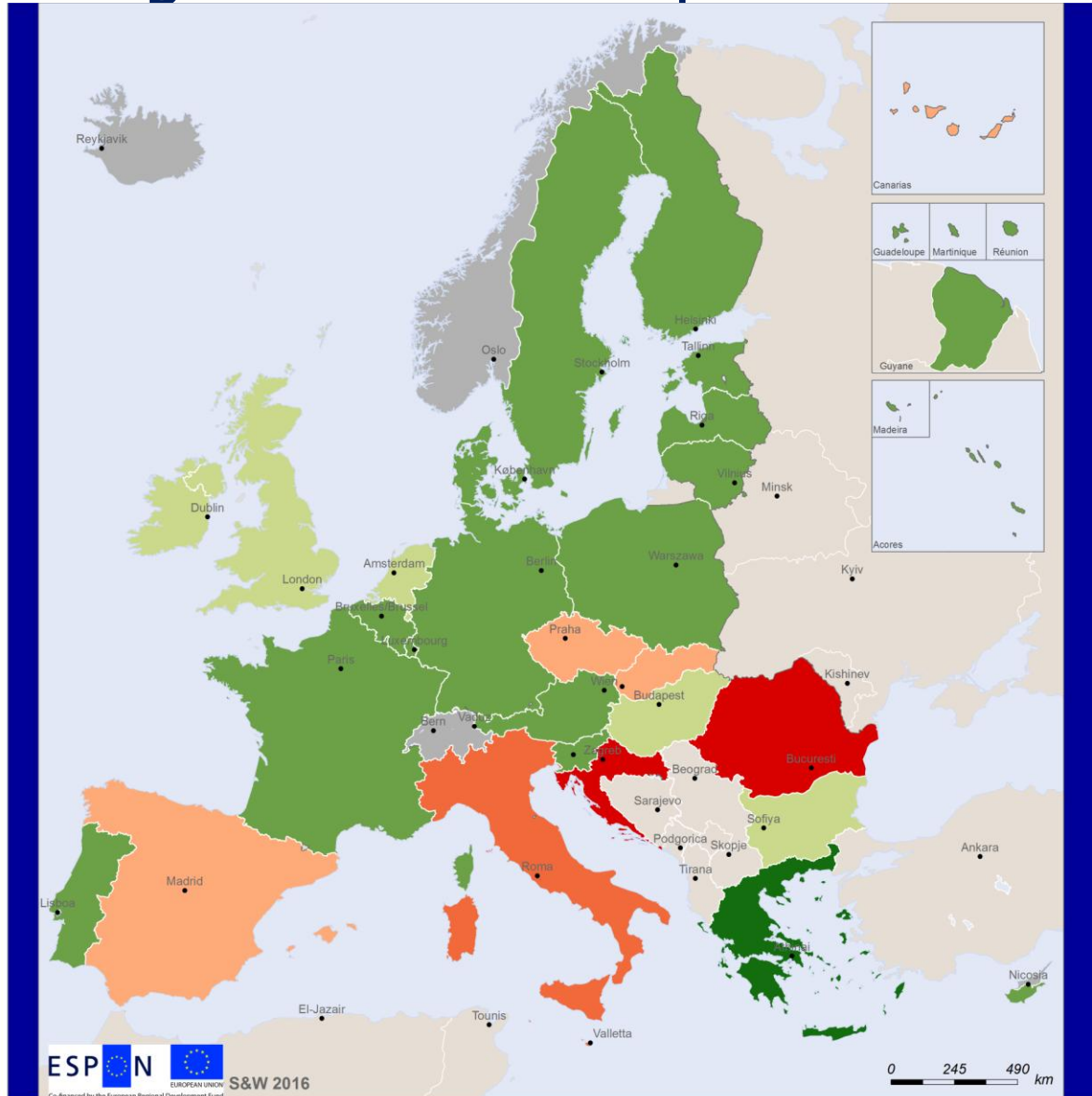
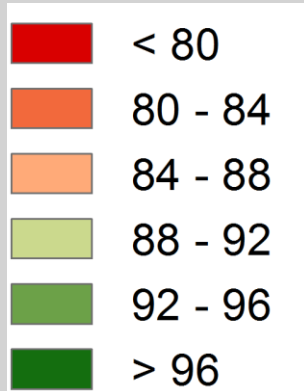
"**Absorption capacity** is usually positively correlated to the ability of central and regional authorities to prepare consistent multi-annual plans, to cope with the substantial amount of administrative work, and, finally, to finance and supervise implementation and corruption" (Katsarova, 2013)

## Effectiveness

"**Not all regions are equally good at converting ... transfers into additional growth.** Giving untied transfers to regions where the education level of the workforce is below average, or government is of poor quality, is ineffective and a poor use of limited funds" (Becker, 2012).

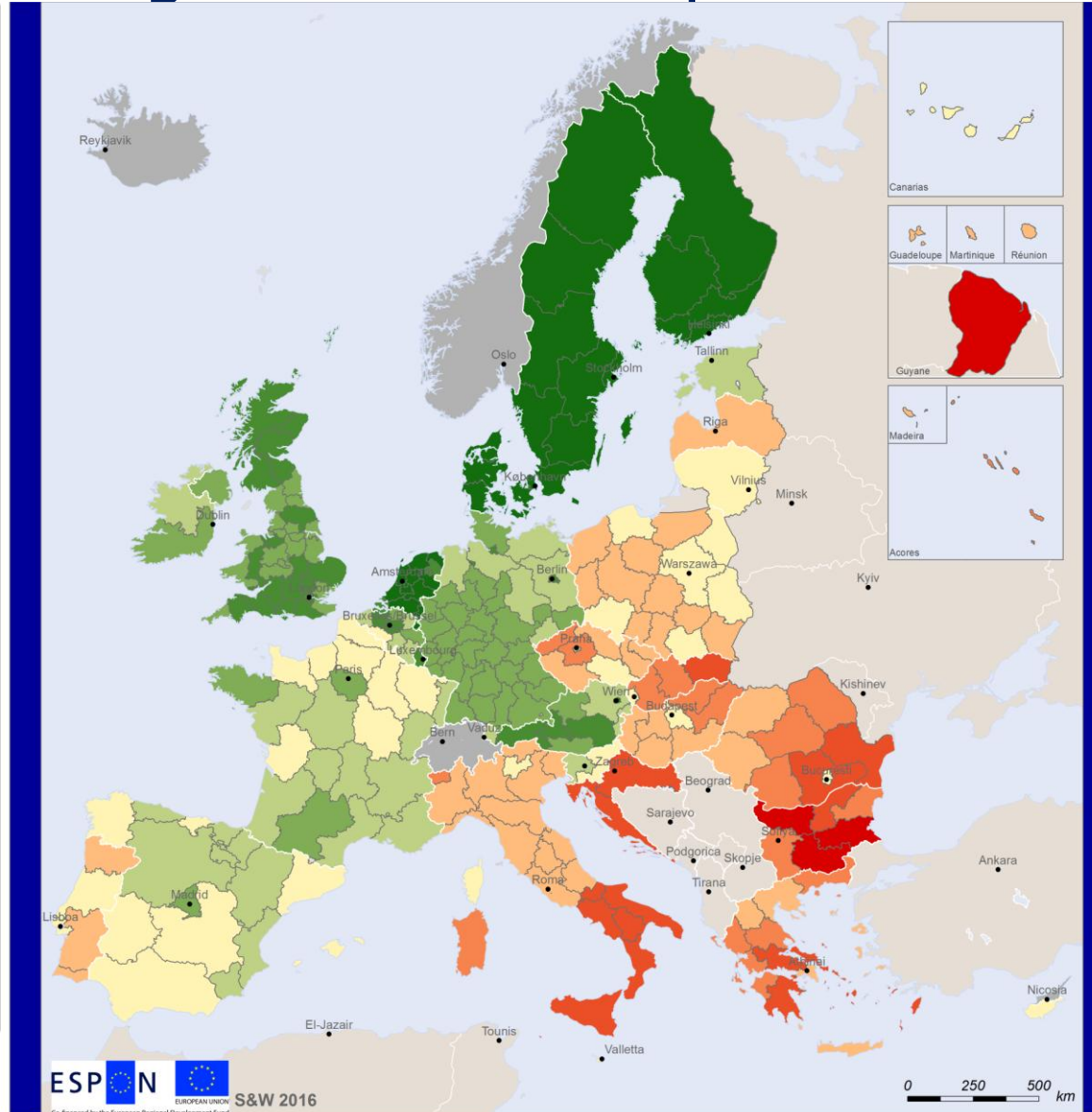
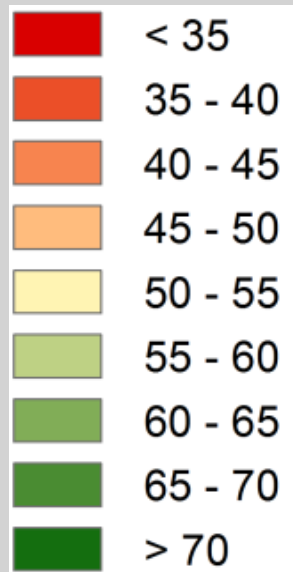
# Less efficient regulation assumptions

Structural Funds  
 2007-2013  
 absorption rate  
 (March 2016)  
 (in % of allocated  
 funds)



# Less efficient regulation assumptions

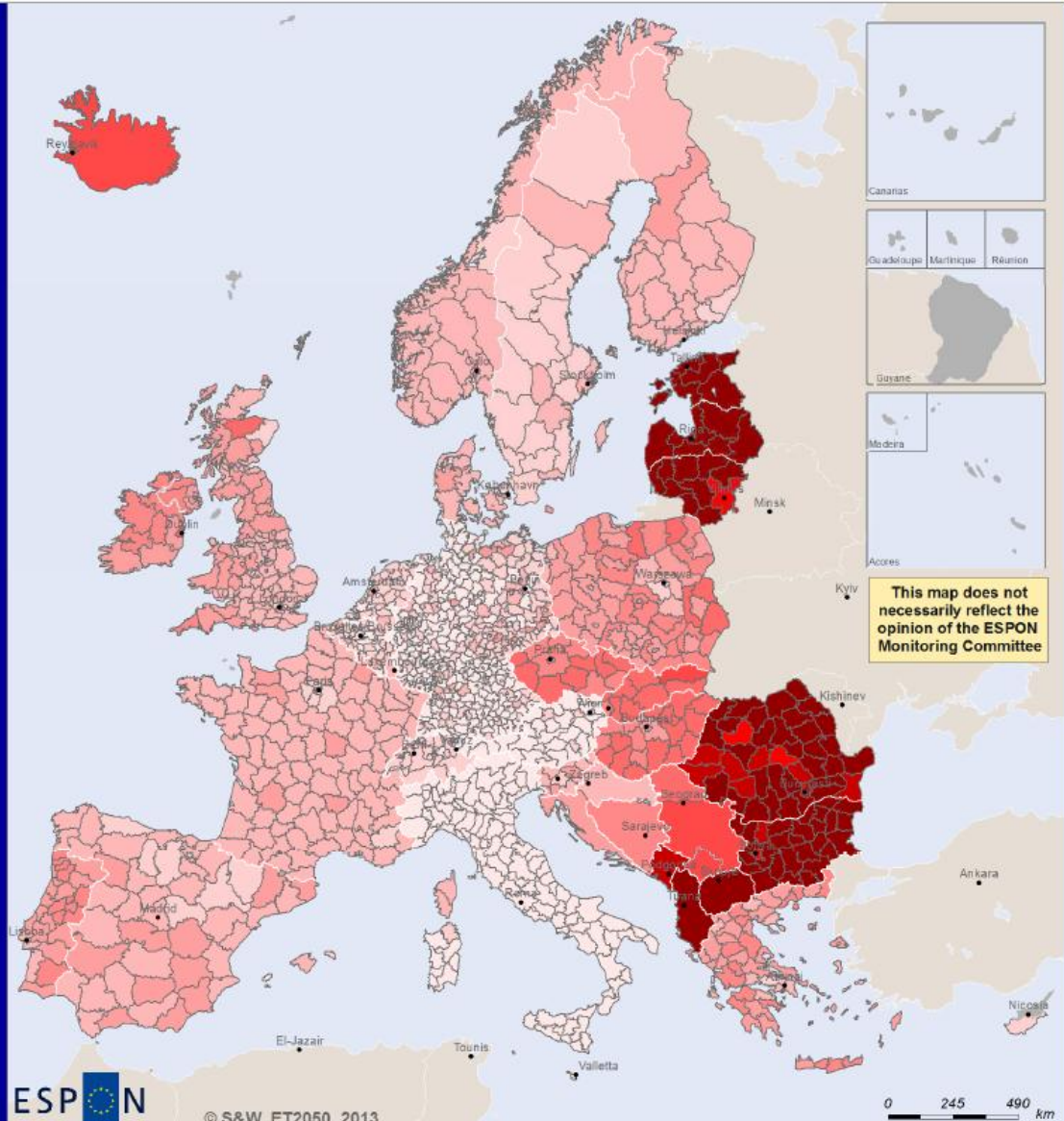
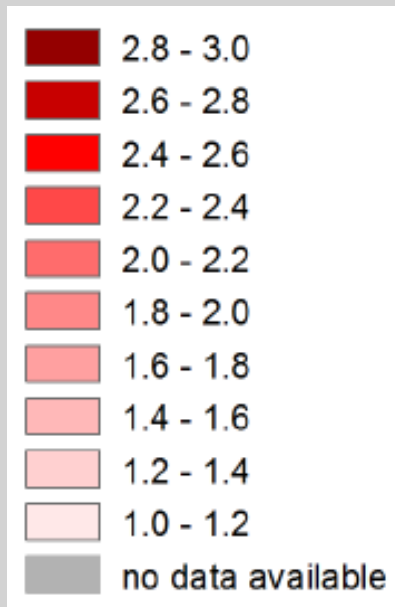
EU Social Progress Index (SPI)  
 Opportunity subindex





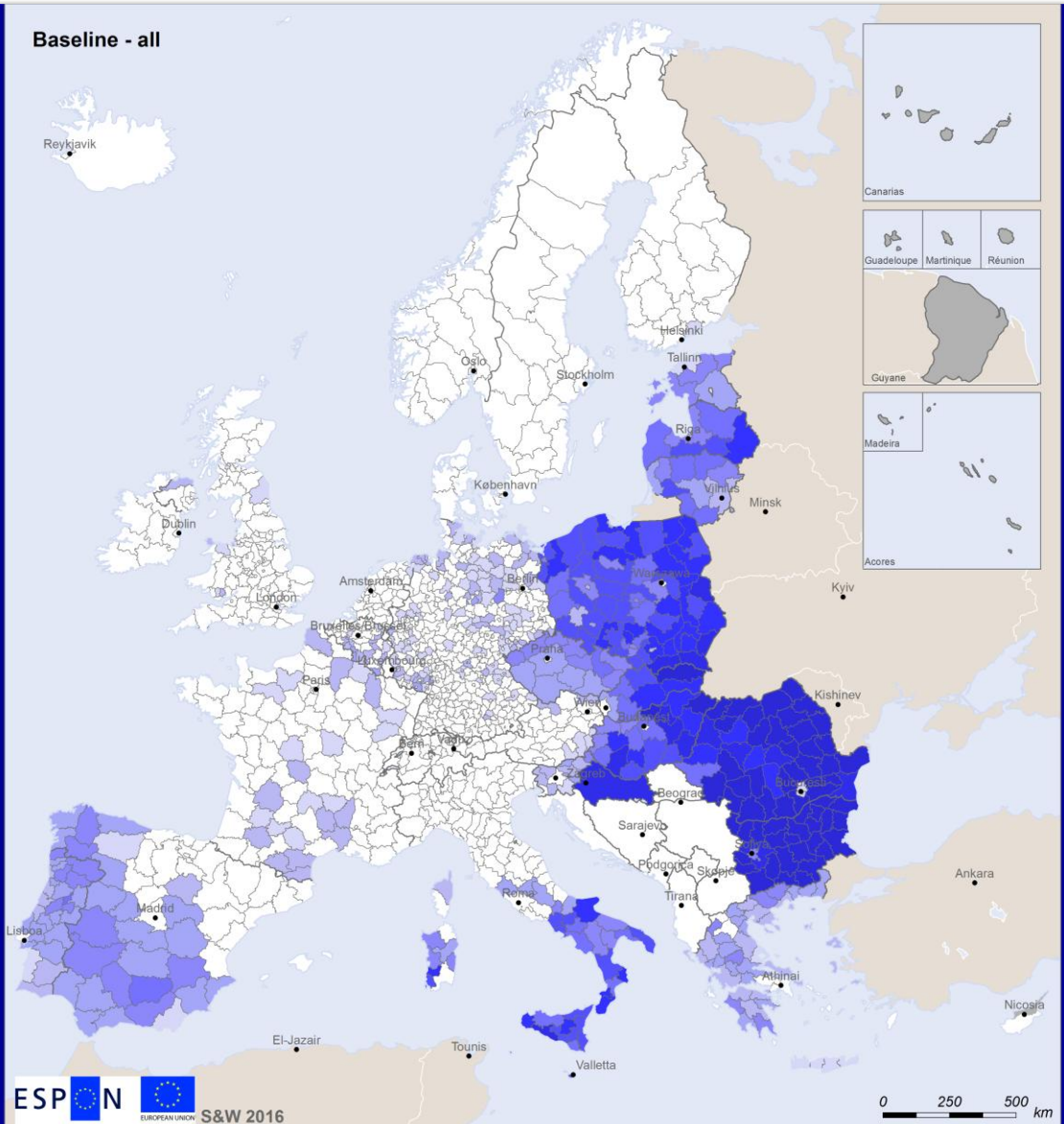
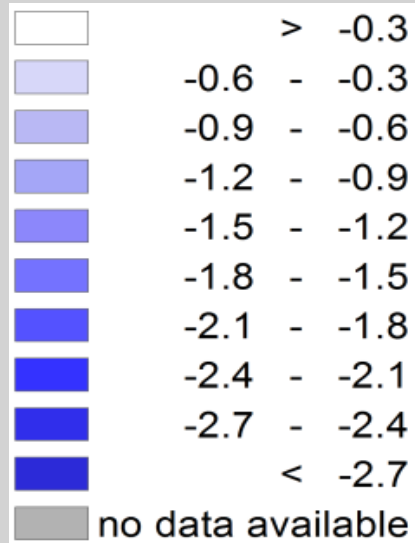
# GDP progress with better regulation (baseline)

Mean annual change of GDP (%)  
 2011-2051



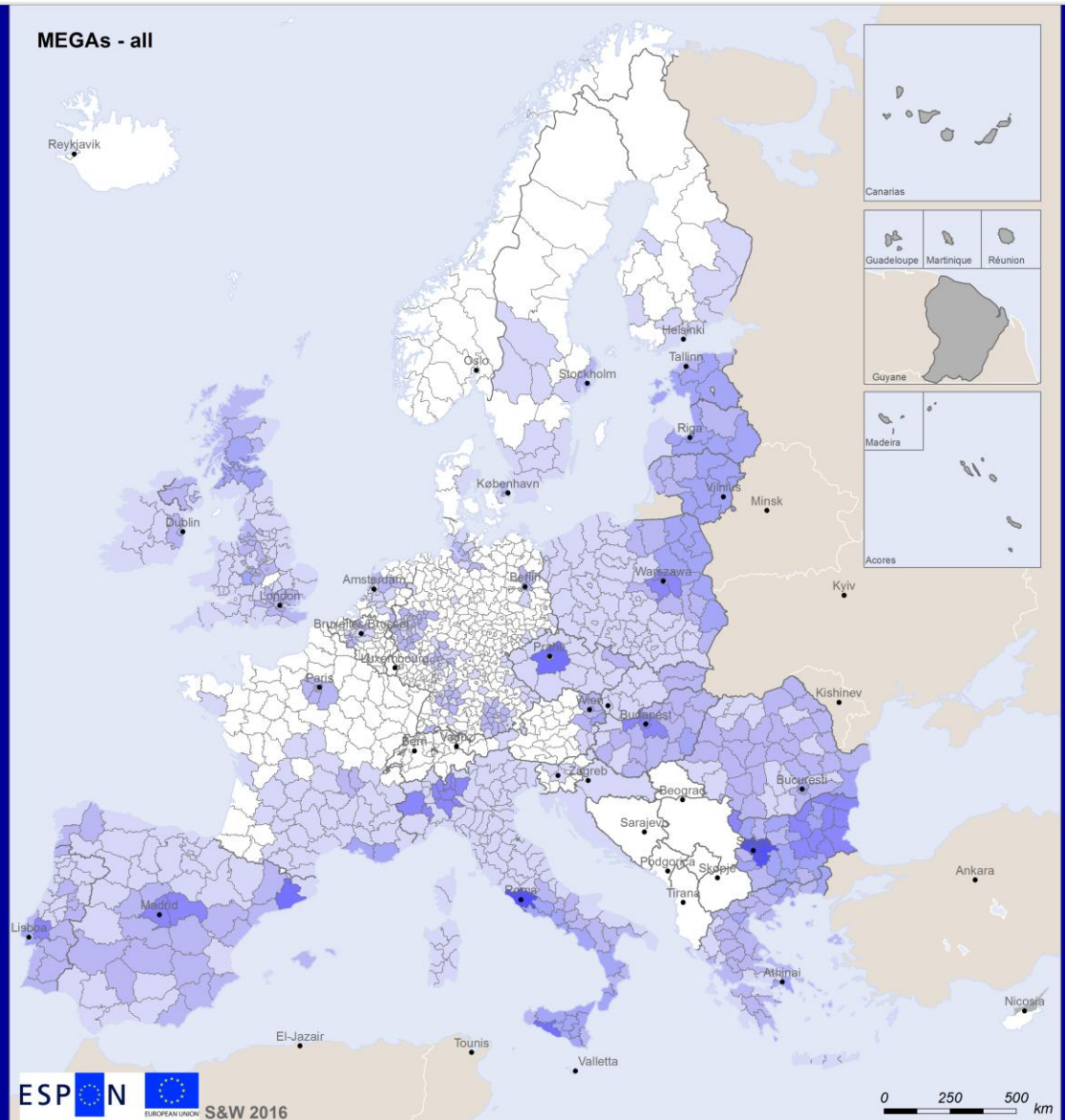
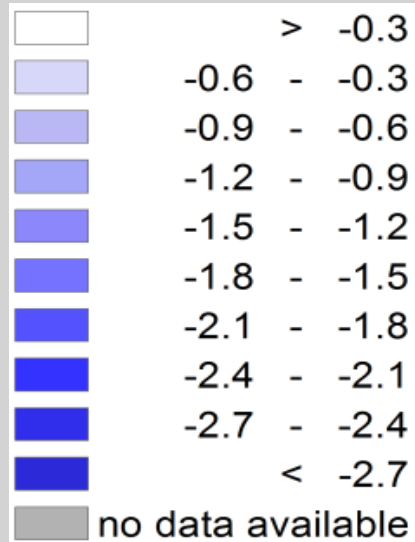
# Slowdown with poor regulation (baseline)

Difference in GDP per capita between less efficient and poor regulation (%)  
 2051



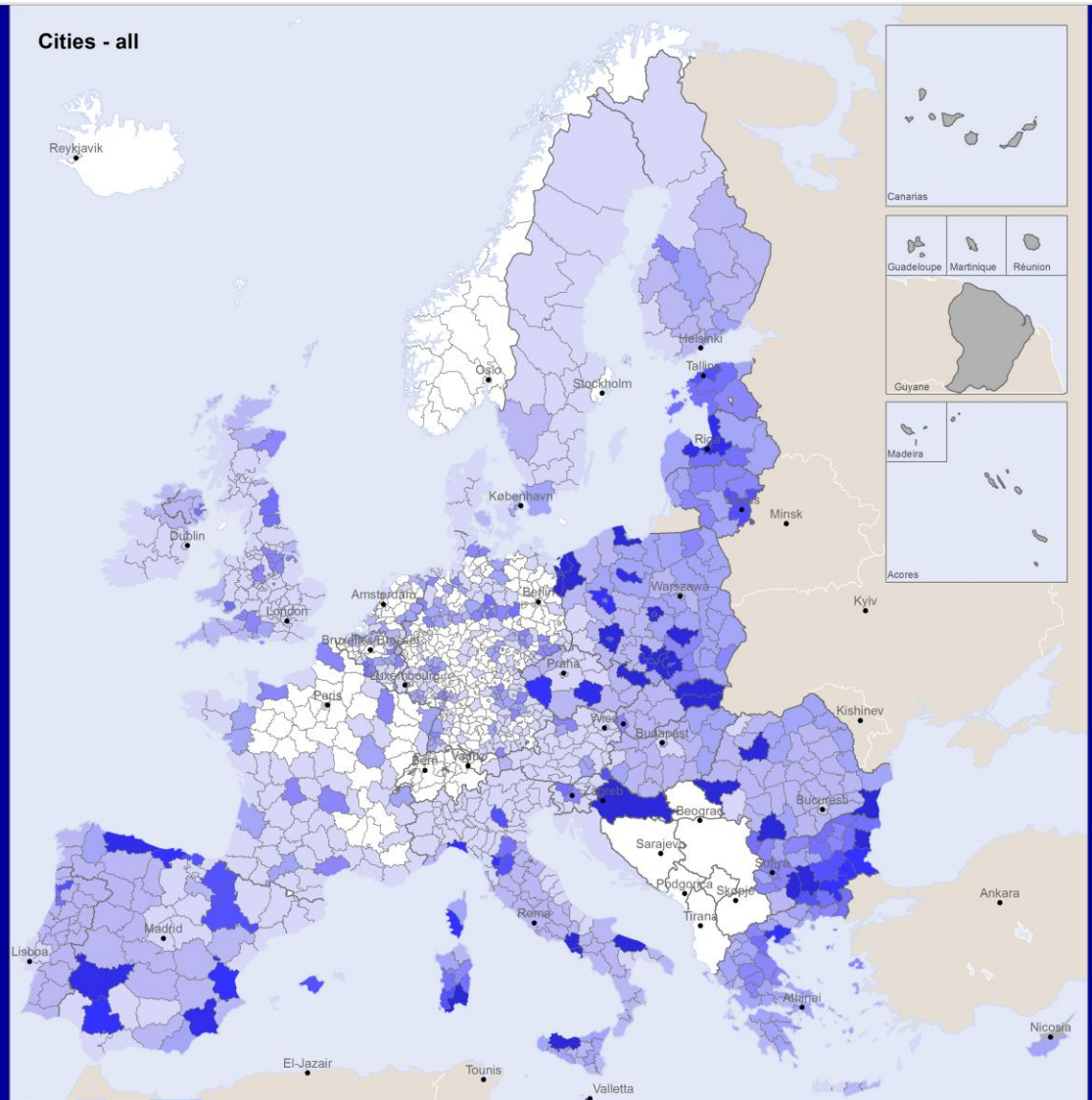
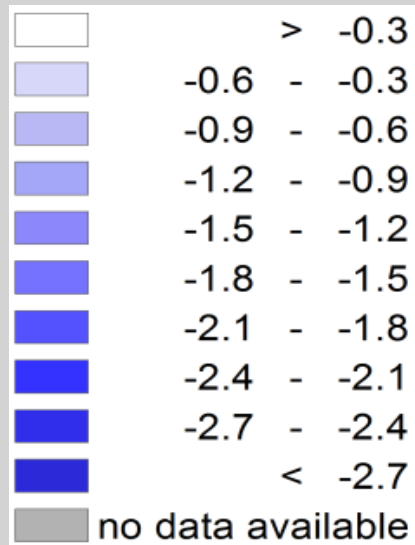
# Slowdown with less efficient regulation (Scenario A MEGAs)

Difference in GDP per capita between less efficient and poor regulation (%)  
 2051



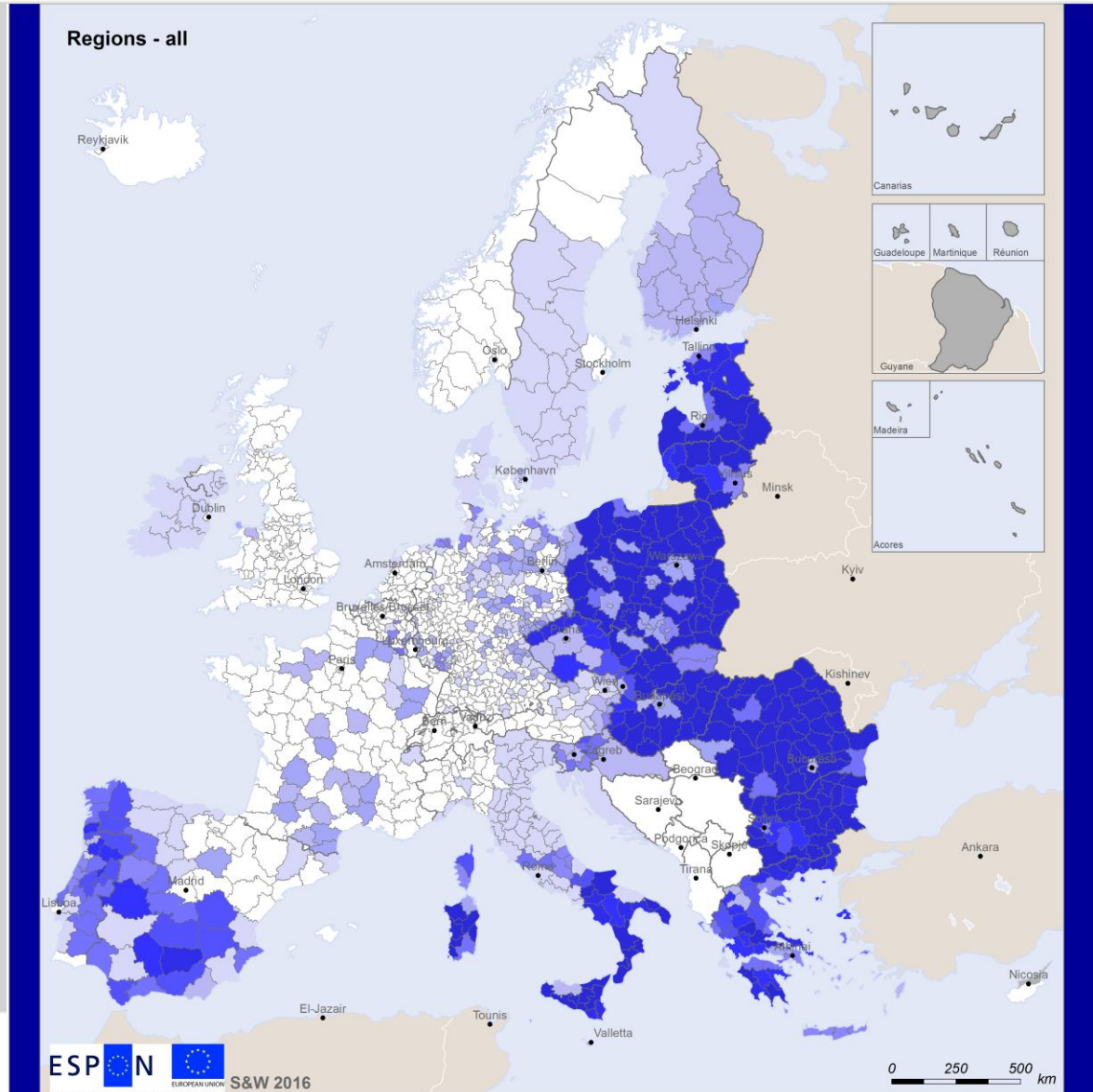
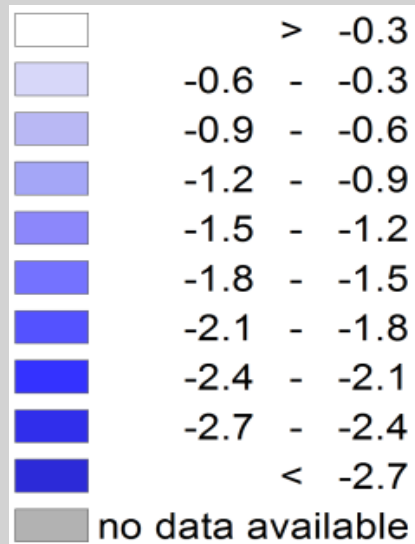
# Slowdown with less efficient regulation (B Cities)

Difference in GDP per capita between less efficient and poor regulation (%) 2051



# Slowdown with less efficient regulation (C Regions)

Difference in GDP per capita between less efficient and poor regulation (%)  
 2051



## Key policy messages

- **Better regulation** will have a **positive effect** on the European territory, support a better **balance** between regions, improve the **convergence** process of member states and lead to higher **economic growth** for Europe.
- **Less efficient regulation** will **slow down convergence** between regions.
- **Negative impacts** of less efficient regulation will be substantial in the **less developed** member states as they receive the highest Structural Funds subsidies relative to their GDP per capita.

## Key policy messages

- **Negative impacts** of less efficient regulation will occur **less** in the **core areas** and **more** in the **peripheral regions** of Europe, regardless of the territorial scenario.
- The impacts are expected **to spread** beyond the regions directly affected due to **transport network effects**.
- The impacts **differ** depending on the **territorial scenario**, with more evenly spread impacts in the MEGAs scenario and **concentration of vulnerability** in the Cities and Regions scenarios.

## Key policy messages

- Dedicated efforts and investments **in administrative and human capacity** to ensure efficient regulation in countries/regions with high levels of Structural Funds subsidies will **contribute to cohesion and balance** in the European territory.
- A clear and explicit **territorial orientation** towards higher **regional convergence** coupled with **efficient regulation** and **administrative capacities** will have positive policy outcomes.