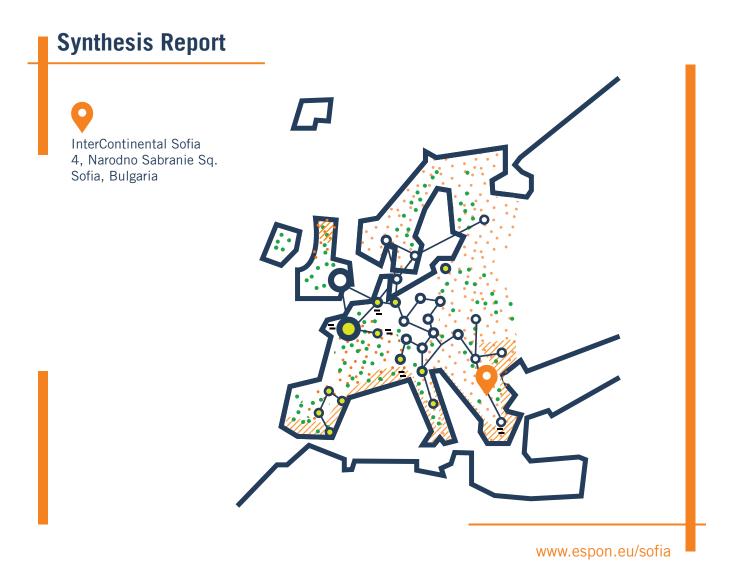


Inspire Policy Making with Territorial Evidence



**// ESPON Seminar** 

## Territorial Cohesion Post 2020: Integrated Territorial Development for Better Policies



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#### **Preface**

Dear Reader.

Amidst a series of important processes, the ESPON seminar in Sofia gathered nearly 200 delegates to discuss the future of the European territorial cohesion. The event was designed to forge ahead with new proposals in a difficult environment: scarce public resources and menacing territorial inequalities are compounded by distrust towards the European Union. A recent ESPON research revealed that 45 per cent of the entire EU space is covered by inner peripheries — a territorial phenomenon caused by poor economy, unfavourable demographic situation and lack of access to centres and services. Even more unsettling is the evidence that significant proportions of all Member States are at risk or peripheralization.

A number of settlements in Europe originate from traditional industries and have grown accustomed to traditional interactions with other places. These interactions have changed, and in some cases completely evaporated in the wake of the economic transition. Trying to revive and enforce them in traditional regional development thinking produces little effect.

What ESPON evidence suggests boils down to one word: cooperation. Cooperation that helps to ascertain the own position in the processes of industrial tran-

sition, cooperation for effective public investments, cooperation that rehabilitates territorial disconnection, and cooperation that restores trust. These are all functions of what we call the place-based approach.

The challenge that we see for most of the European places, and in particular the inner peripheries, is a perceived complexity of the place-based approach, inflicted by stereotypes that distort the image of regulatory frameworks and rules. The seminar in Sofia has shown that the place-based approach is not just a theoretical concept but it's alive and gaining traction all over Europe.

We invite you to find out what leading strategists and practitioners have to say about the future integrated place-based development.

I wish you an inspiring reading!



Ilona Raugze, Director of ESPON EGTC

Dear Reader,

Together with ESPON, the Bulgarian Presidency of the Council of the EU has been examining ways of how to foster integrated territorial approaches so as to achieve better results with the available resources. In our view, a balanced territorial development, paired with territorial cooperation is a precondition for economic growth and employment. Along with the strategic advice on governance, planning and financial tools to support polycentric development, ESPON has provided the Presidency with insights on how to measure integrated investments through a set of indicators. We are confident that these issues are relevant for all Member States, and look forward to supporting the further evolvement of territorial cooperation in the next multi-annual financial framework.

The initial proposal for distribution of funds after 2020 foresees more resources for Bulgaria as compared with the current financial period. More

resources, however, are not the only recipe for balanced territorial development. We share ESPON's belief that cities and regions need capacity to better comprehend their position amidst numerous territorial value chains, known as functional areas.

Being pleased to have included this matter into the Presidency's calendar, I hope that the ideas presented in this report will trigger a new wave of integrated development practices across Europe.



Denitsa Nikolova, Deputy Minister of Regional Development and Public Works, Bulgaria

## **Executive summary**

'It is the people who make the place'

It is this notion from the promotional video of the Bulgarian Presidency of the EU that set the scene For the ESPON Seminar in Sofia on Territorial Cohesion Post 2020. Under the title Integrated Territorial Development for Better Policies a series of presentations and stakeholder debates sought to demystify the place-based approach.

Regardless where they live, the pursuit of prosperous and livable environment motivates all the efforts for equally competitive, socially inclusive and sustainable places in Europe. As stakeholders argued, the place-based potential can only be seized if we fully understand how people relate to different places.

People chose where to live, work and invest -sometimes in different places- and their choices inevitably determine the potential of these areas as well as how they relate to each other. A place-based vision therefore, should understand peoples' relation to a place and respect the needs that arise from this relation. The ESPON seminar translated this place-based reasoning into a roadmap for an impactful place-based practice. This roadmap covers five mutually reinforcing components:

- » Policies and interventions for functional areas (functional urban areas, cross-border areas, transnational areas etc.);
- New governance solutions (engaging public authorities and private stakeholders in joint efforts to address shared development challenges);
- » Joint investment initiatives (offering supporting tools to allow combining resources from different funding streams);
- » Strengthening capacities (engaging national, regional and local actors in cooperative activities);
- » Locally and regionally designed strategies (supporting design and implementation).

To support this assertion, the seminar bundled together empirical evidence from ESPON research, place-based practitioner accounts and practical aspects relating to impact assessment, data, indicators and programming at cross-border, transnational and macro-regional scale. The main findings can be summarized to the following points:

- » Governance, planning and financial tools reinforcing polycentric development and place-based policies have to be embedded within the ongoing new EU Cohesion Policy, moving forward from messages and narrative towards implementation and impact on EU citizens.
- » The European Commission needs to provide further political support and allocate more funds to integrated territorial actions. Stakeholders should proactively allocate human resources on the ground to shift the trend and improve implementation results. Pilots and experiments are needed to test new solutions and clarify whether they result in real changes and impacts on the ground.
- » Place-based approach is alive and there is substantial experience in EU territories, even though constraints and difficulties remain on the ground silo mentality, complicated legislation or normative regulation, lack of financial resources, etc. However, the different levels of governments are encouraged to cooperate further, by means of multilevel governance, to elaborate integrated

strategies, as they appear to be a precondition for Member States' eligibility for EU funding.

## Towards a stronger territorial dimension of future policies

The debate within the EU on the future of European Territorial Cohesion Policy comes at the right moment to demonstrate the relevance of cooperation among territories – which are closer to citizens – through a place-based approach to:

- » Reinforcing public investment at a moment of limited resources and "more has to be done with less".
- » Reversing territorial disconnection in a European scenario where over 45% of the territory is made up of socioeconomically disconnected peripheries.
- » Restoring trust in EU institutions by transforming government into governance with the people who rely on a specific place.

Even though interactions between territories have traditionally been around – based on traditional, hierarchical top-down relations –, it is time to move forward and explore new types of untraditional place-based thinking beyond traditional borders: a new place-based thinking inspiring the formulation of a new EU Cohesion Policy that intensifies and multiplies the way in which those relations are defined.

The right place-based approach – in the form of a new Cohesion Policy – to the wellbeing of citizens would be one that understands people's relation to a place, respects and is aware of their needs, responds to those needs with specific solutions and initiatives from the territory, reinforces cooperation among territories based on comparative advantages, accordingly modifies legislative, normative and administrative frameworks and, finally, acknowledges and supports the substantial and large number of place-based experiences already alive all over the EU territory – an approach that encourages the wider integration of territories beyond administrative borders rather than territorial and investment fragmentation.

#### Place-based policy as a driving force for Europe

Fabrizio Barka (keynote) identified three crucial policy developments over the last thirty years, which in his opinion are responsible for this trend:

- » space-blind and "one-size-fits-all" institutional reforms,
- » tax measures and public investments which primarily accommodate agglomerations,
- » and "compassionate compensations" for areas lagging behind, which, however, do not generate sustainable and resilient place-based investments.

It is believed that the best chance to turn this situation around is to consistently promote a place-based approach that utilises and leverages the knowledge embedded in places. In this regard, the European Commission is perceived to be well-placed to trigger this process and to promote innovation with long-term benefits. From the keynote speaker's perspective, place-based approaches still suffer from some weaknesses which jointly hinder an effective implementation of place-based developments:

- » Strong political support of a radical, visible and mobilising switch to place-based policies and actions is lacking.
- The allocation of integrated projects within the Funds is very small; a sector-bound silo approach is still dominant.
- The European Commission also lacks the human resources to be proactive on the ground in the regions and to foster the involvement of citizens.

Further discussions during the session pointed out the following main conclusions in order to strengthen cooperation among territories:

Existing/remaining challenges:

- » Governance challenges to better deploy the link between strategy and vision.
- » Juxtaposition between networked and flow-driven globalisation trends and the place-based logic of existing institutions: local institutions and administrations are struggling because they are not



Recent political developments in Europe underline a loss of trust in the European Union and its ability to solve problems quickly and sustainably. Evidence shows that the gap in productivity between frontier regions of Europe and lowest-performing regions has increased over the past two decades. Fabrizio Barka expressed the opinion that these territorial inequalities heavily curtail people's freedom to participate in prosperity, social inclusion and recognition in the regions left behind. The political threat induced by this widening gap between political promises, people's expectations and results accomplished is an authoritarian dynamic of intolerance of diversity, a lack of trust in institutions and experts, and a growing desire for closed communities and strictly sanctioning authorities.



Territorial inequalities are back on the table for business and political élites. Unless policymakers seriously confront the problem of regional inequity, voters' resentment will only increase. Place-based policy is a unique opportunity for Europe to reconnect with its people.

Fabrizio Barca

capable of interacting with flows. As a result, it is urgently necessary to rethink and reshape the meaning and functioning of institutions such as local organisations.

#### Potential proposals or stimuli:

- » Any future Cohesion Policy should allow local administrations to develop deeper cooperation schemes, and the EU Funds need to support further integrated cross-border solutions.
- There is an opportunity to deploy different/multiple Funds to develop a single project. There are many examples and experiences within the EU of local and regional governments searching for new governance solution models at the scale of functional areas (SPIMA) or soft governance models by promoting cooperation among fuzzy designated areas across traditional borders.
- » Building capacity to design strategies and develop cooperation projects. It is very important not to leave people on their own. Guidelines and motivating people to support cooperation, raising the value of bringing people together, are called for. Acting as an impartial spectator or interlocutor that is detached enough to foster the required changes but close enough to be part of the process.
- » Borders have to disappear as a necessary precondition for development, but in parallel there has to be an impartial spectator addressing free-market trends to guarantee that the benefits of trade will work well for all (not only further strengthening the naturally more successful areas).

#### Long-term trends and principles for future policies

Recent research on the Territorial Agenda post-2020 has shown that not enough attention has been paid to Europe's territorial divide and the differing development challenges in Europe's regions, so the goal of European cohesion remains a major challenge for Europe's post-2020 growth strategy.

In its opinion *Territorial Vision 2050: What Future?*, the Committee of the Regions called for a broad, Europe-wide consultation on a future territorial vision for Europe. ESPON aims to respond to this policy demand by initiating a substantial pan-European stakeholder dialogue based on the applied research carried out via the European Territorial Reference Framework in order to inform, catalyse and animate the upcoming policy debate on a Territorial Agenda post-2020.

#### What challenges will we face in the future?

- » A disruptive transformation of economy and society caused by the acceleration of technological innovation and shifts in democracy and governance.
- The fragmentation of society as observed above all in recent years is a huge challenge with respect to avoiding both disintegration and rising costs for all. But recent policies do not address this economic and social fragmentation sufficiently.
- » Spatial interdependencies of social and economic developments are affecting places in different ways, negative and positive externalities are increasing and the flows in-between are gaining more and more importance.
- » Policy decisions and actions increasingly reach beyond administrative borders, but there is a discrepancy between geographical impact and political competence and outreach. Multilevel governance is not at the necessary level of functionality.

#### What do we need from post-2020 Cohesion Policy?

- Any future Territorial Cohesion Policy will need to intensify cross-border cooperation across internal and external EU borders.
- » Issues of disintegration and spatial interdependencies will need to be given more attention to minimise risks of disparities and growing costs for all.
- » A strong focus on Integrated Territorial Investments based on a new generation of Territorial Impact Assessments will mitigate fragmentation.
- A more efficient system of shared and centralised management of policies and initiatives will be necessary to strengthen the future impact of territorially relevant interventions and to cope better with positive and negative externalities.



#### Future European efforts for successful place-based policies

- » Relaunch a Cohesion Policy which incorporates a clear political strategy and an investment in human resources now 500 new experts should be deployed in the field to act as pioneers, scouts and facilitators of place-based development on behalf of the EC in the regions.
- » Revise the European Semester and connect it to people: centre it around a strategic long-term development plan (built on the 2030 Agenda targets) and use participatory approaches so as to create place-by-place space-aware objectives which incorporate territorial specificities.
- Overcome the sectoral divide, turn the five CP Funds into sub-funds of a unique fund, since this is necessary for real integrated investment in place-based principles and will unify and strengthen the EC's governance.
- » Apply Cohesion Policy as a tool for transforming sectoral policies into integrated actions and thus change the meaning of the European Union.
- » Use Cohesion Policy to test prototypes of an EU-wide social model which does not conflict with national social policies.
- » Transfer responsibility for audit and control at EU level to a European System of Control made up of National Agencies, similar to the European System of Central Banks.

#### Fabrizio Barca



# Policy labs and stakeholder debates: discussion on post-2020 investment priorities

#### Policy lab 1

#### Governance, planning and financial tools in support of polycentric development

ESPON understands polycentricity as a relational concept that encourages regions and cities working with neighbouring territories to explore common strengths and promote more functional links and interactions among places towards mutual prosperity. The results of the ESPON Targeted Analyses – SPIMA, ReSSI and ACTAREA – conclude that there is no single governmental level that fully meets the current social, economic and environmental challenges and that there are many different tools to implement cooperation among territories.

Policy Lab 1 discussed how to pursue polycentric development by means of governance, planning and financial new approaches and tools from two perspectives:

- What are the main challenges and obstacles for a wider use of collaborative governance, planning and financing tools?
- » How can the development and use of collaborative governance, planning and financing tools be stimulated by European, national and regional authorities?

#### Increasing number of polycentric development initiatives within Europe

Polycentric development is already embedded not only within the European discourse but also in each country. The variety of cases analysed in the three ESPON Targeted Analyses – SPIMA, ReSSI and ACTAREA – proves that cooperation in general, and a place-based approach in particular, is alive in the EU territory. The particularities and sometimes the specificity of the place-based approach in certain territories make it difficult to elaborate pan-EU recommendations or generalised lessons learned but, conversely, the variety of experiences becomes a rich source of inspiration for future initiatives.

For example, in Prague, an Integrated Territorial Investment financial tool supporting a successful public transport initiative in the entire functional area beyond its specific administrative borders has encouraged the city to elaborate a Sustainable Mobility Plan based on this experience. ITI implementation has positively incentivised cooperation with other regions, overcoming the problem of overlapping administrative subdivisions in the Czech Republic.

The implementation of polycentric development in the long term still struggles with some constraints Polycentric development is on the agenda of national and regional governments; however, planning in terms of functional areas is not yet institutionalised in the European Union. In addition, in the places where there are potential areas to be implemented, planning in terms of functional areas is usually inactive. Although tools such ITI can be combined to facilitate implementation of integrated and sustainable urban development, resulting in thousands of different integrating strategies in Europe, experience shows that this tool is not present everywhere in Europe because planning at a functional scale is not yet embedded in the traditional planning systems.

In the case of Prague, the following factors play a role: 1) political power asymmetry – there is imbalanced political representation between city and suburbia with more than 400 municipal representatives, 2) economic asymmetry – imbalanced location of facilities and investment of resources, and 3) ITI funding is minimal compared to the total budget of the metropolitan area of Prague.





ESPON evidence supporting policy lab 1: the policy brief on governance, planning and financial tools to support polycentric development recommends:

at the EU level: a policy narrative on the advantages of polycentricity, defining collaborative governance and planning as a precondition for receiving EU funding, ensuring territorial impact of ESIF investment, facilitating horizontal and vertical coordination of programmes to avoid contradictions and overlaps, supporting further research and efforts, providing external expertise and supporting knowledge sharing.

at the national level: establishing an overarching policy framework and guidance to enhance national and regional governance, to support decentralisation and association, to serve as a neutral mediator, to provide financial incentives, to support linkages between municipalities, to consider providing funds to development initiatives on the condition that cities or regions carry out their planning engagement in a cooperative way and support learning and knowledge sharing.

at the regional and local level: focusing on better understanding territories' spatial dynamics (flows, development perspectives in their context, etc.), building upon existing traditions of collaboration, initiating bottom-up small-scale cooperation practices, creating a favourable arena for dialogue by involving private stakeholders and local organisations along with public stakeholders, creating win-win situations, ensuring political commitment even if the initiative was launched bottom-up, developing flexible structures able to adjust to different circumstances and identifying implementation tools in connection with every initiative.

#### Integration is the new cultural trait to support polycentric development

In order to advance the general implementation of polycentric development and a place-based approach, it still remains essential to overcome cultural inertia and prejudices embedded in existing legislative and normative frameworks as well as administrative structures and architectures. Evidence of the ESPON Targeted Analyses shows that either hard or soft governance tools can contribute to develop polycentricity and, once the culture is embedded, it usually does not matter whether this governance framework is legally formalised or not.

Strategic planning tools are the most popular instruments used to define a cooperation strategy among territories, but there is still a long way to go regarding statutory spatial planning tools. In this regard, much more support and specific policies would be required to encourage horizontal and vertical cooperation and to overcome the silo approach and mentality.

Financial tools – and in particular the new EU Cohesion Funds – can play a key role in supporting the implementation of local and regional strategies for functional areas. It should be possible to apply a multi-fund and cross-sectoral approach that supports joint investment initiatives.



#### The following aspects related to polycentric development need further attention, in particular by the EU:

Examining legal conditionalities by creating specific elected governance bodies in order to end the asymmetries between administrative levels, e.g. a metropolitan governance body. EU is also promoting a collaborative governance framework through a shared management system between the Commission and the Member States. Member States are now expected to bring other stakeholders to the table, i.e. civil society, urban authorities, academics, economic stakeholders, etc., early in the process. In terms of further multilevel governance between different levels of governments, partnership agreements are now encouraged to formulate integrated priorities.

Examining economic conditionalities by offering benefits and disadvantages – "carrot-and-stick" approach – and integrating different EU Funds in order to implement and reinforce horizontal coordination. In this regard, the existence of an integrated strategy which needs to be delivered through collaborative methods appears to be a precondition for Member States to draw on EU Funds.

Examining cognitive conditionalities by resuming "visual" narratives about polycentric development, promoting networking and effective cooperation. The ESPON Targeted Analyses – SPIMA, ReSSI and ACTAREA – build evidence on experiences across the EU territory, but more data and resources are needed to illustrate and acknowledge the substantial ongoing experiences. In many cases, the experience is too recent to illustrate the impact on the territories involved. Further and continuous research is required.

#### Policy lab 2

#### Social inclusion and employment

The double-dip recession in 2008 and 2011 seriously affected almost all Member States but had varying impacts regarding employment growth, migration patterns and links with the knowledge economy. In this context, integrated territorial development is considered a precondition for the long-term reduction of inequalities and for resilience.

Policy Lab 2 discussed issues of employment and social inclusion from three perspectives:

- What are the territorial patterns of recent employment growth, and what is the role of the knowledge economy for migration? What lessons are to be learned for future Cohesion Policy?
- » How has youth unemployment developed in different European regions, and what actions have been taken so far to counteract the increase of youth unemployment?
- » Regions with territorial specificities face serious challenges in particular when it comes to the questions of how to compete against the hotspots of economic development, how to avoid brain drain and how to mitigate youth unemployment.

#### **Ongoing polarisation**

The panel shared the observation that an imbalanced spatial distribution of new employment opportunities has emerged and stated that Cohesion Policy should focus in particular on supporting areas that are lagging behind. Recent findings show that intra-EU mobility patterns have changed during the crisis period, and this has hit the least competitive regions the hardest: between 2004 and 2014, about 17% (= 60 regions) switched from receiving to sending regions. In addition, the polarisation between west-east and north-south as well as between urban and rural regions has grown. Employment migration from peripheral areas to the centres of the knowledge economy multiplies positive and negative consequences: technologically advanced cities and metropolitan areas benefit from highly skilled workers in the knowledge economy sector – each job created there in its turn creates 4-5 jobs in the service sector and attracts new investment. By contrast, sending regions experience brain drain, become less attractive for investment and cannot afford the services and infrastructure that are necessary in order to become a successful knowledge-economy location.

#### More attention needs to be paid to youth unemployment

Due to recent territorial trends in youth unemployment, regional resilience has become a more important factor when it comes to effectively coping with this problem. Since youth unemployment poses a higher risk of social exclusion, it is imperative for decision-makers to implement The Youth Guarantee (2013) at a regional and local level. Specific offers for young people to improve their access to employment, continued education, traineeships or apprenticeships will make a region more attractive. Moreover, such initiatives will help to offset the temptation for young people to emigrate to urban hotspots of economic development, since such a move often poses the risk of precarious and low-paying jobs.

#### Not at the edge, but locked out

Although it is a controversial concept, the concept of "inner peripheries" can be used to attempt to understand regions which are not just at the edge of global cycles of economic activity but are disconnected entirely. This can occur for all sorts of intangible reasons. It may be due to inadequate physical infrastructure and communications or to poorly developed business, social and governance networks, causing these areas to be "locked out" both in terms of access to global economic systems and in terms of political influence and decision-making. Often such isolation is associated with poor access to services of general interest. Paradoxically, inner peripheries are relatively close to the motors of regional development, but for some reason are not getting the benefits.

#### At the edge and successful, but facing challenges as well

The area of Scarborough – consisting of three relatively small towns and a national park at the coast – ranks second after London in UK tourism (7.8 million tourists per year). It faces the problems of a former industrial area but is also a highly attractive and successful tourist destination. Poor communication and connectivity, transport issues, seasonal employment and the fact that many adults do not have the skills needed in up-and-coming industries – these are the core problems of this rural-urban area. By contrast, young people are one of the area's greatest assets. Scarborough has a university and focuses on advanced manufacturing and robotics.

#### Knowledge economy issues are increasingly relevant for mobility patterns

- » Highly educated and skilled young people do not move to dynamic urban and metropolitan regions merely because of better job opportunities. They are looking for a different type of lifestyle and opportunities for personal development. Many of these young people would like to start their own business. Thus they could contribute to economic growth wherever they settle down. But this could also be a starting point for sending regions to think about how to keep these people in their home region and give them a perspective.
- With brain drain, sending regions lose not only population but in particular a lot of their investment in education and qualification in human resources. Therefore, regions need to foster within their local framework every factor, initiative and highly skilled personality that can help to lay the foundation for the development and utilisation of business and institutions of the knowledge economy (e.g. R&D, universities).



#### ESPON evidence supporting policy lab 2

The project *The Geography of New Employment Dynamics in Europe* analyses territorial patterns of employment and typologies of regions in the context of the knowledge economy. The applied research project *Youth Unemployment* looks at the causes and impacts of youth unemployment in different regions and identifies the strategies chosen to fight unemployment. The phenomenon of economically locked-out regions in between hotspots of economic development is the focus of the research paper *Inner Peripheries*. A targeted analysis, bringing together four different areas in Europe, aims to better understand the specific conditions and problems of *Urban-Rural Connectivity* in Non-Metropolitan Regions and to produce advice for improvement. Directly connected to one of the most controversial European topics under discussion, the Targeted Analysis *Migration* and *Refugee Flows* examines the territorial and urban potential of this specific development and how to manage integration via macroregional strategies and Cohesion Policy instruments.





#### Local and regional governments are advised to:

- » extend the use of community-led local development in particular in regions lagging behind by strengthening the participation of local stakeholders and decision-makers – a specified and differentiated policy will create a feeling of broad ownership in communities. Communities can come to identify with particular policies and can become more engaged, helping to improve and evolve policies.
- » develop strategic solutions which build on the specific assets and resources of the respective area and incorporate the nucleus for economic and institutional improvement.
- » valorise existing local assets and resources, provide core services and infrastructures to improve accessibility, connectivity, living standards and economic conditions step by step. A careful and in-depth diagnosis of complex systemic problems will help to avoid rushing into superficially attractive solutions which are not sufficiently targeted. Go for coherence and integrated placebased approaches.
- » build a better common understanding of data, criteria and problem analyses to foster vertical and horizontal cooperation among stakeholders, decision-makers and territories.

#### Policy lab 3

#### Sustainable regions: circular economy, energy transition and Green Infrastructure

One of the major challenges facing Europe's regions and cities is climate change and its potential physical, social, economic, environmental and cultural impacts. This Policy Lab aimed to discuss the latest results from the ESPON projects concerning these issues and provided new insights for policymaking. Questions concerning the feasible contributions of low-carbon and circular economy and Green Infrastructure towards sustainable territorial development, the adaptation to climate change and the creation of new territorial interactions were at the heart of the presentations and debates.

#### Tailoring European and national frameworks to support renewables and energy efficiency

The ESPON research on low-carbon economy shows different regional patterns of energy consumption, renewable energy potential and exploitation across Europe. The following are core findings of this research:

- » It comes as no surprise that Central and Northern European and mountain areas have higher energy consumption for space and water heating and cooling, but many Southern and Eastern European countries are catching up and developing similar patterns due to increased comfort levels. In order to reach at least a comparative reduction in energy consumption, it is crucial to develop comprehensive standards for retrofit measures and construction.
- While wind energy generation is still growing in regions with high and very high potential, solar energy generation is stagnating in areas with high solar potential and shows a dynamic development in less privileged solar regions.
- » In order to successfully implement renewable energy generation, energy efficiency and low-carbon transport, regions and municipalities need appropriate governance power, which they often lack. Evidence shows that a higher level of regional and local autonomy boosts the implementation of low-carbon economy measures.
- » Investment subsidies for low-carbon economy projects, strategies and programmes differ between Member States; from the viewpoint of the researchers, this indicates that feed-in tariffs, quotas and tender procedures are of great importance. The availability of grants, loans, financial investment aids and research funds for these issues is as fragmented as the issues of low-carbon economy are multifaceted.

A broadly shared common ground in the discussion regarding environmentally relevant issues comprised the following proposals:

- Cohesion Policy has to support regions and municipalities in their efforts to overcome administrative barriers in transition processes.
- » There is a great need for capacity building when it comes to agenda setting, information and participation, consulting, project development and management at the regional and local level.
- » In the future, Cohesion Policy can substantially contribute to environmentally friendly policies by integrating with relevant policy fields of low-carbon economy (e.g. RTD and Energy); moreover, it should support integrated regional approaches (e.g. smart specialisation strategies).
- » A focus on Eastern and South-Eastern Europe will support the transition to low-carbon economy, because that is where the greatest potential for renewables and energy efficiency lies.

#### How Green Infrastructure can contribute to climate change adaptation?

Green Infrastructure constitutes the backbone of a resilient ecosystem and is essential for water retention and flood protection, carbon sequestration, temperature reduction and the mitigation of the effect of heat waves, air quality, recreation, health and wellbeing. Thus it needs to be integrated into a variety of planning and policy processes:

- So far Green Infrastructure is incorporated, enhanced and protected in current regulations in only a few countries/regions (e.g. Finland, Croatia, Poland, Basque Country).
- Designating Green Infrastructure areas and features as well as establishing land use criteria and standards at different levels of planning will change spatial planning. This will also change the way biotope, green and open space factors are incorporated into calculations for new land use developments. This is a cost-effective approach to land use decisions.
- For Green Infrastructure to become an important factor in spatial planning, climate change adaptation, disaster risk reduction, agriculture and forestry, there has to be a systematic incorporation of the concept into different policy sectors (e.g. finance, economy, health etc.), which is a challenge.
- The concept of Green Infrastructure reinforces horizontal, vertical and transboundary interactions to guarantee effectiveness, e.g. integration of ecosystem-based adaptation into climate change policies, nature-based solutions embedded in innovation policies, natural water retention measures as an integrated part of water and risk management, integrated coastal zone management.
- If urban-rural partnerships are upgraded and empowered to deal with these issues, then sustainable mobility, waste prevention, bioeconomy development and ecosystem services will reach a new level of quality.



#### **ESPON** evidence supporting policy lab 3

Green Infrastructure focuses on enhancing biodiversity and ecosystem services for territorial development. Low-Carbon Economy analyses energy consumption and generation patterns in Europe and how they impact integrated territorial development. Circular economy looks at the territorial dimension of changes in resource use, design, production, distribution, consumption and waste management, and how to provide input to European regions and cities regarding their potential for moving towards circular economy. The case study on the Bulgarian region Pazardzhik within the applied research Territories and Low Carbon Economy provides insights into the regional energy system. As a Targeted Analysis, Alps 2050 aims to develop a common spatial perspective for the Alpine Region and to mainstream relevant policies following a shared vision. LinkPas addresses mountain territories that have high degrees of biodiversity and natural capital hotspots and gathers experiences on preservation, management and monitoring. This Targeted Analysis investigates the added value that derives from the interconnection between networks of protected areas and territorial development.

#### Making things last

The transition towards circular economy is based on two fundamental principles: first, preserve and enhance natural capital by consuming fewer resources, and second, optimise resource yields by circulating materials and products via recycling and remanufacturing at the highest utility. From the perspective of territorial integration, the challenge is to embed social, economic and environmental aspects of circular economy into planning and governance. Some suggestions on how to do this: in the future, sustainable planning should be the norm rather than the exception, and governance power should be transferred to those levels of governance and actors who want to implement relevant strategies – they need the power, capacity and knowledge to do it.

- » Reduce urban and regional metabolism via e.g. sustainable urban-rural mobility plans, urban regeneration initiatives, placing the focus on waste prevention rather than on waste treatment, boosting bioeconomy and preserving ecosystem services.
- » Circular economy fosters proximity in a broad sense in order to sustain businesses and prosumers as a new system of innovation. Better and more innovative interaction between local stakeholders and actors will allow for industrial symbiosis systems local and regional agglomerations with their (urban) economies will provide the critical mass for circular innovation.
- » New relations between rural and urban areas will evolve, especially when it comes to blurred functional divisions: cities will become greener and rural areas will assume new industrial functions; a new spatial geography may arise and habits will need to change.
- » Cohesion Policy should continue the funding of research for this agenda a lot of open issues are still ahead, e.g. concerning the market.



#### **Local and regional governments are advised to:**

- Experiences based on circular economy, the transition process towards low-carbon economy and Green Infrastructure in ecosystems – mostly environmentally oriented issues – are by definition not confined to specific administrative borders and by default promote cooperation as a key issue for their success.
- » Broader involvement of stakeholders is needed beyond the traditional administrative institutions (vertical and horizontal) towards NGOs, the private sector, businesses and civil society in general.
- » In governance terms, power and leadership at the regional and local level is a guarantee of implementation capacity and real impact on the ground.
- » Cohesion policy should continue funding research, since there are a lot of open areas, new challenges, market issues regarding energy and, finally, data homogenisation at the EU level to better understand what is going on at both the local and regional level.

### **Cross-sectoral integration**

Various initiatives of cross-border, transnational and interregional cooperation within the European Union and beyond will often serve as laboratories at the local and regional level by testing new approaches and innovative projects aimed at improving the life of EU citizens. A wide array of such local laboratories will help to stimulate the progress of social cohesion and of the EU itself, if comprehensive efforts for place-based programmes and investments are made on the ground.

As good practices show, a number of factors and conditions are most important for success:

- » A programmatic combination and systematic assimilation of three objectives is needed to achieve place-aware Integrated Territorial Investments and resilient practice: a) programming on the basis of functional areas, b) fostering talent retention to avoid brain drain, c) developing conditions and incentives for circular economy utilities and Green Infrastructure assets.
- » Political continuity over two or three political cycles becomes a critical issue in order to provide enough stability for the sustainable implementation of innovative programmes and projects with long-term effects – but this cannot be planned.
- » Available resources (intellectual, environmental, industrial and financial capital) will circulate and grow in a collaborative system of value chains, which can be enabled by place-based Integrated Territorial Investments.
- » Flexibility of financial tools should be available to systemise and mainstream place-based approaches, which likewise calls for innovative governance solutions to handle integrated investments.



#### **Integrated investments**

As a key investor, the European Investment Bank places great emphasis on these aspects in its assessments for ITI. As a most important factor, the EIB looks at the coherence between programme/ project strategies and implementation plans and whether proper stakeholder engagement has been planned. The Bank has made the experience that projects relating to regional or local self-administration produce more sustainable results, but for smaller projects and programmes it seems difficult to unlock the opportunities of EIB financing. To obtain EIB financing, it is essential that the EIB be provided with a counterpart with high credibility as a contracting partner. That means for example that when a Functional Urban Region is the executive body of a programme/project, it needs to define an institutionalised partner to be eligible for EIB financing. This approach imposes cooperative approaches and encourages sustainable implementation.





#### A success story: the Six City Strategy

The Six City Strategy, funded by ITI mechanisms, was designed in this spirit. The aim of the six largest cities in Finland is to act jointly as a supportive environment for innovation and experimentation in order to strengthen national competiveness. Starting from a solid performance base (high educational structure, strong population growth, large number of students, well-functioning infrastructure), this "network city" with a total population of 1.76 million inhabitants aims to create new know-how, businesses and jobs by utilising openness, digitalisation and partnerships at different levels. Three spearhead projects involving all six cities are at the core of the strategy: Open Data and Interfaces aims to harmonise public and open data and speed up data-driven business; Open Innovation Platforms aims to generate a national network of open innovation platforms and create new services, solutions and products which are tested in real-world conditions; Open Participation and Customership aims to create new ways of planning, testing, implementing and developing public services by cooperating with business, customers and NGO partners.



# **Exploring the practical side** of integrated territorial development



#### **Indicators**

for integrated territorial development



#### **ESPON** tools and data

on countries, regions, cities and citizens



#### Strategic programming

at cross-border, transnational and macro-regional scale

#### Workshop 1

#### Measuring the effectiveness of integrated territorial strategies and investments

Integrated territorial strategies established by combining several Funds and thematic objectives, e.g. Integrated Territorial Investments, require new measuring tools in order to understand the impact of such strategies. New approaches would also require new tools and methodologies to measure and capture the impact of Integrated Territorial Investment programmes. In this regard, this workshop explored the main challenges when measuring the effectiveness of integrated strategies and investments.

The general challenges of indicator selection are: justification for the need of measuring territorial provisions, disentangling of strategy results and development of appropriate and meaningful indicators, as is common in every indicator analysis.

However, measuring the effectiveness of integrated territorial strategies and investment faces specific challenges directly related to the implications of multi-thematic and multi-fund integrated approaches, to measuring effectiveness at a relatively early stage and to thematic concentration vs. a territorially integrated approach. In the near future, it seems essential to define indicators to measure combined actions able to capture the integration level of EU-funded projects.

The recently published policy brief and a working paper titled "Indicators for Integrated Territorial and Urban Development", developed by ESPON EGTC with the support of the Bulgarian Presidency, served as the baseline for the discussions. Understanding the context is key to choosing appropriate indicators. The following aspects mentioned in the policy brief may be singled out as crucial:

- » actual content, territorial coverage, budget and scope of the integrated strategies;
- » purpose of the indicators measuring achievements/impact in territories and populations versus measuring direct performance of EU-funded programmes and projects;
- » data availability issues, which place constraints on what can be measured;
- » administrative capacity of the managing institutions as well as leadership in prioritising evaluation aspects.



ESPON's short-list indicators for measuring the impact of integrated territorial investments:

#### **ESPON INTERCO**

- » Net migration rate
- » Population potential living within a range of 50 km

#### **ESPON KITCASP**

- » Natural population change
- Newly completed private dwellings as a percentage of the total housing stock
- » Modal split of passenger transport
- » Access to public services (hospitals and schools)

#### **ESPON SIESTA**

» Long-term unemployed persons as a proportion of unemployed people in total

#### Avoiding the "sectoral trap"

Relying too much on sectoral indicators generates two misunderstandings: on the one hand, that the integrated investment is a collection of interventions financed by European Funds and, on the other hand, that such investments can be measured using the standard programme indicators. This approach underestimates the power of integrated actions and does not result in any added value from the local policy point of view.

Integrated development indicators need to go further than the traditional GDP measures and must include multi-dimensional issues: youth unemployment, low education levels, climate change, reception and integration of migrants. Indicators can measure results or the success level of processes. The first can be directly linked to the objectives of integrated territorial strategies, while the second can measure trends. However, the availability of indicators is to be determined; potential sources are Eurostat, NSIs, ESPON or other recognised studies.

#### **Short list of indicators to reflect the impact**

Whenever territorial impact needs to be measured, it proves impossible to identify single indicators that capture territorial aspects, neither the "right" ones nor a too-long list where the final meaning becomes lost.

Composite indicators (indexes) can be used as an effective tool to communicate the overall effectiveness of integrated investments especially in cases when it is hard to find single indicators that capture territorial aspects of investments. An accurate selection of indicators is as relevant as the establishment of a valid explanation of why certain changes in indicators can be attributed to policy actions and investments.

While it would be useful to have a Europe-wide methodology and indicator list, cities/metropolitan areas are encouraged to take responsibility for formulating specific and sound visions, with tailored indicators for their main objectives/priorities, and to translate integrated territorial development into their specific contexts.

#### Searching for alternative measuring approaches, RBA

Measuring integrated actions requires a combination of qualitative and quantitative indicators. Different kinds of indicators for the evaluation of integrated development considered are: administrative data (e.g. number of companies), statistical data (e.g. population), spatial analysis (e.g. access to healthcare in 30 minutes), surveys and perception analyses or aggregated indexes.

In this field, Results-Based Accountability (RBA) as developed by Mark Friedman focuses on measuring the quality of living conditions of the entire system. The RBA process develops agencies and (cross-agency) partners identifying indicators and producing baselines, but also considers best practices in other potential strategies, action plans and budgets to be implemented, monitored and continuously improved.

Results-Based Accountability is made up of two parts, i.e. population and performance accountability. This constitutes an attempt to combine population accountability – the real impact of a policy or action on people's lives – and performance accountability – how a programme performs or is deployed.

Population accountability measures the wellbeing of the whole population within communities, cities, regions or countries. This shared accountability is proportional to the wellbeing of populations (e.g. prosperous economy, inclusive communities, healthy environments ...). Related indicators help to quantify the attainment of a result (e.g. employment rate, concentration of particulate matter in the air). Population accountability is achieved by measuring the status of territories and their populations.

Performance accountability measures the wellbeing of stakeholders – programmes, agencies, and service systems – e.g. the Interreg North-West Europe Programme, the EU Strategy for the Baltic Sea Region. Performance accountability measures how well a programme, agency or service is performing: 1) How much did we do? 2) How well did we do? 3) Is anyone better off/has anything improved? Performance accountability is achieved by measuring the performance of programmes and projects.

Population and performance accountability fit together through the alignment of their results.

The workshop debate concluded that if integrated indicators are to measure the impact of Integrated Territorial Investments, they should be:

- » proportionate and flexible taking into account considerable variation,
- » user-friendly and tailor-made to capture qualitative and quantitative knowledge,
- » realistic being aware of the capacity and knowledge that can be generated, given the complexity of the issue and the resources and timescale available, and
- » financed and technically supported by means of grants for monitoring and impact assessment as well as by receiving technical assistance.

#### Workshop 2

#### Latest updates of the ESPON tools – Practical help for policymakers

To address today's policy development, territorial diversity and cohesion challenges, ESPON offers a number of tools providing access to valuable information or data on countries, regions, cities and citizens in order to help policymakers and stakeholders to better understand and adapt to today's fast-changing conditions for development and to manage the impact of these changes and make informed decisions.

ESPON projects result in an enormous amount of interesting and useful information and evidence in the form of maps, data, policy observations and recommendations as well as methodologies. The challenge is to make all this information easily accessible to policymakers and stakeholders, and ESPON tools try to do exactly this.

This workshop focused on the most innovative aspects of recent advancements in the development of the ESPON toolbox by presenting and discussing how ESPON evidence can be designed and communicated in many formats and using different ways of communication in order to meet different stakeholder needs. The discussion brought together both the developers and the end users of these tools.

First, a general overview of the most recent developments of the ESPON tools was presented, explaining the specific purpose and focus of each tool. New ways to explore, analyse, design and communicate information were presented with the examples of MapFinder, Territorial Review, ESPON 2020 Database Portal, the TIA tool and the public MapKit. Also, methodologies to guide stakeholders through specific processes were introduced, such as e-learning and the handbooks for territorial foresight and soft cooperation.

#### **ESPON** tools for territorial analysis

ESPON activities result with various types of findings

- » Data
- » Maps
- » Methodologies
- » Policy observations
- » Policy recommendations

With different reasons why to communicate

- Guide & learn
- » Explore & analyse
- » Design, create & communicate

And possible ways how to communicate

- » Report
- » Web application
- » Participatory approach
- » Teaching

The main focus lay on the recent developments of the ESPON 2020 Database Portal and the ESPON TIA tool.

The developers of the ESPON 2020 Database Portal introduced the recently developed renewed user interface with search, download and upload components. In addition, it was explained what Web services were developed to make the data and indicators in the database automatically and directly accessible for ESPON tools and other external Web applications. Another important development is the design of indicators for which the genealogy of parent indicators should be documented.

In terms of being able to navigate easily through the vast amount of data, the ESPON Database Portal project has implemented specific procedures. An indicator resulting from ESPON projects will be included in the ESPON Database Portal if it is an innovative policy-relevant indicator and the entire ESPON space (EU 28+4) or a policy-relevant portion of the ESPON space, such as a macro region or a transnational cooperation programme, is covered. If that is the case, the indicator will be presented using a standard territorial nomenclature, the calculation process will be well documented, the indicators used for the calculation will also be included and the quality will be thoroughly checked.

The developers of the ESPON TIA tool also introduced a recent development that makes it possible to implement TIA with a specific focus on urban areas, cross-border areas and user-defined areas. In addition, they introduced the new user interface with four steps and new functionalities, such as expert voting, aggregated maps, various normalisation methods and various graphic displays. During these developments, the tool was used to support CoR and DG Regio with nine TIA workshops.

New ideas for tools were likewise presented and discussed:

- » The PROFECY project delivered a simple version of a learning package, a Web application to raise awareness about inner peripheries and their consequences. Stakeholders could gain insight into the following questions: Where are inner peripheries located? Why is this phenomenon occurring? How to deal with it? This version is not yet fit to be published, but could be further developed and refined.
- The project on Possible European Territorial Futures developed a more general guide to conduct territorial foresight studies. It is based on co-creative foresight-oriented policymaking, and although a stepwise process was suggested, it is expected that neither all steps will be necessary for all foresight exercises, nor that they will have to follow the sequence in which they were introduced. Together with the concepts, approaches and cases, this could be developed in a Web application guiding people to the steps of relevance for them and providing support in carrying them out.
- ACTAREA delivered a guide to developing soft territorial cooperation. Thus two tools, each consisting of a set of elements for building an institutional map or a mapshot, were developed. An institutional map is a map showing a cooperation project in relation to other territorial collaborations and institutions dealing with territorial development. A mapshot is a map showing a cooperation project in relation to geographical features, socioeconomic patterns and (perceived) cooperation dynamics. Both map-building processes could be supported with a Web application providing the necessary elements together with explanations and examples.
- » ESPON 2020 MapKits are templates and guidelines to be used by the activities in the ESPON 2020 programme to produce maps for visualising and analysing regional, city and grid data on territorial trends and patterns related to the field of territorial development and European territorial cohesion. To also support others in producing maps, a public MapKit could be made available, consisting of the same elements except for the ESPON logo, copyright and some other ESPON design elements.
- The session concluded with a general discussion of the tools presented during the workshops. The participants appreciated the efforts ESPON has made in terms of focusing on the sustainability of the toolbox with a central database and updating strategy as well as developing new ways of communicating ESPON evidence.

#### Workshop 3

#### Strategic programming, territorial monitoring, impact assessment

The workshop brought together evidence and tools useful for monitoring developments at the cross-border, transnational and macro-regional scale. The findings and proposed tools show that strategic programming will be improved continuously by monitoring and assessment tools which are mainstreamed and harmonised across different demands and territorial typologies (transnational, cross-border, etc.). In the end, the various tools from programming to monitoring will be supportive in connecting macro-regional governance with collaborative place-based value chains.

#### Professionalising ESPON services by using data harmonisation and illustration tools

ESPON uses Eurostat data as its main data source for its collaboration efforts to support territorial integration. Over the past years, Eurostat has expanded the range of statistics published using various territorial typologies. Thus Eurostat has addressed EU policymakers' growing need for such data in the context of cohesion and territorial development policies.

- » In order to ensure a harmonised application of the typologies, Eurostat launched TERCET, a legislative initiative which aims to integrate the typologies into the NUTS Regulation. For the harmonised territorial typologies at NUTS 3 and LAU level, Eurostat launched a new single entry point to all its information with the webpage ec.europa.eu/eurostat/web/regions-and-cities.
- » The webpage also offers a new illustration tool for visualising the variety of data. In cooperation with the Member States, Eurostat is developing a new harmonised EU dataset for Labour Market Areas (LMA), which will completely cover data at both a national and an EU scale and will also incorporate different areas of interest (e.g. cross-border LMAs, gender gaps, etc.).

#### Transnational monitoring facilitates macro-regional strategy implementation

The quality of the implementation of macro-regional strategies depends on strong joint political will, innovative structures for cooperation and differentiated territorial evidence based on valid data, which can help policymakers advocate specific issues.

Thus the Baltic Sea Region (BSR) successfully implemented an intergovernmental network that articulates the needs of political stakeholders and feeds their concerns into the discussion about macro-regional strategies and adequate instruments. VASAB – the cooperation of ministers of the Baltic Sea Region countries responsible for spatial planning and development – proposed a specific territorial monitoring system (TeMo):

- The system offers policymakers a comprehensive set of important data for planning and decision-making.
- > TeMo is also used by researchers for more detailed analyses and reports on the macro region as well as by municipalities to stimulate the debate on cooperative and integrated regional development.

As macro-regional strategies have larger territorial implications, the governance system for such transnational territories is a crucial issue. The partners of the Baltic Sea Region decided to upgrade their organisational structure and governance in order to adapt to the future needs of the macro region.

#### In the pipeline: a new ESPON macro-regional territorial monitoring tool

Integrated and macro-regional approaches raise the need for a tool with which to continuously observe and compare development trends and patterns, to evaluate the performance of implemented projects and poli-

cies, and to identify development opportunities and territorial challenges. This will provide better insights into the need for reinforcing or reorienting macro-regional objectives and policies.

In cooperation with core stakeholders of the existing four macro regions, ESPON is currently developing a new online monitoring tool according to the demands of macro-regional strategies, which is available as a prototype and will be finalised within the next two years.

The design of this tool will be based on similar tools such as e.g. the European Territorial Monitoring System (ETMS) or TeMo from the Baltic Sea Region.

- In order to provide data and information, the tool will use not only conventional data but make use, in particular, of innovative and experimental data sources such as social media, big data or grid spatial datasets.
- The aim is to create a highly visual, intuitive, interactive tool, which will be updated regularly and seamlessly connected to the new ESPON database, so that it can be used to improve evidence and debates.

#### Evidence-based support for ETC programmes and territorial impact assessment for CBC

In principle, ETC programmes follow the same intervention logic as other programmes, but there are two differences and challenges:

- » Compared to other European programmes, the resources for evidence production are limited in ETC programmes; moreover, there is no focus on impact indicators that could highlight the added value of this kind of cooperation.
- » Due to the limited resources of ETC programmes, their sustainable effects on development in cross-border regions appear to be quite limited.
- » Experts and stakeholders expect to gather more and better territorial evidence that will successfully capture the results of socioeconomic interventions and help them to monitor and evaluate the effectiveness of the programmes.
- » This will be done via a broad participatory process involving stakeholders from the Managing Authorities, Joint Technical Secretariats and policymakers taking part in the implementation process.
- There is growing demand among policymakers and practitioners for better evidence on the impact of CBC programmes so as to improve cross-border policies. Therefore, a new methodology for the ex-post territorial impact assessment of CBC programmes will be developed and tested in the framework of an ESPON Targeted Analysis.





Capturing and quantifying the thematic output of cross-border cooperation works quite well, but providing aggregated evidence and measuring the added value of cooperation and its impacts is still very challenging. Maybe our projects are too small or adequate methods are not available or we don't know about them. We have very few resources for all of this and would need guidance from ESPON in this regard. If ESPON could also become more visible for our programme actors on the ground and if we could build a triangular cooperation with the Interact Programme, this would leverage our work considerably.

Julia Wengert, Joint Secretariat of the INTERREG A programme Germany





#### **ESPON** evidence supporting workshop 3

The following analyses presented at the Seminar contribute to the topic of the workshop: the project *Territorial Impact Assessment for Cross-Border Cooperation* will elaborate a territorial impact assessment methodology and model that has proven well-suited for assessing the ex-post impacts of CBC programmes. With the project *Territorial Evidence Support for European Territorial Cooperation Programmes*, a set of territorial indicators for performance monitoring of European Territorial Cooperation (ETC) programmes should be developed to aid Managing Authorities, Joint (Technical) Secretariats and other programme bodies involved in the implementation of ETC programmes. *Cross-border Public Services* is set up to improve the delivery practices of cross-border public services in different types of EU border regions with different traditions of cross-border cooperation. *eHealth – Future Digital Health in the EU* will examine how digital health solutions and policies in stakeholders' territories foster the development of data-driven healthcare and digital health services and will identify existing and potential opportunities and challenges with regard to the cross-border movement of health data.



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