

TERMS OF REFERENCE

ESPON Project 2.2.1: TERRITORIAL EFFECTS OF STRUCTURAL FUNDS (2002-05)

(o) Political challenges for the ESPON projects

The Second Report on Economic and Social Cohesion, published in January 2001, presented for the first time a third territorial dimension of the cohesion (beside the economic and social cohesion), which calls for a better co-ordination of territorially relevant decisions. Stressing the persistence of territorial disparities within the Union, the report stated the need for a cohesion policy not limited to the less developed areas as well as the need to promote a more balanced and more sustainable development of the European territory.

The Second Cohesion Report represents in that respect a follow up of the European Spatial Development Perspective (ESDP), adopted at ministerial level in May 1999, calling for a better balance and polycentric development of the European territory.

The projects launched under the ESPON programme shall follow an integrated approach and, seen together, cover a wide range of issues, such as:

- Identifying the **decisive factors relevant for a more polycentric European territory**; accessibility of a wide range of services in the context of enlargement; integration of wider transnational spaces; promotion of dynamic urban growth centres; linking peripheral and disadvantaged areas with those centres; etc.
- Developing **territorial indicators and typologies** capable of identifying and measuring development trends as well as monitoring the political aim of a better balanced and polycentric EU territory
- Developing **tools supporting diagnoses of principal structural difficulties as well as potentialities**, such as disparities within cities and regenerating deprived urban areas; structural adjustment and diversification of rural areas; strategic alliances between neighbouring cities at transnational, national and regional scale; new partnerships between rural and urban areas; potential support from infrastructure networks in the field of transport, telecommunication, energy; etc.
- Investigating **territorial impacts of sectoral and structural policies** in order to enhance synergy and well-co-ordinated decisions relevant for territorial development within policy fields such as Structural Funds, agriculture, transport, environment, research and development; developing methods for measuring the territorial impact of sectoral and structural policies; etc.

- Developing **integrated tools in support of a balanced and polycentric territorial development**; approaches to enhance the potential of cities as drivers of regional development, new tools for integrated urban-rural development and planning, etc.

With the results of all the ESPON projects, the Commission and the Member States expect in particular to have at their disposal: **a diagnosis of the principal territorial trends** at EU scale as well as the difficulties and potentialities within the European territory as a whole; **a cartographic picture of the major territorial disparities** and of their respective intensity; a number of **territorial indicators and typologies assisting a setting of European priorities** for a balanced and polycentric enlarged European territory; some **integrated tools and appropriate instruments** (databases, indicators, methodologies for territorial impact analysis and systematic spatial analyses) to improve the spatial co-ordination of sector policies.

In this respect, the ESPON projects will serve as a strong scientific basis for the propositions of the Commission in the Third Report on Cohesion, at the end of 2003, in view of the reform of post-2007 Structural Funds. In a long term ESPON projects will be a useful guidance for the regions when elaborating their development programmes.

(i) Relation to the ESPON 2006 Programme

The priorities describing the work-programme of the ESPON 2006 Programme are structured in four strands:

1. **Thematic projects** on the major spatial developments on the background of typologies of regions, and the situation of cities.
2. **Policy impact projects** on the spatial impact of Community sector policies and Member States' spatial development policy on types of regions with a focus on the institutional inter-linkages between the governmental levels and instrumental dimension of policies
3. **Co-ordinating and territorial cross-thematic projects** represent a key component of the programme. These projects evaluate the results of the other projects towards integrated results such as indicator systems and data, typologies of territories, spatial development scenarios. The cross section projects help to thematically co-ordinate the whole programme and add value to the results and to fill gaps, which are unavoidable when different themes are dealt with in different projects.
4. **Scientific briefing and networking** in order to explore the synergies between the national and EU source for research and research capacities.

This project belongs to the second strand and therefore holds a key position for the elaboration of the whole programme by the preparation of the common ground for the investigation of the basic net of spatial structure in Europe. Therefore a strong co-ordination with the all other projects in particular with the other project in the same strand on the methodological aspects of the impact analysis, with the relevant thematic projects on territorial trends under the first strand and with the coordinating and cross-thematic under priority three is required.

ii) Thematic scope and context

The Sixth Periodic Report and the Second Cohesion Report already provided a broader understanding of economic development. Structural Funds are already subject to evaluations on horizontal themes such as environmental effects or gender questions. The time is due to undergo Structural Funds to a territorial impact assessment or analysis (TIA), with consideration of the efforts already made by the UK delegation of the CSD in researching the scope of TIA as a valuable tool for assessing the impact of spatial development against spatial policy objectives or prospects for an area or a larger territory.

As a first step the method for such an assessment needs to be set up on the base of the experience of Structural Funds evaluation and the evaluations already done. The Second Cohesion report already approached in some respect the Structural Funds from a broader territorial point of view.

In parallel to the activities around the Structural Funds, the developed methodology should also be applicable to undertake territorial assessments of an enlarged European territory, including effects of pre-accession aid and the Phare/Tacis/Meda programmes, providing comparable results for the enlarged Union and its neighbours. This will be done in an upcoming project 2.2.2, which starts when the first results has been delivered from this project. Therefore, possible overlaps with other EU policies addressed under measure 2.1. have to be taken into account and have to be avoided through close cooperation.

iii) General objectives

- a) To develop methods for the territorial impact assessment of structural policies;
- b) to show the influence of structural policies on spatial development at the relevant EU scale;
- c) to sustain every study by empirical, statistical and/or data analysis;
- d) to show the interplay between EU and sub-EU spatial policies and best examples for implementation;
- e) to find appropriate instruments to improve the spatial co-ordination of EU structural policies;
- f) to consider the provisions made and to provide input for the achievement of the horizontal projects under priority three.

iv) Primary research issues envisaged

- Identification, gathering of existing and proposition of new indicators and data and map-making methods to measure and to display the state, trends and impacts of the developments referred to above. Compilation of studies with European focus;
- Operationalisation of the policy options developed in the ESDP relevant for a territorial impact analysis of the Structural Funds programmes; development of a methodology for impact analysis at EU scale;

- Conceptualisation and elaboration of a territorial impact analysis for Structural with special consideration of the following points:
 - The variety of regions in Europe in terms of their environmental and climate conditions, population density and settlement structure, employment and enterprise structure, accessibility, and peripherality and economic strength.
 - How far do the Structural Funds address the emerging border and integration problems taking into account the forthcoming enlargement?
 - How far do the Structural Funds support the concentration of development corridors, consider the concept of a polycentric development, and which further spatial effects are emerging?
 - The impact of regional policy on R&D potential geography.
- What kinds of resources are available at the EU level in order to conduct the Structural Funds programmes? Does the necessary co-ordination with national policies take place?

v) General expected results

The research undertaken during the interim reports is supposed mainly to work on the data available at the national statistical offices, Eurostat and other national and European institutions, and normally be based on existing administrative units. The research should complement the missing territorial/regional data and complement tools and territorial indicators if possible beyond the NUTS classification and the NUTS 3 level.

One of the main objectives of the ESPON 2006 Programme is to focus on research with policy relevance and to contribute to the development of relevant policies. Therefore, the deliverables of the research project should be highly operational and coordinated in time, as far as possible, to fit into the relevant political agenda. The following timetable and specification of output is reflecting this objective:

March 2003 (first interim report):

a) Proposal on indicators and necessary data after a precise analysis of the availability and comparability of data at Community level. For these analyses, the results of the study programme and the results of the ESPON projects in course, in particular under priority 3.1, should be taken into account. This task should also define the appropriate geographical level and technology required for data collection, taking into account the availability of the data. A first detailed and comprehensive list of statistical and geographical data should be collected from Eurostat, the EEA and other European and National Statistical and Mapping Offices.

August 2003 (second interim report):

b) A first overview on concepts and methodology and preliminary results of the territorial impact of Structural Funds and Cohesion Fund. Proposal on a second revised and extended list of further indicators to be collected from Eurostat and the EEA and other European and National Statistical and Mapping Offices.

August 2004 (third interim report):

c) Report (including update of databases) of territorial impact of Structural Funds, Cohesion Funds. Report on particular effects of Community Interventions under INTERREG programmes.

d) Proposal of new appropriate indicators, typologies and instruments to detect regions and territories most negatively and positively affected by the identified trends (with special reference to the policy aims of the ESDP dealing with polycentric development, accessibility, natural and cultural heritage and assets, environment, urban areas, etc.) to be used in territorial impact assessment, and new methodologies to consider territorial information.

e) Policy recommendations in view of implementation of Structural Funds in relation to measures, eligible areas and delivery mechanisms.

March 2005 (final report):

f) Elaboration of institutional settings and instruments, which could support a better co-ordination of structural, regional programmes with spatial planning and sector policies towards spatial concerns;

g) Models of regional programmes and spatial plans applicable to different types of regions integrating Structural Funds, Cohesion Funds, sector policies and national policies and taking into account the guidelines and priority actions of the ESDP.

vi) Rationale and structure

The following text has the role of shaping the mind of thinking in developing a proposal for undertaking the ESPON action 2.2.1. The text is not meant to be exhaustive, but to serve the purpose of guiding the tenderer.

1. Elaboration of a methodology for the impact analysis/assessment

The methodology should take account of the spatial concepts developed under priority 1 and 3. The methodology should also allow indicating different level policy in order to identify the relevant actors for a better territorially co-ordinated policy.

A territorial impact analysis and evaluation needs to refer to certain spatial goals. Here again comes in the primary concept of the ESDP the polycentric spatial development.

At present we dispose of many assessment methods and models (see point vii existing access points, for some examples). The aim of this study should be to draw these existing assessment methods together (addressing their weaknesses) into a tightly focused, operational assessment tool, oriented towards the needs of decision makers. The methodology should also allow indicating different level policy in order to identify the relevant actors for a better territorially coordinated policy.

The assessment method should take into account the agenda of a territorial sustainable development and territorial competitiveness and cohesion as lined out in the ESDP. That means

to consider territorial, economic environmental and social indicators. Also take into account indicators that describe social segregation on a regional scale and then tests those indicators on the European scale. One purpose would be to develop the cartographic presentations of territorial, economic and social cohesion/segregation, including the use specific symbols of well-being.

It seems to be of the more importance for the regions and cities of the enlargement area (and neighbouring regions and cities within EU-15 territory), since the current transition process implies considerable investments into (and thereby changes of) the technical and institutional infrastructure in these parts of Europe. Thus, the space of manoeuvring for spatial development policy is to be considered comparably larger than within the current EU territory. This means on the other hand the range of possibilities missing the aims of the ESDP is considerable higher, too. Thus, the interrelation with project 1.1.1. should be taken into account.

2. Presentation of Structural Funds policy (including Cohesion Fund) with reference to the territorial dimensions and the governmental level responsible.

The structured presentation of the policy should allow identifying the relevant parameters for the territorial impact assessment for all three dimensions, the policy (contents and strategies), polity (institutions, organisations) and politics (processes) also regarding particularly spatial disparities and imbalance of the E.U territory on the background of the typologies developed in the projects under the ESPON priority 1 and 3. It should describe the relevant operational programmes and strategies and measures adopted having negative or positive effect in territorial balances and polycentrism.

The methodology should be transferable in order to be adapted and applied in project 2.2.2. focusing on territorial impacts in candidate countries of the “Community aquis” and pre-accession instruments (ISPA, PHARE, TACIS, MEDA).

3. Indicators and data bases

Description and quantification of the variables, which characterise the Structural Funds policy in their spatial effects. Development of territorial indicators is already subject to other ESPON projects under priority 1 and 2. Consequently a very close cooperation is required.

Data gathering should occur at the lowest territorial level possible (ideally, NUTS III level and below). It should cover the 15 Member States as well as the candidate countries (EU 27) and the neighbouring countries (mainly Norway and Switzerland).

Among others, data for following variables should be collected:

Community Structural interventions from 1989 to 1999 and programmed interventions for 2000-2006:

- Interventions within Structural Funds programmes by investment category and mainly:
- Projects financed by the Cohesion Fund

Intervention should be valued in monetary terms (financial amount invested by Community funds and by Member States funds) and in physical terms (ex: km of highways/railways, number of employees trained, enterprises and direct employment created etc).

Impact on territorial and regional balances mainly in terms of:

- Population growth and population density
- Connectivity, accessibility and decongestion
- GDP growth
- Social aspects, quality of life: social services,
- Environment and land use

Indicators from the ESPON Programme produced by the ongoing projects should be used in order to comprehensively describe the territorial dimension of Structural Funds.

The Commission intends to provide Structural Funds evaluation reports, which have already been commissioned on her part. These reports should be able to contribute further to data collection and methodology.

4. Analysis of results of Cohesion policy in relation to a balanced territorial (and regional) development

4.1. Structural Funds and territorial specialisation

It is a constant puzzle why convergence between regions of EU has not occurred at the same level as convergence among Member states. There have been some obvious successes like that of Ireland, Portugal and Spain at national level. However, in many countries the effects of regional policy (EU and national policy as well) have been rather modest. These different outcomes should be studied in order to single out the causes for different developments.

Some hypotheses should be studied, among others:

- a) Growing accessibility leads to competition and division of labour where some regions might choose or are forced into trajectories ending in lock-in situations in the longer run.
- b) Direct investments from outside in some cases besides offering local jobs also tap profits and invest this somewhere else.
- c) Investments in less developed Member states have been concentrated in the capital regions, leaving the peripheral regions and the rural, low density areas outside the development process.
- d) The role of local natural assets and availability of land.

The differences of the Structural Funds approach so far and the advantages and the disadvantages of a more integrated and territorial orientated approach addressing territorial cohesion (side of economic and social cohesion) should be visible.

4.2. Structural Funds effects on the future territory

At a second step, the analysis should evaluate how Structural Funds programmes may contribute to a balanced territorial development in an enlarged EU within the perspective that impacts may be expected, probably, in the peripheral regions of EU, as they might become more peripheral, and as present investments in these regions may be diverted to future Member states.

Also impacts in bordering regions and possible solutions should be examined. The situation after 2006 may imply a kind of shift in Regional Funds support from the present EU-15 border regions to the new eastern borders (partly already rather well developing). Complications for cross-border co-operation with reverse signs? Furthermore, in this context it turns out, that a sound capacity of regional bodies and actors at the regional level in the candidate countries concerns also the neighbouring states.

4.3. Structural Funds and other financial instruments for a territorial policy

The funding of regions with economic weaknesses is a task of both the EU Member States and the European Commission. Some Member States use national financial equalization instruments trying to redistribute the societal wealth from the more prosperous to the poorer regions. It is in accordance with the principle of subsidiarity to first use national financial equalization before applying for European instruments.

The task of a project within this measure is to find out the instruments of national financial equalization, what are their differences and common grounds, which relations they have to European regulations and which guidelines for action might be derived from these considerations with regard to the Reform of the Structural Funds?

4.4. Spatial integration through Interreg-initiative – (Meta-)evaluation of the effectiveness of the regional cooperation in promoting integration within a macro-region

There is already a great amount of experiences gathered in the various Interreg-projects. The evaluations that are carried out in direct connection with the programme documents or single projects are rather technical in nature. They do not provide an insight to the processes taking place at the scale of so-called macro-regions, such as Baltic Sea Region or a particular part of it.

The ability of the Interreg-initiative to promote territorial integration and cohesion would be the focus of the project. Study should focus in particular advanced areas in spatial planning as the Baltic Sea Region and especially the impression given by the Interreg IIC, which has given the floor to Interreg IIIB. Reference on the attempts to promote new sub-regions within the Baltic Sea Region (Baltic Bridge, Baltic Palette, Bothnian Arc) should in this context be made. The Interact Programme could play an important role in order to collect information and communicate intermediate results. Existing evaluation reports may be made available in order to avoid duplication of work.

5. Policy recommendations and conclusions

The recommendations should take account of the policy context and scope of the study. Proposals should be made particularly:

- on the improvement of the methodology to select eligible areas
- on the selection and improved focussing of policy measures with particular attention to territorially bound development assets
- on the policy delivery mechanisms with particular regard to the coordination and integration of sector policies with strong territorial effects.

The policy recommendations should make reference to all relevant policy options on the ESDP.

Policy recommendation should also present practical solutions and proposals for:

- Institutional settings and instruments which could support a better co-ordination of structural, regional programmes with spatial planning and sector policies towards spatial concerns;
- Models of regional programmes as well as spatial development perspectives and plans applicable to different types of regions integrating Structural Funds, Cohesion Funds, sector policies and national policies and taking into account the guidelines and priority actions of the ESDP

vii) Existing access points

The access points listed below can serve the purpose of providing the tenderer useful information for preparing a proposal. It is by no means meant to be exhaustive, but only as information that can be helpful in tracing additional useful background information:

The SPESP programme offers some access points for indicator works through the study on typology of cities and urban and rural relations. Functional regions require as a corner stone for the monitoring of territorial development, that the functions can be measured (Headquarter functions, labour markets commuter zones a.s.o.).

Further aspects such as how far do Structural Funds address accessibility could benefit from research on the TEN, on spatial networks or on the R&D policy, in particular within the ESPON programme.

Projects on the evaluation of the horizontal objectives of the Structural Funds which provide an additional source for the investigation of the territorial aspects of Structural Funds well as specific studies on implementation of the SDEC like “The Spatial and Urban dimensions in the 2000-06 objective 1 & 2 programmes. 2002 » (studied prepared by University of Strathclyde for DG Regional Policy) .Other cross-sectoral aspects are already covered by different sources and mainly studies launched by DG Environment from European Commission.¹

¹ See for example: European Commission DG XI (Environment) (1998): A handbook on the Environmental assessment of Regional Development Plans and EU Structural Funds Programmes. London.

Progress on a methodology for conveying territorial impact assessment or analyses has been done at European level with the UK taking the lead. Further information can be obtained by contacting by the UK delegation dealing international spatial development and planning matters.

Projects developed by the JRC (Joint research centre from EU) under regional modelling could be particularly relevant for co-ordination of policies in a specific area.

Finally, an ESPON Data Navigator creating an overview, a handbook, on information on principal data sources, contact points etc, is under elaboration. The Data Navigator is expected to cover, in principle, all countries in an enlarged European Union as well as neighbouring countries. The Data Navigator is scheduled to be finalised by end September 2002.