

ESPON
TERMS OF REFERENCE
PROJECT 3.3

**TERRITORIAL DIMENSION OF
THE LISBON/GOTHENBURG PROCESS**

(O) POLITICAL CHALLENGES FOR THE ESPON PROJECTS

European policy development towards territorial cohesion

The **Second and Third Report on Economic and Social Cohesion**, published in January 2001 and February 2004 respectively, presented for the first time a third territorial dimension of 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 **Lisbon/Gothenburg Strategy** is a clear commitment to sustainable development bringing about economic, social and environmental renewal in the European Union. The **Lisbon Summit** started a process of making Europe in 2010 the most competitive and dynamic knowledge-based economy in the World, capable of sustainable economic growth with more and better jobs and greater social cohesion. A competitive and dynamic knowledge-based economy has as well a territorial dimension, which shall be fully integrated in the project. The Gothenburg Summit added the aim of sustainable development to the Lisbon process.

The **European Convention** has proposed to add the aim of Territorial Cohesion to the Treaty of the European Community as part of EU Cohesion Policy. Further development of the concept of territorial cohesion is expected in the ongoing political discussion on future Structural Funds involving as well discussions in the Subcommittee to the CDCR on Spatial and Urban Development (SUD). The expected Third Cohesion Report for the end of this year will be the next Commission document for the ongoing process of dialogue.

The **Second Cohesion Report** represents 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 **Third Report on Economic and Social Cohesion** included new scientific knowledge and information from a series of ESPON projects. As such the ESPON programme has met one of its objectives by delivering new scientific knowledge and

information on European spatial issues as basis for future policy development at EU-level and within Member States.

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.

The preliminary results of the first 16 ESPON projects by August 2003 serve as a strong scientific basis for the propositions of the Commission in the **Third Report on Cohesion**, in view of the reform of post-2007 Structural Funds.

Relevant parts of the Third Cohesion Report and developments linked to the future Treaty and the Lisbon process as well as relevant inputs from the SUD-Committee shall be taken thoroughly into account in carrying through this study.

Another very relevant issue to take into account are spatial visions elaborated at transnational level under the INTERREG Community Initiative Programme. These visions and strategies for the development of transnational territories should provide

useful orientations for scenarios for an enlarged EU territory as well as methodological contributions for the scenarios for the enlarged European territory to be developed within the project.

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 “**Territorial Dimension of the Lisbon/Gothenburg Process**” belongs to the third strand and holds a key position in the ESPON programme by making active use of project results achieved by the projects of the first four strands. Therefore a strong co-ordination with the all other projects in particular on territorial indicators and methodological aspects will be necessary. In this respect, a careful coordination is required with the two cross-thematic projects under priority three, project 3.1 and 3.2, as well as with the Co-ordination Unit.

II) THE THEMATIC CONTEXT

The Lisbon/Gothenburg strategy

The Lisbon process builds upon the idea to set up a new strategic goal for the Union in order to strengthen employment, economic reforms and social cohesion as part of a knowledge-based economy. The strategy's frequently quoted key objectives are:

“The EU should become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”.

The global perspective sees the future role of the EU as a major player in the world economy. This depends on the success or failure of the Lisbon process, which aims to develop the EU into a competitive and sustainable knowledge based economy by 2010. The Gothenburg Council added the aim of sustainable development to the Lisbon process.

The implementation of the Lisbon/Gothenburg strategy includes the following measures:

- preparing the transition to the knowledge-based economy
- promoting economic reforms for competitiveness and innovation
- renewing the European social model by investing in people and combating social exclusion
- Keeping up with a macro-economic policy mix for sustainable growth

A territorial dimension

The ambitious political process aimed at making the EU more dynamic, competitive and sustainable knowledge-based economy by 2010 has at this stage not explicitly reflected on the territorial dimension of this development. However, territorial cohesion is seen as an underlying objective, but concerns in relation to the aim of territorial cohesion have so far not been made concrete.

However, the fulfilment of the Lisbon/Gothenburg strategy will inevitably include a territorial focus/footprint and connect to the territorial development policy. That the Lisbon/Gothenburg strategy could benefit from including a territorial dimension can be justified by the following arguments:

- First, for Europe to become competitive and dynamic based on knowledge and innovation, the strategy needs to support the exploitation of territorial potentials and comparative advantages for economic development. At the same time, the strategy must also be to avoid territorial imbalances and economic disadvantages leading to excessive geographical concentration and land prices, social and environmental problems as well as depopulation tendencies.
- Secondly, for the services supporting the aims of the Lisbon/Gothenburg are mainly located in urban centres and metropolitan agglomerations. Urban centres would therefore play a crucial role in providing the framework conditions for a knowledge-based economic development. As a consequence, the accessibility to urban regions, particularly in the enlarged EU territory, their attractiveness for investments as well as their capacity to provide the necessary human and physical capital becomes even more important than before.
- Thirdly, to support a knowledge-based enlarged EU, a priority should be job creation based on a high level of education and innovation, in particular within sectors such as ICT and R&D. A territorial component of cohesion will, in this light, be the supply of institutions and services supporting education and innovation in less competitive and less dynamic regions, which are closely targeted to their individual potentials for development.

The European Spatial Development Perspective (ESDP) contains a number of policy orientations for a balanced and polycentric territorial development of the EU building upon a triangle of dimensions constituting a sustainable spatial development:

- Economic and social cohesion

- Conservation of natural resources and cultural heritage
- More balanced competitiveness of the European territory

More in detail, the ESDP document include policy aims dealing with the territorial structure of Europe, with the urban systems, accessibility, access to knowledge, natural and cultural heritage and assets, environment, urban-rural relations, etc. For the new Member States a similar policy document exists elaborated in the context of Council of Europe (CEMAT).

The links between European documents including territorial policy issues and the Lisbon/Gothenburg strategy are apparent, but need to be further explored and complemented by concrete and operational objectives with the aim of contributing to the Lisbon/Gothenburg strategy, including corresponding indicators capable of monitoring the development. In particular, the carrying through of project 3.3 will require a special attention to:

- The contribution of assets in regions and larger territories to the realisation of the Lisbon/Gothenburg strategy
- A territorial cohesion in the development of the EU; for instance the use of regional potential and integrated strategies for development in order to avoid polarisation and congestion diseconomies;
- A balanced territorial distribution, availability and use of necessary human capital and services of general interest as well as an efficient system for movement of goods, people and information.
- A policy coordination ensuring an efficient and territorially balanced use and improvement of the existing structures of urban systems and infrastructures (in broad terms), which contributes to the implementation of the Lisbon/Gothenburg strategy.

III) SCOPING THE STUDY

Studying the territorial dimension of the Lisbon/Gothenburg comprises a multitude of very complex and broad processes and contexts. It will neither be feasible to conduct an analysis of the impact of the Lisbon/Gothenburg strategy nor to embrace all factors of competitiveness. A tender for project 3.3 will have to build on this fact.

The **main scope of the study** is to develop a number of basic analytical elements that can introduce territorial cohesion to the Lisbon/Gothenburg strategy and indicate ways of integrating the Lisbon/Gothenburg strategy in Structural Funds interventions in support of a balanced territorial development of the enlarged EU. Of particular importance will be to identify additional (territorial) indicators to the indicators chosen to monitor the Lisbon/Gothenburg strategy, which can be recommended to be taken into account at political level.

The reporting on the progress of the Lisbon process is done on the base of 42 indicators which are subject to a revision every 3 years. The Commission recently proposed a new

reduced set of 14 indicators. As the integration of the European territory and governance leads to the fact that national boundaries are of decreasing importance also the monitoring of developments by national statistical indicators decreases in importance, whilst regional monitoring is increasing. Moreover, national indicators represent the national average and, by that, do not show the inherent territorial imbalances.

The table below contains the current set of indicators. The list of indicators reflects the importance that Lisbon and Gothenburg strategies have placed on the domains of employment, innovation and research, economic reform, social cohesion and the environment.

The structural indicators proposed for the Spring Report 2004¹	
Indicators	Country coverage
1. GDP per capita	Full coverage ²
2. Labour productivity	Full coverage
3. Employment rate*	Full coverage
4. Employment rate of older workers*	Full coverage
5. Spending on human resources (public expenditure on education)	15 MS + 12 ACC
6. Research and Development expenditure	15 MS + 12 ACC
7. Information Technology expenditure	15 MS + 11 ACC
8. Financial market integration (convergence in bank lending rates)	Not applicable (measured by the variation across available countries)
9. At risk-of-poverty rate*	Full coverage
10. Long-term unemployment*	Full coverage
11. Dispersion of regional employment rates	12 MS + 6 ACC ³
12. Greenhouse gases emissions	Full coverage
13. Energy intensity of the economy	Full coverage
14. Volume of transport	15 MS + 11 ACC

¹ COMMUNICATION FROM THE COMMISSION: Structural indicators Brussels, 8.10.2003 COM(2003) 585 final. The indicators on this shortlist have been chosen from last year's 42 agreed structural indicators. Last and previous years' structural indicators are maintained by Eurostat in its publicly-accessible database New Cronos and on the structural indicators website. The shortlist of indicators and the database will continue to be the main statistical tools the Commission uses when drafting the Spring Report. This approach involves a high degree of continuity with previous years which at the same time reflects the great effort which has been put into improving the quality of the structural indicators and developing new indicators.

² "Full coverage" means data are available for all 15 Member States (MS) and all 13 acceding or candidate countries (ACC).

³ Calculated using NUTS2 regions and hence not applicable for 3 MS and 6 ACCs.

Project 3.3 shall build on these Lisbon/Gothenburg indicators and convey the necessary research to the largest possible extent based on the results made by other ESPON projects.

A key result expected from project 3.3 is to complement the Lisbon/Gothenburg indicator list in the light of the territorial policy principles included in the Third Cohesion Report and the ESDP/CEMAT concerning cohesion, balance and polycentrism. Therefore, new territorial indicators at Nuts 1, 2 and 3 levels should be defined and developed in close cooperation with project 3.2 in order to ensure consistency and avoid any overlaps.

A number of territorial trends and structures should be considered in an integrated way, such as demography, degree of polycentric development, accessibility, education and training infrastructure, ICT presence and critical mass of services, natural assets, etc.

The additional indicators should help identifying European priorities in support of the Lisbon/Gothenburg strategy that could be implemented in relation to different types of regions and transnational territories (Interreg III B areas).

In realistic terms only a limited number of indicators can be made directly relevant for the list of indicators connected to the Lisbon/Gothenburg strategy. However, a larger number of supporting indicators should be developed.

In targeting the territorial diversity of the enlarged EU project 3.3 should work on a representative sample of regions and transnational territories. In selecting the sample a close consultation should take place in relation to typologies of regions already developed or in the development by ongoing ESPON projects.

IV) FOCUSING THE RESEARCH TO BE UNDERTAKEN

Back ground information

The Lisbon strategy aims at making the EU the most competitive and dynamic knowledge based economy in the world, embracing both sustainable economic growth and greater social cohesion. With the enlargement of the EU territory and with more than 100 million new citizens, it is even more important than before to ensure jobs and good quality of life in all parts of the EU. This would help avoid excessive migration to regions offering better conditions, which would increase imbalances particularly between urban and rural areas.

The Lisbon strategy proposes key sectoral policies focusing mainly on their impact on the competitiveness of the European economy. However policies take place and have effects in particular locations and may have diverting effects. Therefore it is obvious that the territorial point of view need also to be taken into account, in particular:

- The territorial effects of diverting sector policies
- Territorial units as governing units
- Territorial strategies as a reference for sectoral policies

There are several aspects that call for a deeper analysis of a territorial dimension of the Lisbon/Gothenburg strategy:

- The EU disposes of an excessive geographic concentration of innovative economic activities, which can be an asset in order to achieve one part of the strategy becoming the world leading competitive and dynamic knowledge based economy at least with regard to the Pentagon, but which could stand against social cohesion in a territorial context and sustainable economic growth.
- The territorial diversity between all types of regions (urban, rural regions or regions with geographically extreme positions) in the EU offer a wide range of assets for broadly based economic activities. A focus on development opportunities is necessary in order to achieve the above mentioned objectives.
- Significant social-economic disparities between regions in the existing and the future EU stand against the objective of better jobs and social cohesion. A key question is where the knowledge-based economy offers potentials for a territorially balanced development.

Key questions in focusing a tender

The key question for the study to answer will be how the consideration of the territorial dimension can improve the overall efficiency of the implementation of the Lisbon/Gothenburg strategy. The focus of the study is therefore not to perform an evaluation of territorial effects or impacts of policies.

The interactions between the territorial development and the competitiveness and the potential synergies need to be better analysed in order to define measures which can make the territorial dimension contributing to a competitive and sustainable territorial development of the enlarged European Union. The main emphasis should lay in the cases and potentials towards the realisation of the Lisbon/Gothenburg strategy rather than impacts of the sectoral policies involved in the realisation of the strategy.

More specifically the following aspects should be covered:

- To understand the potentials and factors for each of the type of regions which could support successful results in the achieving the Lisbon/Gothenburg strategy objectives.
- To investigate how a European objective of territorial cohesion can create an added value in economic, social and environmental terms by being an integrated part of the implementation of the Lisbon/Gothenburg strategy.
- To assess the existing indicators for the Lisbon/Gothenburg strategy, adapt (if necessary) and apply the territorial indicators developed by ESPON project 3.2 (also on the basis of existing ESPON core indicators) in order to make an annual monitoring of the territorial impact of the Lisbon/Gothenburg strategy,
- To provide a systematic overview and assessment of policies under the Lisbon/Gothenburg strategy with references to their respective territorial impacts, individually and as a whole, taking into account the policies address so far in ESPON projects
- To investigate together with project 2.3.1 the application of the territorial development path as formulated in the ESDP/CEMAT and with regard to e.g. polycentricity, urban-rural relations, accessibility etc. needs adaptations or a more

profound revision in order to contribute more efficient and consistent to the fulfilment of the Lisbon/Gothenburg strategy.

In the development of a tender for project 3.3 a close knowledge of and coordination towards the research envisaged by project 3.2, project 2.3.1 and project 2.3.2 has to be ensured in order to avoid overlaps and to ensure the maximum of synergies within the ESPON programme.

As part of the tender it should be considered to what extent existing studies on territorial impacts of EU economic policies, studies on the location of firms and new investments as well as existing research on a social dimension of territorial development could complement the research of ESPON at this stage.

Some primary research issues envisaged

Project 3.3 shall in particular address the following research issues:

- To understand how territorially bound factors and potentials of certain types of regions contribute to the achievements expected by the Lisbon/Gothenburg strategy.
- To assess the development potential and territorial imbalances in different transnational/national territories and/or types of regions in relation to the objective of the Lisbon/Gothenburg strategy.
- To carry through detailed analyses of samples of regions with different potentials and handicaps, reflecting the diversity of the enlarged EU, in support of the assessment of development potential and territorial imbalances.
- To build on the existing indicators for the Lisbon strategy, breakdown the relevant indicators to the regional level and complete the list of indicators with relevant additional indicators useful for adding a territorial dimension to the Lisbon/Gothenburg strategy.
- To develop policy recommendations for EU policies (in particular for Structural Funds policy) reflecting the regional diversity and to define proper instruments to insure a positive contribution from a territorial dimension in carrying through the Lisbon/Gothenburg strategy.
- To propose in close cooperation with project 2.3.1 specific territorial policy orientations and policy options at European level in support of the Lisbon/Gothenburg strategy suitable for any joint follow up and application of the ESDP and CEMAT documents.

As indicated above, carrying through the project might comprise a certain deepening of the relevant sectors and policies currently not covered fully by ESPON projects. Among these are the Information Society, Industrial policy, Competition Policy, Single Market Policy, social cohesion and sustainable development.

An offer for project 3.3 shall be particular precise on the extend to which these sectors and policies could be included based on existing research, and to which extend more in-depth analysis would be fundamental in order to comply with the research and results envisaged by project 3.3.

V) EXPECTED RESULTS AND TIMETABLE

In general, ESPON results must be available in order to nourish a political discussion on the territorial dimension of the Lisbon and Gothenburg process at key moments of the political process. However, the Lisbon/Gothenburg strategy is being debated by spring 2005, which is less than one year after the start of project 3.3. As far as possible, relevant elements should be made available the political discussion displaying the options for territorial cohesion in relation to the Lisbon/Gothenburg strategy.

In the first year of project 3.3 particular attention should be given to the development of the political agenda as the results of this project will be use to intervene on the actuality of the political debate such as further reviews of the Lisbon and the Gothenburg strategy and as well the further definition and specification of territorial cohesion in the next period of Structural Funds policy.

Results, impacts and policy recommendation should always be presented using a three-level approach.

October 2004 (First Interim Report):

- a) Results of first desktop research on how the territory dimension could contribute to the Lisbon Strategy: presentation of the research hypothesis which will be empirically investigated.
- b) First check of the Commission's 14 indicator list and the relevance and possibility to make a regional break-down of these indicators.
- c) Application of indicators adding a territorial dimension to the Lisbon/Gothenburg strategy and the data necessary based on a precise analysis of the availability and comparability of data covering the enlarged EU. (For these analyses, the results of the study programme and the results of the ESPON projects should be taken into account, mainly project 3.2).
- d) First proposal on the samples of regions to be studied in further detail in the project based on an investigation of the typologies of regions developed within the ESPON programme.

March 2005 (Second Interim Report):

- e) A consolidated approach on concepts and methodology in the research in support of a territorial dimension added to the Lisbon/Gothenburg strategy.
- f) A progress paper on how a territorial dimension could contribute to the Lisbon Strategy/Gothenburg strategy and what additional indicators could support a territorial cohesion perspective in relation to the strategy.
- g) An analysis on the basis of the proposed indicators of the territorial dimension of the Lisbon / Gothenburg for each of the 29 ESPON countries included in the ESPON space including as well conclusions at transnational and European scale.

- h) Proposal on appropriate typologies of regions leading to a selection of representative samples of regions for a detailed study. This proposal should also include cross-border areas and large transnational areas similar to INTERREG III B cooperation areas.
- i) Proposal on the envisaged approach to the case studies of regions, contexts of regions and transnational cooperation areas.
- j) First ideas on an implementation of territorial cohesion priorities in support of the Lisbon/Gothenburg strategy in EU policies, in particular EU Structural Funds

September 2005 (Third Interim Report):

- k) Report including a draft proposal on adding a territorial dimension to the Lisbon/Gothenburg strategy, the added value to be obtained at European level and a presentation of the additional indicators, which could complement the current list of indicators.
- l) Presentation of progress made in the case studies mapping the regional diversity of potentials and imbalances within the enlarged European territory for contributing to the Lisbon/Gothenburg strategy.
- m) First policy recommendations in view of implementation of Structural Funds in relation to European priorities, measures, eligible areas and delivery mechanisms at European level, at transnational level (areas similar to INTERREG III B) and for each country (EU 27). The diversity of regions should be reflected in diversity in the implementation foreseen in different types of regions. Consistency with national policies should also be examined.
- n) Considerations on specific recommendations on policy orientations and options in order to apply European territorial development policy documents (as ESDP and the CEMAT paper), which would enhance the contribution from a territorial dimension in carrying through the Lisbon/Gothenburg strategy.
- o) Considerations on a proposal for the next revision of the 42 indicators behind the Lisbon/Gothenburg strategy.

March 2006 (Final report)

- p) Final findings and recommendations in adding a territorial dimension to the Lisbon/Gothenburg strategy, covering all elements of the project including the new (territorial) indicators and a final reporting of the case studies undertaken.
- q) Description of necessary data support for indicators and typologies developed within the project, including meta-data descriptions and final delivery of data sets to the ESPON data base.
- r) Proposal on further European research scope and thematic issues, which could further improve an implementation of a territorial dimension to the Lisbon/Gothenburg strategy.

VI. CONTRIBUTION TO PROMOTION AND NETWORKING OF THE ESPON PROGRAMME

ESPON Seminars and briefings

The cross-thematic project plays a key role in the thematic preparation of the ESPON seminars (2 per year) and briefings for ESPON Contact Points etc. Both are key elements for the progress of the ESPON Programme.

Preparation of working papers and a final synthesis reports

The project takes responsibility for the preparation of working papers (on the basis of inputs from ongoing TPG) and two final synthesis reports, one on the scientific platform, one on the main results of the ESPON programme. The medium for dissemination will (probably) be the Internet.

Contribution to the ESPON web site

The Coordination Unit provides information to specific groups and a wider public on progress made in the ESPON programme. A key media is the ESPON web site on www.espon.lu. The maintenance of the ESPON web site and the production of news articles and briefing are tasks of the Co-ordination Unit. All projects are requested to contribute to the periodic information via the ESPON web site of the CU. The tenderer of project 3.2 shall as well be ready to provide inputs to the ESPON web-site by synthesizing information provided by the other projects and contribute in general to the content of those this media.

VII EXISTING ACCESS POINTS

The project requires an in depth knowledge on the Lisbon and Gothenburg strategy documents, as well as back ground documents and the policy processes leading to the adoption of the strategy.

In addition the recent Third Cohesion Report constitutes a main policy document for the project. The ESDP and the CEMAT document on European spatial policy orientations are important access points as well.

In general the project should build on relevant existing studies. It is obvious that project 3.3 has to build on results already produced by other ESPON projects.

In case, further investigation concerning missing elements relevant for the Lisbon/Gothenburg strategy is necessary a thorough literate search shall be carried out in order to as far as possible include these elements from existing sources.

In particular, the scientific platform and the guidance documents provided by project 3.1 (which will be continued by project 3.2) shall be used by project 3.3. The documents include helpful information for the development of a tender for project 3.3.