



How to strengthen the territorial dimension of 'Europe 2020' and the EU Cohesion Policy

REPORT based on the Territorial Agenda 2020

prepared at the request of the Polish Presidency of the Council of the
European Union

by

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**NATIONAL
COHESION STRATEGY**



Ministry of Regional Development

**EUROPEAN UNION
EUROPEAN REGIONAL
DEVELOPMENT FUND**



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Introduction

With the coming into force of the Lisbon Treaty territorial cohesion joined the ranks of the key policy aims formally recognised in the TEU and the TFEU¹. What are the practical implications of such an important policy move? At the very least those responsible for EU policy making should feel prompted to address some important questions.

What is the role of territory in achieving the goals of 'Europe 2020'? How should the EU territory be developed: through a mix of sectoral policies or rather by accepting a place based approach as suggested by Barca².

What type of European territory would we like to have in the future? Should we simply accept the 'inevitability' of uneven territorial development or, on the contrary, should an ambitious policy be carried out to provide equal opportunities for regions all across the EU? Is, moreover, the provision of EU structural funding to the less well-off regions sufficient to achieve this goal, or are additional complementary steps needed to enable these regions to take up the challenges they currently face? To what extent can the EU territorial cohesion model contribute to the achievement both of the goals inscribed in the Treaty and, over the next decade, 'Europe 2020' goals such as sustainable development? Answering these questions is essential, not only for us but also for future generations, since territorial change often proves virtually irreversible. The time is ripe for such discussions, which should seize the momentum of the recent adoption of the updated Territorial Agenda of the EU (TA 2020). This took place in Gödöllő (Hungary) on 19th May 2011, at the meeting of Ministers responsible for spatial planning and territorial development policy in the EU member states. Given the agreement reached among the member states, the TA 2020 should now function as a reference point during the preparation of the new set of EU policies associated with the 2014-2020 financial perspective, as the elaboration process for these policies has only just begun.

Furthermore, in order to achieve the aims of the 'Europe 2020' strategy the potential and specific assets/handicaps of each territory – administrative but also functional regions, cities and rural areas – need to be identified. A territorial approach would be useful here in highlighting what specific action should be taken to secure the successful implementation of 'Europe 2020' across the various cities and regions of the EU.

Various EU strategic documents have already pointed to some of the major challenges facing Europe, including globalisation, demographic change, climate change, social exclusion, environmental degradation and energy-related problems. These challenges cannot be dealt with efficiently through recourse to sectoral policies alone (e.g. policies that are spatially blind). A broader approach integrating the social, economic, environmental, and territorial dimensions is thus essential to successfully addressing these challenges. Otherwise, policies risk being sub-optimal displaying results perceptibly below expectations. Losing sight of the territory could produce very negative side effects: for example, EU pro-innovation policy may facilitate business relocation to other continents while EU support for human capital development could effectively facilitate a brain drain. Is this really what we want?

These issues are very close to the heart of all those who participated in the elaboration and adoption of the TA 2020. They are however aware that the TA 2020 message remains difficult to get across to a wider audience primarily because of the complexity of the territorial approach, relating in part to its technical jargon, which may appear somewhat esoteric to outsiders.

The main purpose of this note then is to initiate a dialogue between authorities already involved in the TA 2020 process and other policy makers who have barely or perhaps never heard of it, despite their input being essential to its success. In this respect, it is of critical importance to bridge the overall approach of 'Europe 2020' and the territorial approach of the TA 2020.

At present, the problem is that the strategic discussions about the future of Europe are being held in various specific "clubs". There are "sectoral clubs" generated by the administrative division of tasks

¹ TEU = Treaty on European Union, TFEU = Treaty on the Functioning of the European Union.

² BARCA, F. (2009) *An agenda for a reformed cohesion policy. A place-based approach to meeting European Union challenges and expectations* (Independent report prepared at the request of Danuta Hübner, Commissioner for Regional Policy). Rome: Ministry of Economics and Finance, Italy.

and competences. There is also a much wider “Europe 2020 club”. Following the adoption of the Europe 2020 strategy by the European Council, many decision makers responsible for economic, social and environmental policies at various tiers of government, including national/regional departments and EU bodies involved in cohesion and regional policy, have decided to take action. Fears may be expressed however about a lack of coordination between the various initiatives. Finally, there is a “territorial club” which has, for more than two decades, mobilised many of the key territorial development policy players across Europe. This involved the elaboration and adoption of reference policy documents (e.g. ESDP³ and the TA 2020), in-depth discussions in various formal or informal circles (CSD⁴, TCUM sub-committee, NTCCP etc.), the elaboration of various territorial strategies (e.g. VASAB⁵, BSR⁶ and the Danube basin macro-regional strategies, North Sea-, NWE-⁷ and ASDP⁸-spatial⁹ visions, etc.) and major progress in the area of INTERREG territorial cooperation.

It is high time for these “clubs” to talk to each other. This paper explores the scope for bringing them closer together within the context of embarking upon a joint working focus transcending traditional mental barriers.

More specifically, the following questions will be addressed in turn below:

1. What difference does the formal recognition of the territorial cohesion objective bring about for EU, national and regional policy making in practice? Where do the main existing EU strategic documents lead in a future perspective? What lessons can be learned from the past? (cf. Chapter 1 “Setting the scene”)
2. What are the scope and the preconditions for promoting better complementarity and synergy between various EU policies and how can the territorial approach be to enhance their effectiveness? How can Cohesion Policy be used to enhance territorial cohesion (cf. Chapter 2 “Territory matters for EU policy-making”)
3. How to bridge, in effective way, the key strategic EU documents and secure their coherent implementation while safeguarding their comprehensive character? (cf. Chapter 3 “Territorial dimension in practice”)

As already noted, this paper is intended for a wider audience than just the traditional group of ‘believers’ in territorial development. Since there is a need for a new type of policy approach, neither sectoral nor exclusively territorial but comprehensive *and* integrated, a wide debate should take place, involving all those who can foster a new type of thinking, who can bridge territory with growth and development, including people who would sometimes rather enjoy nicer landscapes than get wealthier.

³ ESDP = European Spatial Development Perspective, adopted in Potsdam in 1999, cf.

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/pdf/sum_en.pdf

⁴ CSD= Committee on Spatial Development (spatial planning administrations in the member states assisted by the European Commission), which elaborated the ESDP. TCUM = Territorial Cohesion and Urban Matters sub-committee of the Committee of the Coordination of Funds (COCOF, European Commission standing committee). NTCCP = Network of Territorial Cohesion Contact Points, created during the Portuguese Presidency of the EU, in 2007, to provide technical support for the cooperation between Ministers responsible for spatial development in the implementation of the Territorial Agenda. The NTCCP is made up of representatives of the Member States, the candidate countries and guest countries Iceland, Norway and Switzerland), the European Union institutions and observers.

⁵ VASAB = Vision and Strategies Around the Baltic sea

⁶ BSR = Baltic Sea Region

⁷ North-West Europe

⁸ ASDP = Atlantic Spatial Development Perspective

⁹ “Spatial” may sound strange to planning policy outsiders. As used in this paper, this word has nothing to do with the Ariane rockets of the European Space Agency... Instead, “spatial” here has to be understood as a quasi-synonym of “territorial”. Until recently, it has been frequently used by territorial (or “spatial”) planning administrations involved in the debate about EU territorial cohesion, as a literal transcription of the German word “Raum”. For example, “spatial development” or “spatial planning” was used to render “Raumentwicklung” and “Raumplanung”. However, the use of the alternative “territorial” terminology has in recent years become much more widespread.

Chapter 1: Setting the scene

This chapter presents two key EU-reference strategies (those related to territorial and socio-economic development), highlighting their mutual relations (impacts) and the lessons learned from their past successes and failures in terms of bringing them together in order to explore synergies and avoid the costs of their non-coordination. Some of the arguments relating to the need to bridge both strategies and on the benefits of such an attempt are also alluded to.

1.1. Existing strategic documents: 'Europe 2020' & the TA 2020

'Europe 2020' is the current key-reference strategy of the EU for the next 10 years. It is aimed at providing '*more jobs and better lives*' by stimulating '*smart, sustainable and inclusive growth*' over the coming decade. It involves integrating EU efforts related to development through greater coordination of national and European policies. This strategy was approved by the European Council in June 2010 after three months of elaboration and consultation.

The TA 2020 also puts forward an ambitious strategy, though applying specifically here to EU territorial development. Although this document is also designed for a very wide audience, it has received a lower level of public recognition than 'Europe 2020' strategy. This probably stems from its elaboration process, which was essentially intergovernmental in nature, i.e. a collaboration between the national authorities responsible for spatial planning and territorial development in the EU. Therefore the TA 2020 has not been formally adopted by any EU body. It is an updated version of the former Territorial Agenda of 2007. The elaboration process lasted almost two years. Thereafter the TA 2020 was adopted in May 2011 at the informal ministerial meeting held in Gödöllő.

'Europe 2020' and the TA 2020 thus originate from different political processes, and have a different political status. There is however a strong belief that they should be used to reinforce each other. Growth requires proper territorial development policy steps, whereas its acceleration should respect "territorial values" such as spatial justice¹⁰, nature and culture protection as well as the wise use of territorial resources, many of which are (virtually) non-renewable. This is the reason why in several EU countries development strategies combine spatial and socio-economic considerations.

1.1.1. Objectives of the EU strategy 'Europe 2020'

The 'Europe 2020' strategy is the overarching European policy document for the next decade of economic growth¹¹. Its main focus is on economic development, in particular the recovery from the 2008 financial crisis and the strengthening of the development opportunities in the EU. 'Europe 2020' puts forward three mutually reinforcing priorities presented in the box below:

Box 1.1. Priorities of 'Europe 2020'

1. **Smart growth: developing an economy based on knowledge and innovation.**
2. **Sustainable growth: promoting a more resource efficient, greener and more competitive economy.**
3. **Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.**

To monitor the progress made and quantify the objectives to be met by 2020, the Commission has proposed the following 'Europe 2020' headline indicators and targets:

- 75% of the population aged 20-64 should be employed;
- 3% of the EU's GDP should be invested in R&D;

¹⁰ For example, the provision to everyone in the EU, wherever they live, of fair access to various resources and services, in particular the services of general economic interest referred to in the TFEU (Art. 14) and in the EU Charter of Fundamental Rights (Art. 36)

¹¹ EUROPEAN COMMISSION (2010) *Europe 2020 – A strategy for smart, sustainable and inclusive growth*. Brussels, 3.3.2010, COM (2010) 2020.

- The "20/20/20" climate/energy targets¹² should be met (including an increase to 30% of emissions reduction if the conditions are right);
- The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree.
- 20 million less people should be at risk of poverty.

While the notion of territorial cohesion also appears in the 'Europe 2020' several times the document neither proposes any concrete guidelines for the territorialisation of its priorities¹³ nor does it consider the territorial consequences of the actions proposed. As underlined by the Director Generals of ministerial departments responsible for territorial development policy in the European Union *several issues addressed in the 'Europe 2020' strategy have considerable bearing on European territorial development, however, the references made to territorial cohesion in the document could have been more evident*¹⁴.

1.1.2. Priorities of the Territorial Agenda 2020 (TA 2020)

The TA 2020¹⁵ is the action-oriented policy framework of the ministers responsible for spatial planning and territorial development in support of territorial cohesion in Europe. It aims to provide strategic orientations for territorial development, fostering integration of the territorial dimension within different policies across all governance levels while overseeing implementation of the 'Europe 2020' strategy in accordance with the principles of territorial cohesion.

Six main "territorial priorities for the development of the EU" have been set out in the TA 2020.

Box 1.2. Priorities of the TA 2020

1. **Promoting polycentric and balanced territorial development** as an important precondition of territorial cohesion and a strong factor in territorial competitiveness.
2. **Encouraging integrated development in cities, rural and specific regions** to foster synergies and better exploit local territorial assets.
3. **Territorial integration in cross-border and transnational functional regions** as a key factor in global competition facilitating better utilisation of development potentials and the protection of the natural environment
4. **Ensuring global competitiveness of the regions based on strong local economies** as a key factor in global competition preventing the drain of human capital and reducing vulnerability to external development shocks
5. **Improving territorial connectivity for individuals, communities and enterprises** as an important precondition of territorial cohesion (e.g. services of general interest); a strong factor for territorial competitiveness and an essential condition for sustainable development
6. **Managing and connecting ecological, landscape and cultural values of regions**, including joint risk management as an essential condition for long term sustainable development

Although the TA 2020 properly highlights the territorial challenges and the potentials for EU territories while bringing relevant territorial priorities to the EU political agenda its implementation depends on the goodwill of different EU bodies and national actors. Its links to the Cohesion Policy and, indeed, to other policies remain very general while its contribution to the policy making mechanism outlined in the 5th Cohesion Report can be described as vague or at best insufficiently explicit. This situation

¹² 20/20/20 means reducing greenhouse gas emissions by at least 20% compared to 1990 levels or by 30%, if the conditions are right; increasing the share of renewable energy sources in the final energy consumption to 20%; and a 20% increase in energy efficiency.

¹³ To ensure that each Member States tailors the 'Europe 2020' strategy to its particular situation, the Commission proposes that these EU targets are translated into national targets and trajectories to reflect the current situation of each Member State and the level of ambition it is able to reach as part of a wider EU effort to meet these targets.

¹⁴ At their meeting in Seville on 10th May 2010,

¹⁵ *Territorial Agenda of the European Union 2020. Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions*. Agreed at the Informal Ministerial Meeting of Ministers responsible for Spatial Planning and Territorial Development on 19th May 2011 Gödöllő, Hungary

cannot be tolerated any longer with the introduction of shared EU and member states competences in the field of territorial cohesion.

1.2. Territorial cohesion: a new opening

Following the ratification of the Lisbon Treaty, Article 3, third indent, of the Treaty on European Union (TEU) now reads: « *[the Union] shall promote economic, social and territorial cohesion, and solidarity among Member States.* », whereas Article 2 (c) of the Treaty on the Functioning of the European Union (TFEU) provides that « *Shared competence between the Union and the Member States applies in (...) economic, social and territorial cohesion* ».

Territorial cohesion is not a new objective. As rightly stressed by D. Hübner, “*the concept was already implicit in the cohesion policy through the system of eligibility, the way the financial resources are distributed or the programming is organised. It is a fundamental objective of regional planning in the Union and provides the raison d'être for regional development policy. The Lisbon Treaty makes the territorial cohesion objective visible and explicit*”¹⁶.

There is no uniform definition of territorial cohesion. Following the Green Paper published by the European Commission on this topic¹⁷, territorial cohesion could be understood by:

- Concentration and density i.e. better exploiting regional potential and territorial capital;
- Connecting territories: overcoming distance e.g. access to services of general economic interest or to energy in other words integrating the economy of places with the economy of flows;
- Cooperation: overcoming division i.e. promoting co-operation cross boundaries but also better consistency between various EU and national policies with a territorial impact, both horizontally and vertically;
- Regions with specific geographical features i.e. policy differentiation to accommodate the specific features of different territories, including regions with some geographic development challenges.

Territorial cohesion is therefore a complex umbrella concept covering:

- flows and connectivity (networks, functional areas, services of general economic interest);
- spatial nodes (settlement structure, clusters, economies of agglomeration),
- maritime and terrestrial macro-geographic space use and organisation (e.g. ecosystems),
- territorial assets e.g. institutional set-up, cultural landscapes, identity and integrity etc.

Territorial cohesion at the EU level concerns not only the territorial dimension of the Cohesion Policy (Art. 174 of the TFUE), but also other aspects of EU policy, in particular the provision of services of general economic interest (Art. 14 of the TFUE and Art. 36 of the Charter of Fundamental Rights) (see e.g. U. Battis¹⁸). Henceforth, territorial cohesion is a shared responsibility of the EU and its member states. As such, the informal intergovernmental cooperation – the approach previously adopted to deal with similar issues – does not, strictly speaking, apply any longer in this respect.

This formal status of territorial cohesion as a shared responsibility has important consequences for the content and nature of decisions to be made and for the decision-making process that should apply. These questions are discussed further in the next chapter.

1.3. Landmark initiatives and publications

As noted previously, the notion of territorial cohesion did not emerge ‘out of the blue’. Its recent recognition as a formal objective of EU Cohesion Policy results from a long-standing process, initiated as early as 1989 at the first informal ministerial meeting of ministers responsible for territorial planning, held in Nantes (France) with the participation of Jacques Delors, then President of the European Commission.

¹⁶ HÜBNER, D. (2007) *Origin of territorial cohesion*. in: ZAUCHA J. (Ed.) “Territorial Cohesion - Baltic Sea Region examples. Baltic contribution to the Revised Territorial Agenda of EU”. „Ecoregion Perspectives”, Baltic 21 Series No. 1/201, p.6

¹⁷ EUROPEAN COMMISSION (2008) *Communication from the Commission to the Council, the European Parliament, the Committee of the Regions and the European Economic and Social Committee Green Paper on Territorial Cohesion Turning territorial diversity into strength*, COM(2008) 616 final, Luxembourg: Office for Official Publications of the European Communities.

¹⁸ BATTIS, U. (2011) *Implications of the Lisbon Treaty for territorial development*, note dated 18 March 2011, presented at the expert sub-committee “Territorial Cohesion and Urban Matters (TCUM)” of the COCOF on 24 March 2011.

Since then, considerable progress has been made in the policy debate on the territorial dimension of EU policy. This debate is now at something of a crossroads, as critical choices, going well beyond the now published initial declaration of principles, need to be made to help square EU policy-making with the territorial cohesion objective. For this purpose, greater clarity has to be produced on several key-issues of strategic relevance, which will be addressed in Chapter 2 below. Prior to moving onto this step, it seems worth recalling the series of landmark initiatives and publications which have nurtured the policy process over the past two decades:

- In the early 1990s, the European Commission published the **Europe 2000** (1991¹⁹) and **Europe 2000+** (1994²⁰) communications; '**VASAB 2010** (Vision and strategies around the Baltic Sea 2010)' was adopted at the Tallinn Ministerial Conference in December 1994. To a large extent, these documents paved the way for territorial policies at European level.
- **ESDP.** In 1999, the European Spatial Development Perspective (ESDP) was adopted in Potsdam by the ministers responsible for spatial planning²¹ of the fifteen (that time) EU member states. Even though the European Commission assisted in the ESDP elaboration, the process was clearly intergovernmental in nature, since at the time the European Union was denied any formal competence in the area of territorial development policy.
- **INTERREG.** The first generation of INTERREG programmes was initiated during the programming period 1989-1993 of the EU structural funds. These programmes were exclusively dedicated to cross-border cooperation (i.e. between NUTS3 areas on both sides of a common border). A strand dedicated to transnational cooperation was introduced in the next generation of INTERREG programmes (strand 'C' in 1997, which became strand 'B' in 2000). Transnational cooperation takes place in wide areas (encompassing all or part of several national territories) and involves a large number of regional and local bodies and other actors in activities with a strong territorial development dimension. For the current 2007-2013 programming period, INTERREG became a component of the so-called "mainstream" of the EU Cohesion Policy; this means that INTERREG was renamed "European territorial cooperation" and became the third objective of this policy, on top of the first two objectives ("Convergence" and "Competitiveness and Employment").
- **White Paper on European Governance.** In 2001, the European Commission published its White Paper on European Governance, after an in-depth consultation process in various working groups, in which the territorial dimension of EU decision making was considered as a major issue. In particular, Group 4c on multilevel governance²² put forward various proposals, notably "*a method for coordinating Community policies and their impact on sustainable development and cohesion within the EU*", and the creation of "*a Community legal instrument for cross-border, transnational and interregional cooperation*" (a proposal later implemented through the adoption of Regulation 1082/2006 on the European Grouping of Territorial Cooperation - EGTC)
- **White Paper on Multilevel Governance.** In 2009 the CoR came up with the White Paper *that reflects the determination to "Build Europe in partnership" and sets two main strategic objectives: encouraging participation in the European process and reinforcing the efficiency of Community action.* Multilevel governance has been defined as a process of translating European or national objectives into local or regional action, and simultaneously integrating the objectives of local and regional authorities within the strategies of the European Union. It has also been underlined that, *multilevel governance should reinforce and shape the responsibilities of local and regional authorities at the national level and encourage their participation in the coordination of European policy, in this way helping to design and implement Community policies*

¹⁹ EUROPEAN COMMISSION (1991) *Europe 2000: Outlook for the Development of the Community's Territory*, Office for the Official Publications of the European Communities, Brussels-Luxembourg

²⁰ EUROPEAN COMMISSION (1994) *Europe 2000+ Cooperation for European territorial development*, Office for the Official Publications of the European Communities, Brussels-Luxembourg

²¹ The EU ministerial meetings related to territorial development were convened under different headings. In 2011 it was the Informal Ministerial Meeting of Ministers responsible for Spatial Planning and Territorial Development, but in 1999 it was Informal Council of Ministers responsible for Spatial Planning.

²² Cf. http://ec.europa.eu/governance/areas/group10/report_en.pdf

- **ESPON.** In order to strengthen the ESDP application process through the provision of an appropriate knowledge base and a common platform for research, the ESPON 2006²³ programme was launched in 2002 by the EU Commission and the EU member states. The current ESPON 2013 programme took over from ESPON 2006 to “support policy development in relation to the aim of territorial cohesion and a harmonious development of the European territory”.
- **Lisbon Treaty.** This treaty introduced territorial cohesion into the TEU and TFEU as a fundamental policy aim of the EU, alongside social and economic cohesion, and as a field of shared competence between the EU and its member states.
- **Green Paper on Territorial Cohesion.** In 2007 the Commission launched a public debate on territorial cohesion by issuing a green paper. The debate showed that territorial cohesion is largely associated with an integrated approach to development, entailing the better coordination of public policies, taking better account of territorial impacts, improved multilevel governance and partnership, the promotion of European territorial cooperation as a clear EU asset, and a reinforced evidence base to improve territorial knowledge.
- **Barca Report.** The European Commission asked Fabrizio Barca to prepare an independent report analysing the recent practice and achievements of EU Cohesion Policy while proposing various policy steps to redirect it in view of the 2014-2020 period. This report was published in April 2009. Among various proposals, Barca made a strong case for basing future EU regional policy programmes and operations on a “place-based approach”, a notion previously explored by the Organisation for Economic Cooperation and Development (OECD). For further information on the place based approach, see Box 1.3. below.
- **5th Cohesion Report.** Paving the way for a reformed Cohesion Policy in the period 2014-20, the 5th Cohesion Report was adopted in November 2010. It addresses a wide array of relevant issues, such as the concentration of resources on a few priorities closely linked to ‘Europe 2020’, the definition of clear performance indicators and targets, the conditionality and incentives associated with the use of EU structural funding, etc. The 5th Cohesion Report also discusses territorial cohesion by analysing the territorial dimension of access to services and a wide range of EU policies, paying more attention to climate change and the environment, and considering how the territorial impact of policies can be measured. The notion of territorial cohesion still however requires a more comprehensive introduction in the next generation of Cohesion Reports.
- **Territorial Agenda.** The intergovernmental process which led to the adoption of the ESDP has been continued. Relevant milestones here include the adoption at ministerial meetings of the Territorial Agenda – the TA 2007 (Leipzig, May 2007) and its Action Plan (Ponta Delgada, November 2007) and of the aforementioned TA 2020 (Gödöllő, May 2011).
- **Macroregional Strategies.** In October 2009 the first socio-economic strategy for a functional EU macro-region was adopted (Baltic Sea region), prepared by the European Commission at the request of the European Council. Likewise, a macroregional strategy of the same kind was adopted in April 2011 to boost the development of the Danube Region. The macroregional approach has its origin in the needs of concrete territory, its endogenous potentials and specific, opportunities.
- **“Territory matters to make Europe 2020 a success.”**²⁴ At their meeting in Seville on 10th May 2010, the Directors General of the ministerial departments responsible for territorial development policy in the EU adopted a resolution to emphasise the significant overlap between the priorities of the Territorial Agenda and issues of relevance for territorial development addressed in the ‘Europe 2020’ strategy while highlighting the need to bring the two documents closer to each other.

²³ Initially, ESPON stood for “European Spatial Planning Observation Network”. This acronym has been retained unchanged, though the programme is now known as “European Observation Network for Territorial Development and Cohesion” Cf. www.espon.eu

²⁴ Cf. http://www.mzopu.hr/doc/Prostorno/Tekst_izjave_EU2010.pdf

The relevance of all the above-listed documents for EU policy making is discussed in detail in chapter 2.

Box 1.3. Place-based policy making

1. The place-based approach advocated by F. Barca

After the publication of his report, F. Barca provided further insights into the notions of “place-based development policy” and “place”:

➤ “A **place-based development policy** is:

- a long-term development strategy aimed at reducing the **underutilisation of resources and social exclusion of specific places**, through the production of integrated bundles of public goods and services,
- determined by **extracting and aggregating people’s knowledge and preferences** in these places and turning them into projects,
- and **exogenously promoted** through a system of grants subject to conditionalities and multilevel governance.

➤ What is **place**? In a place-based development policy,

- a place is not identified by administrative boundaries,
- nor by any other ex-ante “functional” criteria (coincidence of residence and activity, density of population, absence of land connections, existence of water or other natural linkages, altitude, proximity to natural areas, etc.),
- rather, **a place is endogenous to the policy process**, it is a contiguous area within whose boundaries a set of conditions conducive to development apply more than they do across boundaries”²⁵

2. The place-based approach advocated by the TA 2020

The TA 2020²⁶, adopted by the ministers responsible for spatial planning and territorial development in the EU member states, sheds further light on the notion of the place-based approach:

“We consider that the place-based approach to policy making contributes to territorial cohesion. Based on the principles of horizontal coordination, evidence-informed policy making and integrated functional area development, it implements the subsidiarity principle through a multilevel governance approach. It aims to unleash territorial potential through development strategies based on local and regional knowledge of needs, and building on the specific assets and factors which contribute to the competitiveness of places. Places can utilize their territorial capital to realise optimal solutions for long-term development, and contribute in this way to the achievement of the ‘Europe 2020’ strategy objectives.”

1.4. Missing policy actions

Despite a long tradition of intergovernmental territorial planning among the EU countries and multiannual programming in relation to the EU development (cohesion) policy there has been no serious attempt to better link both processes in order to explore their synergies and thus to avoid the costs of non-coordination. The first attempt to change this has been only undertaken recently in the context of the Barca report. Following this, the Director Generals responsible for territorial development policy in the European Union at their meeting in Seville in 2010, underlined the importance of inter-linkages between the Territorial Agenda and the ‘Europe 2020’ strategy (cf. heading 1.3).

²⁵ BARCA, F. (2009) Presentation given at the OECD/TDPC Symposium on Regional Policy. Paris, December 2, 2009 (slide n°8) <http://www.oecd.org/dataoecd/41/37/44305783.pdf>

²⁶ Territorial Agenda op. cit., § 11

But even if such a declaration implies the emergence of a genuinely new opening in the dialogue between territorial and developmental policies much more vigorous efforts are required to transform such potential collaboration into a reality. The lessons of the past should be studied more seriously to avoid repeating, at least, the most obvious mistakes. The Swedish Presidency report on the TA provides some useful hints to this end.

Firstly, it points to the need to extend the debate on territorial cohesion beyond the close circle of people who are directly involved. Territorial concepts need to be clearly communicated outside this circle. For this a clear, easy to read and understandable “territorial language” should be developed.

Secondly, actions realised in connection with the implementation of the Territorial Agenda should be more comprehensive, attempting to capture the new working methods while promoting a cross border view of territorial development, instead of remaining narrow, limited to spatial questions and unable to effectively spark the minds of decision makers.

Thirdly, territorial messages and actions should each be more focused, development-oriented and if possible measurable, reflecting concrete results which it is possible to effectively communicate to the general public.

Following the Swedish example and in relation to both the Belgian and Spanish Presidencies’ conclusions, the Hungarians produced a new assessment launching, in 2010, a survey of the national authorities responsible for territorial issues in the Member States. Although more optimistic the Hungarian “Synthesis Report on the Performance and the Position of EU Member States related to the EU Territorial Agenda 2007 and 2020” underlines similar problems as revealed by the Swedish Presidency. In response to the question on the general performance in respect of implementation of the TA 2007 in the member states, many countries reported a kind of tension or insufficient coordination between macro-economic and spatial policies. The essence of the problem is captured by the following opinion of one of the interlocutors “Performance in the spatial planning community is strong, in the sectoral policies weak.”

The Hungarian Presidency has also managed to collate and record the good practices of the EU member states in relation to the implementation of the TA 2007 priorities. The majority however, related to the initial phase of bringing together territorial and socio-economic approaches. Many countries mentioned some legislation, guidelines, policy principles, handbooks and different territorial development and spatial planning documents (concepts, strategies, plans, and programmes) as their primary good practices, only a few examples of the coordination of sector policy interventions in space have however been mentioned in addition to this.

1.5. ‘Europe 2020’ territorial impact

If successful, implementation of the ‘Europe 2020’ will result in the targets associated with its headline indicators (cf. heading 1.1.1 above) to quantify the progress made in terms of job creation, the creation of a more carbon-free and energy efficient economy, a better educated labour force, poverty reduction, and more intensive R&D efforts etc., being met. These targets have however been defined to quantify the overall performance level expected across the EU as a whole, through appropriate action in the 27 member states. Each guideline is meant to deliver a significant contribution in this respect, but results will unavoidably differ depending on geographic circumstances. For example, the share of GDP invested in R&D, which is substantially below the 3% target in a majority of the member states, cannot reasonably reach this level in a large number of regions which are often poorly endowed in terms of a qualified workforce, cutting-edge technological equipment and the research centres linking them with the modern knowledge-based economy.

Territorial development in Europe is shaped by various key-factors. Some of them represent “heavy trends”, but their impact on the fate of European cities and regions may also be significantly altered by strategic policy choices resulting in contrasting geographic pictures. This was illustrated by the flagship ESPON²⁷ project “*Scenarios on the territorial future of Europe*”, which synthesised the findings of several other research projects of the 2000-2006 period. Adopting the classic approach of strategic foresight studies, this project presented three different territorial scenarios exploring the alternative directions of possible trends and driving forces shaping the future territorial development of Europe. A synthetic picture of these scenarios is reproduced below (Fig.1.1). The “business as usual” trend scenario illustrates how the territory may develop up to 2030 if the general development trends

²⁷ Cf. heading « 1.3. Landmark initiatives and publications » above.

of the first years of this century remain unchanged. The two alternative scenarios (or “policy scenarios”) strive to anticipate the likely consequences of policy strategies. The cohesion-oriented scenario (left hand map) shows a possible European future with a strong focus on cohesion policies and various types of transfer measures. The competitiveness-oriented scenario (right hand map) shows what Europe may look like, i.e. a strikingly more centralised pattern of development, should higher competitiveness increasingly become the sole focus of policy-making.

Comparing scenarios: Spatial structure and urban hierarchy in 2030

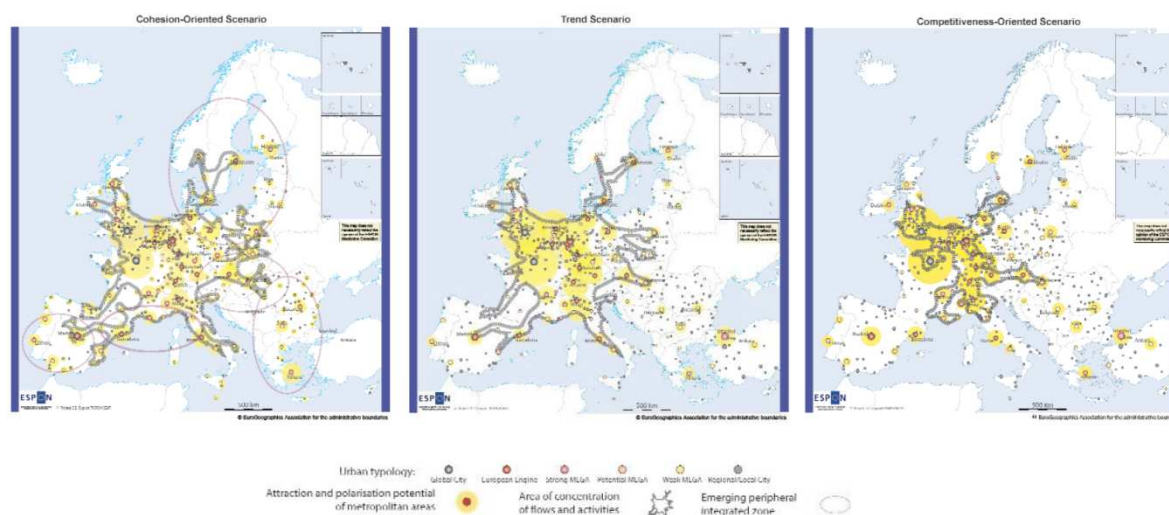


Fig. 1.1. Comparing scenarios: Spatial structure and urban hierarchy in 2030

Source: ESPON (2007) *Scenarios on the territorial future of Europe*. ESPON Project 3.2. Page 53.

Is it possible to anticipate the Europe 2020's territorial impact, and in particular the type of scenario it is likely to favour? This seems likely to be extremely difficult. 'Europe 2020' often refers to territorial cohesion e.g. as a result of inclusive growth and in relation to investment in R&D and innovation, in education and in resource-efficient technologies. In reality however, the possible territorial outcome of 'Europe 2020' is far from clear. Some headline targets such as the 3% of the GDP invested in R&D, could favour growth concentration and the agglomeration of business activities, especially in the likely event that better-off regions with a strong innovation potential manage to exploit their current comparative edge over other regions. Other targets could favour a more balanced geographic distribution of growth and job opportunities for less developed areas or simply turn out to be territorially neutral. Yet it seems irrelevant to venture any forecast as long as the territorial approach of Europe 2020 has not been rendered much more transparent. In its current state, the strategy is “territorially blind”. Some room for manoeuvre remains in terms of making implementation better able to contribute to the balanced and harmonious territorial development of the EU, but this result cannot be secured unless complementary corrective policy action is taken in the framework of the EU Cohesion Policy.

It is of critical importance to take up this fundamental challenge in the current and forthcoming programming EU structural funds periods. On the other hand, the ministers responsible for spatial planning and territorial development in the EU27 succeeded, when adopting TA 2020, in reaching an agreement on the desired future shape of the EU territory. The TA 2020 policy approach could thus also serve as an inspiration to further spelling out the territorial implications of 'Europe 2020' and in redirecting EU Cohesion Policy accordingly.

In the double-entry matrix below (tab.1.1), the relationships between the 'Europe 2020' and TA 2020 priorities have been analysed. For a significant number of cells, in particular all of those in the “smart growth” column, a synergy effect may be expected. In contrast, no correspondence could be found for five pairs of priorities in the other two columns, i.e. sustainable and inclusive growth. This stems from the “spatially blind” nature of the headline targets associated with those two Europe 2020 priorities.

For inclusive growth, the ambition is: “share of early school leavers under 10%, and at least 40% of the younger generation with a tertiary degree”, and “20 million less people at risk of poverty”. These figures apply to the EU territory as a whole, with no geographic differentiation, i.e. regardless of any

territorial structures. The story would be different if the targets were territorially differentiated. For example, there is a need in peripheral rural areas for new qualifications, new working places and improved accessibility to small and medium- sized cities. This is covered by priorities No. 1, 2, 4, and 5 of the TA 2020. For urban areas usually with lower unemployment levels there is a particular need to revitalise brownfield sites while empowering some specific groups of people. This is priority 4 of the TA 2020.

Similar comments apply to sustainable growth. Here the 'Europe 2020' focus is on climate change, energy efficiency and green energy. The fragmentation of habitats and the loss of biodiversity do not rank among the main concerns of the 'Europe 2020' approach to sustainability. This is the reason for the lack of correspondence between "sustainable growth" (second column) and the TA 2020 priorities No. 6 (ecological values), No. 3 (cross border co-operation) and also No. 1 (polycentricity, which lessens the pressure on the environment).

Table 1.1. Correspondence between priorities of 'Europe 2020' and TA 2020

		'Europe 2020' priorities/headline targets ²⁸		
		Smart growth: • 3% GDP in R&D	Sustainable growth: • 20/20/20 climate/energy targets	Inclusive growth: • 75% of pop. aged 20-64 employed • Share of early school leavers < 10%; more than 40% of younger generation with a tertiary degree • 20m. less people at risk of poverty
TA 2020 priorities	1. Polycentric and balanced territorial development	+	No correspondence	+
	2. Integrated development in cities, rural and specific regions.	+	+	+
	3. Territorial integration in cross-border, transnational functional regions	+	No correspondence	No correspondence
	4. Global competitiveness of the regions based on strong local economies	+	+	+
	5. Improving territorial connectivity for individuals, communities and enterprises	+	+	+
	6. Managing and connecting ecological, landscape and cultural values of regions	+	No correspondence	No correspondence

Source: own elaboration

But even in the fields marked (+) expressing the existence of correspondence, it is generally not easy to find relevant territorial concepts to clarify its nature. The relative lack of synergy between the

²⁸ This table interprets priorities via headline targets and does not go beyond that.

'Europe 2020' and the TA 2020 may also be partially explained by mental and institutional barriers separating the worlds of territorial development and socio-economic growth. The 'Europe 2020' underestimates the impact of territorial structures on smart, sustainable and inclusive growth. Such notions as accessibility, functional areas, territorial capital and services of general economic interest are not even mentioned in the document while networks are limited to transport and infrastructure. Conversely, the TA 2020 frequently refers to smart, sustainable and inclusive growth but fails to present concrete predictions about how this growth might reshape the EU territory in the long run.

It is obvious that the territorial keys necessary to open up the 'Europe 2020' to territorial thinking are missing. Such keys would enable decision makers to find the best way of pursuing 'Europe 2020' objectives while remaining in line with TA 2020 priorities. We should then make it a priority to find the right territorial keys enabling us to move towards the scenarios we find most desirable.

1.6. Added value of a territorial approach

Economics is about the functioning of a variety of social, economic, ecological and political processes. Economic processes have a specific territorial dimension. They are located in concrete place, interact with neighbours, generate flows of goods, people and ideas, support concentration (economies of scale) or de-concentration (diseconomies of scale) etc. Economic growth takes place in distinct territories. The overall economic performance of Europe is the aggregate of a myriad of actions taken by firms scattered across the continent. In every case the firm will, in part, depend on territorial assets such as transport connections or the quality of the local labour force. The actions of public bodies set an important context for development and growth. For instance, decisions about functioning urban agglomerations directly influence the competitiveness of enterprises. These are precisely the kinds of decisions where the territorial dimension of EU policies and the TA 2020 should contribute to both a richer and broader understanding of the subject matter.

Even so-called spatial "non-believers" underline the importance of the spatial context for growth. This is given by agglomeration economies and the low cost of moving goods, people and ideas. As pointed out in the TA 2020 with low trade barriers and the acceleration of economic globalisation the importance of local non-movable assets comes to the fore. Of critical importance here is the ability of local institutions to deliver solutions for the proper exploitation of those assets and for the external agents (e.g. national and regional governments) to help develop the capacity of such institutions in that direction. To ensure the success of the 'Europe 2020' it makes perfect sense to reassess whether a headline target of 40% of the younger generation with a tertiary degree should be pushed forward mainly in metropolitan or rather in rural peripheral areas or what, perhaps, the combination should be between them. Similarly, for the 20/20/20 climate/ energy targets it makes perfect sense to think again about how, in the long run, to maintain the specific territorial "strengths" of "green" EU territories offering climate-friendly services but failing in terms of prosperity indicators.

Smart, sustainable and inclusive growth can only be attained if policy making takes into account the territorial diversity of development potentials and challenges within Europe. To avoid 'Europe 2020' simply reproducing the Lisbon strategy failure, due attention must be paid to the territorial dimension of, and potential for, smart, sustainable and inclusive growth.

In addition, having an agreed a common document which shows how the EU territory should look it would be unwise not, in practice to use this for directing public interventions in space. To achieve that ambition the Europe 2020 priorities and headline targets should be spelled out for different territories in line with their potentials and specificities. Even though 'Europe 2020' headline targets are broad and universal their implementation should be place-based.

Some tentative proposals in respect of how 'Europe 2020' and TA 2020 can be linked together in terms of policy making are forwarded in chapter 2.

Chapter 2: Territory matters for EU policy-making

This chapter outlines the scope and preconditions for the promotion of greater complementarity and synergy between various EU policies as well as possible ways to use the territorial approach in strengthening their effectiveness. Particular attention here is paid to Cohesion Policy and its contribution to enhancing territorial cohesion. Cohesion Policy, due to its horizontal features, is an ideal starting point from which to implement the territorial approach. It can serve as an example of how to boost the efficiency of a policy by strengthening its territorial dimension and can also be applied to other policies.

2.1. Policy integration is needed

In the previous chapter, concerns were expressed about the likely negative side effects that could result from a “territorially blind” implementation of “Europe 2020”, especially in the event that the type of growth ultimately generated turns out to be “smarter” rather than “sustainable” and “inclusive”.

This is the reason why the Territorial Agenda 2020 places so much emphasis on policy coordination and integration. While stressing that *“Cohesion Policy and also Rural Development Policy with their integrating character and certain cross-sector nature are key instruments for encouraging the balanced territorial development of the European Union”*, the document advocates *“a more strategic approach to enhance territorial cohesion”* and supports *“deepening the territorial dimension of Cohesion Policy where appropriate: strengthening mechanisms which can ensure the territorial coordination of its interventions; improving the territorial dimension of all steps of strategic programming, evaluation and monitoring activities; ensuring scope for integrated place-based programmes and projects, and integrating different funds in regional strategies.”*²⁹

Both the coordination and integration of policies thus seem essential, but coordination without integration would not make sense, as it would amount to an inefficient *ex-post* mutual adjustment of policies initially designed in isolation. Without the prior integration of various policy measures into a consistent territorial strategy, policy coordination will remain effectively irrelevant. Furthermore, it is important that the cross-sector dialogue puts the relevant partners on an equal footing. This is, however, often difficult to achieve if one of them airs coordination ambitions.

2.1.1. Horizontal integration

A great deal of the sectoral policies carried out at the EU, national or sub-national levels impact on territorial development. Among these, various policies are generally recognised as “territorially-relevant”, including economic and regional development, transport, energy generation and supply, environmental policy (including water and other natural resource conservation, air quality, coastal zone management, tackling climate change etc.), agriculture and rural development policy, etc. The territorial impact of some other, “non territorially-focused”, policies is less widely acknowledged but certainly not negligible. For example, EU competition, single market and single currency policies have dramatically influenced the strategic choices made by investors with regard to the location of their various activity units, with considerable effects on regional development and job opportunities.

Some attempts have been made to better capture the territorial impact of EU policies, even though the exercise has always proved challenging. Ten years ago for example, a study commissioned by DG Regio strove to gauge *“the spatial impacts of Community policies and costs of non-co-ordination”*³⁰. After analysing the territorial impacts of the common agricultural, transport and environmental policies (CAP, CTP and CEP), the research team formulated various recommendations to improve EU policy coordination, including the model reproduced below (Fig. 2.1).

²⁹ Territorial Agenda op. cit., §§ 44 to 46.

³⁰ TERSYN, EURE-CONSULT, NEDERLANDS ECONOMISCH INSTITUUT (NEI), QUATERNAIRE PORTUGAL (2001) *Spatial impacts of Community policies and costs of non-co-ordination*, study carried out at the request of the Directorate General “Regional Policy” of the European Commission, ERDF contract 99.00.27.156, June.

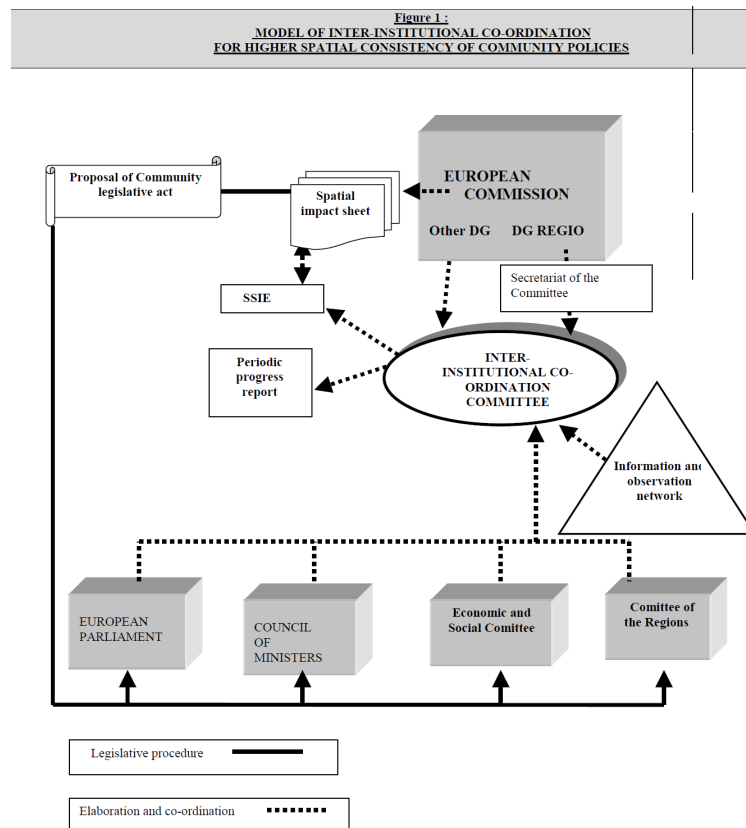


Fig. 2.1. Model of institutional coordination for higher spatial consistency of Community policies

Source: TERSYN, EURE-CONSULT, NEDERLANDS ECONOMISCH INSTITUUT (NEI), QUATERNAIRE PORTUGAL (2001), *Spatial impacts of Community policies and costs of non-co-ordination*, study carried out at the request of the Directorate General "Regional Policy" of the European Commission, ERDF

Subsequently, no less than eleven "policy impact" research projects were carried out in the framework of a dedicated priority of the ESPON 2006 programme. These projects addressed a wide array of EU policies, including trans-European networks and related policies, energy, CAP, R&D policy, structural funds/cohesion, accession aids, fisheries policy, environmental policy, EU economic policies and the location of economic activities. In addition, a number of projects in the current ESPON 2013 Programme address the territorial impact of EU policies or directives.

The horizontal integration of these sectoral policies at the EU level has been advocated in the TA 2020 and its forerunners³¹, and, to some extent, in the last four Cohesion Reports.

Policy integration is a key-feature of the place-based approach, regarded by the OECD as the "new paradigm of regional policy". Barca considers it to be the cornerstone of the reformed EU Cohesion Policy recommended in his report³². He further emphasises the need for a consistent territorial approach as a component of any cohesion policy intervention, which cannot be separated from the social and economic components.

³¹ Namely the European Spatial Development Perspective (ESDP) adopted in 1999 and its preparatory versions (the "Leipzig Principles" and the Noordwijk first official draft ESDP – respectively adopted in 1994 and 1999), which had already made a strong case for such an integrated approach.

³² "Existing research has underlined insufficient understanding in cohesion policy strategy development and debate of what is driving or hindering regional economic change, and the lack of a development model behind the adopted strategies. This weakness has made cohesion policy open to several inappropriate interpretations (for example, of being a tool for financial redistribution among regions, or for regional convergence /.../); it has led to growing criticisms – that it acts against labour mobility or against efficient agglomeration processes; and it has diluted its territorial or place-based nature. The reference to places, to a place-based approach, has been progressively left to a "niche" of the policy arena. The place-based dimension has been somehow constrained into a corner – the "spatial" corner – and has been progressively treated as a perspective which is separate from the "economic" and "social" perspectives, rather than as a way of approaching both these dimensions; the perspective has been used for some limited programmes (territorial cooperation, Leader – in rural areas – and Urban, while they existed, and a few others), but does not characterise all interventions." Barca, F.(2009), *An agenda...* op.cit., p. 93.

Interestingly, policy integration is clearly also on the agenda in the 'Europe 2020' strategy³³, be it for the country reporting system (which needs to 'ensure an integrated approach to policy design and implementation') or for the 'integrated guidelines'. However, this integration would encompass a limited number of policies only, namely the budgetary, economic and employment policies. Nothing is said, for example, about environmental, transport and energy policies, despite their relevance for various "Europe 2020" priority themes and flagship initiatives.

To date however, pleas for policy integration have remained more rhetorical than real. Countless articles and resolutions have highlighted its critical importance, but very little has actually been done to set up the appropriate decision-making mechanisms needed for its consistent implementation in the real world. In its conclusions, the aforementioned study on "the *spatial impacts of Community policies and costs of non-coordination*" already pointed to the fact that "Community culture, in terms of politico-administrative practices, is excessively sectoral. (...) Curiously, the progress of European integration and the deepening of common policies which resulted from it were expressed in hyper-specialisation of functions and competences within the Community authorities, and in particular within the Commission."³⁴

This may have to do with the emergence of a number of new trends in the public policy arena. Public authorities often fail to define and effectively apply the rules needed to safeguard the common good. Instead, their policy approach is mainly demand-driven, muddling along a path of competing, selfish interests. According to John Ralston Saul, "we do live in a corporatist society, where the public good is minimised and governments through their managers are expected to concentrate on 'interest mediation', as the neo-corporatists put it."³⁵

This should not justify passivity. On the contrary, action is needed, especially at the EU level, but a considerably more daring approach is required which moves beyond the rather tentative steps taken thus far. If the aim is to make the ESDP and TA 2020 cross-sector integrated approach a reality it is essential to make formal decisions, including the adoption and implementation of a formal comprehensive strategy, whose explicit ambition is to go much farther than wishful thinking as far as the integration of territorially-relevant policies is concerned.

2.1.2. Vertical integration

Not only horizontal, but also the vertical integration of policies with a territorial dimension are needed here. Therefore a sound multilevel governance system remains pivotal to the whole exercise. This issue was of critical importance in the debate concerning the reform of the EU institutions. The European Commission White Paper on European Governance³⁶ of 2001 significantly influenced the institutional reforms introduced by the Lisbon Treaty, with particular regard to the implications of the subsidiarity principle. For the application of this principle, local and regional authorities were formally recognised, for the first time, as an integral part of the Community structure³⁷.

In his report referred to above, Barca provided decisive insights into the closely interrelated notions of subsidiarity and multilevel governance. After recalling that subsidiarity is "the general principle according to which authorities should perform only those activities which cannot be performed effectively at a more local level", he insists that "in the context of place-based policies, subsidiarity needs to be interpreted with reference to responsibility not for whole **sectors**, but for whole **tasks**. The subsidiarity criterion, therefore, needs to govern the allocation of tasks.

The architecture of policy-making which implements this more modern arrangement has come to be called **multi-level governance**, a system by which the responsibility for policy design and implementation is distributed between different **levels of government** and **special-purpose local institutions** (private associations, joint local authority bodies, cooperation across national borders, public-private partnerships and so on). In this architecture, it is up to the top levels of government to set general goals and performance standards and to establish and enforce the "rules of the game". It is up to the lower levels to have "the freedom to advance the ends as they see fit". Special-purpose local institutions, comprising both public and private actors with responsibility for delivering specific services, or bundles of services, play a decisive role in eliciting the knowledge and preferences of citizens of specific places. Since they are formed through the policy process, they often define what a

³³ Cf. chapter 5 'Delivering results: stronger governance' in: EUROPEAN COMMISSION (2010), op.cit.

³⁴ TERSYN, EURE-CONSULT, NEDERLANDS ECONOMISCH INSTITUUT (NEI), QUATERNAIRE PORTUGAL (2001), op.cit, pp. 155-156.

³⁵ SAUL, J. R. (1998) *The Unconscious Civilization*. Penguin Books, p. 139.

³⁶ EUROPEAN COMMISSION (2001) *European Governance, a White Paper*. Brussels, 25.7.2001, COM(2001) 428 final

³⁷ Protocol No 2 annexed to the Lisbon Treaty, on the application of the principles of subsidiarity and proportionality

*“place” is. In their absence, multi-level governance can degenerate into a system of negotiation between bureaucracies representing different elites, with an authority defined by purely jurisdictional boundaries”.*³⁸

As suggested by its very name, the place-based approach clearly entrusts local actors with significant responsibilities. However, it should in no way be mistaken for some sort of ‘localist’ paradigm. On the contrary, the exogenous intervention of supra-local authorities has a very important role to play in “enforcing the rules of the game”, which entails in particular the transfer of financial means “subject to conditionalities on both objectives and institutions” (cf. Box 1.3. in Chapter 1 above).

2.1.3. Territorial integration

Various types of territories represent a functional area encompassing a relatively large collection of mutually dependent sub-areas. In most cases, the functional area itself does not align with an administrative entity. In consequence, a consistent territorial development policy cannot be carried out by one and the same body directly elected by the population of such a functional area. Even though the creation of such a body may be commendable in many cases, it involves in practice a very difficult reform process, which is so protracted or even unrealistic that preference is generally given to more pragmatic, albeit less democratic, policy responses.

Be that as it may, the need for territorial integration in such areas is generally recognised. By “territorial integration” here is meant *the process of reshaping functional areas to make them evolve into a consistent geographical entity; this entails overcoming the various negative effects stemming from the presence of one or more administrative borders, which hamper harmonious territorial development.*

Territorial integration may take place at various geographic scales. A classic and relatively widespread example of territorial integration consists in the implementation of a joint territorial development policy by a grouping of local authorities and other relevant bodies belonging to a large urban or metropolitan area, including those responsible for suburban areas, or even relatively distant rural areas.

However, territorial integration is also required at very different territorial levels³⁹. As a result of the European integration and globalisation processes, new forms of functional areas tend to emerge, bringing together various regions characterised by a growing level of mutual dependency: within such areas, steps taken in one country can significantly impact territorial development in another, neighbouring or even more distant, country. Initially, this was particularly observable in border areas, where the need for cross-border cooperation conducive to territorial integration led to the first generation of INTERREG programmes. Subsequently, awareness rose about the territorial interdependence of regions belonging to much wider areas. This justified the promotion of transnational cooperation in programmes of a dedicated strand of INTERREG (IIC, IIIB, IVB), and more recently the elaboration of strategies for the territorial development of the Baltic Sea and Danube macro-regions. Noteworthy here is the fact that in wide transnational areas, or even at the continental level, the interdependency relationships, hence the need to cooperate, do not necessarily concern geographically contiguous entities. This means that the “functional area” may actually consist, for example, in a network of discrete cities belonging to the same macro-region or global integration zone, whose other components may not be involved in the cooperation process.

In principle, the INTERREG territorial cooperation of the first two strands⁴⁰ should focus on issues of real cross-border or transnational relevance, i.e. issues which, by their very nature, cannot be effectively tackled without cooperation.

Examples of cross-border issues:

- lack of integration of public transport in a cross-border metropolitan area;
- obstacles to the cross-border mobility of a workforce and the lack of labour market integration in border areas;
- administrative, linguistic and other types of problems limiting cross-border access to health care /

³⁸ BARCA, F. (2009) *An agenda...*, op. cit. p.41

³⁹ “One of the most interesting ideas arising from the concept of territorial cohesion is that there may be other [than NUTS2] territorial levels (intra-regional or supra-national) which might be relevant for policy intervention.” COMMISSION STAFF WORKING DOCUMENT (2008) accompanying the Green Paper on Territorial Cohesion, p.6

⁴⁰ Things are of course different for the third strand dedicated to interregional cooperation, whose main purpose is to promote the transfer of regional policy good practice among project partners.

hospitals in a border area.

Examples of transnational issues:

- insufficient development of transnational freight (e.g. difficulty encountered in developing new service lines for different modes such as short-sea-shipping, freight-ways);
- lack of integration of SMEs in international R&D networks;
- drought, floods, river/ground water pollution in downstream regions of a transnational river basin triggered by inappropriate action/policy in upstream regions.

In practice however, many INTERREG operations fail to tackle such issues. This is particularly visible in the intervention logic of most INTERREG programmes. For example, the SWOT analysis of too many INTERREG programmes does not differ significantly from that of Convergence or Competitiveness & employment programmes: facts and trends analysed include population size and growth, GDP/head, water quality or biodiversity in specific areas etc., instead of addressing information shedding light on issues of cross-border or transnational relevance (population migrations, workforce mobility, transport flows, cross-border or transnational trade, water pollution transfer, protected species migrations, etc.) As a consequence, the set of priorities and specific objectives of the programme strategy primarily or exclusively address common issues of local, regional or national relevance.

2.1.4. Conditionality as a policy integration tool

An intense debate is being held over the preparation of the coming 2014-2020 programming period of the EU structural funds. As already noted in Chapter 1 above, the 5th Cohesion Report provides in-depth analyses and policy proposals with a view to reshaping the EU Cohesion Policy, which is expected to deliver a decisive contribution to the implementation of the 'Europe 2020' strategy. Various key-issues such as the concentration of resources, improved performance monitoring and conditionality have been raised in the 5th Cohesion Report, and are further discussed in the current debate.

With regard to conditionality for example, the European Commission recently examined the various aspects of this issue in dialogue with the member states and other EU institutions in the framework of the "Conditionality Task Force". A report⁴¹ on the outcome of the Task Force proceedings was presented on 20 May 2011 in Gödöllő, Hungary. Various types of conditionality⁴² were examined. Of these, "ex-ante conditionality" seems to be of particular relevance for the promotion of a consistent and integrated territorial approach in the programmes and operations of the future Cohesion Policy. Four types of preconditions have been identified: (i) regulatory, (ii) strategic, (iii) infrastructural planning and (iv) institutional. "Strategic" preconditions are linked to overarching strategic frameworks for investments. To ensure that the various programmes are based on a consistent, integrated and territorially differentiated strategic approach, it may prove particularly appropriate to introduce a "territorial cohesion ex-ante conditionality". Further details will be provided on this proposal later in this note (see heading 2.4.1, Box 2.3. in particular).

It is, however, noteworthy that the promotion of a strategic place-based approach does not seem to rank among the main concerns of the European Commission at this stage. The vast majority of the 'conditionalities' considered in the working papers of the Conditionality Task Force are specific to the thematic objectives⁴³. Examples of ex-ante "horizontal conditionalities" have also been discussed, including a "strategic and budgetary planning capacity", but this does not involve the prior elaboration of a territorial strategy.

This highly thematic approach adopted by the European Commission is seemingly derived from the call for the concentration of resources on a limited number of thematic priorities made in the following quotation from the 5th Cohesion Report: "*The ex post evaluations of Cohesion Policy concluded that greater concentration of resources is required to build up a critical mass and make a tangible impact.*"

⁴¹ The Conditionality Task Force was set up at the request of the ministers responsible for regional policy, following their informal meeting held in Liège on 22-23 November 2010. The report presented in Gödöllő is available online: cf.

http://www.vlewa.eu/sites/www.vlewa.eu/files/nieuws/bijlages/report_on_conditionality_task_force.pdf

⁴² Macro-economic conditionality (linked to macro-economic conditions of the Stability and Growth Pact); ex-ante conditionality (linked to the fulfilment of ex-ante preconditions); performance conditionality (relating to progress in achieving objectives of the programme or in attaining 'Europe 2020' targets); structural reform conditionality (linked to structural and administrative reforms).

⁴³ Cf. « Table 1 – Examples of Ex-Ante 'conditionalities' specific to thematic objectives » and « Table 2 – Examples of Ex-ante horizontal conditionalities » attached to the working paper on « Ex-ante Conditionality in Cohesion Policy » discussed at the second meeting of the Conditionality Task Force on 16 March 2011.

*In the future it will therefore be necessary to ensure that Member States and regions **concentrate EU and national resources** on a small number of priorities responding to the specific challenges that they face. This could be achieved by establishing, in the Cohesion Policy regulations, a list of thematic priorities linked to the priorities, Integrated Guidelines and flagship initiatives of Europe 2020. Depending on the amount of EU funding involved, countries and regions would be required to focus on more or fewer priorities. Thus, Member States and regions receiving less funding would be required to allocate the entire financial allocation available to two or three priorities, whereas those receiving more financial support may select more. Certain priorities would be obligatory.*⁴⁴

The concentration of resources makes sense in any attempt to generate a critical mass of the means conducive to a more visible impact. As such, this principle – of greater concentration – should be buttressed as much as possible. In contrast, the thematic nature of this concentration appears to be far more controversial. Other types of concentrations of resources, in line with the place-based approach advocated in the Barca report and with the horizontal, vertical and territorial integration described under headings 2.1.1., 2.1.2 and 2.1.3 above would be much more appropriate. For example, a programme focusing on a theme such as the “promotion of the knowledge-based economy” could potentially attract a very large number of project applicants, including research centres, innovative SMEs, etc., but randomly and probably to no avail, for want of clearer objectives tailored to circumstances specific to the areas where operations are meant to take place. Conversely, a programme whose priorities would focus on a limited number of carefully selected key-issues specific to a functional area while mobilising a wide diversity of relevant field actors and sectoral policies could turn out to be far more efficient.

At first sight, the concentration of means and integrated approaches mobilising a significant number of sectoral policies look mutually exclusive. Paradoxically however they are compatible, provided that another type of concentration – “issue-based” as opposed to “thematic” – is pursued. It is not because a programme concentrates on one single thematic priority that concentration of resources will be *ipso facto* secured. Indeed, a wide dispersal of means, especially if the selected priority is expressed in relatively broad terms, is perhaps the likely result here. To be successful, the alternative integrated and “issue-based” approach must of course comply with a number of important rules. The starting point is that there is no “one-size-fits-all” solution to the problems faced by a place⁴⁵. Therefore tailored strategies have to be elaborated in line with the principles of the logical framework (or ‘Logframe’) methodology: based on an appropriate SWOT analysis conducted in close consultation with the key-players of the place concerned, a specific “tree (or hierarchy) of problems” should be elaborated, together with a corresponding “tree (or hierarchy) of objectives”, in which a limited number of specific policy priorities and related targets are defined.

2.2. Strengthening the territorial dimension in the overall EU policy approach

The formal recognition of territorial cohesion as a shared responsibility of the EU has important consequences for the content and nature of the decisions to be made (cf. heading 2.2.1) and for the decision-making process that should apply (cf. heading 2.2.2). In the new circumstances that have emerged the intergovernmental process previously used to guide EU territorial development is no longer sufficient.

2.2.1. The content of territorial cohesion: an EU reference document is needed

The TA 2020 and several other documents⁴⁶ have recently contributed to producing a better understanding of the strategic territorial issues of relevance for the EU. Most provide a geographically differentiated picture of the key challenges faced by the EU, including those which the ‘Europe 2020’ strategy is meant to take up. More is however needed in order to clarify the policy responses capable of being promoted at the EU; national, regional and local levels a territorial development model favouring smart, sustainable and inclusive growth and the strengthening of identified synergies between sector policies.

⁴⁴ EUROPEAN COMMISSION (2010) *Investing in Europe's future, Fifth report on economic social and territorial cohesion*, Luxembourg: Publications Office of the European Union, November, p. XXV.

⁴⁵ Or “functional region”, distinct from “institutional Regions” in the Barca report

⁴⁶ Including “Territorial State and Perspectives of the EU” (background document of the TA 2020), the 5th Cohesion Report, the First ESPON 2013 Synthesis Report. A study commissioned by DG Regio entitled “Regional Challenges in the Perspective of 2020 – Phase 2: Deepening and Broadening the Analysis” will also be published in mid 2011, following the earlier publication of DG REGIO (2008) *Regions 2020 – An Assessment of Future Challenges for EU Regions*, Commission Staff Working Document, November.

In February 2011, a seminar took place in Brussels bringing together the EU institutions and a task force entrusted with the clarification of decision-making mechanisms in the area of EU territorial cohesion⁴⁷. Two key questions were raised here: the strengthening of the territorial dimension of EU Cohesion Policy, and the coordination of EU policies with a territorial impact. In particular, participants were asked to express their views about the nature of the policy steps to be taken to address these questions: would a relatively pragmatic case-by-case approach suffice (e.g. Territorial Impact Assessment procedures – TIA) or should a more comprehensive policy approach be applied and if so with what type of instruments (e.g. the formal adoption of an integrated EU territorial development strategy).

Although the elaboration of a comprehensive integrated EU strategy should not be ruled out in principle, doubts may be expressed as to whether political consensus can be reached on such an ambitious undertaking. Nevertheless, participants in the seminar stressed that this should not justify limiting the ambition to a strictly case-by-case policy approach. An acceptable middle ground could consist in combining TIAs with a “roadmap”⁴⁸. Capitalising on some ESPON studies (in particular projects on scenarios), this roadmap would be regularly updated and serve as a reference framework for the TA 2020 application and the related performance monitoring. It could also be utilised as a reference tool to review progress made in achieving the ‘Europe 2020’ objectives of territorial relevance. A White Paper on EU territorial cohesion⁴⁹ could serve a similar purpose.

Whatever its name (roadmap, strategy, vision or White Paper on EU territorial cohesion, etc.,) and the exact nature of its content, an EU reference policy document should be elaborated to steer a process aimed at exploiting synergies between EU sector policies in different types of territories while contributing to the successful implementation of the ‘Europe 2020’ strategy. A document such as the TA 2020, which remains essentially intergovernmental and informal in nature, cannot provide sufficiently detailed, EU-specific and influential policy guidance for such an ambitious undertaking. The TA 2020 must continue to serve as a valuable informal interface between territorial development policies carried out at the national and regional levels and EU policies with a territorial dimension, but as far as the latter are concerned, a specific formal EU guidance reference is required.

2.2.2. Deciding on EU territorial cohesion: greater clarity on decision-making mechanisms is needed

Sector policies and programmes that are not fully coordinated with other policy aims are an expensive luxury that the EU can no longer afford. The maximisation of synergies between different policies should be actively pursued, not as a fortuitous “icing on the cake”, but rather as an essential building block for a better future.

In order to achieve this objective, the adoption of an EU reference policy document on its own will not suffice. It is also essential to clarify the relevant decision-making process, including the respective role of the various EU institutions and the functioning of the so-called EU comitology (committee) system.

The European Parliament (EP), the European Commission (EC), the Committee of the Regions (CoR) and the European Economic and Social Committee (EESC) have already been deeply involved in the ESDP and TA 2020 processes. To date however, this process has remained informal in nature. Its main forums were ministerial meetings, held on an annual or bi-annual basis since the first meeting held in Nantes in 1989. The Council of the European Union has never met to adopt any formal resolution relating to the ESDP or the TA 2020. This was understandable as long as territorial cohesion had not been recognised as a key policy objective of the EU, but no longer makes sense after the coming into force of the Lisbon Treaty. The time is ripe then for the Council to make formal decisions on various issues relevant to territorial cohesion. This should be done in close consultation with the four other EU institutions mentioned above, in compliance with the decision-making procedures set out in the TFEU.

Despite its informal status, the TA 2020 could be used as a reference or umbrella document in this framework showing how a territorial approach to the implementation of policies, e.g. such as the ‘Europe 2020’ Strategy, can improve their effectiveness. While a number of the TA 2020 document’s recommendations are intended for the domestic context many also relate to the territorial dimension of various EU policies.

⁴⁷ Cf. final report of the Task Force, entitled “Territorial Agenda 2020 - Decision-Making on Territorial Cohesion - Consultation of the EU institutions by the TA 2020 Task Force - Outcome of the seminar held on 16 February 2011 in Brussels”.

⁴⁸ Final report of the Task Force, p. 4.

⁴⁹ Which the European Parliament and the Committee of the Regions urged the Commission to produce.

At present the comitology system does not fit particularly well with the integrated approach to policy-making required to pursue a more territorial approach. On the contrary, the current system is characterised by a significant scattering of various consultative bodies, which is detrimental to the full exploitation of synergies between different policies. The establishment of new committees with a remit limited to “territorial issues” would not be satisfactory either, especially if no mechanisms are created to facilitate the integration of their work with that of other relevant committees and sector policies. Therefore, a comitology review aimed at strengthening policy synergies and streamlining consultation procedures on territorial issues is recommended here. Ideally, this should be done for the entire EU decision-making system and for all policies of relevance for territorial development. However, since such a process will likely prove time-consuming, a pilot action could take place in the field of the EU Cohesion Policy.

In the meantime, however, pragmatic solutions are needed to strengthen the territorial dimension of EU policy in the framework of the current comitology system. In this respect, the Structural Action Working Party (SAWP) of the Council has a pivotal role to play. The same comment applies to the Coordination Committee of the Funds (COCOF) and its Territorial Cohesion / Urban Matters (TCUM) sub-committee, which assists the Commission.

Depending on the type of decision to be made and the EU policy concerned, many more committees should be requested to pay due attention to the territorial dimension in the decision-making process in order to improve the likely level of achievement in respect of their own aims.

2.3. Strengthening the territorial dimension of specific EU policies

A wide range of sector policies affect territorial development. They are also crucial in the promotion of territorial cohesion. This aspect has frequently been stressed in various publications such as ESPON studies, the 5th Cohesion Report and the TA 2020.

In this context the need to maintain dialogue with other sectors and to strengthen the territorial dimension in various policy fields remains a critical issue and one of the main challenges of TA 2020 implementation. Countless recommendations have already been made on this question but the results attained have remained well below expectations. As a matter of fact, a real structured dialogue has not yet even begun. Greater emphasis should be placed on genuine dialogue with non-believers. This relates to both the European and the national levels. Particular emphasis should be placed on those sectors which are closely related. EU Cohesion Policy should, moreover, receive special attention as the debate on the future of EU Cohesion Policy and its territorial dimension has started and provides a good opening for further dialogue. Thus far, the debate has primarily revolved around the potential usefulness of Territorial Impact Assessments, but it may now be time to concentrate more specifically on actual territorial impacts in various sectors, while keeping in mind the relevant policy processes.

For a successful dialogue with sector policies to take place two main aspects need to be considered. First, the territorial impact of sector policies; this impact needs to be optimised, which entails in most cases a certain level of territorial awareness-raising. Second, the dialogue needs to be timed to accommodate the policy process of the respective policy considered. These two aspects are addressed in sections 2.3.1 and 2.3.2 below.

2.3.1. EU policies with a territorial impact

Several EU policies impact on territorial development. In Chapter III of the 5th Cohesion Report, dedicated to the interaction between the Cohesion Policy and other EU policies, a distinction was made between three categories of policies: those with an explicit spatial (regional) dimension, those which only have a partial spatial dimension and those which are ‘spatially blind’, i.e., policies which do not make such a distinction and can therefore be categorised as « without spatial dimension ». The box below presents these three categories.

It is not because policies of the third category have no built-in spatial dimension that they do not impact on the territory. On the contrary, policies such as energy, the single market or EMU significantly affect the geographic distribution of economic resources, even if they do not pursue spatially differentiated objectives.

Box 2.1. EU policies as categorised in the 5th Cohesion Report

Policies with an explicit spatial dimension	Policies with a partial spatial dimension	Policies without a spatial dimension
Competition Transport Maritime Common fishery	Research & technology Innovation & entrepreneurship Information society & media Poverty & social exclusion Employment Education Gender equality Health Agriculture Climate	Single market Trade Energy Economic & monetary union Lisbon strategy

An investigation among the members of Network of Territorial Cohesion Contact Points (NTCCP⁵⁰) working on the Territorial Agenda of the EU underlines that the following policies have contributed to the Territorial Agenda to a high degree: transport policy, energy and natural resource management policy, rural development, environmental policy, cross-cutting policies, policies of the regional and local municipalities, policy action by regions, climate action policy. The same study ranks transport policy, rural development, and environmental policy highest when it comes to national policy actions related to the Territorial Agenda and other territorial cohesion aspects.

Other analyses and evaluations of the territorial dimension and the relevance of EU policies have been / are being produced. In Germany for example, a study of the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) analysed the “territorial relevance” (i.e. policies affecting territorial development) and the “territorial perspective” (i.e. policies with an expressed territorial view) of various EU policies and came to the following conclusions:

Yet another study⁵¹, currently being conducted for the BBSR, addresses various EU sector policies with a view to identifying those that could and should be influenced in the near future, and strengthened with regard to their respective territorial dimension. This study focuses on regional policy, agricultural policy, transport policy, climate policy, energy policy and partially also environmental policy.

To optimise the territorial impact of the various EU policies, it is essential to initiate a constructive dialogue between the various relevant sector authorities / administrations and those responsible for territorial development. Priority should be given to consultations at the EU level. A key-objective here is to integrate the territorial dimension in various formal EU policy decisions, in compliance with the principles set out in section 2.2.2 above. However, this will not be achieved without a significant amount of preparatory work and informal consultations. In this framework, significant efforts in respect of communication, open-mindedness and mutual understanding will need to be made. For example, the “territorial cohesion enthusiasts”, who have been deeply involved for decades in the ESDP/TA process do not always realise that they ended up developing their own jargon. Outsiders, including those responsible for various EU policies, may therefore feel puzzled or discouraged by the territorial cohesion-related literature. To engage in a really interactive dialogue with these outsiders, it is of critical importance to let them make their point first, i.e. to spell out the main priorities of their policy agenda that are particularly close to their heart. Only in a second step should the contribution of this agenda to territorial cohesion be discussed. In this regard the thematic events planned by the Polish Presidency will certainly provide a useful way forward which can build on the good experiences of the seminar organised on Transport Policy in September 2010 during the Belgian Presidency.

⁵⁰ VÄTI (2010) *A synthesis report on the performance and the position of EU member states related to the EU Territorial Agenda 2007 and 2011*. Budapest

⁵¹ SPATIAL FORESIGHT (2011) *Erster Zwischenbericht – Die territoriale Dimension in der zukünftigen EU-Kohäsionspolitik*.

Box 2.2. Territorial relevance and territorial perspective of EU policies		
Analysis of the Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR)		
Policy	Territorial relevance	Territorial perspective
Cohesion & regional policy	Very high	Partially - could be strengthened
Environmental policy	Very high	Yes
Maritime policy	High	Yes
Transport policy	Very high	Partially – must be strengthened
Energy policy	High	Rather low
Agricultural policy	High	Partially – must be strengthened
Competition & single market	High	Partially – must be strengthened
Research policy	Indirect	Only in individual initiatives
Entrepreneurship policy	Indirect	Very low
Employment & social policy	Indirect	Rather low
Source: DV 2009 – Expertise für den Raumordnungsbericht 2010 – Raumrelevante Vorhaben der EU Kommission		

2.3.2. Timing of EU policy processes

As already indicated above, the question is then not just which policy to influence because of its thematic focus and territorial impacts. It is no less important to understand policy processes and to figure out what needs to be done at the right time to influence a policy. This is usually best achieved in the early stages towards the formulation of new policy agendas or programmes.

An initial screening of various EU policy timetables – as far as they are available to the public – shows (cf. Fig. 2.2) that regional and agricultural policy in particular present considerable windows of opportunity in the immediate future, followed by the transport and research (FP8) policies. The policy debate on the 7th Environment Action Programme is however likely to take place at a later stage.

- The next EU Regional Policy programming period is currently in preparation. The Commission is expected to present draft regulations in the early summer. That would be an opportune moment to advocate higher territorial awareness, with particular regard to the menu envisaged for programme priorities. This will be followed by the elaboration of the Community Strategic Framework (CSF), the national strategic reference documents, i.e. the Development and Investment Partnership Contracts (DIPCs), and finally the Operational Programmes (OPs). An intensification of the dialogue with key stakeholders at the European, national and programme levels should favour a strengthening of the territorial dimension.
- By and large, the Common Agricultural Policy (CAP) time schedule is similar to that for EU Regional Policy. This also provides a major opportunity to try to influence important policy processes which have already been initiated.
- In the field of EU Transport Policy the policy document for 2020 is being negotiated. However, an official white paper is expected in the near future and this could also prove to be an opportunity worth seizing.
- As far as EU Research Policy is concerned, the Commission's initial proposal relating to FP8 should be published by the end of 2011.
- In the field of EU Environmental Policy, the timetable for the elaboration of the 7th Environment Action Programme (7EAP) apparently remains to be clarified.

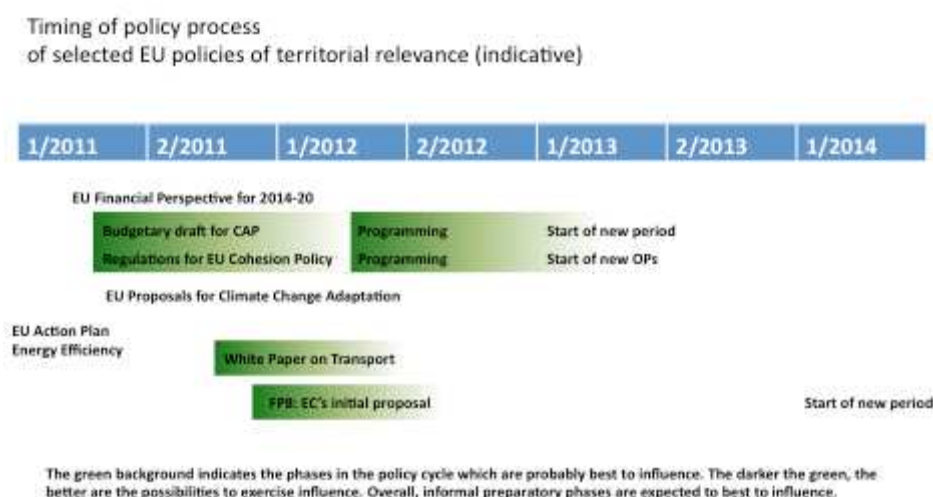


Fig. 2.2. Timing of policy process of selected EU policies of territorial relevance

Source: Spatial Foresight proposal based on various EU sources

Perhaps less relevant but possibly still of interest are the following policy agendas:

- The EU Energy Action Plan is about to be published. However, further activities at the EU level are expected, e.g. an environmental innovation programme, or an action plan for renewable energy and a low carbon energy system road map. These individual activities may still however be of interest in an attempt to strengthen the dialogue with Energy Policy.
- In the field of EU Climate Policy, a climate-proofing of the EU budget is expected and may also open up the notion of the territorial dimension for discussion. A related study is expected for 2011.

2.3.3. EU sector policies

The following section 2.4 illustrates how the territorial dimension can be strengthened in EU Cohesion Policy. This is just one example of how a sector policy might be influenced. In a similar way the other EU policies can also be scrutinised with a view to identifying possibilities to strengthen their territorial dimension and their potential contribution to territorial cohesion and the aims of the TA 2020.

As an example: The Common Agricultural Policy largely follows a similar time schedule to that of EU Cohesion Policy. As such, this clearly creates an opportune moment to try to influence the ongoing processes. In a similar manner as that sketched out for EU Regional Policy the setting for the Common Agricultural Policy can also be influenced from the EU budgetary, regulatory and policy framework via national documents and programmes on the selection of concrete actions. In the agricultural policy debate the main emphasis should be given to pillar 2 focusing on rural development. The ESPON study on CAP as well as the work on CAP carried out under the TA Action Programme, can serve as a starting point here for a detailed discussion. In addition to highlighting the need for a more place-based approach and a contribution to territorial cohesion, the TA 2020's aims in respect of polycentric development (1), and on the integrated development of cities and rural areas (2) might also be of interest.

In the field of EU Transport Policy the policy document for 2020 is already negotiated. However, an official white paper is expected in the near future and this might still provide an opening worth considering. This might also provide an opportune moment to stress the need for a strengthened territorial dimension in respect of EU transport policies. ESPON studies on TEN and TINA, the work carried out under the TA Action Programme and the results of the TA 2020 conference targeting transport during the Belgian EU Presidency can serve as the starting points here for an intensified dialogue. In addition to highlighting the need for a more place-based approach and contribution to territorial cohesion, the TA 2020's aims in respect of territorial connectivity for individuals, communities and enterprises (5), and on the integrated development of cities and rural areas (2) might also be of interest.

Furthermore, in a similar fashion to that discussed for EU Cohesion Policy, opportune moments for dialogue can also be identified in respect of national and regional policy in the EU member states. In

order to promote a successful dialogue then, the aims of the TA 2020 need to be translated into the format and language of the policy in question and concrete proposals dealing with where and how changes might be possible must be identified.

2.4. The case of the EU Cohesion Policy and its architecture

EU Cohesion Policy is the key instrument for territorial development and cohesion at the European level. The European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF) in particular have been set up to reduce the social and economic disparities between EU member states and regions. Related interventions have traditionally focused on social and economic cohesion and taken a more sectoral than territorial approach.

With the inclusion of territorial cohesion in the Lisbon Treaty future EU regional policy shall also contribute to the aim of territorial cohesion. This was further underlined in the EU Green Paper on Territorial Cohesion and in the 5th Cohesion Report. In this context, the TA 2020 should serve as an important inspiration. However, as various authors of the TA 2020 themselves do not believe that it could exercise a direct influence on other policies, the following text (with few exceptions) does not refer to the TA 2020 but only to territorial cohesion and more specifically to the territorial keys as identified in chapter 3.

To secure a coherent strengthening of the territorial dimension in the future EU Cohesion Policy, different elements of its architecture need to be considered. Furthermore, the preparation of the next 2014-2020 programming period provides a unique window of opportunity for effectively influencing various components and actors of the reform process. Action should be taken at four different stages, associated with the elaboration of (a) the EU regulations, (b) the EU Community Strategic Framework (CSF), (c) the national Development and Investment Partnership Contract (DIPC), (d) the Operational Programme (OP).

2.4.1. The territorial dimension and the EU regulatory framework

The 2007-2013 context

General Regulation 1083/2006 lays down the general rules governing three cohesion instruments, i.e. the ERDF, the ESF and the Cohesion Fund. Based on the principle of shared management between the Union and the EU member states and regions, this regulation sets out a renewed programming process, based on Community Strategic Guidelines for Cohesion and their follow-up, as well as common standards for financial management, control and evaluation.

ERDF Regulation 1080/2006 establishes the tasks of the ERDF, the scope of its assistance with regard to the Convergence, Regional competitiveness and employment and European territorial cooperation objectives and the rules on eligibility for assistance.

During summer 2011 the Commission is expected to present a proposal for the regulations of the next programming period.

The 2014-2020 perspectives

General Regulation

Territorial cohesion should be an integral part of the text on the objectives of EU Cohesion Policy which needs to be reflected in the General Regulations (cf. current 1083/2006).

- If a **mainstreaming of territorial cohesion** issues is envisaged, it would be advisable to include it as a particular topic among the 'principles of assistance' (Title I, Chapter IV of the current regulation) along with sustainable development.
- Integrate a **territorial cohesion ex-ante conditionality** which identifies actions for improving the territorially differentiated implementation of the 'Europe 2020' strategy.

In addition, territorial cohesion needs to be incorporated in various articles:

- Make explicit reference to territorial cohesion in the **definition of the aims** of the funding instruments (cf. current Art. 3), as for the territorial cooperation programmes an explicit reference to territorial integration is also recommended.
- Include the promotion of territorial cohesion as an important criterion related to the **partnership principle** (cf. current Art. 11). This could e.g. underline the complex actor relations needed for integrated regional development. Integrated regional development

requires the cooperation of a wide range of stakeholders from different sectors and different administrative levels. In order to reach out to the different stakeholders it is important that a variety of stakeholders are reflected in the programme partnership.

- Include territorial cohesion among the issues to be addressed in the **content of DIPCs** (cf. current Art. 27, relating to the NSRF content). Here requesting the DIPCs to identify the territorial themes of highest importance in the respective EU member states and having a particular chapter illustrate how they contribute to territorial cohesion might also be considered.
- Include territorial cohesion and relevant territorial issues (see also the territorial keys identified in chapter 3) among the issues for **strategic reporting by the member states** (cf. current Art. 29) and **strategic reporting by the Commission** (cf. current Art. 30). This would imply that territorial themes such as the territorial keys presented in chapter 3 of this paper could be included in the strategic reporting. Thus the strategic reporting would e.g. illustrate the progress made with regard to economic services of general public interest, accessibility and city networks, etc.
- Include the territorial dimension and relevant territorial issues among the issues to be addressed in the **Cohesion Report** (cf. current Art. 31). Preferably this would cover the state of territorial cohesion within the EU as well as the territorial dimension and impact of EU sector policies.
- Integrate territorial cohesion and relevant territorial issues among the aspects to be covered by the **SWOT analysis of the OPs** (cf. current Art. 37a) and among the **justification of the priorities chosen** (cf. current Art. 37b). This would force the programmes in their development phase to actively consider their territorial dimension.
- Integrate territorial cohesion among the objectives to be taken into account in **evaluations** (cf. present Art. 47). An inclusion of the territorial dimension in all evaluation moments (*ex-ante*, on going, and *ex-post*) would step by step build up information and awareness about the contribution of EU Cohesion Policy to the aim of territorial cohesion.
- If the system of compulsory common indicators for the monitoring of EU Cohesion Policy performance⁵² proposed by the Commission is turned into a General Regulation those indicators should include territorially relevant ones, established in connection with the territorial keys.

At the level of the regulations rather general references might be sufficient. However, where possible, more detailed issues e.g. deriving from chapter 3 of this paper, could be suggested.

ERDF Regulation

In order to become operational, territorial cohesion should be integrated into the ERDF regulation (cf. 1080/2006):

- Integrate territorial characteristics (e.g. those discussed in chapter 3 of this document) in the definition of the **scope of assistance** (cf. current Art. 3). Such a sentence could e.g. be: The ERDF shall contribute towards the financing of measures which support territorial cohesion at the European, national and regional scales.
- Integrate territorial issues (see also the territorial keys identified in chapter 3) in the **list of themes for OPs** not only for territorial cooperation but also for the other strands (current Arts. 4, 5 and 6), e.g.
 - polycentric and balanced territorial development,
 - integrated development in cities, rural and specific regions,
 - territorial integration in cross-border and transnational functional regions,
 - global competitiveness of the regions based on strong local economies,
 - territorial connectivity for individuals, communities and enterprises,
 - connecting the ecological, landscape and cultural values of regions.
- Consider replacing the text on areas with **geographical and natural handicaps** (current Art. 10) with an article referring to the aims of the *place-based approach* (incl. territorial development potentials and challenges). This might include a requirement for using territorial criteria in the selection of the funded operations in order to match the specific strengths and weaknesses of a given territory revealed in the SWOT analysis.

⁵² See outcome of the meeting of the High Level Group Reflecting on Future Cohesion Policy (meeting no.9) *Performance Orientation for Cohesion Policy*

- Integrate obligations for the OPs to conduct a thorough territorial analysis, to tailor their operations to targeted territorial needs and potentials, and to organise **territorial monitoring and evaluation** (current Art. 12)

In conclusion, this implies that territorial cohesion needs to be integrated with specific topics in the **menu for future programme priorities** and also in the monitoring and indicator systems to be set up.

More detailed considerations for an article on the place-based approach (instead of geographical handicaps), possible themes for the future menu list, and territorial indicators can be derived from the discussion of territorial keys in chapter 3 of this paper.

Proposed action

A concerted effort to influence the development of the regulations for the next period is thus required. First, this should imply a strong involvement in the current development of the regulatory framework, through both formal and informal channels. Second, a distinct positioning in the consultation process later on in 2011 will be necessary to strengthen some of the above points.

The NTCCP as a group but also in relation to its individual members acting as a “multiplier” in their respective member state or EU institution (European Parliament, European Commission, Committee of the Regions – CoR, European Economic and Social Committee – EESC) should be involved in this process. National NTCCP delegations should liaise with their colleagues participating in the meetings of the Council of the EU (“General Affairs” configuration + SAWP).

It is also possible that a broader public event could be utilised during the Polish Presidency, or the Open Days, to advocate these ideas as well as the ideas presented below.

The table 2.1 provides some more detailed considerations on proposed actions.

Table 2.1. Actions proposed in relation to General and ERDF Regulations

	Required Action	Related Actors
General Regulations	<p>Mainstream territorial cohesion.</p> <p>Inclusion of territorial cohesion <i>ex-ante</i> conditionality.</p> <p>Integrate territorial cohesion in the definition of the aims of the funding instruments, and the requirements regarding (a) the partnership, (b) content of the DIPCs, (c) the reporting by member states and the EU, (d) the content of the Cohesion Report, (e) the SWOT analysis of the OPs and the justification of the priorities, and (f) evaluations.</p>	<p>DG Regio</p> <p>COCOF</p> <p>TCUM</p> <p>SWAP</p> <p>(CoR)</p> <p>(EU Parliament)</p>
ERDF Regulations	<p>Integration of territorial cohesion and the place-based approach into regulations for (a) the scope and themes of future Cohesion Policy, (b) investment and partnership contracts, (c) the strategic reporting by the member states, (d) the SWOT analysis of the Ops, and (e) the evaluation and monitoring requirements.</p> <p>Strengthening of the territorial dimension in the proposed menu for the scope of assistance.</p> <p>Replace the article on geographical handicaps with an article on the place-based approach.</p>	<p>DG Regio</p> <p>COCOF</p> <p>TCUM</p> <p>SWAP</p> <p>(CoR)</p> <p>(EU Parliament)</p>

Source: own elaboration

Box 2.3. Proposal for a territorial cohesion *ex-ante* conditionality

Ex-ante conditionality:

Assessment of the territorial potential to achieve the aims of the 'Europe 2020' strategy and increase territorial cohesion at the regional and European levels.

Stage 1: Preparation of the programming documents

Self-assessment:

SWOT analysis highlighting the territorial characteristics of the relevant places in the programme area and their particular assets and handicaps of relevance for the implementation of the 'Europe 2020' strategy and the pursuit of the territorial cohesion objective.

Criteria in respect of ex-ante conditionality:

Territorially differentiated implementation of the 'Europe 2020' strategy and work towards territorial cohesion at the regional and European levels in accordance with the following criteria:

- Demonstration that the territorial dimension has been taken into account in the programme targets and objectives, and the composition of the programme partnership;
- SWOT analysis at programme level;
- *Ex-ante* evaluation including a territorial impact assessment.

Stage 2: Submission of the programming documents

Elements to be included in programmes:

- actions needed for a territorially differentiated implementation of the 'Europe 2020' strategy and a strengthening of territorial cohesion;
- definition of a territorial approach to project generation, selection criteria, indicators, information and dissemination activities.

Stage 3: Negotiation and agreement of commitments

The assessment of the Commission would be carried out with reference to the green paper on territorial cohesion and the territorial dimension of the Community Strategic Framework (CSF).

Stage 4: Follow up

The member states would report, in their annual implementation reports, on the progress made towards meeting their commitments. The follow-up could be linked to (a) particular territorial cohesion indicators (e.g. those elaborated by ESPON), (b) annual territorial impact reviews, and (c) progress made with regard to the territorial keys discussed in chapter 3 of this paper.

2.4.2. The territorial dimension and the Community Strategic Framework (CSF)

The 2007-2013 context

In the 2007-2013 period the Community Strategic Guidelines (CSG) play an important part in the Cohesion Policy as they strengthen its strategic dimension. They were prepared by the **Commission** and adopted by the Council of the European Union (i.e. all the member states). The CSG define the programming priorities at the European level for a seven-year period and contribute towards achieving results in other EU priorities, e.g. those stemming from the Lisbon strategy and the Integrated Guidelines for growth and jobs. Examples of the areas covered include investment, jobs, knowledge and innovation.

In connection with the 2014+ period a similar document to that of the CSG is expected, primarily in terms of a CSF. For each thematic priority the CSF would establish the key principles which interventions should follow. These principles must leave room for adaptation to national and regional contexts. Their main purpose would be to help countries and regions tackle the problems that past experience has shown to be particularly relevant to policy implementation. These principles could be linked, for example, to the transposition of specific pieces of EU legislation, the financing of strategic EU projects, or to issues of administrative, evaluation and institutional capacity.

The 2014-2020 perspectives

Assuming that the CSF might have a similar logic and approach to that put forward in the Community Strategic Guidelines for the 2007-13 period, numerous opportunities to integrate territorial cohesion emerge:

- The CSF should be clearly interdisciplinary in nature integrating all EU policies relevant for integrated regional development (see also lists of relevant policies in the preceding chapters of this paper). Such a cross-sectoral approach to the CSF should also strengthen the integrative nature of multi-fund programming.
- The list of guidelines could also include one **specific guideline on territorial cohesion**. Such a particular guideline could translate the place-based approach into particular issues for European Regional Policies. It should underline how EU Cohesion Policy can contribute to achieving the aims of the TA at the different geographical levels. One such example would be to illustrate that EU Cohesion Policy can contribute to a balanced and polycentric development at the European level, but also at the level of macro-regions, member states, functional regions and cross-border regions. Depending on the programme and national context, a programme may focus on a particular level and either foster regional polycentricity within its programme area, or strengthen the polycentric and balanced development at higher geographical levels by supporting certain developments in the programme area. In a similar manner the other priorities of the TA can be achieved at different geographical levels.
- In addition the **sector guidelines** could be enlarged with more specific references to territorial cohesion or specific territorial keys as defined in chapter 3 of this paper. Further considerations in respect of the existing guideline might also serve as initial ideas/examples, although it is unlikely that the guidelines will be the same in the next CSF:
 - Guideline: Making Europe and its regions a more attractive place in which to invest and work. This guideline provides a particular opening for strengthening the place-based approach and the need to consider territorial development potentials and challenges.
 - Guideline: Improving knowledge and innovation for growth. This guideline is particularly suited to highlighting the territorial dimension and diversity of innovation potentials in Europe, as well as the need to promote the collaboration of actors in different parts of Europe with a view to generating internationally interesting innovations.
 - Guideline: More and better jobs. The strengthening of polycentric development, rural-urban partnership and cross-border functional areas are all important territorial dimensions of the future development of European labour markets enabling them to provide more and better jobs.

As future guidelines are most likely to follow the 'Europe 2020' strategy on smart, sustainable and inclusive growth, the related analysis in the first ESPON 2013 Synthesis Report is suggested as a point of departure in terms of strengthening the territorial dimension. It could also highlight how a territorial approach to the implementation of the 'Europe 2020' strategy could strengthen its chances of success. In this respect the territorial keys presented in chapter 3 of this paper are of particular relevance, i.e. city networks, functional regions, accessibility, economic services of general interest, and territorial capacities.

- The CSG currently contains a **chapter on the territorial dimension of Cohesion Policy** (chapter 2). It is important that the CSF also has such a chapter and that this chapter is more closely linked to territorial cohesion and to the possibility of its attainment at different geographical levels. Furthermore, such a chapter should discuss the territorial dimension and impacts of different EU policies, and how these dimensions and policies relate may contribute to territorial cohesion. Detailed suggestions for such a chapter as well as relevant guidelines could be derived from the work presented in chapter 3 of this paper.
- The CSG examples of indicators (cf. paragraphs 1.1.2, 1.2.1, 1.2.3, 1.3.1 in the present CSG) should be expanded in relation to the territorial keys. They should provide contextual information on how the territorial keys contribute to smart, inclusive and sustainable growth.
- If the system of compulsory common indicators for the monitoring of Cohesion Policy performance, proposed by the Commission, is installed the CSF should propose a concrete list of EU-wide territorial indicators to that end.

Proposed action

To realise a stronger territorial dimension for the CSF, early contacts with the key personnel within DG Regio is necessary. Furthermore, the elaboration of a “ready to use” proposal for a territorial cohesion guideline could also be an option here.

The table 2.2 provides additional detailed considerations on proposed actions.

Table 2.2. Actions proposed in relation to Community Strategic Framework

	Required Action	Related Actors
Community Strategic Framework (CSF)	Improve the cross-sector dimension of the framework also in the direction of multi-fund programming. Introduce a specific ‘guideline’ on territorial cohesion. Strengthen the territorial dimension in the sector ‘guidelines’. Maintain and strengthen the chapter on the territorial dimension of Cohesion Policy.	DG Regio COCOF TCUM SWAP (CoR) (EU Parliament)

Source: own elaboration

2.4.3. The territorial dimension and the Development and Investment Partnership Contracts (DIPCs)

The 2007-2013 context

In the current 2007-13 period, following the Community Strategic Guidelines, each member state presented a 'National Strategic Reference Framework' (NSRF) in line with the Guidelines. The 27 National Strategic Reference Frameworks agreed on by the EU member states and the Commission, set out the investment priorities for the new generation of regional and sectoral programmes to be supported by the European Union over the seven-year period 2007-13.

For the new period it is envisaged that the NSRF will have a more formal character and will be turned into a DIPC. On the basis of the CSF, specific binding conditionality in the areas directly linked to Cohesion Policy would be agreed with each Member State and/or region — depending on the institutional context — at the beginning of the programming cycle in the programming documents (i.e. the DIPCs and the OPs), in a coordinated approach with all relevant EU policies. Their fulfilment could thus be a prerequisite for disbursing cohesion resources either at the beginning of the programming period or during a review in which the Commission would assess progress towards completing agreed reforms.

The 2014-2020 perspectives

Assuming that the DIPCs display a similar logic and approach to that of the National Strategic Reference Frameworks for the 2007-13 period, various possibilities emerge in respect of the integration of territorial cohesion and the specific territorial keys as defined in chapter 3 of this paper.

- The DIPCs should have an interdisciplinary character addressing all policies relevant for integrated regional development (see also lists of relevant policies in the previous chapters). Furthermore, they may also underline the integrative nature of multi-fund programming.
- Include a **territorial chapter** in the contracts illustrating how the implementation of EU Cohesion Policy contributes to territorial cohesion and which territorial themes are of particular importance in the respective country. This chapter may even comprise a simple territorial impact assessment such as that which has been developed in the context of the ESPON ARTS project.
- Strengthening of the territorial dimension in the **analysis** (of regions to receive investments), e.g. by covering specific themes or indicators. In this respect it is important that the analysis departs from the territorial development specificities and takes up those features that illustrate the territorial potential, challenges and diversity in the areas covered. In principle this analysis could take the form of a territorial SWOT centred on the territorial keys discussed in chapter 3 of this paper. This chapter also discusses possible indicators.

- Integrate territorial cohesion and specific territorial keys in the **strategic objectives** – following the territorial dimension of the analysis the strategic objectives can also be differentiated territorially to better accompany the potentials and challenges (place-based approach). This also needs to reflect the different geographical levels at which territorial development can be approached.
- Strengthening of the territorial dimension in the discussion / definition of the **expected impacts**. It is possible even that a light form of TIA such as that developed in the context of the ESPON ARTS project can be used.
- Illustrate how the individual **OPs contribute** to achieving territorial cohesion and how the 'Europe 2020' strategy can be implemented in a territorially-differentiated fashion. For this a discussion of the territorial keys presented in chapter 3 may be of particular interest.

Furthermore, the question remains as to what degree national contracts shall also cover territorial cooperation programmes, or whether it would be more sensible to have separate contracts for territorial cooperation.

Detailed suggestions e.g. on the indicators used in describing the territorial dimension, as well as relevant conceptual approaches, could be derived from the work presented in chapter 3 of this paper.

Proposed action

In order to promote a stronger territorial dimension for the national contracts the dialogue should be intensified with (a) the applicable parts of DG Regio sketching the requirements for the national contracts, and (b) the key actors in national ministries developing new contracts where necessary. Here, the members of the NTCCP are asked to do a little prosthetizing in order to convince their national colleagues.

The table 2.3 provides more detailed consideration of the proposed actions.

Table 2.3. Actions proposed in relation to Development and Investment Partnership Contracts

	Required Action	Related Actors
Development and investment partnership contract (DIPC)	<p>Improve the cross-sector dimension of the contract also in the direction of multi-fund programming.</p> <p>Integrate territorial cohesion with a chapter addressing relevant territorial features in the contracts (respectively its background documents).</p> <p>Strengthen the territorial dimension of the analysis, e.g. by doing a territorial SWOT.</p> <p>Integrate the territorial dimension in the strategic objectives.</p> <p>Include expected territorial impacts.</p> <p>Illustrate how the individual OPs contribute to the achievement of territorial cohesion.</p>	<p>DG Regio</p> <p>COCOF</p> <p>TCUM</p> <p>SWAP</p> <p>(CoR)</p> <p>(EU Parliament)</p>

Source: own elaboration

2.4.4. The territorial dimension and the Operational Programmes (OPs)

The 2007-2013 context

The general regulations for 2007-13 specify the following aspects for the OP:

- 1) 'operational programme': document submitted by a member state and adopted by the Commission setting out a development strategy with a coherent set of priorities to be carried out with the aid of a Fund, or, in the case of the Convergence objective, with the aid of the Cohesion Fund and the ERDF;
- (2) 'priority axis': one of the priorities of the strategy in an OP comprising a group of operations which are related and have specific measurable goals;
- (3) 'operation': a project or group of projects selected by the managing authority of the OP concerned, or under its responsibility, according to criteria laid down by the monitoring committee and

implemented by one or more beneficiaries allowing achievement of the goals of the priority axis to which it relates;

In the final implementation, the territorial dimension and place-base approach can be further strengthened in the selection criteria, monitoring, reporting and evaluation. These are critical elements for the actual implementation of the ideas developed in the overarching documents.

The 2014-2020 perspectives

Various ways of strengthening the territorial dimension of the OPs are potentially available. Firstly, a set of openings are available when developing the OP and secondly, the territorial dimension can also be strengthened in the implementation of the OP, i.e. the actual running of the programmes.

Programme Development

The territorial dimension of EU Cohesion Policy can be strengthened if all programmes are required to consider territorial cohesion and the relevant territorial characteristics in the programme documents:

- The OPs clearly need to address all of the policies relevant to integrated regional development and should investigate the possibilities and advantages of multi-fund programmes.
- A territorial **analysis of the programming area** is important for a thorough development of the programme document. Similarly to the analysis at the national contract level, the analysis at the programme level also needs to take into account territorial characteristics, potentials and challenges as well as the territorial diversity within the programming areas. Chapter 3 of this paper will provide suggestions on the themes and indicators that can be used here.
- The territorial dimension of the **programme targets** need to be discussed in the OP. Following the territorial dimension of the analysis the targets also need to be territorially differentiated – some programmes do that already – particularly the larger programmes e.g. differentiating targets and priorities for the rural and urban areas of the programming area.
- Identifying the territorial dimension of **programme priorities is of particular importance here**. This is so because, particularly at the priorities level, differentiation in accordance with territorial challenges and potentials and in relation to the territorial diversity within the programming area can improve the final delivery of the programme. The territorial keys presented in chapter three may also provide further insights on how to strengthen the contribution made to the 'Europe 2020' aims by considering the territorial dimension of an area.
- Setting up of a **programme partnership** which corresponds to the interdisciplinary character of regional development and the territorial diversity of the programming area – the partnership can play an important role here in terms of project generation As such it is important that it involves people from different parts of the programming area and different development sectors (cf. box 2.4).
- The **Ex-ante evaluation** should include a clear territorial dimension, assessing whether the programme corresponds to the relevant territorial characteristics of the programme area, and what the territorial impact of the programme might be. This may even involve a simple territorial impact assessment such as that developed in the context of the ESPON ARTS project.

Programme Implementation

Last but not least the strengthening of the territorial dimension in all the points mentioned above will only result in concrete outputs if programme implementation is also targeted in that direction:

- Territorial awareness in the **project generation** – incl. the stimulation of relevant stakeholders – it is important to generate projects that reflect the territorial potentials, challenges and diversity of the programming area, and that can contribute to territorial cohesion (in the programming area and at European level), and the integrated development of cities and rural areas
- Territorial dimension of **selection criteria** – the selection criteria also need to have a bearing on the territorially-differentiated contribution to the 'Europe 2020' aims, incl. potentials, challenges, and the diversity of the programming area.
- Territorial **indicators** for monitoring, reporting and evaluation – in addition to the European-wide indicators, it is important to include indicators which reflect the territorial potentials, challenges and diversity of the programming area showing how the potentials and diversity have been used to foster development and how the challenges have been approached.

Suggestions for relevant indicators can be derived from the discussion in chapter 3 of this paper.

- Territorial awareness in the **information / dissemination** activities of the programme – strengthening the territorial dimension in the communication of the programme remains an important element in its overall success.

How this will look in detail depends very much on the territorial characteristics of each programming area. Suggestions e.g. for indicators used to describe the territorial dimension, as well as relevant conceptual approaches, can be derived from the work presented in chapter 3 of this paper.

Proposed action

In order to promote a stronger territorial dimension in respect of the OPs intensified dialogue with (a) the applicable parts of DG Regio sketching the requirements for the OPs and the thematic menus, and (b) the key actors drafting the OPs is necessary. Here, once again, the members of the NTCCP are asked to attempt to convince their national colleagues.

The table 2.4 provides a more detailed consideration of the proposed actions.

Table 2.4. Actions proposed in relation to Operational Programmes

	Required Action	Related Actors
Programme development	<p>Improve the cross-sector dimension of the contract also in the direction of multi-fund programming.</p> <p>Integrate territorial cohesion and the relevant territorial characteristics in the OPs as regards (a) the analysis of the programme area, (b) the programme targets, (c) the programme priorities, (d) the composition of the partnership, (e) the <i>ex-ante</i> evaluation</p>	<p>DG Regio</p> <p>National and regional bodies responsible for the programme development.</p> <p>National and regional bodies responsible for territorial development.</p>
Programme implementation	<p>Strengthen the territorial awareness in the programme implementation when it comes to (a) project generation, (b) selection criteria, (c) indicators, (d) information and dissemination activities.</p>	<p>DG Regio</p> <p>Managing Authorities</p>

Source: own elaboration

Box 2.4. Proactive project generation strategies targeting key-players

The project development process is part of all EU-funded programmes. It involves working with stakeholders e.g. through project development seminars, newsletters, online consultation facilities, info-points, etc. The target group for such efforts is usually the “potential beneficiaries” of the structural fund financing - a large number of bodies theoretically able to apply. In practice however, some insiders, particularly familiar with the jargon and buzzwords of EU-funded programmes, have a decisive edge over their competitors. In practice this entails the “soft” exclusion of those who *could* deliver a significant or even decisive contribution to the implementation of the programme strategy. Some may never even have heard of the programme; others have but had insufficient ‘know-how’ to apply.

Failing to attract such applicants represents something of a missed opportunity. Therefore it seems essential to include in the OPs a section dedicated to place-based project generation (distinct from project development, which should come at a later stage). A project generation process is primarily geared towards the early and proactive mobilisation of key-players, i.e. bodies which, in view of their remit, contain experience and the ability to solve key problems in respect of a given “place”, are necessary to define the nature of the most relevant and innovative projects. Depending on the specificity of a given territory, bodies such as transport authorities and operators, business incubators, environmental agencies, etc., may rank among these key-players despite their unfamiliarity with the programme jargon and procedures. To involve them, a targeted programme communications strategy is key. Classical tools (newsletters, website, events, calls for proposals etc.) are of little use in this respect. Instead there is a need for direct awareness-raising campaigns and proactive contacts with carefully selected programme outsiders. Such a move is essential if a strategic (as opposed to opportunistic) attitude towards EU Cohesion Policy is to be promoted.

Chapter 3: Territorial dimension in practice

In this chapter an attempt is made to show how to effectively bridge the key strategic EU documents and secure their coherent implementation while safeguarding their comprehensive character. The notion of 'territorial keys' is developed to secure correspondence between 'Europe 2020' and the TA 2020 priorities. Territorial keys translate the TA 2020 into a set of task and policy issues which are crucial for the successful implementation of 'Europe 2020', and are directly related to the 'Europe 2020' headline targets. The baseline assumption is that 'Europe 2020' with its headline targets should be taken 'as is' and the main question is thus how to make use of territorial structures to secure its more efficient implementation. A concrete example applying the territorial key for the concentration of policy efforts, tailoring them to the needs of the territory of Poland, then follows.

3.1. Territorial keys for bridging the TA 2020 and 'Europe 2020'

3.1.1. TA 2020 in support of 'Europe 2020' priorities

Box 3.1. The territorial approach to 'Europe 2020' implementation

TA 2020 underlines the importance of the territorial approach to Europe 2020 implementation. The Ministers

"...believe that the objectives of the EU defined in the Europe 2020 Strategy for smart, sustainable and inclusive growth can only be achieved if the territorial dimension of the strategy is taken into account, as the development opportunities of the different regions vary."

In terms of the implementation of 'Europe 2020' spatial planners can propose numerous solutions. In what follows below some of these proposals are outlined. Much more could however be proposed after further in depth strategic debate.

Smart growth means *strengthening knowledge and innovation as drivers of our future growth. This requires improving the quality of our education, strengthening our research performance, promoting innovation and knowledge transfer throughout the Union, making full use of information and communication technologies and ensuring that innovative ideas can be turned into new products and services that create growth, quality jobs and help address European and global societal challenges.* In territorial terms it means: strong economies of agglomeration, the existence of local development *milieus*, a high level of social capital and reasonable transport and e-connectivity options. Translating all these into concrete policy aims one should strive towards: well organised mutually connected urban regions (which do not really suffer from diseconomies of scale); accessibility to knowledge and education and business support services; knowledge-intensive clusters; and the existence of an overlapping network of cities and functional regions covering at least the most densely populated areas.

Sustainable growth means, *building a resource efficient, sustainable and competitive economy, exploiting Europe's leadership in the race to develop new processes and technologies, including green technologies, accelerating the roll out of smart grids using ICTs, exploiting EU-scale networks, and reinforcing the competitive advantages of our businesses, particularly in manufacturing and within our SMEs, as well through assisting consumers to value resource efficiency.* Territorial and territorially-relevant policies should therefore secure space for renewables; support compact and sustainable cities with controlled urban sprawl; and promote environmentally-friendly transport.

Inclusive growth is about *empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society. It is also essential that the benefits of economic growth are spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion.* Inclusive growth is thus about ensuring access and opportunities for all throughout the lifecycle. In territorial terms this requires the diffusion of development towards lagging areas, well-functioning small and medium-sized cities offering skills and jobs, and the diversification of rural economies. Having this in mind the policies should strive towards: fair access to services of general economic interest; the enlargement of functional areas (including the enlargement of the labour market) of small and medium-sized cities; and the promotion of their accessibility.

Table 3.1. The linking issues – issues linking ‘Europe 2020’ and TA 2020

		‘ Europe 2020’ objectives		
		Smart growth	Sustainable growth	Inclusive growth
TA 2020 priorities	Supporting polycentric development	<ul style="list-style-type: none"> Investing in education Interactions between metropolises at the EU scale Interactions between the main national growth poles 		<ul style="list-style-type: none"> Services of general economic interest (sparsely populated areas)
	Partnership and cooperation of urban & rural	<ul style="list-style-type: none"> Focus on territory-bound factors (local <i>milieus</i> etc.) 	<ul style="list-style-type: none"> Compact cities (sustainable cities) 	<ul style="list-style-type: none"> Enlargement of local labour markets
	Territorial integration in cross-border, transnational.	<ul style="list-style-type: none"> Critical mass of means through territorial cooperation Trans-border accessibility 		
	Global competitiveness based on strong local economies	<ul style="list-style-type: none"> Global accessibility European accessibility Focus on territory-bound factors (local <i>milieus</i> etc.) Local innovation systems & networks 	<ul style="list-style-type: none"> Territorial/local related characteristics for energy production 	<ul style="list-style-type: none"> Revitalisation of cities
	Improving territorial connectivity for individuals	<ul style="list-style-type: none"> National and daily accessibility between metropolises Accessibility to the main, and secondary, centres (and between them) E-connectivity Access to energy networks 	<ul style="list-style-type: none"> Public transport Sustainable transport (incl. modal split & intermodal change) Access to energy networks (macro-regional and national grids for renewable energy transmission) Renewable and local energy production 	<ul style="list-style-type: none"> Accessibility to the main, and secondary, centres (including access to services of general economic interest) Public transport
	Connected ecological structures & cultural networks and joint risk management	<ul style="list-style-type: none"> Wise management of cultural and natural assets 		

Source: own elaboration

In section 1.5 above the table 1.1. showing the correspondence between the TA 2020 and 'Europe 2020' was presented. In the table 3.1 this has been made more concrete by identifying the most important issues common to both the TA 2020 and the 'Europe 2020' approaches. Those "linking issues" put 'flesh on the bones' of the original illustrating more profoundly the possible correspondence between the TA 2020's priorities and the 'Europe 2020' objectives.

A similar outcome is obtained when substituting the objectives of 'Europe 2020' with the proposed 'Europe 2020' headlines targets. The vast majority of these are 'spatially blind' but even in this case one can identify the same or similar pattern of linking issues i.e. those securing correspondence between the TA 2020 priorities and Europe 2020's quantified ambitions.

For the empty fields (without linking issues) one should not interpret that they are of no importance at all. They are not relevant only for the territorial approach to 'Europe 2020'. There is a lot of issues spatial planners remain committed to (in relation to the rest of the TA 2020 which will not necessarily commit directly to 'Europe 2020')⁵³.

Table 3.2. The territorial keys with relevant linking issues

Territorial keys	Linking issues
1. Accessibility	<ul style="list-style-type: none"> • Global accessibility • European and trans-border accessibility • National accessibility and daily accessibility between metropolises • Accessibility of the main, and secondary, centres (regional accessibility including services of general economic interest) • Modal split, public transport, intermodal transport change • E-connectivity • Access to energy networks
2. Service of general economic interest⁵⁴	<ul style="list-style-type: none"> • Services of general economic interest (sparsely populated areas) • Access to services of general economic interest • Investing in education
3. Territorial capacities/ endowments/ assets	<ul style="list-style-type: none"> • Territory-bound factors (local <i>milieus</i> etc.) • Local innovation systems & networks • Wise management of cultural and natural assets • Renewable and local energy production • Territorially-related characteristics for energy production • Revitalisation of cities
4. City networking	<ul style="list-style-type: none"> • Interactions between metropolises at the EU scale • Interactions between the main national growth poles, • Territory-bound factors (local <i>milieus</i> etc.) • Accessibility of metropolises and between metropolises
5. Functional regions	<ul style="list-style-type: none"> • Enlargement of local labour markets, • Critical mass of means through territorial cooperation, • Accessibility of secondary growth poles and regional centres • Public transport connections to regional centres. • Compact cities (sustainable cities)

Source: own elaboration

Considering the importance attached to territorial cohesion in the Lisbon Treaty, it is necessary to identify key territorial features positioning various regions in the context of the 'Europe 2020' objectives. Their precise determination is a prerequisite for the integration of the EU Cohesion Policy and other policies with the territorial dimension. Such key features have been identified below by grouping the linking issues into policy-oriented aggregates. This exercise was based on the collective wisdom of the existence of mutual links between the different linking issues (territorial concepts) researched in the context of ESPON and other projects. This considers, for instance, different types of

⁵³ Since there is no correspondence it was not essential (in terms of the territorialisation of 'Europe 2020') to consider some of the issues highlighted in the TA 2020 (i.e. biodiversity).

⁵⁴ After the 5th Cohesion Report we used the notion of services of general economic interest that, in line with the Treaty of Amsterdam, includes education, healthcare and commercial, financial and business services.

accessibility or various types of local assets or different forms of interrelations between cities or regions. Grouping has been necessary to propose policy-relevant territorial concepts in order to overcome the curse of misunderstanding and “devil in the details” constraints. The final outcome is five groups of linking issues termed here, **territorial keys**. These keys open up the territorial dimension of ‘Europe 2020’. They highlight the specific strengths and weaknesses of territories that should influence the selection of measures taken in relation to the delivery of the ‘Europe 2020’ priorities. The thematic content of the territorial keys and their relation to the previously identified ‘linking issues’ is presented in table 3.2.

3.1.2. The essence of the ‘Territorial keys’

The territorial keys bridge the ‘Europe 2020’ and TA 2020 priorities through different types of policies. They translate the TA 2020 into a set of policy tasks and policy co-ordination arrangements, the fulfilment of which is crucial for successful ‘Europe 2020’ implementation. They are close to the notion of “issues” in the place-based approach proposed by Barca. They illustrate to policy makers the aspects of territorial development they should pay close attention to in their policies in order to make their interventions more efficient.

The selected territorial keys are much narrower than the TA 2020 priorities themselves. They cover only topics relating to what the TA 2020 can specifically contribute to ‘Europe 2020’ (i.e. they have a direct relationship to the ‘Europe 2020’ headline targets). This is the reason why some important territorial keys e.g. on habitat connectivity or eco-services maintenance have not been selected although they are relevant in terms of TA 2020 implementation.

Accessibility

Accessibility covers transport accessibility, accessibility to energy networks and e-connectivity. Such factors are important though not sufficient preconditions for the creation of city networks and functional regions. They directly influence smart, sustainable and inclusive growth. They are a product of the infrastructure endowment and of the availability of relevant services. The main problem here arises in complex interactions between accessibility/connectivity and territorial arrangements. The location of cities, ports, airports, tourist attractions, and the density and profile of their economic activities on the one hand generates a demand for transport and e-flows while the existence of transport infrastructures and services determines the location of economic and social activities in space. As proven in relation to the ‘new economic geography’ approach, changes in accessibility can have dramatic implications on the cumulative self-reinforcing catastrophic processes of economic development or implosion. Moreover, transport influences habitat fragmentation, agglomeration disadvantages and climate change. This is the reason why transport and to some extent also e-policies require coordination with territorial, environmental, climate, maritime, competition, trade and single market policies as well as cohesion policy more generally.

Services of general economic interest

Services of general economic interest stand at the origin of the territorial cohesion concept. Such services are defined as *market and non-market services which public authorities class as being of economic interest and subject to specific public service obligations*⁵⁵. Services of general economic interest include electronic communications, postal services, electricity, gas, water, transport, labour market services, education, healthcare, childcare, social care, culture and (social) housing. Some of them will be instrumental in the promotion of smart long run growth (e.g. education as proved, for example, in Finland) while others are important for inclusive growth (e.g. social care). Different types of territories need different accessibility standards for such services. As such, the vast array of policies utilised in the provision of services of general economic interest (e.g. education, healthcare, social care, communications policies, municipal services management etc.) should have a territorial dimension and be coordinated with transport or e-policy within broader EU or national development concepts in order to ensure that the general public enjoys broad and comprehensive accessibility to services of general economic interest.

⁵⁵ EUROPEAN COMMISSION (2001) *Communication from the Commission. Services of General Interest in Europe*. Brussels (2001/C 17/04

Territorial capacities/ endowments/ assets

The long run decline in transport costs and the intensification of global competition dramatically changed the specialisation and co-operation ties of many regions. For instance metropolitan regions that used to be supplied with flowers from their immediate hinterlands are now serviced by cheaper African alternatives. Therefore in line with the predictions made in the context of the new economic geography we can observe the increasing role of immovable resources and endowments in sustaining the economic base of any given territory. One such example here could be economies of agglomeration including research and innovation but equally important seem to be less frequently quoted factors such as: clusters, urban *milieu*, geographical location, cultural networks and natural, particularly, 'green' resources and ecosystem services as well as the level of social capital ("untraced interdependencies" such as understandings, customs and informal rules that enable economic actors to work together under conditions of uncertainty). Lastly, there is the intangible factor, "something in the air", called the "environment" which is the outcome of the combination of institutions, rules, practices, producers, researchers and policymakers, that make up a certain level of creativity and innovation possible. These territorial assets/capacities are critical in the creation and nurturing of future smart and sustainable growth. Together with accessibility and services of general economic interest they form the necessary preconditions for city networking and the creation of functional regions. The challenge is that they are subject to different policies performed at different geographical scales. The majority of these policies are local in nature whereas their consolidated outcome is of EU or at least national relevance. This is the reason why there is a need for better policy integration across the different levels of governance (local, regional, national, macro-regional and EU) and for cross-sector policies e.g. CAP, cohesion policy, environmental, energy, and maritime policy.

City networks

Metropolises and secondary growth poles (e.g. cities with superregional functions) form an important part of the 'economy of places'. Their interactions constitute an economy of flows which is indispensable in sustaining and accelerating, among other things, research, innovation and knowledge-creation i.e. for smart growth. Networking requires both connectivity and the ability of a given place to initiate or be covered by different types of economic and social interactions. To this end the existence of local developmental *milieus* is of primary importance. Networking is a product of numerous policies (urban policy, transport policy, education policy, R&D policy, industrial policy, regional policy, national development policy etc.,) and of the decisions and actions of numerous public and private entities at different geographical scales (multilevel governance). This is the reason why the national, regional, cross-border and transnational coordination of the aforementioned policies is necessary for the emergence of city networks.

Functional regions

A similar role to that of the city networks is performed by the concept of functional regions for coherent contiguous territories. Such regions are formed by adjacent territories tied together by intensive socio-economic relations. Functional regions covered both urban and rural space, integrating the rural economy within the enlarged labour market. One such example here could be labour markets or educational areas served by a college or university. Their role in sustaining a critical mass for development and diminishing the level of vulnerability to external shocks has been frequently underlined in economic and spatial analysis. The ability to form a functional region is crucial for SMESTOs⁵⁶ in particular. Well-functioning functional i.e. compact or sustainable regions or larger cities are also, however, of particular importance here since they contribute to the reduction of agglomeration diseconomies (e.g. pressure for natural environment, congestion, high levels of crime etc.). To achieve sustainable and smart growth a policy facilitating the formation of functional regions both within countries (including urban-rural) and cross-border should therefore be encouraged (joint-ventures for CAP, cohesion policy, national development policies regional policies and urban, environmental and transport policy).

⁵⁶ Small and medium size cities/towns

3.2. Territorial keys in policy making

3.2.1. "Territorial keys" need debate and monitoring at different territorial levels

The right level of debate, monitoring and evaluation of the individual territorial keys necessarily varies. Despite clear EU-wide externalities the use of territorial assets/capacities, national city networks and functional regions should be analysed and discussed initially at the national or even regional level. City networks have to follow concrete territorial characteristics such as population density, urban structure, demographic characteristics, climate characteristics and the structure of the economy among others. For instance, the role of SMESTOs in the far North must, by definition, be different from that in the European core while their functional regions are likely to be larger in spatial terms. While the territorial keys in question should be analysed and discussed primarily at the national level, or lower, the EU level can also stimulate debate by means of implementing relevant guidelines, criteria for fund allocations and similar types of instruments as proposed in chapter 2.

In order to achieve smart, sustainable and inclusive growth there is however a clear need for common territorial denominators at the EU level. These should focus on accessibility and services of general economic interest in the first instance. In addition, the debate on other previously mentioned territorial keys might also be upgraded onto the EU agenda level particularly in respect of their cross-border or macro-regional aspects (e.g. very obvious in the case of the sea space). The above-mentioned territorial keys require EU-level monitoring and evaluation and should be subject to coherent EU-wide data collection and presentation in the most important EU strategic documents e.g. in the Cohesion Reports. This might, in turn, allow for an agreement to be made on some EU-wide or macro-regional headline targets.

The characteristic feature of the EU relevant territorial keys is their EU (or global) reference point (benchmark). For instance for smart and inclusive growth it is important to know which EU territories have transport accessibility levels beyond the EU average. For the sake of sustainable and smart growth the share of the EU population with substandard accessibility to services of general economic interest should be monitored in relation to the achievement of 'Europe 2020' educational attainment or employment targets.

The proposed level of debate and monitoring of the territorial keys is not however identical to the level of policy implementation which is instrumental in addressing the given territorial keys (cf. heading 3.1.2).

3.2.2. "Territorial keys" in policies

The territorial keys are subject to different policies. In section 3.1.2. the following policies were mentioned in relation to different territorial keys:

- Accessibility: transport, environmental, climate policy, e-policy, national/regional development (territorial) policies, maritime policy, competition, trade and single market policies and cohesion policy;
- Services of general economic interest: education, healthcare, social care, communications policies, municipal services management, transport policy, e-policy, national/regional development policies, cohesion policy;
- Use of territorial assets/capacities: local development policies, regional development policies, national development policies (including territorial), CAP, environmental policy, maritime policy, energy policy, cohesion policy;
- City networks: urban policy, transport policy, national/regional development policies, higher education policy, R&D policy, industrial policy, and cohesion policy;
- Functional regions: urban policy, transport policy, national/regional/local development policies, education policy, healthcare policy, R&D policy, industrial policy, environmental policy, and cohesion policy.

The various elements of the territorial keys fall under the competences of numerous policies executed at different territorial levels. Pursuing policies by addressing the territorial keys thus requires, by definition, their horizontal integration (horizontal integration of policies). It also turns the policies into issue-based or issue-oriented ones (cf. chapter 2). In addition, the involvement and responsibility of

the various levels of the public administration differs. The second main observation in this respect then is about the necessity of using the multi-level governance process in pursuing the various territorial keys.

Let us take city networks as an example here. They are the product of decisions made by national, regional and local governments, plus the location and co-operation decisions of businesses and private and professional relations between people. Networks require both well developed nodes and interactions between them. Business concentration and the faster development of certain points in space results, in the main, from economies of scale and economies of scope, institutional factors, accessibility and a number of other territorial endowments (culture, a clean environment etc). Linkages, however, result from the distance resistance, barriers related to financial flows and labour resources and to the ability of nodes to create or sustain co-operation ties.

To achieve this at the local level the correct decisions have to be taken on the quality of the urban environment, the availability of different types of services (education, health, business support, the creation of a friendly working and living environment etc), the efficiency of public transport, the availability of space for new development and the creation of a sufficient supply of human capital with the required skills and 'know-how'. Social capital will probably be decisive to this end. At the regional and local level there is a need to decide on transport questions and on the development of the e-infrastructure and in some cases (e.g. in relation to railways) also about the necessary level of services. At the national level the correct development incentives have to be put in place within the context of R&D policy, industrial policy or education policy in order to guide the allocation of EU support.

Failure within one policy realm i.e. gaps and inconsistencies in the multi-level governance system may then result in unintentional outcomes. The quality of the local environment or even the most intelligent territorial marketing will not substitute for a lack of accessibility. Investments in human capital will lead to the out-migration of the highly qualified elements of the labour force unless R&D policy supports job creation in the knowledge-intensive services and technologically-oriented branches of the economy. Similarly, transport policy enables the flow of people and ideas without excessive costs. However, even ideal accessibility will not enhance growth and will not intensify co-operation without the proper institutions and social capital in place. Although all this seems trivial, the reality shows that all of these considerations and observations are lost in the course of day-to-day policy making. The result is usually a firm demarcation of sectoral policies and the policies of different levels of government leading to an insufficient level of mutual compatibility.

The best way to overcome those obstacles is to pay greater attention to the territorial keys within the various policies discussed. The analysis of the policy relevance for pursuing these territorial keys reveals the primacy of EU Cohesion Policy, followed by transport policy (at different geographical scales) as well as national/regional development policies, strategies or concepts (including territorial questions). The CAP is also important here particularly in respect of the formation of functional regions and in relation to the usage of some territorial assets and capacities. Those policies are of primary importance for pushing forward "territorial" measures in the enhancement of the 'Europe 2020' objectives. Thus, in order to apply more efficiently the territorial approach for the implementation of 'Europe 2020' one should first provide more solid foundations for the territorial approach in respect of those aforementioned policies. Concrete proposals on how to proceed with this task at the EU level have, moreover, already been suggested in chapter 2 above.

3.3. Territorial keys need SMART indicators

A simple and clear-cut GDP/head threshold (e.g. 75% of the average EU value) still makes perfect sense in determining which areas should remain eligible for convergence support. But we need to go beyond GDP and identify targeted indicators fitting the areas in question. The territorial keys offer various indicators which could be used to differentiate within a territory and allow for issue-based concentration and a proper sequence of interventions.

SMART policies need SMART⁵⁷ indicators. Thus far two general types of indicators have been used in respect of policy making at the regional, national and EU levels. The first type of indicator guides fund allocations. At the EU level this is mainly GDP *per capita* though some demographic and labour market indicators are also used. The second type of indicator is used for measuring the progress of interventions. Such tools are generally known as output and result indicators. They allow a judgement to be made on whether basic needs are being met – perhaps in the future ‘Europe 2020’ headline targets will play a key role to this end. Moreover the proposal made by the Commission included some obligatory common indicators to be used for all EU programmes and will be able to monitor the progress of the ‘Europe 2020’ strategy in even greater detail⁵⁸. This model has some key advantages – it is simple, and politically acceptable. As such, its basic foundations need not be challenged.

This model cannot however ensure the issue-based concentration and proper sequence of interventions. Indicators corresponding to a “mainstream development model”, generally implicitly reflect issues encountered in areas that are relatively urban, densely populated and central, to all types of territories. Such indicators create a bias in the perception of social and economic performance of other types of regions and fail to reveal the proper policy-mix suitable in a given region. One may also doubt whether the creation of new research jobs or an increase in the number of patents can offer answer to problems of all types of regions including those in rural and sparsely populated or those that are structurally weak and therefore lagging behind. A similar situation can also be found in well developed areas. Many regions with a relatively high GDP level (above 75% of the EU average) suffer from concrete developmental problems such as the underdevelopment of transport networks or nature conservation deficits. Detecting such problems usually requires additional indicators beyond GDP accounts.

It seems then that issue-based concentration and the proper sequencing of interventions requires new type of indicators. Territorial keys can be of great help in this regard since they offer insight into the specificity of a given territory. They offer indicators covering both place-specific information and flows and relations. This is important in a contemporary socio-economic reality which is shaped both by places (cities and regions) and interactions and flows (of people, goods, information, capital, ideas and know-how). The table 3.3 presents a number of tentative potential indicators quantifying the territorial keys in connection with the ‘Europe 2020’ headline targets.

The development of indicators quantifying the territorial keys will fuel a strategic debate and dialogue between the Commission, the EU member states and the regions aiming at issue-based concentration and proper policy mix with regard to different types of territories. The proposed list is currently far from comprehensive and is intended only to initiate further discussion on the practical ways of pursuing further the notion of territorial keys. However, it is clear that these indicators should be collected and used in line with the subsidiary principle. Uniform indicators covering the entire EU territory usually fail to offer information about more complex regional differentiations. EU territorial cohesion does not mean (is not equal to) territorial cohesion at the national level and *vice versa*. Therefore maps showing potential accessibility (access to people or GDP) within the entire EU and within countries differ significantly e.g. regions accessible at the EU level can be inaccessible at the national level and *vice versa*. This is the reason why some indicators (e.g. indexes of social capital, indicators on functional labour markets etc.,) might be compiled mainly at the regional level while other common/cross-cutting indicators (e.g. accessibility including accessibility to economic services of general economic interest, modal split, educational attainment), should also remain available to make possible data aggregation at higher geographic levels (national/EU). Obviously there is a need here for EU-wide territorial indicators able to influence EU strategies and policies and ensure their place-based orientation (cf. chapter 2).

⁵⁷ "SMART" stands for:

- S Specific (in the case of territorial keys it should be reframed into territory-specific or spatially relevant)
- M Measurable
- A Achievable
- R Relevant
- T Time-bound

⁵⁸ See outcome of the meeting of the High Level Group Reflecting on Future Cohesion Policy (meeting no.9) *Performance Orientation for Cohesion Policy*

Table 3.3. Tentative potential indicators quantifying the territorial keys in connection with the 'Europe 2020' headline targets

Territorial keys	Examples of the main indicators that might be aggregated at EU level/milestones	Examples of other indicators
Accessibility	<p>Potential multimodal accessibility to Europe</p> <p>Potential multimodal accessibility to global space (based on accessibility to main sea port and airports hubs)</p>	<p>Daily accessibility between main cities</p> <p>Time and/or potential accessibility to main cities and hubs in the country</p> <p>Time accessibility to regional capitals by public transport</p> <p>Potential multimodal accessibility to Europe</p> <p>Population inside 90 min isochrone around main cities for road and rail transport</p> <p>Modal split (share of the environmentally friendly modes)</p> <p>E-accessibility (population served by broadband networks)</p> <p>Macro-regional transmission grids (density)</p> <p>Indicators of accessibility to services of general economic interest listed below</p>
Service of general economic interest	<p>Percentage of the population outside 60 minute isochrones from basic services of general economic interest (tertiary education, secondary education, hospitals)</p>	<p>Time accessibility to universities</p> <p>Time accessibility to main hospitals</p> <p>Distribution of education, health and other institutions of services of general economic interests</p>
Territorial capacities/endowments/assets	<p>Share of local renewable energy production (%)</p> <p>Local election turnout</p>	<p>Consumption chains market (eco-neighbourhoods; local products)</p> <p>Renewable energy production</p> <p>Diversification of rural economies</p> <p>Civic society (NGO active share of population, election turnout)</p> <p>Social capital (composite index)</p> <p>Regionalised educational attainment</p> <p>Cultural networks / routes</p> <p>Local share of green jobs</p>
City networking	<p>Daily accessibility between main European cities (air and high speed railway)</p> <p>Trans-national R & D flows</p> <p>Migration and commuting between main cities</p>	<p>Metropolitan regions and their functions (changes in time)</p> <p>Economies of agglomeration</p> <p>Daily accessibility between main cities (European and national scale)</p> <p>Trans-national R & D flows</p> <p>R&D national flows between agglomerations measured by e.g. jointly executed 7th Framework projects</p> <p>Migration between main centres</p> <p>Intensity of students' international exchange schemes and programmes</p> <p>Cross-border labour markets</p> <p>Trends in international trade and local economy openness</p>
Functional regions	<p>Population within 60 minute isochrones (public transport only) from regional capital (labour market) as a share of total population</p> <p>Daily commuting modal split</p>	<p>Economies of agglomeration</p> <p>Time accessibility to regional capitals by public transport</p> <p>Dynamics of SMESTO in low population density areas (population changes)</p> <p>Limiting urban sprawl to areas along main transport axes (share of people in walking distance to public transport facilities, changes in land use)</p> <p>Joint cross-border secondary level schools; joint universities, joint curricula</p> <p>Intensity of students' cross-border exchange schemes and programmes</p> <p>Functional labour markets around cities (commuting)</p> <p>Integration of rural and urban labour market. (commuting, migration)</p> <p>Cities without congestion</p> <p>Cross-border labour markets</p>

Source: own elaboration

3.4. Using the territorial keys

According to Barca the place-based approach assumes that *development /.../can be promoted in (almost) any place by a combination of tailor-made institutions and integrated public investments designed through the interaction of agents endogenous and exogenous to that place*⁵⁹. It is based inter alia on a combination of endogenous and exogenous forces - the exogenous action being needed to bring knowledge and values from “outside” and change the balance of bargaining power within places - where the tension and conflict between endogenous and exogenous forces is accounted for and governed through appropriate multi-level governance tools. The territorial keys might play crucial role in this process. They bring knowledge and values from outside which is of key importance to avoid failures and shortcomings of communitarian or redistributive approaches⁶⁰.

The territorial keys form the basis for the search for concentration in respect of support both in content (issue based concentration) as well as in territorial terms. The already mentioned “linking issues” as well as the indicators quantifying the territorial keys are natural determinants for concentration of public interventions in a given territory. They provide a proper frame for local decisions and policy choices.

The indicators for measuring the territorial keys should meet SMART criteria, namely, they should be:

- a) **Spatially universal**
- b) **Measurable**
- c) **Achievable**
- d) **Relevant**
- e) **Time-bound**

In the case studies, a four-stage procedure operationalising the ‘Europe 2020’ “territorial keys” at the national and regional levels (operational programmes) has been utilised. The proposed procedure is a vehicle for bringing national knowledge and values to the multi-governance decision-making process. It allows us to assess the importance of a given territorial key at the national and regional level in relation to the pursuit of developmental policies. It also leads to the formulation of the principles for issue-based concentration and conditionality for any given territory.

The basic steps of the proposed procedure are as follows:

1. **Identification of the linking issues that are important for a particular territory**⁶¹. Each of the territorial keys have been assigned to specific linking issues (see section 3.1.1). In step 1, all linking issues should be examined for their relevance to the particular territory. Key indicators (including those listed in section 3.3) for measuring “linking issues” should be compiled taking into consideration their ability to measure changes in a given “linking issue” as well as the availability of data. Spatial units (or groups of spatial units) that could be the subject of EU support within the context of a specific linking issue should also be identified here. This process will also include reference to other policies (both European and national) with a direct or indirect territorial impact, which could be used in the development of a given territory.
2. **SWOT analysis**. Within the SWOT analysis linking issues should be used as characteristic of the strengths and weaknesses (as well as opportunities and threats) of individual territories for a specific territorial key.
3. **Spatial typology** for the regional level will be based on indicators selected within the SWOT analysis and characterised by a sufficient spatial variability for the examined territory.
4. **Determining principles for concentration at the level of Operational Programmes**. The primary objective of step 4 should be the determination of the territorially-differentiated objectives of spatial policy in specific regions. In practice this means setting priorities for public investment as indicated by Barca.

⁵⁹ OECD (2011) *Regional Outlook 2011*. Organisation for Economic Co-operation and Development, Paris

⁶⁰ For different approaches see BARCA. F. (2011) *Conclusion. Alternative Approaches to Development Policy: Intersections and Divergences*. in: OECD (2011) op.cit.

⁶¹ First two steps should be performed preferably at the national level e.g. in relation to DIPCs (or EU, or transnational or cross-border level in line with the architecture of the Cohesion Policy and other relevant policies), the last two steps can be performed at the level of functional areas (if not possible at the NUTS 2 or 3 level due to the way how majority of data are collected).

The significance of the particular territorial keys as well as the “linking issues” and indicators varies for different territories. The SWOT analysis will be utilised to reveal the results. It will also analyse other factors connected, either directly or indirectly, with the investigated “territorial keys” (including, in particular, institutional factors). The SWOT analysis will:

- Indicate the general role played by “the territorial keys” as a determinant for the development of a given territory (issue-based concentration);
- Indicate the factors that affect the effectiveness of given actions (including institutional factors) as a determinant for accepting the principles of conditionality;
- Indicate 2-3 linking issues (and following indicators) of key significance for the particular region, which will form the basis for a spatial typology and issue-based concentration.

The spatial typology will allow for the establishment of several types of territorial units. Appropriate directions for the future policies can then be proposed for the identified types of territorial unit. These types would be assigned by:

- rules of prioritisation of actions, rules of concentration (issue-based concentration);
- issue-based conditionality;
- possibility of innovative financial engineering use.

The same region could belong to the group requiring support for certain priorities, while not fulfilling the criteria for others. Thus, typologies based on territorial keys create the basis for a more flexible approach to the architecture of e.g. Cohesion Policy goals, including the rigid division of regions by only one criterion - the size of GDP (75%). Increased flexibility in this regard was proposed in 5th Cohesion Report. For example, through the ability to preserve support (phasing out) for areas with a high GDP, the development of which may be limited by a particular territorial constraint. One example here could be the metropolitan areas of the new EU member states’ capital regions whose GDP has generally exceeded the 75% level of the EU average, while their transport systems remain a barrier to further development, they remain environmentally unfriendly, and are characterised by small labour markets and low levels of access to public services. This in turn contributes to the preservation of social exclusion in their immediate hinterland. Typologies can also serve here as the basis for determining mandatory issue-based priorities.

Establishing targets for the various territorial keys should thus become the basis for the integration of EU and national policies. The determination of types of regions would offer several types of policy-mix pursued within both the cohesion policy and across a range of other activities.

3.5. Territorial examples

3.5.1. Example 1 – Territorial Key: Accessibility CASE STUDY POLAND

STEP 1: Identification of the linking issues

a) Improving global accessibility

As far as regions are concerned, global accessibility means that there is multimodal accessibility to points that connect regional and national transportation systems with world systems. In terms of passenger transport intercontinental airports are just such points, whereas in terms of goods transport – sea ports, cargo airports and some of the road and railway border crossings on the external frontiers of the EU provide the key infrastructure here. The development of global connections is a precondition for the strengthening of the competitive position of Europe, including its position in the knowledge-based economy (smart growth). This concerns the linkages with North America and Far East in particular. The increasingly overloaded port infrastructure of West Europe (Rotterdam and others) is however developing into a serious problem, as is congestion and under-capacity in terms of the airport infrastructure in most important hubs. Under these circumstances, access to global markets can be improved through the creation of alternative transportation connections (in a modal and geographical dimension).

Due to its location on the external border of the European Union, Poland plays a potentially important role in the EU's external relations particularly in the former Soviet space. In the main these are links to the European Union's Eastern neighbourhood (Russia, the Ukraine and Belarus) – cf. Figure 3.1. Transit flows between these countries and Western Europe are growing steadily, predominantly in terms of road usage overloading the available infrastructure and generating significant external costs (environmental, traffic safety related etc).

The transportation of goods and passengers to and from Asia (including China), is, however, to only a small extent conducted through Poland's eastern border. The exception here represents the trade exchange with Kazakhstan. Poland has the infrastructure to support rail transport to Asia (terminals at the crossroads of Western and Eastern European rail gauges, broad gauge line to Upper Silesia). Existing road network development plans overestimated the roles of east-west transit thus the two motorways currently being constructed will connect the eastern border of the country with the Polish-German border. Further development of the transit road connections in Poland does not require additional support under the Cohesion Policy. The modernisation of some railway lines is however required. Crucial here is the development of intermodal solutions shifting the transit of goods to rail transportation. After accession to the European Union and the expansion of terminals, the seaport complex at Gdańsk-Gdynia became the largest EU-based container port on the Baltic Sea. This complex also supports regular container connections to Shanghai. The development of the road infrastructure in the hinterland of the Baltic ports also requires additional support. Polish airports currently do not play a significant role as intercontinental hubs. Their location in the eastern part of the continent nevertheless presents a potential opportunity if congestion in Western European airports continues to increase; Poland's airports may get a chance to expand their connections with Asia.

Possible indicators:

- Time accessibility (isochrones) to the closest airport that provides intercontinental flight services (limit of a number of connections per a week);
- Level of spatial diversification for intercontinental air linkages;
- Time accessibility (isochrones) to the closest seaport (goods transport, limit for a trans-shipment size) or to the closest "dry-port" on the eastern frontier of the EU.

Indicators illustrating global accessibility are now being developed in the ESPON TRACC project (accessibility to container terminals in the transport of goods and intercontinental airports in passenger transport).

In Poland, it is possible to use indicators of the time accessibility to seaports, airports and terminals on the eastern border. It may also be possible to use the share of trade with the countries of the Far East (China, South Korea, Japan) held in overland transportation.

EU assistance for the development of transport networks of global importance should thus be distributed at the national level.

Measures for improvement of global accessibility should be coordinated among Cohesion Policy, regional and transport (TEN-T) policies, maritime policy, competition, trade and single market policies. The external land borders of the EU may also require coordination with EU policies supporting the border areas (European Neighbourhood Policy, and the future of the EU Eastern Partnership).



Fig. 3.1. Transport corridors between the EU and the neighbouring countries

Source: EUROPEAN COMMISSION (2008) *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, concerning the progress of exploratory talks regarding cooperation in the field of transport with the neighbouring countries*. Brussels

b) Improving European and trans-border accessibility

As regards smart growth, it is necessary to effectively improve connectivity among the most important metropolitan centres and other academic and research centres (R&D), which is the basis for the development of polycentric network systems. The diffusion of economic potential as well as knowledge potential from the so-called Pentagon area towards peripheral zones is possible only through the development of polycentric transportation networks. The development of trans-border linkages between major cities is conducive to the exchange of specialists, other workforce components and students. Not all EU transportation systems are however equally well connected. Borders (especially between the old and new EU member states) continue to be lines of significant change for the multimodal accessibility indicators. Disparities in the development and integration of road systems are gradually decreasing. However, the dynamic development of high speed rail that is now taking place in some of the EU states has led to the creation of new divisions and discontinuities.

Comprehensive research on the potential accessibility (in an inter-modal perspective on the NUTS-3 level) on the continental scale, including the Polish territory, was carried out for the first time in 2001 for IASON projects, and subsequently for the ESPON 1.2.1 and 1.1.3 projects. Their update took place in 2006 (Fig. 3.2). Given the geographical location (in relation to the economic core of the European Union) the deterioration in the level of potential accessibility towards the East (and also towards other geographical directions) represents a clear trend. The deficiencies in the infrastructure

are proven by abrupt changes in the level of accessibility. Both in 2001 and 2006, such discontinuities were visible on the Polish western border and on the Vistula line. Simultaneously, the concentration of positive changes in 2001-2006 took place in Central Europe, including western Poland. This was partly the result of investments made in Germany and the Czech Republic, and partly to the progress in building the Polish east-west motorways (A4 and A2). However, the scope of changes in eastern and northern Poland was negligible. It can thus be argued that the widely understood EU accession period improved EU accessibility for some but not all Polish regions. Moreover, on a continental scale the eastern regions of the country can be seen to have undergone further relative transport peripheralisation.

Most of the large transport investments carried out in Poland during the 2007-2013 programming period are located within the TEN corridors. Among the three intersecting Poland-EU priority investments in transport the most advanced is the construction of the A1 motorway (Gdańsk-Czech border) in Corridor VI and the modernisation of the railway line Warsaw-Gdańsk (increasing speed up to 160-200 km/h within the same corridor). To some extent the railway line from Warsaw to the border with Lithuania (*Rail Baltica*) has also been modernised, however the final route-plan in the north-east part of the country has not yet been determined. Other investments connect the Polish transport system to the German network. Integration with the Czech (especially in the western part of the common border), Lithuanian and Slovak networks is, however, much slower. Plans to build high-speed railways in Poland have not yet reached the stage of planning connections into the already existing European high-speed networks. Poland is currently striving to add new routes in terms of national roads and railways to the TEN networks. This could however backfire by fostering the fragmentation of future investment activities.

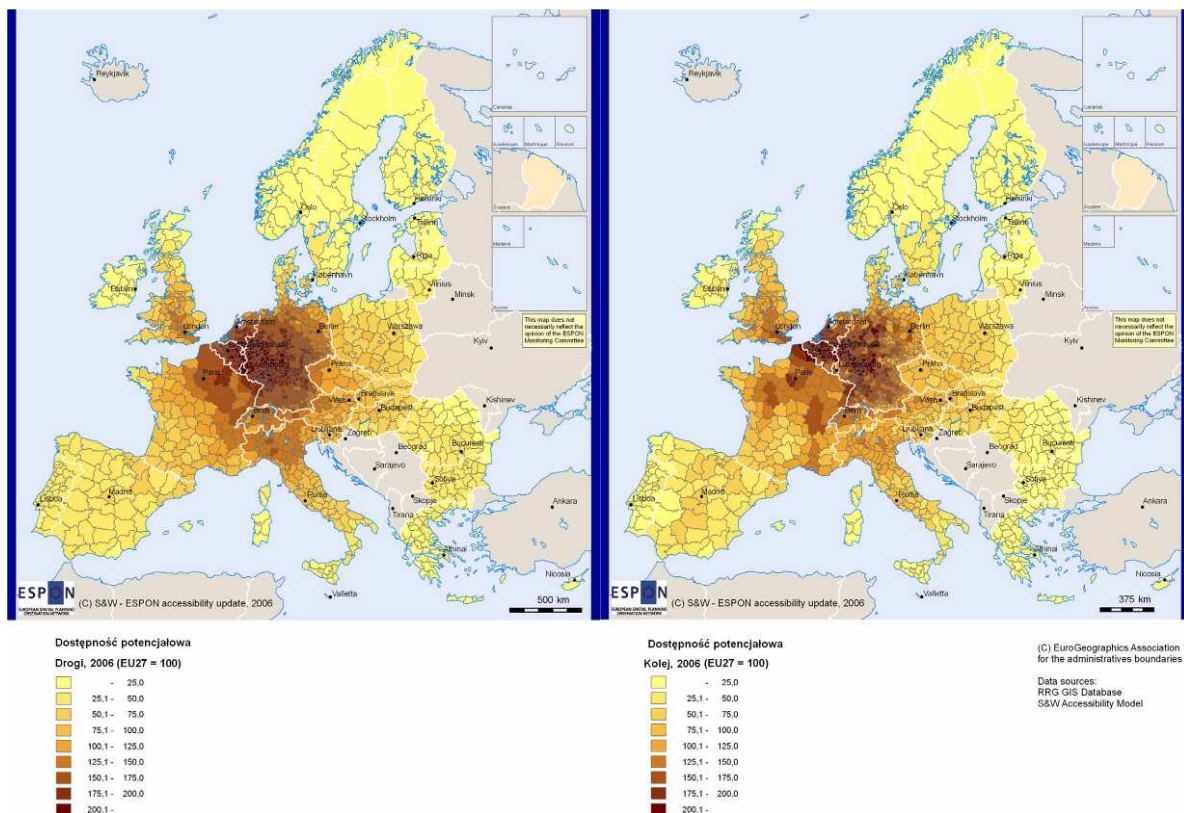


Fig. 3.2. Potential road accessibility (left) and railway (right) in the EU27 in 2006

Source: ESPON (2007) Update of Selected Potential Accessibility Maps (2006-2007), Spiekermann & Wegener Urban and Regional Research (S&W), RRG Spatial Planning and Geoinformation.

Possible indicators:

- Multimodal potential accessibility (European-wide nodes of distribution);
- Road potential accessibility (European-wide nodes of distribution);
- Rail potential accessibility (European-wide nodes of distribution).

The aforementioned indicators have already been developed in the context of the IASON and ESPON 1.2.1 projects. Their results were also indirectly used in the 5th Cohesion Report. At present, these indicators are being modified within the framework of the ESPON TRACC project.

In Poland, we have the possibility to use indicators developed in the framework of European programmes (ESPON). In addition, complementary roles can be played by indicators such as the share of motorways and expressways being built within the TEN-T and within the corridors designated as priorities for EU transport.

EU assistance for the improvement of European and trans-border accessibility should be distributed at the national or regional level.

The integration of development policies on accessibility at the European level should include the Cohesion Policy, transport, maritime, single market and environmental policies, as well as programmes for cross-border cooperation between the EU member states.

c) Improving national accessibility and daily accessibility between metropolises

The development of transportation linkages on a European scale does not always mean however that improvements in terms of inner accessibility follow in the particular EU member states concerned. This pertains in particular to larger states in which neither economic nor knowledge-based potentials are concentrated. The existing (in terms of rank/size and location criteria; cf. the results of ESPON 1.1.1.) advantageous polycentric system is, however, in danger because the criterion of connectivity has not been sufficiently fulfilled. The lack of adequately developed road and railway links between major centres hampers the synergy effect (*inter alia* in the R&D sector). It is also a key barrier affecting the mobility of the workforce and students.

In 2010, the highest values in terms of the potential multimodal accessibility index (calculated for a set of units LAU1⁶²) were observed in southern and central Poland, especially in the outer zone of the Upper Silesian conurbation, Łódzkie region and in the eastern part of Wielkopolskie region. Significantly lower values were recorded in the metropolitan areas of Katowice, Łódź, Poznań and Warsaw. The value of the index of potential multimodal accessibility decreases significantly from the above-mentioned agglomerations towards the east and north, and to a lesser extent also to the west. The weakest accessibility levels are observed in the nodes of regions: Zachodniopomorskie, Pomorskie, Warmińsko-Mazurskie, Podlaskie and Lubelskie. Regional disparities are generally higher for the freight index than for passengers. This is due to the greater concentration of economic potential than the demographic one and the higher share of railways in the transportation of goods (with simultaneous disparities in the density of the railway network, especially the modern one)⁶³. It is however worth noting here the lower values of the index for the north-western (with Szczecin) and south-western (with Wrocław) regions, which have, in relative terms, the best European accessibility. Differences in the level of accessibility at the national level arise from inadequate levels of transport integration between the largest centres. Poland, in comparison with other European countries, is a country with a decidedly 'polycentric' settlement structure. During the transition period of the 1990s despite this historical tradition certain functions were increasingly concentrated in Warsaw. The development of network systems is conditioned by the construction of efficient road and railway connections between major centres. The level of connection between large peripheral cities and the capital, as well as among themselves is of particular importance. Previous transport policy principles tended however to give priority to investments supporting transit. The change away from these assumptions is being planned in the document 'Poland's Spatial Development Concept 2030', which is currently in the final stages of preparation⁶⁴. Summing up, the weak connections between Polish metropolises represent the largest transport barriers to regional development.

Possible indicators:

- Multimodal potential accessibility (nation-wide nodes of distribution);
- Daily accessibility between the main centres of a particular country (average travel time, average

⁶² LAU – Local Administrative Unit; LAU1 and LAU2 are the equivalents of the NUTS 4 and NUTS 5 units.

⁶³ Based on: KOMORNICKI T., ŚLESZYŃSKI P., ROSIK P., POMIANOWSKI W., (2010) *Dostępność przestrzenna jako przesłanka kształtowania polskiej polityki transportowej (Spatial Accessibility as a Background for Polish Transport Policy)*. Biuletyn KPZK 241, Komitet Przestrzennego Zagospodarowania Kraju PAN, 167 ss., Warszawa [In Polish].

⁶⁴ For details please see: ZAUCHA J. (2011) *Territorialisation of the Polish national development policy*. in: ZAUCHA J. (Ed.) "Territorial Cohesion - Baltic Sea Region examples. Baltic contribution to the Revised Territorial Agenda of EU". „Ecoregion Perspectives”, Baltic 21 Series No. 1/201. pp. 38-41

speed of public transport travel or yes/no indicator – possibility of one day return travel by public transport).

A methodologically standardised, multimodal accessibility indicator will be developed for the particular states concerned under the framework of the ESPON TRACC project. Moreover, in many countries similar indicators already exist (among others in Spain, Poland and the Czech Republic). Daily accessibility indicators were utilised in a European context in the ESPON 1.2.1 project. They are also calculated for the transportation systems of some countries (including Poland).

In Poland, for the purposes of European Union project evaluation, IGSO PAS has developed a national indicator of multimodal transport accessibility. At present it allows us to perform an analysis of potential accessibility on the LAU1 level (Fig. 3.3). Also currently under development is a methodology that allows for the estimation of potential accessibility on the level of communes (LAU2). Data is also available to assess the level of daily accessibility between agglomerations. A set of indicators is also being developed in the context of the ESPON TRACC project, where the Polish territory is one of the case studies analysed in detail.

Potential support for improving national accessibility and daily accessibility between metropolises should be directed to the regional units (NUTS 2 or NUTS 3) or to local government units or their associations (e.g. along transport corridors or in metropolitan areas). The enhancement of the mutual accessibility of metropolitan centres requires the coordination of Cohesion Policy with: transport (TEN-T), competition (synergy effect), environmental (including climate policy), employment and education (workers and students mobility within knowledge-based City networks) policies.

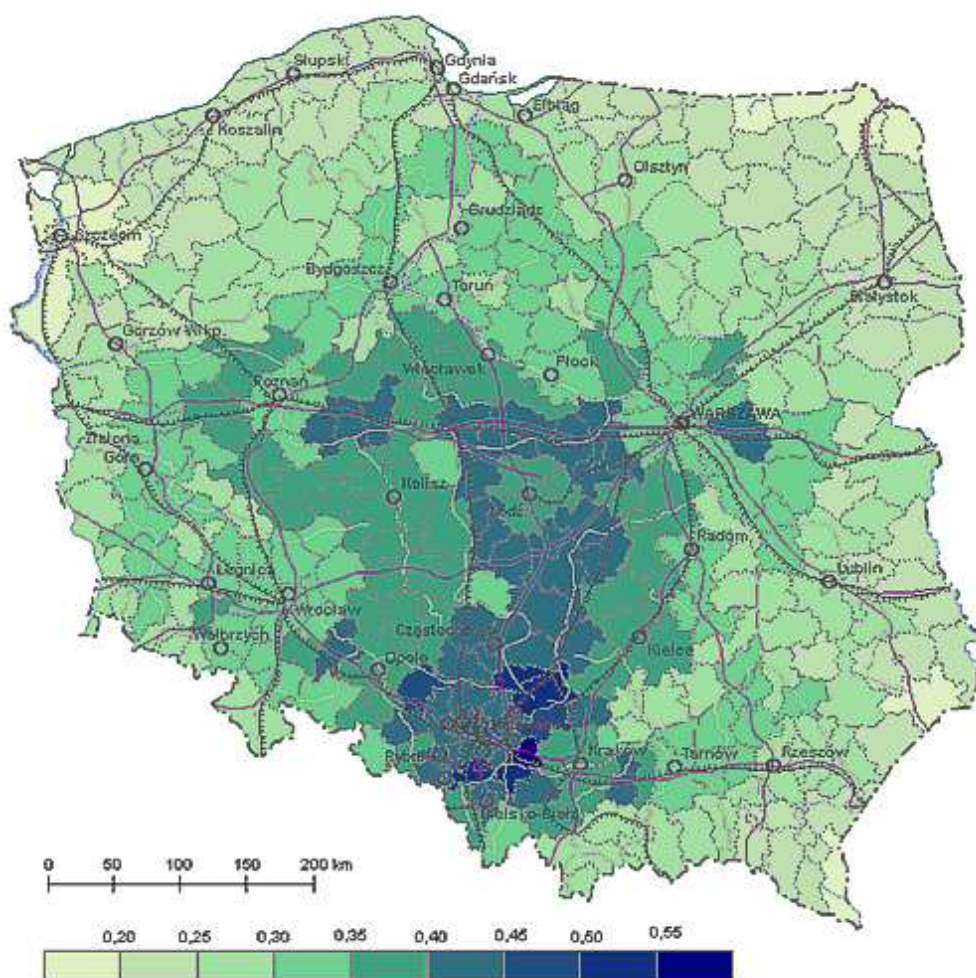


Fig. 3.3. Multimodal transport accessibility of Poland (LAU1 level)

Source: KOMORNICKI T., ŚLESZYŃSKI P., ROSIK P., POMIANOWSKI W. (2010) *Dostępność przestrzenna jako przesłanka kształtowania polskiej polityki transportowej* (Spatial Accessibility as a Background for Polish Transport Policy), Biuletyn KPZK 241, Komitet Przestrzennego Zagospodarowania Kraju PAN, 167 ss., Warszawa [In Polish]

d) Improving accessibility of the main and secondary centres (regional accessibility including accessibility to services of general economic interest)

Transport accessibility to metropolises and secondary growth poles is a precondition for the diffusion of development impulses. It creates the possibility to expand labour markets as well as the supply base for educational units at the higher and secondary levels. As many services of general economic interest are situated in major centres, it is of key importance to guarantee the appropriate level of access to these services in order to counteract social exclusion within peripheral areas. Moreover, transport accessibility is, at the same time, the basis for the development of functional regions (FUA's), within which it is possible to pursue cooperation and integration, in a traditional sense, between urban and rural areas. Public transportation plays a particularly important role at that level of accessibility.

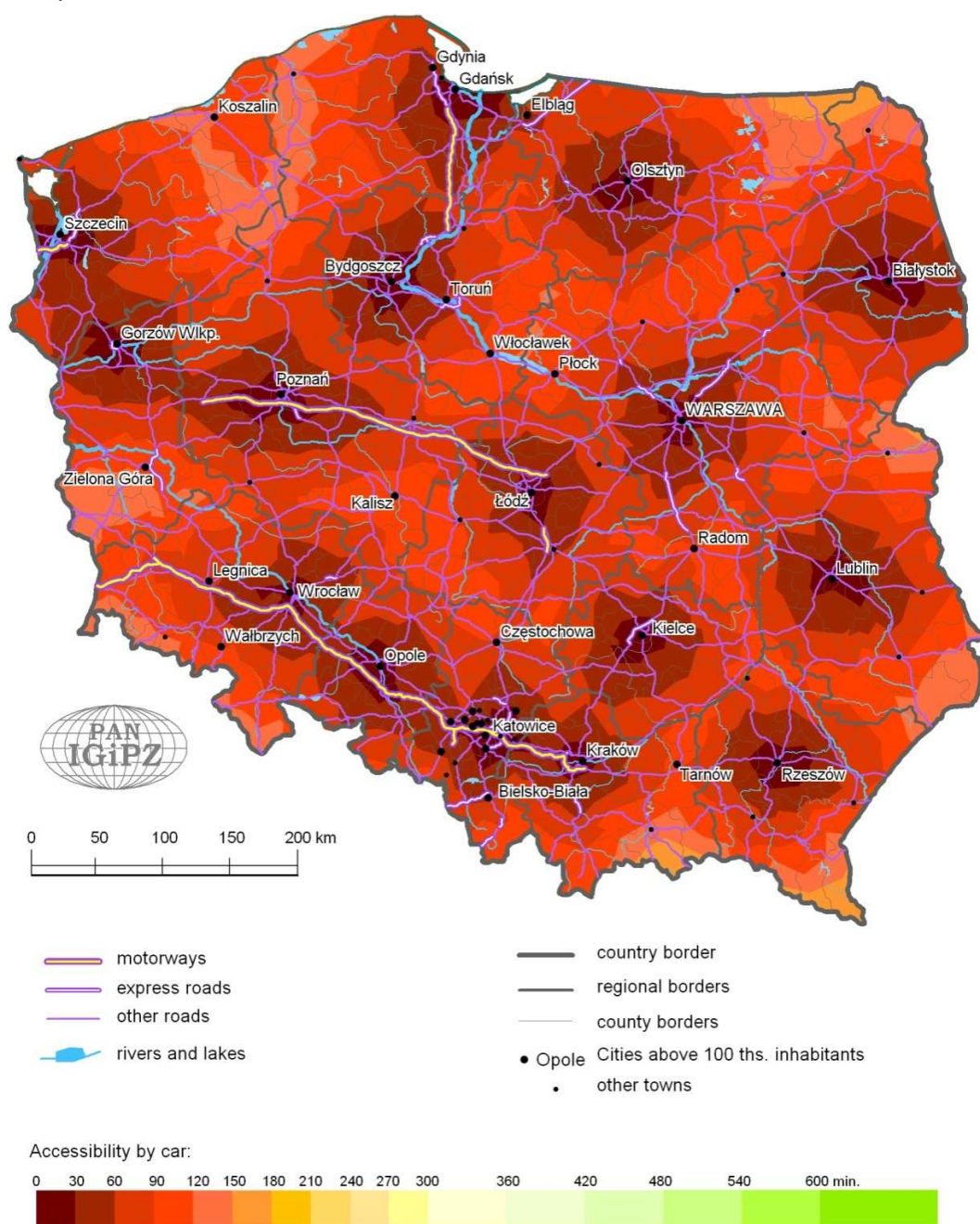


Fig. 3.4. Road accessibility to regional centres (2010)

Source: KOMORNICKI T., ŚLESZYŃSKI P., ROSIK P., POMIANOWSKI W. (2010) *Dostępność przestrzenna jako przesłanka kształtowania polskiej polityki transportowej (Spatial Accessibility as a Background for Polish Transport Policy)*, Biuletyn KPZK 241, Komitet Przestrzennego Zagospodarowania Kraju PAN, 167 ss., Warszawa [In Polish].

The Polish regional and local road network is quite evenly distributed. The significant increase in traffic that occurred after 1990 caused network congestion, particularly in major metropolitan areas (labour markets), and in some tourist areas. At the same time there was both a technical and an organisational decline in railway transport provision. The effect of this was that the major problem became one of accessibility (by both road and rail) to the largest and secondary centres. New investment began within the first few years of Polish EU membership focusing mainly on transit routes (financed through the Cohesion Fund) and on regional routes outside the major metropolises. Little investment was however directed towards the roads leading into the major cities; as such, the existing bottlenecks remained (e.g. in the area around the capital). Investment in public transport was, in the main, focused on inner-cities. Problems over the institutional and technical integration of urban and regional public transport systems however remained. Current investment in Poland's regional infrastructure mostly concerns the upgrading of regional and local roads. Such investments are not always however undertaken in a coordinated manner. The decisive factor here is usually the quality and condition of the road surface, which has superseded the problem of overall accessibility of city centres. Current policy in this area effectively supports the fragmentation of funds from the European Regional Development Fund. According to the evaluation study for the 2004-2006 (2009) programming period, up to 50% of local transport investments would have been implemented even without external support. Meanwhile, many major projects (including rail and intermodal) are not implemented for the lack of funds.

Possible indicators:

- The percentage of the population living outside the isochrone of 60 minutes from metropolitan centres and secondary growth poles (in private and/or public transport)

This indicator is employed in many countries, with the use of various threshold values for travel time. The ESPON TRACC Project will be using an indicator of the number of jobs accessible to place of residence within 60 minutes, as well as related indicators concerning the temporary availability of services of general economic interest (hospitals, medical care and schools).

In Poland, it is possible to analyse the time accessibility to the centres of various administrative and statistical levels (see the example of regional centres – Fig. 3.4). This gives us the possibility to calculate the population number within and outside any isochrones. It is also possible to chart the accessibility analysis of various types of services. The problem here is analysing the distribution of jobs, since Polish official statistics do not carry information on companies with fewer than 9 employees.

Policy support (national and EU) for improving accessibility to regional centres should be directed to the regional units (NUTS 2 or NUTS 3 and LAU1), to associations of local government units or even to individual local authorities (metropolitan areas and tourist regions).

The improvement of accessibility in respect of major and secondary centres requires the integration of the Cohesion Policy with a number of other policies, mainly, employment, education, health (access to services of general economic interest) and social policy (including actions against social exclusion, and supporting housing), as well as with transport and environmental policy. To some extent activities under the common agricultural policy (especially in relation to suburban areas) should also be taken into consideration here.

e) Changes in modal split, the development of public transport and intermodal transport chains

Objectives related to the reduction of CO₂ emissions (sustainable growth) are to a larger degree coincident with policies oriented towards meeting the energy challenges (increases in the prices of liquid fuels). Pursuing these objectives, in the context of the improvement of spatial accessibility, is possible through changes in modal structure, enhancing transport efficiency, as well as by way of reducing the demand for transport (among other things through improvements in e-accessibility). Modal changes are of particular importance to goods transport (growing significance of intermodal solutions) as well as to passenger movement services within the area of major centres (public transportation).

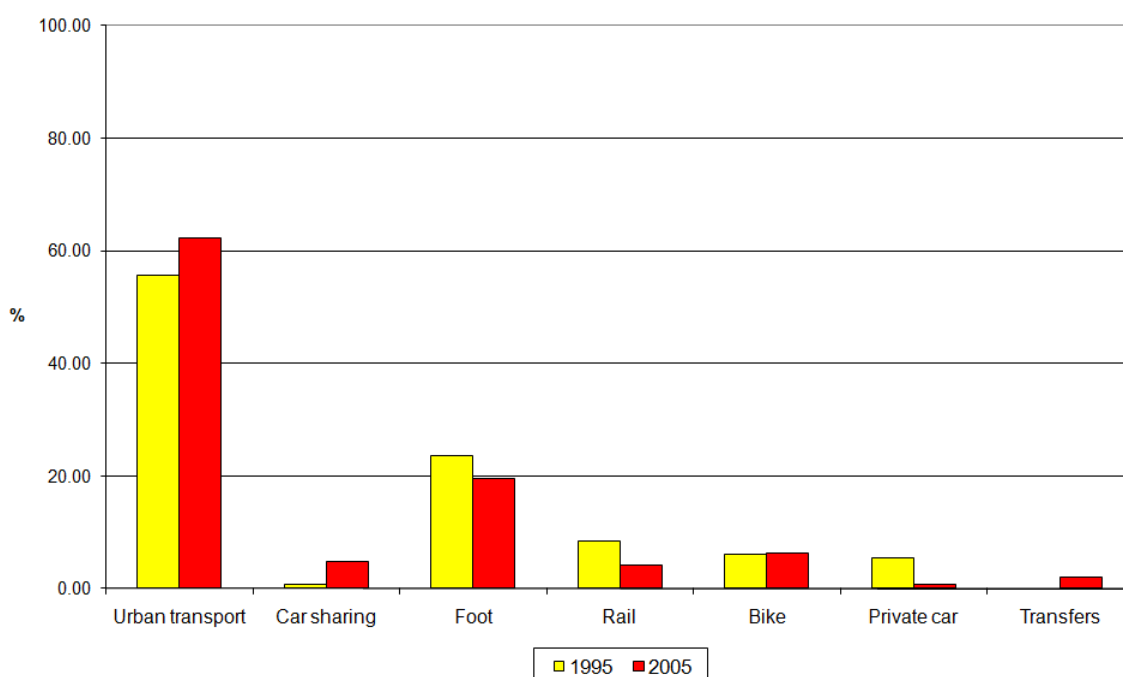
After 1990, there was a clear acceleration in the process of change in the structure of modal transport for both freight and passenger, which had been launched previously. In both cases the role of the

railways and inland shipping was systematically decreased while that of road transport increased and, after 2004, the air transport also began to increase (deregulation of the market). This was supported by the de-concentration of economic activity and jobs, and with time by the suburbanisation process. There has also been a massive increase in private car ownership. Under-investment in the railway infrastructure has been systematic with many lines closed to traffic, or even completely discontinued. Journey times for rail transport also increased significantly.

These processes are, moreover, exacerbated by the institutional inertia of the national rail carrier. The operation to restructure the Polish national railway system began after 2000. It resulted in freight transport (declining in terms of transport share), but did not lead to significant changes in passenger transport. The national railways have also become the beneficiaries of EU structural support since 2004. The effectiveness of the Cohesion Fund and the European Regional Development Fund spending was however rather lower than in the area of road transport. The investment process is longer and contributes to a temporary degradation in the accessibility of rail traffic. The new Poland's Spatial Development Concept 2030 suggests a concentration of rail investments in certain segments of the freight and travel market, in which they should be preferred due to prevailing environmental and social factors. This considers: a) long-distance freight transport (especially in transit), b) passenger transport between the agglomerations (including the major cities in neighbouring countries - Berlin, Prague and Vienna), c) passenger transport between the major agglomerations and their hinterlands. The same document, but also accepted in the 2008 Master Plan for the Railways, assumes the construction of a high speed railway from Warsaw and Łódź to Poznań and Wrocław. The Poland's Spatial Development Concept also assumes the extension of high speed railway lines to Berlin and Prague. The change in the structure of passenger transport in major metropolitan areas requires the integration of the railways with urban and individual transport (park and ride) and sometimes the construction of new roads (including those connecting airports).

Possible indicators:

- The share of railway and cabotage in total (regional) passenger and/or goods transport.
- The percentage of the population who use public transportation (among total number of people that commute to work in major centres).



* The stakes of the diagram depict the shares for public transport (bus, tram, metro), a car belonging to another person, walking traffic, suburban or regional train, bicycle, private car, transfers

Fig. 3.5. Means of transport used in commuting (Counties - LAU1 - with high level of car ownership)*

Source: KOMORNICKI, T. (2011) *Przemiany mobilności codziennej Polaków na tle rozwoju motoryzacji*. Prace Geograficzne, 227, p. 94.

There are however difficulties here in obtaining reliable data. In many countries, data concerning the modal structure is simply not available in a regional context. In many cases, these kinds of statistics are concerned only with public transportation. There are however data estimates calculated with the use of models. The majority of the data available on the structure of commuting to work comes either from national censuses or from sample surveys of traffic carried out within the particular metropolitan areas concerned.

In Poland there is no complex spatial research of modal split in passenger transport. It is possible to use traffic studies undertaken by the various local government units (mostly large cities such as Warsaw's traffic study) and selective scientific analysis. An example of this is shown in Figure 3.5 change in pattern of use of means of transport in work commuting, which covered both the private car owners and other people.

Possible EU support for modal split enhancement should be streamed into two directions: on the national level (inter-modal solutions, particularly in the transport of goods) and on the local government level and their associations (metropolitan areas and integrated public transport).

The enhancement of the modal split should involve the coordinated activities of the Cohesion Policy and various other policies: urban, environmental, social (public transport), transport (inter-modality), research and development (new technical, logistic and organisational solutions in transport).

f) Improving e-connectivity

The development of Tele-Information networks at all spatial scales (global, European, national and regional) contributes to the creation of added value – through the cooperation of research units (R&D). It provides the possibility for international workgroups and tele-working as well as e-education in a transnational dimension. In terms of the regional scale, it may additionally reduce the risk of social exclusion by way of e-employment, e-education and e-services. In addition to a well-developed infrastructure, another precondition here is the development of e-services more generally (also including e-administration) and the raising of the e-competency of the population

In the 1980s Poland had one of the least developed telephone networks in Europe, especially in its rural areas. The shortcomings of the land-based telephone network explain, in part, the unusually fast development of mobile telephony. Mobile networks were able more efficiently meet the growing demand for telecommunications services. The digital GSM network covered the whole country. By 2004, the number of active SIM cards has grown larger than the number of subscribers with traditional phones (which started to decline), and in 2007 exceeded the number of the population as a whole and became similar to most other European countries. Thus it can be assumed that in Poland technological changes outdistanced institutional ones, allowing the country to quickly make up for traditional delays in the telecommunications field. The lack of a developed cable network has however become a barrier to Internet access in peripheral areas. The level of Internet access is increasing but is still significantly lower than in other EU countries. Some groups in society remain outside those covered by the telecommunication networks, especially broadband Internet access. Their resulting "digital exclusion" has, in part, a social dimension (low income, lack of needs) whilst also being technological and spatial one (especially in the outermost rural areas) in nature. Another barrier to development is the strong position held in the market by the former national Telecom company (*Telekomunikacja Polska*), which prevails over the underdevelopment of the backbone network (cf. Fig. 3.6) while entering into regular and protracted conflicts with the regulatory authority.

Possible indicators:

- Percentage of households with access to broadband Internet;
- Level of development for e-services and/or e-administration (e.g. the percentage of tax returns by electronic means);
- Number of IP addresses per 1000 inhabitants.

At the regional level, over the area of a large part of Europe, data was collected for the needs of projects such as: ESPON 1.2.2. (Telecom trends) and 1.2.3. (Information society). However, these data set were far from complete (they did not include the new EU member states). Besides, in view of the dynamic nature of the industry the majority of this material has lost its relevance. Recently ESPON has managed to collect data on the number of IP addresses per 1000 inhabitants in NUTS 3 units. In Poland, data on access to the Internet comes from research carried out by the Central Statistical Office, based on a representative research sample.

In those countries with an underdeveloped IT backbone network the potential beneficiaries of public interventions/support should be identified both at the national and regional level as well as at the local level (local governments), in the other countries support should be directed mainly to municipalities or their associations (local networks, excluded areas, public wireless access, increasing levels of e-competence etc).

To improve its e-connectivity the Cohesion Policy must be better coordinated with the policies relating to the information society and media, research and development, the promotion of innovation, as well as social, educational (e-competence and access to e-services) and employment (tele-work) policies.

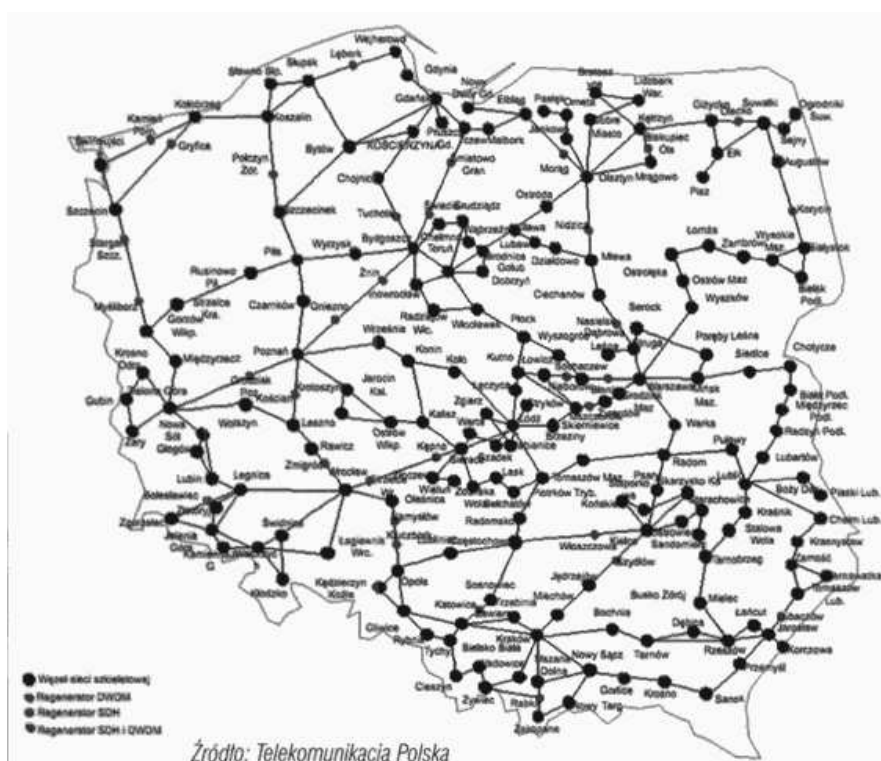


Fig. 3.6. Polish Telecom's (Telekomunikacja Polska) backbone network

Source: cf. www.webhosting.pl, 10.12.2010

g) Improving access to energy networks

Access to transmission networks has an important European and local dimension. On a continental scale the single most important problem is the improvement of cross-border electricity transmission networks, gas and liquid fuel pipelines. This is a prerequisite for building a single market in energy and ensuring energy security for the member countries. At the local level, the most important problem is the quality of existing energy networks. In the peripheral areas of some EU member states the lack of quality in this regard represents a significant barrier to local development. Local networks are often simply not capable of receiving energy from disperse sources, which is a prerequisite for the development of energy based on renewable sources.

In the period 2002-2006 a near 10% increase in the domestic consumption of primary energy took place in Poland. Coal (at nearly 50%), plays the largest role in the Polish energy balance, followed by crude oil, lignite and natural gas. The share of energy production from renewable energy sources is about 5%. In terms of Polish energy production the most essential role is played by solid fuels extracted from within the country itself. A different situation exists for imported liquid fuels and natural gas. During the transformation process coal extraction was significantly reduced, from about 120 to about 85 million tons per year. However after 2000 a rapid increase in domestic energy consumption can be observed; primarily in the form of liquid and gaseous fuels. Nevertheless, coal remains a key fuel in terms of national energy security. Its reserves are identified as large (about 17 billion tons), but

extraction requires considerable investment. In addition there are also large deposits of lignite. In total, coal and lignite amount to some 90% of the fuel resources used in Poland to produce electricity.

Use of renewable energy sources (RES) remains small, which has created an additional threat in the context of the European Union's policy on CO₂ emissions. Opportunities for the development of renewable energy sources exist but they cannot be a full alternative to conventional energy. The gradual development of wind power (including the coast and waters of the Baltic Sea) has begun, as well as small hydropower plants and biomass processing (northern Poland). The beginning of the transformation caused a reduction in energy consumption due to the decline of industrial production and other technological changes. Polish power plants then began to generate an energy surplus. This led to an almost complete stoppage of investment in both the power plants and transmission networks. Despite the considerable expenditure incurred, the construction of a nuclear power plant, under the pressure of public opinion, has been abandoned. After 2000, the demand for electricity started to rise again, but the modernisation of power plants and transmission networks has been delayed by at least few years. Summing up, Polish energy grids need better integration with European networks (connections with Germany and Lithuania) and need also to be better adapted to the distribution requirements of the electricity generated from renewable sources.

Possible indicators:

- Density of energy networks;
- Households with access to gas network;
- Quality of electrical energy transmission networks.

Data on the density and location of basic energy networks is available at European and member state level. Information on the equipment of households in each network is also available. The primary problem is however access to information on the quality of the transmission grids.

Access to data transmission networks (in particular their quality) in a spatial context in Poland is limited. Data is however available on household access to electricity.

For the development of both European and national networks possible support should be directed to the national level. For the development of renewable energy and its associated transmission networks support should go to the national and possibly also the regional level.

In relation to the improvement of energy accessibility the Cohesion Policy should be integrated with energy, single market and environmental policy. It is also important to coordinate these actions with the common agricultural policy (energy based on biomass production, bio-fuels etc).

General Notice

Due to the differential nature of the indicators on access to energy networks in future they will be treated as an auxiliary indicator.

Other factors important for Poland here include:

Road safety

Poland has one of the highest rates of road accidents in Europe with the number of accidents steadily increasing. At the same time, however, the number of fatalities has been reduced, mainly due to the ongoing modernisation of the car fleet. The poor quality of the road infrastructure is an important factor determining road safety in Poland. This consists of both a lack of modern collision-free routes (motorways, freeways), and the underdevelopment of local networks (features reducing collisions, traffic calming, etc.). Data on road accidents in Poland is collected by the Police and can be acquired at the communal level (LAU2). There is no public information collected by road sections, allowing for a more appropriate assessment of the implementation of investment solutions. Evaluations for the EU funded transport investments in the years 2004-2006 (2009) confirmed that the one of the major strengths of the transport infrastructure modernisation process is increased traffic safety. In the same study an analysis of the spatial changes in the accident rate has also been undertaken (cf. Fig. 3.7).

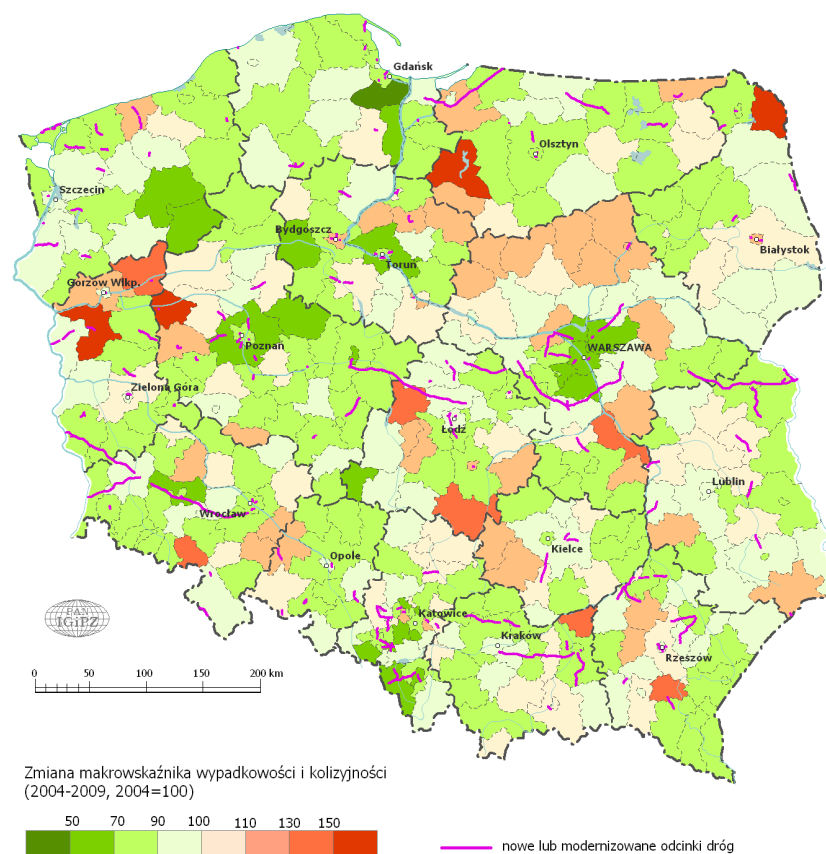


Fig. 3.7. Changes in Road Safety indicator (2004-2009)

Source: Ocena wpływu inwestycji infrastruktury transportowej realizowanych w ramach polityki spójności na wzrost konkurencyjności regionów (w ramach ewaluacji ex post NPR 2004-2006), 2011, Narodowa Strategia Spójności, Ministry of Regional Development, Warszawa

STEP 2: Identification of the territorial issues and indicators important in the development of POLAND
– SWOT analysis

SWOT analysis for the entire territory of Poland

<i>Strength</i>	<i>Weaknesses</i>
<p>Good infrastructure of sea ports and dry ports on the Eastern border</p> <p>High European accessibility of western provinces</p> <p>Significant own energy resources (in some regions, also for RES)</p> <p>Numerous road investments from EU sources for modernisation of road infrastructure</p> <p>Other factors <i>geographical location</i></p>	<p>Low level of European accessibility of central, North and Eastern provinces</p> <p>Poor National accessibility (mutual accessibility between main MEGA's)</p> <p>Poor accessibility of metropolises and secondary growth poles,</p> <p>Under-investment in the railway network and the slow speed of its restitution</p> <p>Lack of High Speed Rail</p> <p>Institutional inertia in railway transport</p> <p>Lack of road pricing</p> <p>Poor broadband internet infrastructure</p> <p>Lack of adaptation of transmission grids to receive electricity from renewable sources</p> <p>Other factors: low level of road traffic safety</p>
<i>Opportunities</i>	<i>Threats</i>
<p>Global accessibility based on Eastern rail connections and Baltic ports</p> <p>Possibilities of Polish-Czech transport connections development</p> <p>The New Spatial Development Concept principles strengthening the role of internal and European connections and at the expense of transit</p> <p>A spatially extensive rail network</p> <p>The potential for RES in northern Poland</p>	<p>Restrictions on investment activities as a result of the economic crisis and the growth of public debt</p> <p>Modal split (growing dependence of car mobility)</p> <p>Low level of e-competency (peripheral areas)</p> <p>Institutional factors <i>strong state railways lobby</i></p> <p>Tightening of EU climate policy</p>

The results of the SWOT analysis prove that the territorial key of “Accessibility” is of primary importance for Poland. Support in this regard should be provided under the framework of the Cohesion Policy.

The principle of issue-based concentration

In Polish conditions, the development of accessibility, and following that the development of the transport infrastructure, telecommunications and energy remains a priority for cohesion policy. It should allow concentration of EU funds for investments. However, one should avoid thematic concentration on accessibility i.e. similar mix of measures for accessibility improvement for the whole territory of Poland. Instead issue-based concentration is necessary i.e. improvements in accessibility in line with the needs of different parts of the Polish territory.

The basic indicators, that allow for issue-based concentration, which may be strongly conditioned by external support for relevant investments include:

- European and trans-border accessibility,
- National daily accessibility and accessibility between metropolises,
- Accessibility of main centres and secondary growth poles,
- Changes in modal split.

The improvement of indicators related to e-accessibility and access to energy networks depends much more on the relevant regulations which facilitate the functioning of the market and thus the actions of private investors.

Issue-based conditionality principle

The SWOT analysis also provided the basis for the assumption that the necessary precondition for effective assistance (investment support) should be the enhancement of solutions favouring modal changes, including, among others, the introduction of a system of road pricing. An institutional precondition for support could also be the restructuring of the railway companies.

STEP 3: Spatial typology

To produce a spatial typology one should first select indicators characterised by their;

- importance on the national level
- susceptibility to the actions of policy interventions (e.g. the support of the Operational Programmes)
- strong regional differentiation

Out of the four aforementioned basic indicators, that allow for issue-based concentration only two satisfy all of the conditions:

- European and cross-border accessibility,
- National accessibility and daily accessibility between metropolises.

Both rates are highly differentiated across the country. In contrast the accessibility of the main centres and secondary growth poles and modal split are characterised by relatively low levels, but levels of equal magnitude, across the entire Polish territory. Therefore possible support for improving the modal split and accessibility of regional centres should be the same for the whole territory of Poland. Support is necessary regardless of a given territory's endowment of transport infrastructures. The regions with relatively well developed transport infrastructures also deserve support for modal split and accessibility to regional centres. Among the additional factors that should be considered while supporting accessibility is the improvement of road safety.

As such, it has been recognised that the basic indicators needed to produce the typology are as follows:

- Potential accessibility at the European level;
- Potential accessibility at the national level.

Based on the baseline indicators, four main types of regions, corresponding to the territorial accessibility level, have been detected (Figs. 3.8 and 3.9).

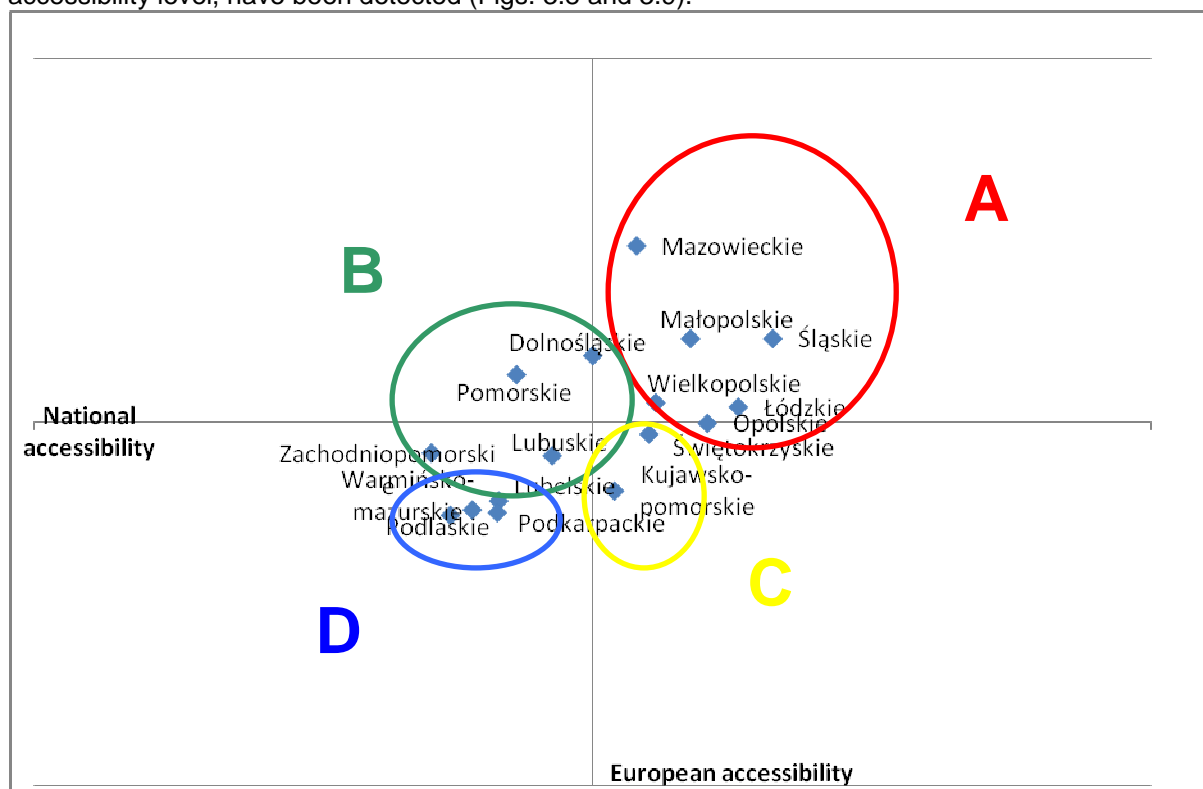


Fig. 3.8. Typology of regions based on territorial accessibility

Source: own elaboration based on: 1) ESPON database and 2) KOMORNICKI T., ŚLESZYŃSKI P., ROSIK P., POMIANOWSKI W. (2010) *Dostępność przestrzenna jako przesłanka kształtowania polskiej polityki transportowej (Spatial Accessibility as a Background for Polish Transport Policy)*. Biuletyn KPZK 241, Komitet Przestrzennego Zagospodarowania Kraju PAN, 167 ss., Warszawa [In Polish].

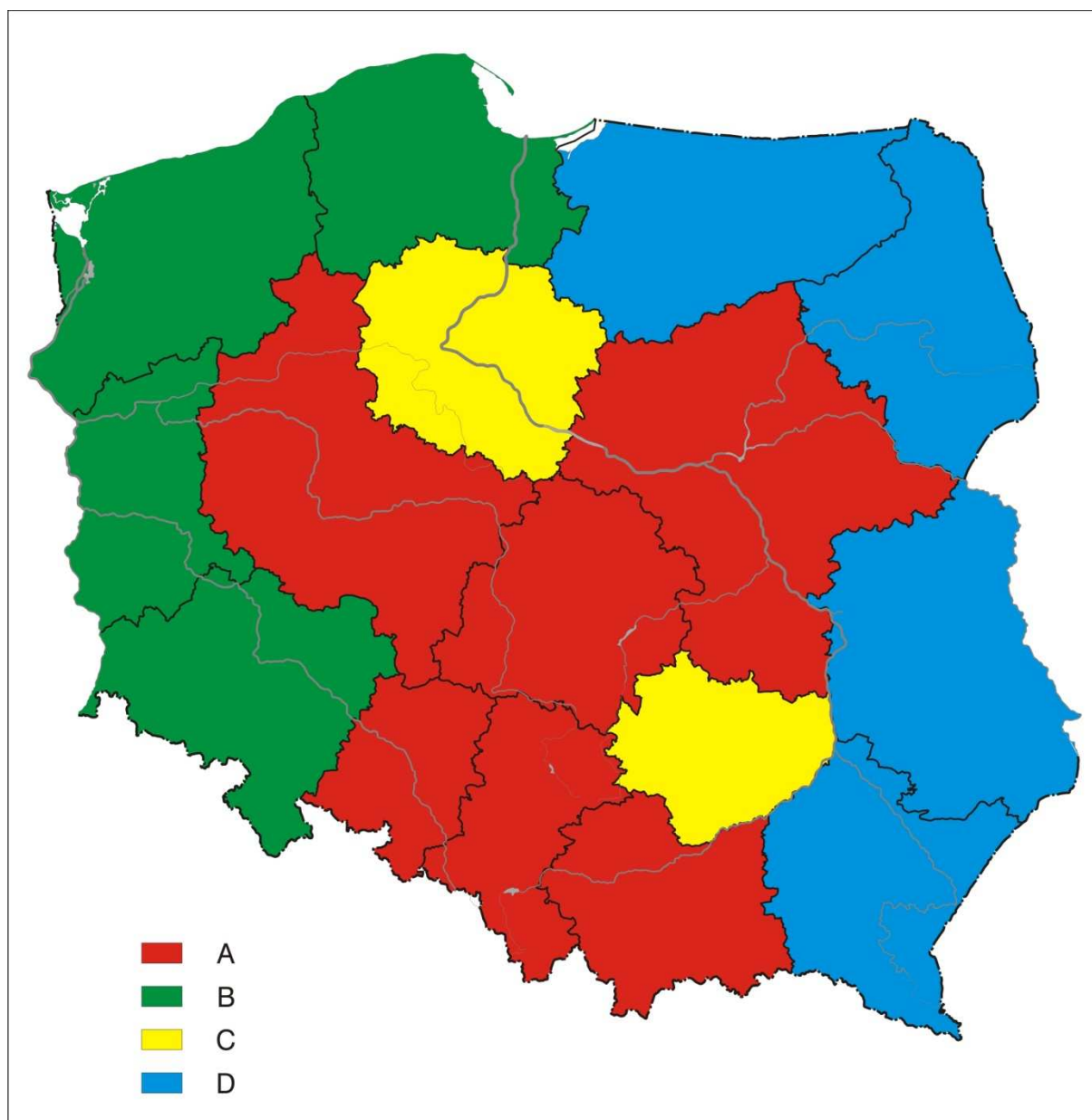


Fig. 3.9. Types of provinces

Source: own elaboration

STEP 4: Determining principles for concentration at the Operational Programme level

For certain types of units in country the basic outlines of the Cohesion Policy have already been determined. The systemic conditions as well as the preferred financial solutions have been highlighted in the table 3.4

Type A. Good accessibility on the European and national levels

Type B. Good accessibility in a European context but weak in National terms

Type C. Good accessibility in a National context but weak in European terms

Type D. Poor accessibility in a European context and weak also on a regional scale.

Table 3.4. Issue based concentration of Cohesion Policy interventions – methodological proposal

Type	Principles of Cohesion Policy	Concentration	Conditionality	Financial solutions
A	Lack of support for transport investments, with the exception of projects which: a. may change the modal structure towards a reduction in environmental costs b. improve traffic safety c. enlarged local labour markets	Public transport development in big centres and their hinterlands	Road pricing introduction; Integration of public transport systems within metropolitan areas	Preference for solutions which combine direct assistance and loans.
B	Support for investments linking regional centres. Type of investment depends on the territory characteristic (population density - for example, at low density e-investment is preferred). Support for the investment improving European and trans-border accessibility only in the case of rail or inter-modal solutions.	Road and rail connections between main regional centres	Structural reform of the State Railway Company(s)	Direct support (grants) for investments linking regional centres, but for trans-border investment, only loans
C	Support for trans-border investments in the region connecting given territory with the core of the European Union and other EU countries Support for investment aimed at improving accessibility (internal accessibility) only in the case of metropolitan public transport and projects which improve traffic safety.	Polish-Czech trans-border infrastructure	Scale of investments (concentration of resources), Introduction of road pricing on transit routes	Direct support (grants) for trans-border investments, but for internal investments, only loans
D	Basic transport investments as a mandatory issue of funds concentration. Support for investments in different scopes with 'softer' conditions for environmentally friendly modes than for other types of territories. Type of investment depends on the characteristics of the territory	Main projects generating bigger spatial effects	No conditions	Direct aid (grants)

Source: own elaboration

Chapter 4: Main messages from the Report

Uniformly applied but poorly coordinated and/or integrated policies and programmes are an expensive luxury that Europe can ill afford, especially now when policy efficiency is of primary importance due to overwhelming budgetary constraints. The territorial approach offers a useful framework to guide the integration of policies in a given territory and to tailor them to the most important issues faced by a specific territory. This approach has already been applied in many EU member states and has proved its ability to help sustain long term development and contribute to the quality of life.

As illustrated by the recent survey conducted by the Hungarian Presidency, the Territorial Agenda 2007 remained firmly on the fringes of the mainstream development process at both the EU and national level.

Despite the recent recognition of territorial cohesion as a formal policy objective of the EU, Cohesion Policy supports the implementation of the Territorial Agenda only to a limited extent. Indeed, the territorial dimension of EU Cohesion Policy has still not been taken fully into account, particularly as regards the convergence and competitiveness objectives. Territorial cooperation has become the main reference mechanism when it comes to territorial matters, while other Cohesion Policy objectives are often implemented without sufficient attention being paid to either the specific territorial assets of various functional areas or to the best way to harness them.

The 'Europe 2020' strategy does not take into account the issue of territorial determinants. As such it underestimates the potential of, and the need for, a territorially differentiated policy and its implementation to achieve the far reaching aims of smart, sustainable and inclusive growth. One of the main reasons for this is that the role of the territorial cohesion objective in the EU development support system remains unclear.

4.1. Proposed solution

Much remains to be done in order to ensure policy coherence across territories. The main focus here should thus be on more fully integrating the territorial dimension into development policy.

To this end progress needs to be made on both policy content and on the decision making process. In terms of content, a specific EU reference document should be elaborated and formally adopted to coordinate EU policies with a territorial dimension and optimise their territorial impact, drawing on the specific recommendations of the Territorial Agenda 2020 in this respect. Such a document should spell out the 'Europe 2020' goals in territorial terms thus becoming a frame of reference for all other policies.

In terms of process, the respective roles of the various EU authorities (European Parliament, Council, European Commission, CoR, ECOSOC) and of the other bodies involved in decision making such as the advisory committees (SAWP, COCOF etc.) remains to be clarified in the specific area of territorial cohesion. This concerns not only the territorial dimension of EU Cohesion Policy but also the coordination and territorial impact of several other relevant EU policies.

The main task ahead is to translate the Territorial Agenda 2020 into the language of the Cohesion Policy and other policies which support development i.e. into EU regulations, operational programmes and contracts while also indicating the institutions responsible for its implementation at the European, national and regional levels. This should result in the drawing up of an operational definition of territorial cohesion (and, crucially, also system of indicators) which can be used in better defining, supporting and monitoring the effects of sector policies.

The territorial approach in this sense provides a key prerequisite for increasing the efficiency of EU policies in order to avoid the already identified shortcomings in the implementation of the Lisbon strategy. Efficiency cannot be attained without the effective concentration of means. However, the currently advocated thematic concentration will not prevent dispersal of means, as expected, due to broadly defined themes that still allow fragmented interventions. Efficiency requires "issue-based" concentration i.e. concentrating funding on a limited set of prioritised problems identified by key players in the area concerned and an associated hierarchy of objectives that need to be pursued in response.

Strengthening the territorial dimension of policies and in this way also favouring synergies between various policies is both demanding and complex. Owing to its horizontal nature, EU Cohesion Policy

offers an ideal framework to implement a territorial approach. It can also usefully serve as an applicable template for other policies, for instance, in respect of how to boost policy efficiency by strengthening its territorial dimension. 2011 has seen the build up of considerable political momentum and thus it is high time that work began on determining the territorial dimension in Cohesion Policy. The ongoing debates on EU Cohesion Policy post-2013, the new financial perspective and future regulations offer an excellent window of opportunity which will close in 2012 and not open again for many years thereafter.

To integrate the tenets of territorial cohesion into the various EU policies it is first necessary to make it operational i.e. to identify concrete issues of relevance for both EU sector policies and European territorial development. Territorial keys serve this purpose. They highlight the territorial features conditioning development in the light of the 'Europe 2020' strategy.

The concept of **territorial keys** can thus be used as the main vehicle for the translation of the Territorial Agenda message into the language of Cohesion Policy and that of other EU policies. These keys offer a policy language that can be easily shared by decision makers of different professional backgrounds. Its application in terms of policy regulations, policy documents, policy instruments and the monitoring process of policy results may encourage collaboration between policies and the coherent issue-based concentration of policy interventions without compromising the internal integrity of the policies at stake. Policy keys will facilitate the more strategic orientation of the Cohesion Policy and the vertical and horizontal co-ordination of EU, national and regional policies.

Territorial keys translate the Territorial Agenda 2020 into a set of tasks and policy issues which are crucial to the successful implementation of 'Europe 2020' and are directly related to the 'Europe 2020' headline targets. The territorial keys identified in the background report are: accessibility, services of general interest, city networks, functional regions, and territorial capacities.

4.2. What could be changed?

Assuming that for the Cohesion Policy there will be one general regulation followed by fund-specific regulations (ERDF+ Cohesion Fund, ESF, ETC among others) the necessary steps here in terms of the territorialisation of EU Cohesion Policy are outlined below. In a similar manner other EU policies could also be scrutinised to identify the possibility of strengthening their territorial dimension.

4.2.1. General Regulation

Territorial cohesion should be mentioned as a particular topic among the 'principles of assistance' along with sustainable development.

Territorial cohesion should be applied as *ex-ante* conditionality in order to identify strategic actions designed to improve the territorially differentiated implementation of the 'Europe 2020' strategy.

Territorial cohesion should in consequence be applied in the definition of the aims of the funding instruments, and in the requirements regarding (a) the partnership, (b) content of the Development and investment partnership contracts – DIPCs, (c) the reporting by Member States and EU, ((d) the SWOT analysis of the Operational Programmes – OPs and the justification of the priorities, and (e) evaluations.

The state of territorial cohesion within the EU as well as the territorial dimension and impact of EU sector policies should be addressed in the Cohesion Report.

The indicators for monitoring the progress of Cohesion Policy (cf. compulsory common indicators proposed by the Commission) in particular those compiled at EU level should include territorially relevant ones, established in connection with the territorial keys.

4.2.2. Funds and Regulations directly related to Cohesion Policy (ERDF, ESF, ETC) and other relevant regulations (CAP, Fisheries, TEN etc.)

Territorial cohesion and the place-based approach should be integrated into regulations for (a) the scope of assistance, (b) the list of themes for OP, (c) the strategic reporting by the Member States, (d) the SWOT analysis of the OPs, and (e) the evaluation and monitoring requirements (indicator system).

The requirement on including the territorial dimension into the project selection criteria defined in the OPs should however be more fully elucidated.

The territorial keys should be used in the list of themes for OPs not only for territorial cooperation but also for the other types of OPs, for guiding the SWOT analysis of the OPs, and for the evaluation and monitoring requirements at the Programme level.

The notion of thematic concentration should be replaced with the issue-based concentration. The requirement for issue-based concentration in relation to the situation of different territories should, in addition, be introduced into ERDF, CF, ESF and other relevant EU Funding sources.

4.2.3. Community Strategic Framework (CSF)

CSF should provide a platform for exploring synergies between EU policies and funding sources. It should cover EU policies and funding sources such as the Cohesion Fund, the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund in addition to other relevant funds. This is a key precondition for policy integration and issue-based concentration.

A particular 'guideline' on territorial cohesion should be introduced underlining how the aims of the EU Territorial Agenda 2020 should be achieved at the different geographical levels and how issue-based concentration should be promoted.

A description of the territorial dimension should be closely linked to territorial cohesion and the possibilities for its enhancement at different geographical levels. In addition, the territorial dimension and the impacts of different EU policies should also be discussed e.g. by making use of the notion of territorial keys.

EU-wide territorial indicators should be specified in the CSF in relation to the territorial keys.

The territorial dimension in the sector 'guidelines (e.g. guidelines on jobs or on knowledge and innovation for growth) should be further strengthened through the application of the territorial keys approach.

4.2.4. Development and investment partnership contract (DIPC)

The DIPC should provide a basis for exploring synergies between EU and national (and regional where appropriate) policies for a given territory. This should lead to policy integration and the issue-based concentration of interventions.

A description of the territorial impact of Cohesion Policy interventions undertaken under the contract, i.e. the influence of interventions in relation to the territorial keys, should be a prominent part of the contracts (outline in its background documents).

The territorial dimension of the analysis preceding the contract conclusion should be strengthened. The analysis should be based on the specificities and potential of the areas covered including the institutional network and its ability to deliver place-tailored solutions. In principle the analysis could take the form of a SWOT centred along the territorial keys.

The strategic objectives of the DIPCs should thus also cover those related to the territorial keys. Accordingly, quantitative targets agreed in the contract should be territorialised and related to the territorial keys.

In the description of separate OPs under the DIPCs their contribution to achieving the strategic objectives and headline targets agreed in each DIPC should be further elaborated.

4.2.5. Operational Programmes

Territorial cohesion and the relevant territorial keys should be integrated in the OPs as regards (a) the analysis of the programme area, (b) the programme targets, (c) the programme priorities defined for specific territories (functional regions), (d) the composition of the partnership, (e) the *ex-ante* evaluation.

Territorial keys might thus also be of use in differentiating programmes interventions in space.

The quantitative targets (related indicators) of OPs should be territory-specific while at the same time allowing for the compilation of the key territorial indicators at the EU level specified in the CSF.

4.2.6. Programme implementation

The level of territorial awareness in terms of programme implementation should be strengthened in line with the territorial outcomes of the analysis of the programme area. This means the utilisation of different approaches in different parts of the programme area with regard to e.g. (a) project generation, (b) selection criteria, (c) indicators, (d) information and dissemination activities.

4.3. Key prerequisite

To make all these things happen, collaborative action needs to become a reality between EU authorities – the Council, the EP, the Commission, the Committee of the Regions; various committees and working groups like COCOF in EC and SAWP in the Council and other partners. The territorialisation of Cohesion Policy is impossible without the promotion of a strategic debate between these actors designed to highlight the potentials of different EU territories, strengthening their measurement and monitoring requirements while also introducing territorial issues into the reporting requirements at the national and EU levels. The legal environment for the debate should be given by the General Regulation and other relevant regulations.

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