

Revealing territorial potential and shaping new policies

Synthesis report from the ESPON seminar
24 – 25 May 2017, Malta

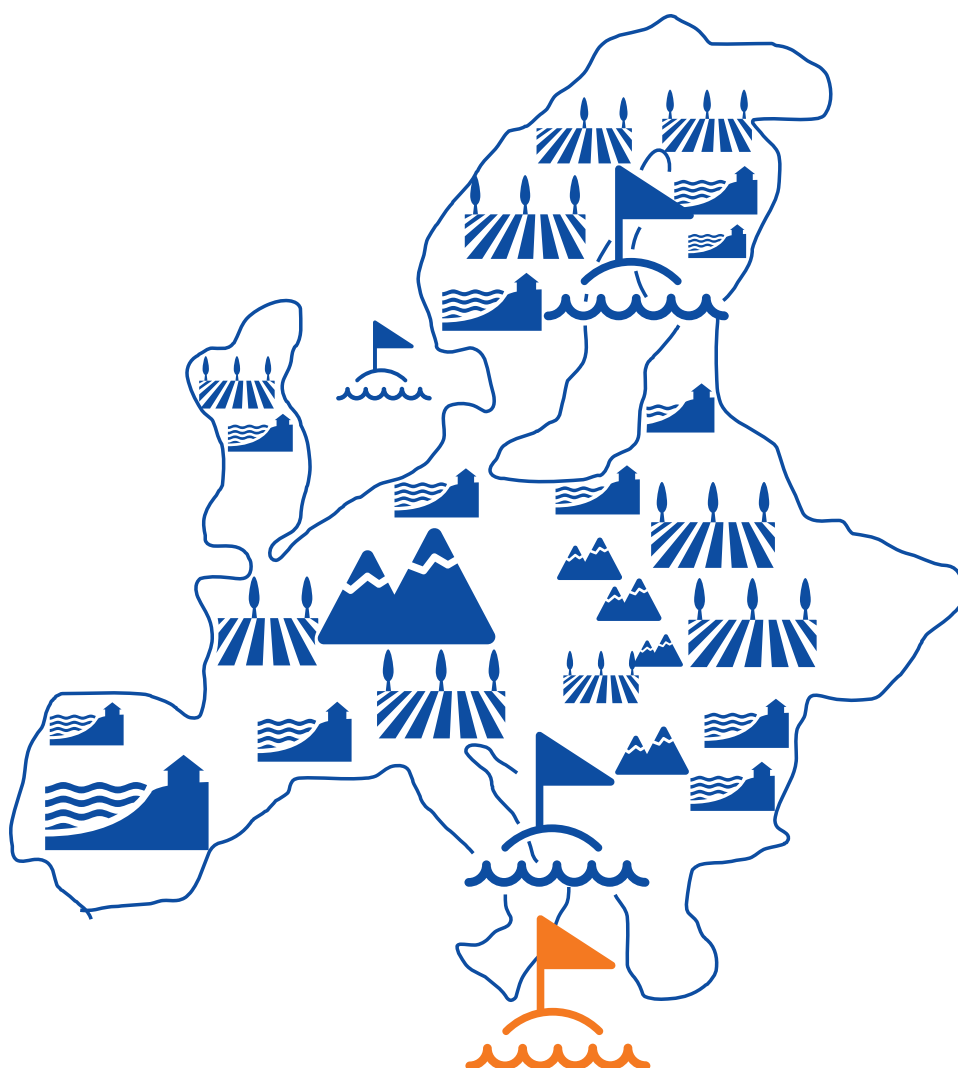




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Preface

Dear reader

In May 2017, more than 200 delegates from regions, cities, national governments, EU institutions and programmes, research facilities and associations gathered at the ESPON seminar in Malta. The objective was to discuss the future of the EU Cohesion Policy from a territorial perspective. With particular focus set on the territories with geographic specificities, the seminar highlighted one of the priorities of the Maltese EU Presidency.

The debates provided ample food for thought for policy makers, advocating the support for territorial cooperation and functional geographies. The integrated place-based approach gained particular attention: in an interactive voting, 60 per cent of the participants indicated that the main priority of the Cohesion Policy with regards to territories with geographic specificities should be related to supporting the implementation of integrated territorial development strategies.

European territories encompass an incredibly diverse geographical profile. Such diversity renders territorial cohesion an essential tool for maximising the use and features of these territories. Geographic specificities are multi-faceted and are mostly related to mountains, islands and sparsely populated territories.

As an Island Member State, Malta is faced by many challenges which are synonymous with areas with geographic specificities. Accessibility, climate change and limited economic activities are just a few examples of the challenges faced by these territories.

Development in territories with geographic specificities is generally affected by a complex set of constraints, which are often difficult to measure.

The voting also revealed the need for capacity-building measures, advancing both design and implementation of these strategies.

Discussions revolving around the efficiency of territorial investments have shown the need for joint initiatives at functional geographic scales including functional urban areas, cross-border areas and macro-regions.

This report synthesizes the key messages from both speakers and audience interactions in an effort to provide a better understanding of the integrated place-based approach and stimulate thinking beyond administrative borders.

We wish you an enjoyable and inspiring reading!

Ilona Raugze
Director of ESPON EGTC

In the absence of economies of scale, these areas can only be 'competitive' within niches in specific sectors. Therefore, the development of territorial approaches is needed to preserve an overall balanced development.

We need to have a vision to address the challenges faced by territories by using a tailor made approach. The objective is to enable these territories to become more self-sufficient and to foster socio-economic development. We need to give these territories the opportunity to grow and diversify. This development will also contribute towards the common benefit of a united Europe, where we can share in the successes of each other.

Denise Fiorentino
Maltese Presidency of the Council of the EU



Executive summary

This short report is based upon the dialogue and debate that took place at the ESPON Seminar held in Valetta, Malta, under the Maltese EU Presidency on 24 and 25 May 2017. The seminar contributed to the debate on the performance and future of EU Cohesion policy, providing new evidence on future development challenges, territorial potential and novel governance solutions for achieving European policy targets.

A particular focus of the seminar was placed on the development of territories with geographic specificities (islands, mountains, sparsely populated and coastal areas) and opportunities to promote their development in the framework of national and European policies through an integrated place-based approach.

Such specificities have previously been considered as disadvantages by conventional development models. However, applying new ESPON research results, the seminar sought to demonstrate that the unique specificities of such areas and their interactions with other areas can be reconceived as strengths. Mountains, islands, coastal, and sparsely populated areas provide distinctive opportunities for development, and they play an important role in the cultural, environmental, social, and technological endowments of Europe.

In this regard, the main identified challenges related to competitiveness and balanced territorial development include:

- peripheral or remote locations,
- population decline and low critical mass of activities,
- seasonality of population and economic activity,
- limited connectivity or accessibility,
- vulnerable eco-systems and susceptibility to climate change and its affects.

Moreover, the usual ‘border-crossing’ interaction patterns with other areas relating to the flows of people, currencies, resources and products often occur informal in character or not well understood in statistics. This suggests that:

- It makes little sense to apply orthodox competitiveness, sectoral or industrial strategy models, agglomeration analysis, or benchmarking approaches.
- Instead, we should develop more bespoke analytical systems, drawing upon resource-based approaches, capital accumulation (human, cultural, social and environmental/ecological capital) as well as a better assessment of flows and linkages with other areas.
- Promoting development in different types of territories requires integrated and tailored solutions addressing particular challenges related to geographic specificities.



In these regards, the seminar explored the themes of territorial potential, the role of territorial cooperation based on the identification of complementarities and synergies with other (neighbouring) regions and new (soft) governance solutions in support of the territorial cohesion objective of the EU Cohesion Policy. From a territorial perspective, this discussion revealed the following findings:

- There is a need to overcome the dualism between people-based or place-based development strategies, recognising the values of an integrated approach, which assumes that these need to be combined in dynamic ways to ensure that opportunities for both people development and place-based development are seized and synchronised.
- Despite all the efforts made in the recent past to reduce accessibility gaps amongst European territories, accessibility appears to be a required condition but not sufficient by itself to guarantee further economic development. Indeed, in certain circumstances increased connectivity can increase spatial disparities as human capital may flow out of such areas to areas with greater economic opportunity.
- For the EU Cohesion Policy it would be crucial to define a balanced relationship between competitiveness and cohesion among the EU regions taking into account the territorial peculiarities or singularities (specificities) among them. This would entail a stronger emphasis on a territorial dimension in such areas to better reveal the evolving local, European and global dynamics of interdependencies, flows and diversity.
- Territorial governance is a strongly emerging field of analysis. Evidence demonstrates the growing need to address functional geographies and flows/linkages between administrative areas in pursuit of better territorial development policies. Accordingly, the quest to find appropriate governance models to coordinate integrated territorial development across administrative geographies becomes more important.
- The current data, research and analyses within the scope of territorial specificities seem to be insufficient. In this regard, ESPON and its partners are bringing forward new work that seeks a better understanding of territorial assets and potential, flows and interactions as well as soft governance models in support of territorial cooperation.



Part 1

Developing and implementing policies in support of territories with geographic specificities

1.1 What main challenges related to competitiveness and balanced territorial development of territories with geographical specificities can be identified?

To achieve sustainable growth of these territories, it is important to recognise their inherent diversity. Mountains, islands, coastal, and sparsely populated areas provide distinctive opportunities for development, and they play an important role in the cultural, environmental, social, and technological endowments of Europe.

Territories with geographic specificities also face specific challenges for territorial development. These may include: declining population and seasonal variations, limited connectivity, low levels of economic diversification, limited added value industries and small-scale economic activities. Often, the challenges may include the vulnerability of eco-systems and the increased susceptibility to climate change and its affects. From this point of view, a number of issues related to both competitiveness and potential barriers for the best use of territorial assets need to taken into account when implementing an integrated territorial approach and developing cooperation actions amongst the various authorities and stakeholders involved.

Socio-economic imbalances

Mountainous and coastal regions have diverse GDP per head (figure 1). Values observed in island regions tend to be distinctly lower than the EU average, while the opposite is true for sparsely populated areas. This can however be ascribed to the fact that a majority of island regions are found in Greece, southern Italy, Spain and outermost regions, while sparsely populated areas are mainly found in the Nordic countries and Scotland. Differences between categories are therefore mainly linked to the national economic context of each region.

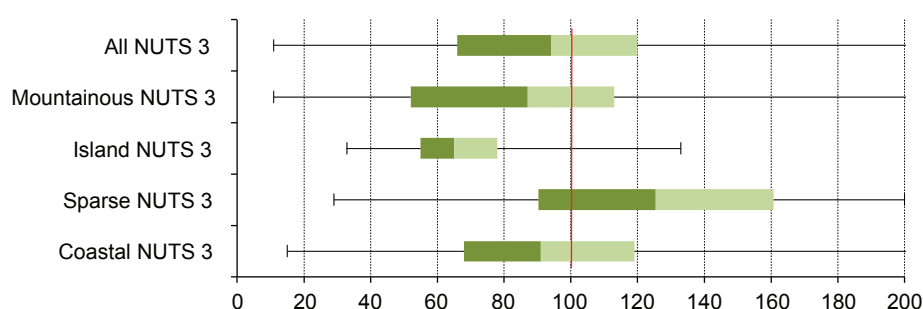


Figure 1: GDP per head (2013), EU28 average: 100%



Employment in relation to working age population is slightly lower for mountain regions than for Europe as a whole, while it is significantly higher for sparsely populated regions and significantly lower for island regions (figure 2). The main explanatory factor for these differences is, as for GDP/ head level, the way in which these categories of territories are distributed across the EU territory. The lowest rate of employment in relation to working age population of Europe is observed in the Western Athens region; the fact that this region is a coastal region can hardly be considered as an explanatory factor.

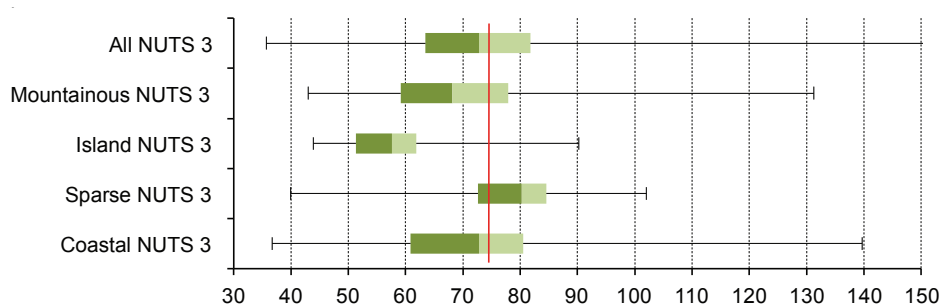


Figure 2: Employed persons in relation to working age population (20 to 64- year olds, 2014), EU28 average: 74.1%

Population developments have significant territorial consequences and are diverse in European regions. Specific types of territories face diverse demographic challenges. Many specific territories are exposed to depopulation, especially at the sub-regional level. These trends are often associated with lower proportions of women in the population. Island and coastal regions tend to have slightly higher population growth when compared to other regions (figure 3). Some islands, coastal areas and mountain resorts attract large numbers of tourists and generate amenity migration and therefore face challenges, related to additional pressures on the real estate market and the physical environment.

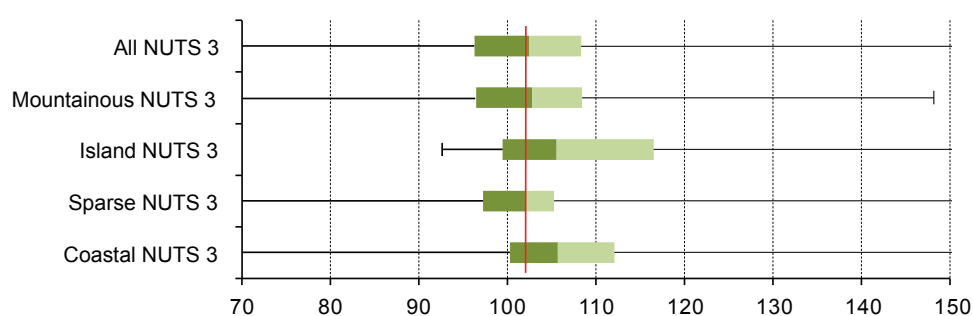


Figure 3: Population change (2001-2015), EU28+4 average: +2.3%



Accessibility

We are witness to expanding commuting movements/flows at much bigger distances. If in the past commuting was considered within a metropolitan hinterland of 50 or 100 km the furthest, nowadays, with high-speed train infrastructure and low-cost airlines, commuting distances could cover over 600 km or one-hour flight distances. The growth of part-time and full-week 'commuting' is also a feature of these new dynamics.

Accessibility is the combined result of a transport network and the location of service points, markets and other facilities or destinations that are considered attractive. The improvement of accessibility may therefore be approached both from the perspective of investments in transport infrastructure, and of the territorial organisation of service provision, settlements, natural areas, etc.

The underlying assumption is that increased accessibility will enhance growth and therefore contribute to territorial development. Research on the impact of European TEN-T for territorial development and territorial Cohesion Policy shows that accessibility, although an essential development factor is not an isolated development priority. In the particular case of territories with geographic specificities, even though transport infrastructure has contributed to reduce isolation of such territories, it has allowed at the same time their inhabitants to freely move and have access to more dynamic labour markets with less effort than before. Therefore, a more place-based rationale is needed, in which the starting point for reflections on improved accessibility would be the needs of the existing economic activities, their development perspectives, and perspectives for improving the living environment of their inhabitants.

Consequently, territorial strategies should be linked to existing and future economic activities and designed to overcome bottlenecks, to guarantee access to high-quality broadband overcoming physical remoteness and to ensure accessibility of services, learning opportunities, e-democracy, etc.

Access to quality services of general interest is increasingly a precondition to avoid population decline. Policy actions to provide access to services of general interest should be integrated as part of development policies in territories with geographic specificities. For transport as for other services of general interest, market actors often do not spontaneously offer a satisfactory level of service provision in these territories.

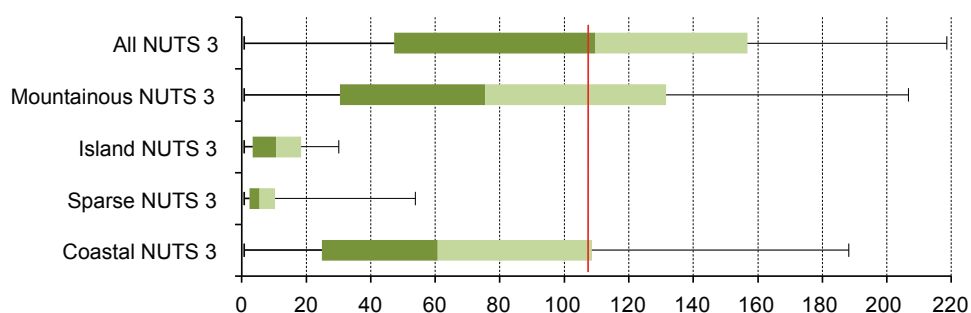


Figure 4: Accessibility by road (2014), EU28 average: 107.2



Figure 5: Accessibility by rail (2014), EU28 average: 101.4

The market basis tends to be weak compared to other regions, which makes it difficult to capitalise on economic development assets. It is therefore important to weigh public expenditure required to offer services in these territories against the potential demographic gains.

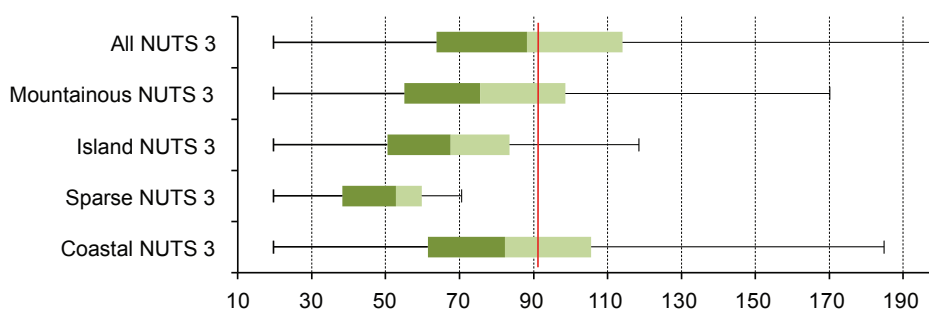


Figure 6: Accessibility by air (2014), EU28 average: 91

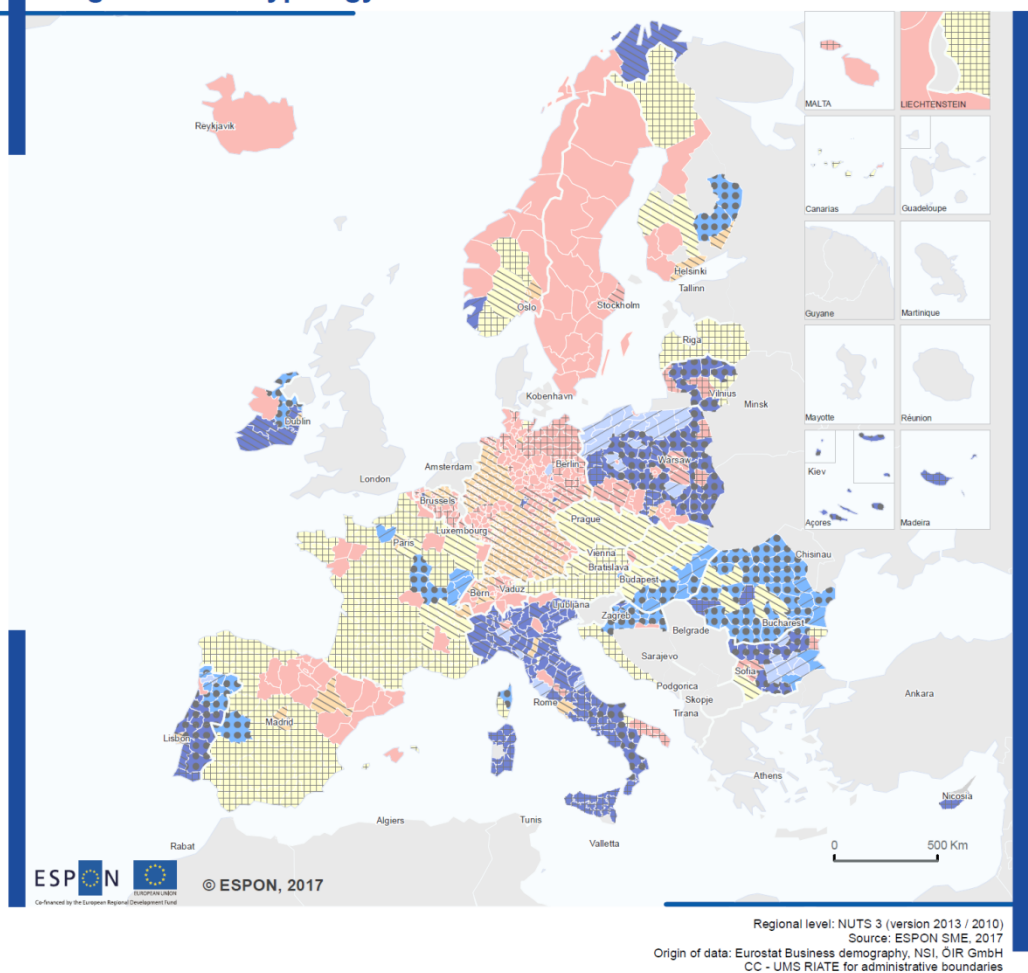
Entrepreneurial development and SME

As small and medium-sized enterprises (SMEs) are often referred to as the backbone of the European economy they also have high importance for the development of territories with geographical specificities. The growing differences in the performance of local economies and labour markets demand stronger attention to the territorial dimension in EU growth strategies.

Enterprise models may look different in territories with geographical specificities and it may be important to understand the different seasonal and spatial dimensions that they have. Those differences become even more pronounced when looking at the regional (sub-national) level or even closer at urban metropolitan areas.

Understanding the distribution patterns of SMEs across European regions will help to draw conclusions about how SMEs may contribute in these specific territories to business development, job creation and innovation, and how to shape policy support for these different demands and challenges. In particular, in the context of 'Inner Peripheries', it makes sense to analyse the reciprocity between business development and access to centres of economic activity, to services of general interests, and to political and administrative power.

Regional SME Typology



Regional SME Typology

- High share employment in S&M & positive development S&M 2008-14
- High share employment in L, positive development S&M 2008-14
- High share employment in Micro, positive development Micro 2008-14
- High share employment in S&M, negative development S&M 2008-14
- High share employment in Micro, positive development Micro, negative in S&M 2008-14
- High share employment in Micro, negative development overall employment 2008-14
- Knowledge economy and ICT
- Services / Tourism
- Industry
- Agriculture
- Regions with diverse sectoral foci
- no data available

Figure 7: Regional SME typology



Multi-level territorial governance

A crucial question that needs further attention is at which geographical level, and by what means, public interventions aiming at sustainable development should be implemented. There is evidence that sustainable local development processes have great potential, but at the same time, they face the risk to miss the 'big picture'. Therefore, it is important to follow the multi-level governance principles that would allow to bridge conceptual and operational gaps between different governance layers. Multi-level governance nurtures a shared vision, facilitates common understanding of goals, improves management capacity and ensures better synergies through pooling of resources.

Evidence also demonstrates the growing need to address functional geographies and flows/linkages between administrative areas when designing territorial development policies. At all levels, territories are mutually interdependent, therefore, cooperation is important for territorial development. What gains in importance is the identification of appropriate governance models to coordinate integrated territorial development across administrative boundaries.

Across Europe, we can identify different and contrasting trends that include: pursuit of hard versus soft governance, reduction versus growth of territorial governance roles, and increases and decreases in public investment in territorial governance. Beyond these variabilities, there are new focuses on cross-border regions, macro-regions, and polycentric areas where increased flows of people and activities are creating new linkages that have territorial development potential. In this regard, soft governance appears to be a more prevalent approach when carrying out cooperation projects. Analysing these new linkages and flows and providing insights about the emerging governance models and their varieties, is an important new objective for ESPON and the research community.

Governance projects addressing functional urban regions and regional cooperation practices are already in development, and ESPON will publish their results by the end of 2017.

Availability of territorial evidence to support integrated territorial approach

Quantitative and pan-European datasets provide useful contextual information but not all insights can sufficiently articulate the diversity existing within the typological classification of territories with geographical specificities (e.g. insularity, sparsely populated, mountainous, islands, etc.). The challenge is to combine disparate evidence, channelling it towards policy makers at both European and national level and to understand the territorial potential, rather than the generic socio-economic trends. For this reason, benchmarking doesn't seem to be a suitable approach.

A differentiated and solid qualitative and quantitative knowledge about the variety of interactions of multiple influential factors gains in importance for the adequate design of public interventions from European to local level that respect both the demands and potential of territories with geographic specificities.

Multidimensional specified datasets at pan-European and regional level will generate new insights into the mechanisms between population development, economic success, innovation and territorial governance. Recent research shows still existing obstacles regarding availability, topicality, quality and comparability of useful data.



One important step forward to overcome this problem will be the implementation of ‘Tercet-Typologies’ – a legislative initiative launched by Eurostat – in the second half of 2017. Through this initiative typologies at LAU-level (Local Administrative Units) as for example Degree of Urbanisation (DEGURBA), Functional Urban Areas (FUA) or Coastal Areas will be integrated in relevant typologies at NUTS 3-level (urban-rural, metropolitan and coastal typologies). The ambition here is to reconcile both the growing political demand for data and analysis and the scientific demand for more methodological stability regarding territorial definitions.

The debate on possible future scenarios of specific territories stresses very clearly the benefit from an integrated territorial approach. This requires additional new sources and formats of evidence production as well as analysis enhanced through qualitative research dimensions. Recent research and analysis within the scope of territories with geographical specificities seem insufficient and lack a clear focus so as to be capable of providing substantial policy advice simultaneously on local/regional and European level. In order to support and steer policy processes and engender ownership, comparative research, data, analysis and forecasts shall translate into viable policy recommendations. This process shall, furthermore, examine the applicability of best practices, taking into account the diversity of administrative systems.

1.2 How can diversity of territories with geographical specificities be better promoted in the future within an integrated territorial approach?

European policy debate on the development of territories with geographic specificities in the past years has been moving away from the need to compensate for the 'natural handicaps' towards acknowledging that the specific challenges of these places require tailored solutions, much more oriented to unlock and to strengthen their development potential.

Policy approaches need to be place-based, integrated, and long-term in nature and benefit from multi-fund, multi-party and inter-governmental support if they are to sustain for long enough to make measurable differences. Given the small resource base and challenges of population decline, seasonality or volatility, a considered approach to institution building is required. Inclusive partnerships that can marshal long-term approaches are key to success.

Integrated place-based approach

Due to diversity, overlapping specificities, and revealed heterogeneity of territories with geographical specificities, the 'typology' approach to developing policies does not seem to be the right option. Policies should rather be inspired by territorial asset particularities rather than by geographical or morphological aspects. Performance compared to other types of territories is of secondary importance. Different types of regional functionalities and specialisations create different levels of economic return. Understanding specific processes and focussing on the potential of the areas for themselves is needed rather than comparative or normative assessments. Moreover, functional links with surrounding areas should be revealed and taken into account.




Therefore, it seems important to adopt an integrated place-based approach that also addresses resource base and linkages with other territories. The main advantage of this approach is to think deeper about 'tailored' solutions to reinforce territorial potential. Such an approach would be built upon the following elements:

- An integrated place-based development strategy that recognises the high spatial heterogeneity among these territories and seeks complementarities and synergies among different areas in pursuit of common sustainable development aims.
- An integrated place-based approach calls for cooperation and integration among functional areas and, consequently, for a reduction of the fragmentation effects due to the presence of borders and other obstacles. Governance issues should be considered at an early stage of strategy development.
- An integrated place-based approach aims to mobilize previously 'untapped' assets in a bottom-up culture and in line with the 'smart specialization strategy'. It identifies the territorial assets and their exploitation potential, seeking the involvement of local actors.
- An integrated place-based approach avoids sector-based solutions. Instead, it suggests a distinctive, customised development path for each territory, refraining from a simple adoption of development models operating elsewhere.
- An integrated place-based approach seeks ways to turn constraints (e.g. the condition of periphery) into strengths as well as a better understanding of causality; e.g. connectivity and innovation are not to be seen as priorities for territorial integration by default but as instruments to spur certain kinds of flows in multiple directions. The effects of such flows including an increased interaction or potential volatility need further attention.

Integrated place-based strategies and wide policy frameworks should promote the territorial potential based on unique historical, cultural, natural and social capital of these areas and specifically consider a number of aspects that are common to these places:

- Valorise the existing local knowledge and assets (cultural and natural heritage; local knowledge and craftsmanship, etc), in other words, cultivating 'uniqueness' which may offer more promising economic development perspectives and might be easier to translate into policy actions.
- Provide services and infrastructure of general interest (e.g. healthcare, education and training, transportation, ICT, environment, etc) by using technology-based solutions. Case studies demonstrate technology-based solutions that avoid any travel associated with the provision of services of general interest (SGI), helping to reverse the trend of progressive deterioration, for example in rural areas.
- Adopt 'diaspora strategies' encouraging return migration and/or incentivising non-return migrants to invest in their home region through transactions, direct investments, diaspora tourism; knowledge networks and human capital investments; social investments; advocacy.
- Support capacity building among local institutions and stakeholders in order to streamline strategic development and the accomplishment of long-term goals. Capacity-building measures include advancements in monitoring and evaluation of policies, programmes and strategies (measuring real impact on sustainable development); know-how to capitalise on lessons learned when designing and implementing mid-term policies; promotion of citizen participation (avoiding overlapping and multiplication of participation processes).

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- Economic diversification with smart solutions by capitalizing on unique resources, developing and marketing high-value niche-products, preserving small-scale economic activities, protecting destinations of origin, cross-sectoral and vertical integration (for example: food production chain between groups of farmers or artisanal fisheries, processing plants and commercialisation activities in order to ensure a viable food production chain).

Multi-level governance within an integrated place-based approach

National, regional and local institutions share a deeper understanding and awareness of the need to shift towards 'tailored' solutions for territories with geographical specificities. This entails the growing importance of multi-level governance structures and other forms of territorial cooperation.

Policy action is coordinated at different scales, from supra-national to local. Each scale has a different and complementary function that would require higher levels of integration to respond to the growing complexity of issues and challenges that these areas face currently and in near future. Higher level of integration of governance approaches takes into account and reinforces the inclusion of a growing number of stakeholders (public and private) and their partnerships, and intensifies coordination amongst different territorial layers in a scenario of reduced funding for economic development (post-crisis scenario) and of diluted statutory powers.

Current research reveals the benefits of multi-level governance and the integrated approach, including:

- Increased efficiency, relevance and effectiveness of public action (e.g. Regional Strategies for Sustainable & Inclusive Territorial Development – ReSSI Project in Coventry (UK) in the design and implementation of Coventry's Future Transport Strategy).
- Common understanding of the main goals and objectives to be achieved through synergies, savings, wider reach, reduction of overlapping or conflicting efforts in parallel with more rigorous control over resources and investments, optimising the real impact.
- Increased capacity for resource pooling, negotiation and lobbying as a result of cooperation (both horizontal and vertical)
- Better attainable sustainability and, where applicable, climate change adaptation and risk mitigation goals.

1.3 What role can EU Cohesion Policy play in supporting that approach?

Multiple roles were identified for EU Cohesion Policy that include:

- Cohesion Policy can maximize the impact of public investments through bottom-up interventions, involving local actors who are depositaries of relevant local information. The interventions shall capitalise on the specificities of each single area and mobilise local actors to exploit previously 'untapped' assets of territorial capital. Cohesion Policy can, for example, support specific opportunities and vulnerabilities of the physical environment as well as environmental protection measures designed to unlock the development potential in territories with geographical specificities.



- Cohesion Policy should pay stronger attention to the territorial dimension in EU growth strategies. Narrow sectoral policies are unlikely to work in areas with low or fluctuating populations and the absence of classic industrial development conditions. In the light of the growing territorial inequalities, Cohesion Policy should acknowledge the need for integrated territorial development strategies.
- Cohesion Policy should continue to provide support for the development and implementation of integrated territorial strategies that propose specific solutions for services and infrastructures of general interest for such type of territories. Furthermore, attention to linkages and flows between these areas and other territories is especially important as these relationships are key territorial assets that need to be understood and utilised in pursuit of the long-term potential.

Part 2

Reflections on Cohesion Policy 2020 from a territorial perspective

2.1 What are the main territorial patterns and challenges that will shape territorial development in the next decade and require policy response?

Growing inequalities and persistent disparities among EU states, nations and regions due to the global financial crisis are challenging the added value of Cohesion Policy. It is in this context that the EU Cohesion Policy post-2020 debate is taking place. States, nations and regions show in parallel stronger interdependencies and, therefore, common and evolving answers and solutions to strengthen European Cohesion are still required. Some voices identify the need for a common response with a European Social Contract, a step further from the single market idea towards a social-oriented European integration. If the economic, social and environmental context has changed resulting in new challenges to be faced by the Cohesion Policy, then so does the territorial context to which Cohesion Policy refers, in which the Brexit would impose a 20% cut from the European budget, while migration and security – two new policy domains – will require a significant part of the EU budget.

In this new context of economic, social and environmental changes, it is time to change the point of view and adopt new and different approaches to look at the territorial dimension and in particular at territorial interdependencies within the EU – their character, logic and dynamics. There is a need to move from a static understanding and definition of territorial interdependencies towards a dynamic one by introducing the concept of flows that can describe better current dynamics among different regions, within European nations and states and can put in value the diversity of the European territorial patterns.



Flows in general are mastering our daily life at the local level as well as the global one. While local flows are mostly based on metabolism flows within urban areas, the traditional commuting movements to regional centres and to reach services of general interest, global flows provide a larger perspective although much more uncertain and fuzzy in their definitions. In this sense, global flows of freight are shifting and continuously changing the global trade landscape, flows of migration and refugees to and within Europe create new networks between origin and destination points based on economic, cultural and social linkages or Foreign Direct Investment impacts and influences the way cross-border regions, metropolitan areas, industrial clusters or educational institutions perform.

Diversity of places and territories characterizing the European realm require a closer look to understand the logics and dynamics that shaped every different context. If the solutions and answers for Cohesion Policy may be common, awareness of the different legal, financial, cultural and administrative contexts among territories is a requirement. Otherwise, in many cases, those differences would become constraints in the implementation of the Cohesion Policy, deviating from the expected results. Synergies and complementarities among diverse territorial capital resources are fundamental to achieve a critical mass, and work should be done to intensify integration of regions reducing institutional and social barriers.

2.2 Can territorial challenges and potential be better addressed through territorial cooperation in functional geographies (functional urban areas, macro-regions, cross-border areas)

In the context, described above, of a changing European economic, social and environmental scenario within an evolving world, territorial cooperation among EU members seems to be the only way possible to guarantee the future of the Union and to properly deliver a new generation of Cohesion Policy Framework (2.0). Obstacles and constraints persist to build up cross-border cooperation due to economic, cultural, legal and administrative differences among EU states. Much more integration would be required, and in particular regarding governance structures (common vision and sharing knowledge) and coordination among national policies and regulations. Territorial cooperation would require stronger levels of integration defined as: inter-sectorial coordination, inter-linkages across administrative borders and to bring integration beyond the public realm.

Once again, the solution would come from more cooperation and integration rather than from more localism and segregation. Cooperation is oriented towards actions and results that have to be measurable but there are no methodologies or data-sets in place to do it. Thus, evidence and data-based measurements have to be developed to measure the impact of results.

Furthermore, it is important to bear in mind that cooperation is a tool, not an end in itself; that it has to evolve naturally and voluntarily. It requires a shared vision ‘from and where to go’ and needs to focus on specific functions which have a territorial dimension to strengthen and emphasise.



Undergoing research and analysis on different experiences in Europe in cooperation and governance schemes are demonstrating the benefits from soft forms of cooperation – showing most of the requirements for cooperation described above – which are characterized by:

- Seeking to build ‘communities of intent or of interest’, facilitating the volunteer co-operation and bottom-up approach instead of the ‘forced type’ imposed many times from outside.
- Renewing relations between actors of territorial development to create opportunities and increase capacities linked to a real problem or issue on the territory.
- Fuzzy boundaries, not limited by national borders and driven by evolving thematic focus.
- Functioning as a complement to ‘hard’ policies implemented through administrative units.
- Positioning themselves ‘above’ or ‘as a complement’ to main functional areas.

The future of territorial cooperation should shift from economies of scale towards economies of scope. This is a more strategic approach which overcomes the single issue of critical mass towards an approach that reinforces links, flows and diversities as a way to strengthen territorial interdependencies within the EU to fulfil Cohesion ambitions. For example, cooperation projects between different territorial areas instead of between similar territorial areas (stronger and leading areas with lagging and less advanced ones), to look for complementarities, etc.

Functions and contexts have changed and evolved over time and so do territorial descriptions/delimitations as detailed in the previous chapter. If we think of Functional Urban Areas, what type of functionality do we want? Are we considering or defining Functional Urban Areas linked to standards of quality of life, and therefore is functionality becoming an object of policy? Functional Urban Areas show the contradictions and complexities of current territorial dynamics. As an example, Functional Urban Areas don’t fit in existing administrative borders but shape our daily lives and represent much better, for example, Innovation and Research ecosystems.

Integrated Territorial Investment seems to be a useful approach for cooperation among different levels and scales within Functional Urban Areas. It allows selection on the issues that matter at the territory level, responding to particular imperatives (focussed towards a need) and can be simultaneously related to broader strategies.

Cohesion policy tools (ITIs, CLLDs etc) in the current programming period have triggered additional efforts to shift the intervention logic towards a more functional approach and more territorial cooperation. Nevertheless, a truly integrated and functional planning and investment approach requires much more than just setting up new constructions to demonstrate eligibility for EU funds. In addition, increasing spending rates and achieving results in implementing the new territorial support tools are very important preconditions to develop arguments in favour of a strengthened functional approach in the future.

Finally, if cooperation definition, objectives and territorial scales have to shift towards integration and be action oriented, then financial tools would need to be developed further. So, a debate on this topic would be necessary, and to support that, research and evidence for innovative approach would be required as well.



This report has been produced by the ESPON EGTC in cooperation with external experts.

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