



Effective instruments supporting territorial development

Strengthening urban dimension and local development
within Cohesion Policy

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This document has been prepared as part of a general reflection process on future EU policies.
It does not reflect nor prejudice in any way the final position of the Polish Presidency on the issues discussed.

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Introduction

The objectives of regional policies across Member States implemented in previous decades were to achieve cohesion mainly by reducing economic, social and territorial disparities among the regions. Region for a long time was considered as a main area of regional policies, firstly of the structural and later the Cohesion Policy (CP) objectives. After Lisbon Treaty adoption, we can observe better concentration on territorial development approach, which is more sensitive on the precise types and attributes of functional areas such as: urban areas, rural areas, border, peripheral or sparsely populated. Territorial development is more effective and requires reorientation of thinking about the development objectives, priorities and thus about the instruments. Unfortunately, number of analyses and studies point out that many existing tools do not recognize sufficiently the specificity of functional areas, and their development problems. Moreover, there is no clear definition which instruments may be perceived as the ones supporting territorial development.

In the recent years, the debate on the role of territorial dimension and instruments serving the territorialisation of EU policies was addressed by different stakeholders: individual Regional Policy Commissioners, as a part of analytical and evaluation works prepared on behalf of the European Commission and as part of the discussion organised by it among the experts representing all Member States under the High Level Group (HLG)¹. They were also discussed in the context of Europe 2020, future financial perspective after 2013 and as a part of work carried out by the previous Presidencies². The above-mentioned matters were very often addressed by the European Parliament and institutions such as the Committee of the Regions, various unions and associations gathering the representatives of various regions, cities, rural areas and other types of territories (for example Association of European Border Regions (AEBR), Council of European Municipalities and Regions (CEMR), Conference of Peripheral and Maritime Regions (CPMR), EUROCITIES, European Urban Knowledge Network (EUKN), Partnership for Rural Europe (PREPARE)).

Polish Presidency³ would like to stimulate and encourage the further discussion between the policy-makers and practitioners on the effective and territorially-oriented development instruments. The publication of legislation package by European Commission on 6 October 2011 undeniably directed our proposals.

In order to support the debate a report entitled "How to strengthen territorial dimension of Europe 2020 and Cohesion Policy"⁴ has been prepared, and a seminar entitled "Territorial dimension of the development policy" was held on 18 and 19 July 2011 in Ostróda⁵. In the field of support instruments for the development of specific territories, a report entitled "Background Report on the urban dimension of the Cohesion Policy post 2013"⁶ has been prepared so far. It was the result of ongoing discussions at the meetings of working group set up by Poland under the Urban Development Group (UDG) which dealt with this subject in depth. The report shows the possibility of solutions for cities within the Cohesion Policy which will contribute to their integrated development and was discussed at the first joint meeting of Network of Territorial Cohesion Contact Points (NTTCP) and UDG that was held on 12 July 2011 in Warsaw.

We would like to focus further debate on the instruments that strengthen local development. Globalization induces new challenges, that must be taken into account by relevant policy makers in multilevel governance system. In this context, "think globally, act locally" seems to be an appropriate approach. Actions undertaken at local level not only enhance subsidiarity rule but also provide adjustment to specificity, development potentials and function of various territories, and in the same vein, determine formulating the more 'tailor-made' policy. Institutional capacity building, local partnerships as well as other actions taken at the local level must be strongly supported. From other point of view, development potential of urban areas, as engines

¹ European Commission (2010) "Urban issues" High Level Group Reflecting on Future Cohesion Policy discussion document, European Commission (2010) "Future EU support to the local development approach (LD) under the European Regional Development Fund (ERDF)" High Level Group Reflecting on Future Cohesion Policy discussion document.

² The most important documents addressing this issue include: Fifth report on economic (Investing In Europe's future. Fifth report on economic, social and territorial cohesion, European Commission, November 2010), Report by Barca (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 by Fabrizio Barca, April 2009), the material prepared for the meetings of the High Level Group Reflecting on Future Cohesion Policy (European Commission (2010) "Future EU support to the local development approach (LD) under the European Regional Development Fund (ERDF)" High Level Group Reflecting on Future Cohesion Policy discussion document; European Commission (2010) "Urban issues" High Level Group Reflecting on Future Cohesion Policy discussion document), review of the budget from October 2010 (Communication from the Commission to the European Parliament, the Council, the European Economic and social Committee and the Committee of the Regions: The EU Budget Review. COM(2010) 700, Toledo Declaration. (Informal Ministerial Meeting on Urban Development Declaration, 22 June 2010), Budapest Communiqué (Budapest Communiqué on European urban areas facing demographic and climate challenges by the Directors General responsible for urban development Budapest, 2 May 2011), Territorial Agenda of the European Union 2020 Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions, 19th May 2011 Gödöllő, European Commission (2010) "Cohesion policy support for local development: Best practice and future policy options.

³ Policy territorialisation was as a part of work carried out by the previous Presidencies and also discussed in the context of Europe 2020 Strategy.

⁴ Böhme K., Doucet Ph., Komornicki T., Zauha J., Świątek D. (2011) "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.

⁵ Documents from the meeting are available on the website: http://www.mrr.gov.pl/english/Presidency/Main/event_schedule/Strony/3KWANG18052011.aspx

⁶ Atkinson R., Baucz A., Swianiewicz P. (2011) "Background Report on the urban dimension of the Cohesion Policy post 2013 prepared at the request of the Polish Presidency of the Council of the European Union".

of growth and hubs for creativity and innovation that are at the same time facing specific problems⁷, must be exploit in the best possible way.

The aim of this paper is to indicate and propose various instruments, which could be deployed within the Cohesion Policy at different types of areas as: urban and rural areas. We do believe that new instruments must be simple, complementary with each other and support integrated approach, in contrast to sectoral one. They also should not contribute more administrative burden but bring measurable results. Particular emphasis will be put on flexibility of the proposed solutions. Accordingly to the different problems and opportunities of the territories, as well as specific needs, MS must be able to choose and implement only those instruments, which will be considered as a suitable and effective ones. Therefore the package of presented in that paper instruments should be treated as a set of best practices and general solutions rather than requirements and rules. Fortunately some presently applied instruments can be still used, but after the process of improvement and adjustment to concrete conditions and features of precise places. Nevertheless there is still a need to create new instruments of territorial development, which could replace the ineffective and inefficient tools.

Instruments considered as 'policy options' are presented within three 'windows of opportunity'.

- (1) Integrating territorially oriented EU policies to diverse features of geographical and socio-economical functional areas;
- (2) Strengthening the instruments supporting the development of urban areas;
- (3) Promoting local development in Cohesion Policy.

Presented instruments have a common objective. They create a comprehensive set of ideas incentivizing cooperation capacity, good governance in the field of strategic planning, implementation and project-oriented partnerships delivering development of functional regional, urban and other areas. MS are invited to express their opinions on the proposals, so that consensus could be reached by the Ministers and within the works on the draft regulations as to the most desired form of instruments supporting to effective territorial development in the future financial perspective 2014-2020.

⁷ The discussion on territorial dimension of EU policies is also fuelled by Presidency's issue paper: Territorial dimension of EU Policies. Strategic programming, coordination and territorially-sensitive institutions for an efficient delivery of the EU growth and development.

Window of opportunity 1

INTEGRATING TERRITORIALLY ORIENTED EU POLICIES TO DIVERSE FEATURES OF GEOGRAPHICAL AND SOCIO-ECONOMICAL FUNCTIONAL AREAS

In order to integrate Cohesion Policy and other EU policies and to ensure consistency among their specific funds and support allocated across MS at local level, the management and implementation system must be improved and simplified. This concerns increasing efficiency of actions that support territorial development of sub-regional and local areas which pay various functions for regional and national development due to their role for society and economy. Development of various places is conditioned by a spatial and socio-economic features. When it comes to tailoring territorially oriented policies, we must remember they should apply over administrative burdens as most of functional depicted on administrative maps. Following to that, policies must take this into consideration when strategies and operating documents are being prepared as well as when projecting mechanisms and tools used to delivering the policies. This means grater emphasize on the concentration of public intervention in order to provide mechanisms, which enable to build competitiveness on the basis of endogenous potential of all territories, in functional meaning, as well as facilitate the flow and absorption of growth and innovations from development hubs to remaining, less-developed and lagging areas.

As far as strategic programming is concerned, an integrated approach taking into account the inter-sectoral linkages must be reinforced. This implies a switch in describing objectives and instruments to maximize the synergy of territorial intervention, which means combining the effort of all stakeholders to achieve a common strategy at local level and avoid fragmentation of intervention of various players in this process.

Thus, efficient delivering of support requires to carry out European policies in multi-level governance system, by involving European, national, regional, and local authorities and stakeholders, while taking into account the subsidiarity principle. Finally, there is a need to reinforce territorial evidence base to improve knowledge about functional structures.

To integrate individual policy measures, the most important is coordination at different tiers of national governance structures, that enables to foster local interest convergence. Various functional areas are mutually linked and influenced by each other due to a flow of people, goods and income. The most important role play linkages between metropolitan-medium sized cities and rural areas. The interactions happen in the field of institutions, programming, and real implementation of public interventions, covering access to infrastructure and public services. In this context, mutual project-oriented cooperation and alliances between entities from urban and rural areas is essential.

Regional policy must respond to the specific needs of the territories and build on its internal growth potential. Concentration is needed which may help to achieve critical mass of interventions and funds. Therefore, clearly marked position for urban areas and with dedicated instruments are needed. But at the same time similar instruments should be provided for other types of territories in order to increase development opportunities of less-developed and lagging areas by precise measures and let them to contribute to regional and national growth. It is about creating conditions for supporting the diffusion and absorption by strengthening linkages of major urban areas with sub-regional and local centers and rural areas (e.g. by improving transport accessibility, strengthening investments in sub-regional centers, developing potential of rural areas, and developing territorial specialisations). The additional external assistance must be focused at the support for the acceleration of restructuring and improvement of the residents' situation in these areas in terms of access to basic goods and public services.

What is more, the integrated functional approach should be reflected in the implementation system. This go beyond preparation of operational programmes but also concerns the system of institutions delivering actions, and technical, administrative and financial procedures. It covers issues related to the methods and tools to achieve objectives and priorities of public policies at the local level, principles of policy intervention, eligibility of expenditures, reporting, cooperation etc.

Finally, all instruments should be made more attractive for beneficiaries, and opened for their needs. It calls for better flexibility in delivering local development strategies (mechanisms to integrate resources from different funding streams: ERDF, ESF, CF).

In order to promote integrated territorial development across EU following policy options could be considered:

Policy option 1. **Creating common strategies covering different types of functional areas**

Previous experience indicates that strategies did not sufficiently highlight interactions between different functional areas within a planning the development of individual municipality or region. It is worth to promote preparation and implementation of common, integrated strategies for specific functional areas. Common strategies would involve partners from different level of governance and enhance mutual relations between them at the strategic and operational level. The added value of the strategy determine strict division of the competences and activates taken by entities engaged in the process, as well as coordination of intervention, recognized as a coherent and territorially-oriented activity. Strong cooperation between functional areas partners at strategic

level, will also reflect more efficient implementation of the development projects. Moreover, better coordination will enable beneficiaries to find suitable information about actions and support, even from various financial sources.

Those strategies could be adjusted to various types of functional areas and allow to realize integrated projects referring to for specific problems and access to services, e.g. cross-boarder areas, urban-rural linkages.

Following to elaboration of such strategies an incentivize system of support for integrated projects could be introduced, based on cross-territorial and cross-administrative cooperation.

Policy option 2. Supporting mechanisms enhancing urban-rural linkages

Many functional rural areas are not sufficiently integrated into regional and national development processes. This results from both the historically conditioned economic structure of these areas, which is visible among different European countries. In general, rural areas have lower ability to provide adequate income and employment for their inhabitants. Better job opportunities are usually located in urban centers. These problems are intensified by the lack of adequate public policy and appropriate legal and organisational solutions. Rural areas provide goods and other natural resources (food and environment), which are essential for the urban development. Rural areas should become an attractive place for work, residence, leisure and agricultural or non-agricultural activities, while keeping unique natural, scenic and cultural values for the future generations. But they need to be more interlinked with urban areas. In this context, structural funds could greatly contribute by development of urban-rural linkages. They should promote the integration of functional urban area with its surrounding centre through legal and organisational activities in terms of achieving consistency and optimisation of public services. This concept of delivering public services should be reflected in the integrated strategies for functional urban areas. The scope of public services will differ depending on the needs and specificity of the functions of the functional urban area (e.g. clustering, utilities, educational and administrative services and investments, e.g. in the field of organising public space and development of transport infrastructure). Improving the access to public services within functional area, allowing to integrate urban and rural areas, should contribute to:

- Entrepreneurship development;
- Improvement of human and social capital;
- Improvement of social services;
- Improvement of communication links with urban areas;
- Increasing the residential and economic attractiveness of rural areas.

This would also help to avoid overlapping of CP intervention with the one supported from CAP.

Policy option 3. Introducing financial instrument for supporting integrated development strategies and plans at local level co-financed by various financial instruments

This option would give the MS the possibility to establish the Financial Instrument Supporting Local Development (FISLD), which would put into practice projects implementing integrated local strategies and plans. Such a mechanism would integrate funding from different EU funds (e.g. ERDF, ESF, EAFRD) and would help to implement interventions in the field of local development specified in EU regulations (e.g. revitalisation, delivering basic public services in rural areas, enhancing of the integration between urban and rural areas, etc.).

The precondition for using this instrument would be the preparation of integrated local strategy/plan. In this case the strategy/plan would require the approval of the inter-programme body, consisting of representatives of the relevant monitoring committees of the operational programmes.

The operator of those funds should be a private or public institution with the experience in the field of local development eg. local or regional development agency. This institution would have a status of a final beneficiary (similar as in the case of financial engineering). Depending on the MS needs, financial allocation under this instrument, could support projects by providing them with grants, repayable assistance, credit lines or preferential loans. The accounting rules regarding this instrument should be defined in regulations and be simplified - be the same for all funds integrated under the instrument.

Typical measures undertaken in the framework of FISLD could concern areas of intervention of many funds (eg. complex projects combining "hard" and "soft" measures) and cover simultaneously different functional areas (regardless of the administrative division e.g. urban – rural projects). Making use of the FISDL operated by one body would facilitate mixed policy interventions adjusted to functional areas. The condition to introduce this instrument in the programming implementation is to have a respectable principles established in the regulations (as fully described in policy option 10).

Policy option 4. Increasing the use of analyses of the functional areas prepared within the ESPON Programme

ESPON should be constantly supported in delivering new analyses, including innovative typologies of functional areas, methodologies (and indicators), enabling to define changing space and integrating information on functional and land-use with socio-economic data. They also should allow to improve the techniques for identifying functional areas and service provision, analysis of cost-benefit and effectiveness of expenditure in services in various areas (e.g. according to OECD typology of rural or per-urban areas). This expertise should be used by policy makers in designing policy, its tools, as well as evaluation and monitoring of the effectiveness of public policies intervention. Finally, this knowledge should be widely distributed among all stakeholders. It is essential that the work undertaken by ESPON should derive from the practitioners, researches and other entities involved in improving knowledge about functional structures. However, definitions and understanding of FUAs should be flexible enough to suit for different national contexts.

Window of opportunity 2

STRENGTHENING THE INSTRUMENTS SUPPORTING THE DEVELOPMENT OF URBAN AREAS

The European territory is characterizes as a remarkable urban settlement structure. Most jobs, businesses institutions and universities are located in cities and towns. On the other hand, besides opportunities these areas concentrate also many challenges such as environmental degradation, congestion, social exclusion or high unemployment. Therefore, it is necessary that the Cohesion Policy responds to this situation with a clearly marked position for urban areas and with dedicated instruments supporting their development.

An integrated approach to urban development, according to the *Toledo Reference Document on Integrated Urban Regeneration*⁸, should be characterized mainly by the adoption of a holistic approach to the development of urban areas. This means replacing the usual sectoral or one-dimensional approaches with new transversal or multidimensional ones, aligning different policy areas and resources. It also implies considering the city and its surroundings as a whole and taking into account all dimensions of the sustainable development – economic, social, cultural and environmental – at the same time. Providing an integrated approach to urban development, requires greater linkages between activities under various policies (Cohesion Policy, innovation, transport, environment, etc.) and EU funds (ERDF, ESF, Cohesion Fund, other), as confirmed by various studies and expert opinions.⁹

In the next programming period the integrated approach to urban development basing on the experience with the implementation of the current article 8 of the ERDF Regulation should be further promoted and developed. Urban dimension should be visible within the Cohesion Policy framework, in the regulations and in the specific guidelines.

Implementation of integrated urban development should be made sufficiently attractive (“pull approach”) for the local, regional and national authorities. And, there should be incentives for the managing authorities to implement it (“push approach”).

Furthermore, there is a strong need to reinforce more flexible attitude in delivering urban development strategies. In this context, there is a necessity to introduce mechanisms allowing to integrate resources from different funding streams which would facilitate the implementation of integrated comprehensive urban strategies consisting of various types of projects (flexibility in programming and management of funds).

At the same time, the city administrative boundaries are not appropriate for several interventions. There should be a requirement of considering the whole Functional Urban Area (FUA)¹⁰ in the interventions using the EU funding for urban areas.

This approach implies the introduction of the governance model that includes all levels of government involved in the development of the FUA and the cooperation within their boundaries.

In order to promote cities within the EU policy context the following policy options could be considered:

Policy option 5. The urban dimension as a priority of the Cohesion Policy

The urban dimension as a priority of the Cohesion Policy should be guaranteed equally in the ERDF and ESF regulations: the current article 8 of the ERDF regulation should be reinforced.

⁸Toledo Reference Document on Integrated Urban Regeneration and its Strategic Potential for a Smarter More Sustainable and Socially Inclusive Urban Development, Toledo Declaration – Toledo Informal Ministerial Meeting on Urban Development Declaration, 22 June 2010.

⁹See: Atkinson R., Baucz A., Swianiewicz P. (2011) “Background Report on the urban dimension of the Cohesion Policy post 2013 prepared at the request of the Polish Presidency of the Council of the European Union”.

¹⁰ Functional Urban Area – should be understood as the municipality in the core and municipalities surrounding the core. FUAs should not only be restricted to the 1595 FUAs identified by the ESPON Programme.

The future urban priority of Cohesion Policy should deliver responses to the thematic objectives and investment priorities of the Europe 2020 strategy and it should also address the objectives of the Leipzig Charter – first of all special attention should be paid to deprived neighbourhoods basing on the experience of the URBAN Community Initiative¹¹.

Within the Cohesion Policy one should strive for defining the thematic scope of special interventions for urban areas taking into account the context of Europe 2020. Priority should be given to actions that make use of the potentials of urban areas, which means i.a. strengthening metropolitan functions of the urban areas, where the interventions could be most effective and creating the conditions for investments in towns. But, on the other hand, one may not forget actions aiming at supporting the challenges the cities and towns have to tackle. Therefore, the thematic scope of these interventions should include actions that would allow to counteract problems of deprived urban areas and respond to other development problems of cities and towns.

Policy option 6. Strengthening the role of city authorities in the in the programming and implementing operational programmes

Authorities representing cities should get a well described role in the programming and implementing (regional) operational programmes. Local authorities (representatives of the selected cities included in the programme) should be made co-responsible together with the regional partners in the preparation and implementation of the operational programmes as a whole, to have a substantial impact on the final policies. Therefore, authorities representing cities should be represented in the relevant monitoring committees of operational programmes.

Policy option 7. Introducing in the regulations the possibility of creating a special instrument for cities that delegates responsibility for the management of European funds to local authorities

The regulations should enable and promote the creation of a special instruments for cities under that, a certain part of funds from one or several operational programmes – horizontal, sectoral and regional (co-financed by various funds) would be dedicated to the development of selected cities (within the meaning of FUA). However, it should not be obligatory for MS to use this instrument. The cities that would be able to use this instrument, would be selected at the regional level according to the applicable regional development strategies. The managing authorities would enter with selected cities into “mini-contracts” that would regulate what the funds can be spent on and which conditions would have to be met (it would comply with the Commission guidelines on this matters, the EC would also regulate the intervention areas of these instruments). In addition, a precondition would be to prepare an integrated strategy for a given urban area.

In order to encourage managing authorities and MS to make use of this instrument, special incentives could be introduced i.a. higher co-financing rate at the priority axis level of the operational programme for the funds delegated under this instrument.

Policy option 8. Introducing dedicated urban priority axes in the selected operational programmes

The Member States could consider the introduction of dedicated urban priority axes in the selected operational programmes (i.e. regional operational programmes). This would be one of the options for MS to implement the urban dimension of Cohesion Policy. This policy option would ensure that different operational programmes (co-financed from ERDF, ESF, Cohesion Fund) would take into account cross-sectoral needs of cities and towns and would explore their growth potential for regional development. This priority could cover explicit thematic areas indicated in the regulations, such as: improving governance, improving the accessibility of cities from the surrounding, strengthening the diffusion of the development impulses (urban-rural, metropolises – towns), development of a sustainable and effective urban transport system, urban regeneration or adaptation to the climate change, etc.

An important element of such support would be the focus on supporting the diffusion of development impulses (urban-rural, metropolis-towns), to increase the impact of growth centres on the rest of the region. This could consist of introducing additional financial incentives to establish standards of access to public services and preferences for projects that impact on increasing access to the public services.

Policy option 9. Improving tools for city networking

Building on the experience of URBACT I and II, a modified and improved instrument for networking of cities and towns should be created. This new instrument for city networking should combine the following possibilities:

- networking all European cities interested – one exchange platform open to all EU cities;

¹¹ Leipzig Charter on Sustainable European Cities, agreed by the Ministers responsible for urban development, on 24 May 2011 in Leipzig.

- networking cities which are implementing the urban dimension of the Cohesion Policy according to its final shape (for example cities implementing integrated urban strategy / plan);
- networking limited number of cities that would be selected by the MS and that would establish an urban development platform in order to promote capacity-building and city networking;
- networking neighbouring municipalities especially in functional urban areas as described below.

The new networking instrument should open the possibility of networking the neighbouring municipalities especially in functional urban areas (i.e. urban-rural, cross-border cooperation). This would enhance the cooperation of neighbouring municipalities and facilitate the implementation of projects realized jointly by more than one municipality. The instrument would function in a similar way as the Local Action Groups (LAGs under CAP and FLAGS under CFP), but it would involve mostly the representatives of local authorities from the neighbouring municipalities, so that the projects would have a wider dimension and cover the functional area. At the same time, the new instrument would encourage the inclusion of local stakeholders in the process (e.g. NGOs, entrepreneurs, local communities).

Window of opportunity 3 PROMOTING LOCAL DEVELOPMENT IN COHESION POLICY

The concept of local development occurs more often in discussions on the effective use of public funds (including EU) for achieving the goals of social and economic development and the prevention of exclusion. The experience of the last twenty years has shown that traditional tools of financing the broader Cohesion Policy does not produce the expected results. Even in rapidly growing regions there are excluded areas, where people do not benefit from economic development and integration of markets, despite substantial support from national or European level.

Development, job opportunities, and living standards of people often depend on a large extent on the location (area) and have a strong influence if one area is growing or excluded. This observation underlies the "territorial approach", that fuels the idea you need to look for and solve problems at the local level.

A vast experience from LEADER approach, URBAN or INTTERREG and other initiatives related to stimulating partnerships on mobilizing strengths, expertise and enthusiasm of local communities proved to help make better choices. Therefore, a model of local development should be a strong aspect of Cohesion Policy.

The system of multi-level governance allows to carry out measures whose implementation is co-decided upon by local entities. Nonetheless, in order for the measures, which receive public support, to be integrated and included in the strategic development vision of a given local unit or region, it is necessary for the public entities and stakeholders, participating in the operational programmes' implementation system, to have good institutional capacities.

It is important for all the stakeholders to work out a common vision and to strive for the achievement of common development objectives. At the same time, local authorities should be treated by regional and local authorities as rightful partners. This attitude helps to merge the external knowledge and the unique potential embedded in the specific place as well as increase incomes, stimulate employment opportunities, and improve the quality of life in localities.

Current rules applying to Cohesion Policy and other EU policies do not let to support really integrated local development. Many less-developed areas have problems because they can not always satisfy their needs on their own nor they can use the EU funds (Cohesion Policy or other EU policies funds). This is mostly due to varied methods of preparation of project appraisal criteria, different implementation systems of European policies and specific implementation structures (within CP, CAP, CFP). It makes the preparation and financing of local projects from EU sources more difficult. Unclear and inconsistent rules and methods of implementing the EU public policies (specified in EU regulations, guidelines and other documents) do not give the opportunity to fully utilize the potential of many areas. Therefore, development actions undertaken at the local level are fragmented and incoherent.

In order to make the rules applying to local development easier to comprehend, more attractive for beneficiaries, and opened to their needs, instruments supporting local development should strengthening the implementation of integrated local development strategies and plans, improve institutional capacity of entities involved in the support of the CP at local level concerning ownership and partnership.

In order to promote local development the following policy options could be considered:

Policy option 10. Introducing consistent principles for local development within EU public policies

A common principles on local development to be applied under different European policies should be introduced. This requires ensuring the common (consistent) provisions in the regulations and other documents related to the Cohesion Policy and other

EU policies (e.g. CAP, CFP, competition policy, European Neighbourhood Policy (ENP) and within the individual funds (e.g. ERDF, ESF, Cohesion Fund, EAFRD, European Neighbourhood Instrument – ENI).

These principles should apply to the implementation of integrated measures at the local level in the scope of programming, implementation, monitoring, evaluation, reporting and control. These rules should be as simple as possible in order to facilitate the implementation of integrated strategies and plans at the local level. It means that for this purpose they should enable to use means from different sources (EU funds, national ones, and public and private regional resources). Within these principles there should be introduced incentives to support projects of local entities and facilitating local entities in applying for funds (e.g. at the stage of determining the target groups, project appraisal criteria, eligibility of costs, etc.).

Policy option 11. Promoting local development among Member States and other stakeholders

In addition to consistent provisions relating to definition and rules of implementing local development approach it is proposed to promote the LD among MS in implementation of their policies. Promoting activities could consider preparation of guidelines for local development, or elaboration of detailed reports comprising recommendations and good practices of LD implementation. One could consider for instance:

- Guidelines for local development to be prepared by the Regional Policy Directorate-General (DG REGIO) of the European Commission – EC, in close cooperation with DGs having experience from recent programming perspectives – DG AGRI, DG MARE and also DG EMPL. These guidelines would consist of comprehensive information for MS regarding local development, the methods to achieve objectives and priorities of public policies at the local level, principles of policy intervention, eligibility of expenditures, reporting, cooperation, promotion and knowledge transfer methods and incentives for LD. The guidelines should not be too detailed nor should they impose the concrete method in inflexible way.
- Reports regarding how support LD by MS. Such reports would be developed by the EC, or by external experts commissioned by the EC or MS. They should include a detailed analysis of the socio-economic and institutional conditions in MS, examples of best practices from MS, and recommendations for the effective LD.

EU level guidelines should be developed in partnership with the organizations representing local and regional authorities at European level as well as with member states to fully take into account the local needs and differing national contexts.

Additionally, the Commission could increase its involvement in the promotion of LD i.e. through dissemination among MS of reports prepared for the stimulation of networking, sharing best practices and mutual learning of entities in the application of LD.

Policy option 12. Introducing incentives for Member States to support capacity building of entities involved in local development

A possible solution would consist of creating a separate priority under the Technical Assistance available for a given Member State or a priority/measure under ESF programme/s that would support institutional capacities at the local level and would be designed for local authorities and local non-state actors (i.e. private sector, civil society, international organisations). Its objective would be to support local authorities and other entities in the preparation and implementation of integrated strategies/plans, i.e. through financing of the preparation of guidelines and manuals at the level of a Member State and training in the preparation of strategic programming documents, including involvement of local actors in this process.

Policy option 13. Promoting experimental, pilot and innovative projects in the field of local development and creating a project-pipeline system as a tool of support

It would consist in introducing incentives for Member States to support experimental, pilot and innovative projects in the field of local development . It would apply to projects whose preparation is difficult due to i.e. involvement of multiple entities, innovative nature of a project or high innovativeness level. This kind of projects are implemented rarely but they are important for carrying out of the of the local / regional strategy.

The incentives would concern additional funds (e.g. from special reserve at national level) or higher co-financing rate as a reward for reinforcing experimental, pilot and innovative projects in the field of local development. This would be an advantage for beneficiaries whose financial contribution to the project would be lower and therefore it would encourage them to prepare and implement more ambitious projects.

Such an action would make possible to implement most important projects yet more difficult to be prepared and implemented. Implementation is limited due to increased risk for the managing authority of the operational programme, e.g. in connection with regularity and timeliness of project implementation, as well as with increased effort by a beneficiary in case of project's

preparation for implementation. Project's innovativeness should be always assessed in reference to local conditions and strategies.

To support preparation and implementation of these projects, national authorities might make use of a project-pipeline system to be created at national level with additional support of EU funds. The support would be devoted regarding: training in the application procedures, sharing of the best practices in the scope of creation of this types of projects, establishing agreements between multiple entities. The support would be provided i.e. through the consulting companies or public entities that have the knowledge and experience in the development of strategies or preparation of projects for implementation.

Policy option 14. Creating local platforms for strategic debate regarding development

This option would support to create or develop local platforms for strategic debate regarding development issues, exchange of ideas and experience. The output of the discussion stimulating cooperation among all the local players would be used later on at the measures' coordination stage. Within such a platform local entities would discuss, in cooperation with regions' representatives, the issues of development of a given region and exchange knowledge, not only about the Cohesion Policy. Institutional linkage of local platforms for strategic debate with the implementation system of operational programmes would increase the ownership and strengthen the local empowerment in the decision-making process.

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