

# **Implications of territorial cohesion: An essay**

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## 1. Introduction

With the turning into force on the 1st of December 2009 of the Treaty on the Functioning of the European Union (TFEU) territorial cohesion (Art 3) has become a shared competence of the EU. This new (albeit long anticipated) situation creates opportunities for territorial cohesion policy. Yet, in line with the green paper on territorial cohesion of 2008 interim Commissioner Samecki announced that future territorial cohesion policy will be based on the principle of the three 'no's': no new legislation, no new funding, no new organizations. On this premise and with the green paper and the Barca Report (Barca 2009) in mind, this paper will explore four possible perspectives giving shape to territorial cohesion.

Nevertheless the principle of territorial cohesion has become one of the prime objectives of European integration according to the Lisbon Treaty. When one looks at the higher echelons of the European Commission especially DG Region as the political owner of territorial cohesion within the Commission, there are no clear indications that the clarification of the meaning of TC and how to make this principle operational in policy terms receives high priority. There has been no follow up of the 2008 green paper on territorial cohesion: 'Turning territorial diversity into strength'. However, some discussions are taking place within the Working Group on Territorial Cohesion and Urban Matters or TCUM, an expert committee established by the Committee of the Coordination of Funds (COCOF) and shared by the Commission (which means that TCUM is a so called comitology committee). Together with the member state representatives within this committee the Commission seeks to identify the possible *implications* of the Lisbon Treaty in relation to territorial cohesion.<sup>2</sup> The Dutch ministry of Spatial Planning, Housing and Environment is participating in this endeavour. This paper and the report on which this paper is grounded has provided food for thought for the Ministry to define its stance within TCUM.

A lot of discussion has been and is still taking place on the content and added value of TC. There are various analyses available of the different strands in past and present discussions about territorial cohesion.<sup>3</sup> There is literature on what TC could mean within individual member states.<sup>4</sup> When it comes to *potential policy implications of territorial cohesion* there is a lot of uncharted

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<sup>2</sup> Grouped as follows the question of the Commission are as follows: 1) Scope and scale of the cohesion policy: How territorial cohesion helps to complete the "classical" regional approach by addressing territorial disparities and making value of potentials at upper level (ex: macro-regional), at lower level (sub-regional), at the level of functional territories and on territories with geographic specificities? What could be the role of the Commission in the framework of subsidiarity?; 2) Multi-level governance in cohesion policy: What are the implications of the Lisbon Treaty for the multi-level governance scheme and "vertical coordination"? Is the role of certain actors or authorities strengthened and more formalised in the political dialogue?; 3) Overall coordination for better coherence between policies: What are the implications of the Lisbon Treaty for sectoral policies ? For horizontal coordination of territorial (cohesion, spatial planning, urban) and sectoral policies at the different levels ? For the possible development of a Territorial Impact Assessment (TIA) instrument? For coordination between national and EU policies? 4) Institutional dialogue: What are the implications of the Lisbon Treaty for the institutional dialogue and the comitology? Which balance and articulation between the intergovernmental (Territorial Agenda) and the Community (territorial cohesion) processes? Which balance and articulation between working groups/networks as NTCCP and TCUM ? What possible implications for COCOF and SAWG? Are there any implications for the strategic scope of these networks?

<sup>3</sup> For instance: Waterhout, B. (2007), Territorial cohesion: the underlying discourses, in: Faludi, A. (ed.) *Territorial Cohesion and the European Model of Society*, Cambridge (MA): Lincoln Institute of Land Policy, pp. 37-59.

<sup>4</sup> For instance: Ministry for National Development and Economy/VÁTI (2009) *Handbook on territorial cohesion; Application of territorial approaches in developments supported by the public sector*, Budapest: Ministry for National Development and Economy/VÁTI; Evers, D., Tennekes, J., Borsboom, J. et alia (2009) *A Territorial Impact Assessment of Territorial Cohesion for the Netherlands*, The Hague: Netherlands Environmental Assessment Agency (PBL).

territory. This is the subject of this paper which means that it has a particular flavour. It is a discussion paper and although it is firmly grounded in the literature about territorial cohesion it is not an empirical paper as such. This explains the subtitle of this paper: an essay.

**Table 1. Over view of lines of reasoning and their characteristics**

Perspective	Focus on	Problem to solve – Added value	Role of territorial cohesion	Geographical scope
<b>1. Territorial capital</b>	Localised territorial assets	Increase efficiency and effectiveness of current EU regional policy	Making regional policy territorially sensitive (amending NUTS 2 and 75%)	Weak, lagging, shrinking regions, deprived urban areas as well as strong regions
<b>2. Policy coordination</b>	EU policies, directives and regulations	To prevent for unwanted and unexpected heterogeneous spatial impacts of EU regulations and directives	Delivering tools for Territorial Impact Assessment (as part of existing IA)	Total EU territory. In reality this will be case specific depending on IA and its object. In general, policies work out differently at different locations depending on territorial and governance characteristics
<b>3. Spatial strategy making</b>	EU politics and strategy	To increase effectiveness of EU regional policy as well as of other spatially relevant policies	Spatial strategy, creating synergy and coordination of EU policies	EU territory or parts thereof
<b>4. Place based approach</b>	Integrated application of EU, national and regional policies, funds and instruments and the mobilisation of institutional capacity in specified areas and regions	To make more than the sum of the parts of individual policy attempts	Creating governance climate for integrated and multi-level approaches to regional development	Functional Macro, cross border and other regions

Based on various sources such as the territorial cohesion green paper itself we make a distinction between four so called perspectives.<sup>5</sup> We have used these perspective to to identify the policy implications of territorial cohesion. The outlines of these perspectives are grounded on our basic assumption that place and area specific characteristics and circumstances play a key role. Every perspective implies a different type of *territorialisation* of either existent or future policies. In our view the perspective we have identified are not mutually exclusive. We even want to add that in

<sup>5</sup> These sources are: the 1999 European Spatial Development Perspective; the 2007 Territorial Agenda; the 2008 green paper on Territorial Cohesion; Evers, D., Tennekes, J., Borsboom, J. et alia (2009) *A Territorial Impact Assessment of Territorial Cohesion for the Netherlands*, The Hague: Netherlands Environmental Assessment Agency; Waterhout, B. (2007) Territorial cohesion: the underlying discourses, in: Faludi, A. (ed.) *Territorial Cohesion and the European Model of Society*, Cambridge (MA): Lincoln Institute of Land Policy, pp. 37-59; Robert, J. (2007) The Origins of Territorial Cohesion and the Vagaries of Its Trajectory; in: Faludi, A. (ed.) *Territorial Cohesion and the European Model of Society*, Cambridge (MA): Lincoln Institute of Land Policy, pp. 23-35.

making policies more territorial sensitive – the most fundamental implication of territorial cohesion – different perspectives are valid simultaneously.

Table 1 provides a condensed preview of what we mean with these perspectives. The first perspective can be called ‘territorial cohesion through territorial capital’; the second territorial cohesion through policy coordination; the third perspective territorial cohesion through territorial strategy making; the fourth territorial cohesion through place based development policy.

An important application domain for territorial cohesion is cohesion policy. We have chosen to address cohesion policy – which is structured through three objectives: convergence, competitiveness and territorial cooperation – from the perspective of *territorial capital*.

The application domain of territorial cohesion through *policy coordination* is mainly formed by territorially relevant EU policies and policy instruments. Here we are dealing with territorial impact assessment: how to assess the territorial implications of EU policies within member states and regions and how to integrate this assessment into the design of such policies?

*Territorial strategy making* is for many the bread and butter of spatial planning. We raise this issue to the European level. *Place based development policy* is to a certain level comparable with territorial strategy making. We apply this concept on levels below the pan-European level, on the crossborder as well as the transnational level of so called mega-regions.

In elaborating our perspectives we address the following issues: geographical scope; governance and subsidiarity; and implementation. Particularly on the level of geographical focus we see the largest differences between our four perspectives. In terms of governance and subsidiarity there are important questions to be posed because territorial cohesion is the object of a so called shared competence between the member states and the Commission. How to share and divide competences is a crucial issue here.

In the following sections we try to be as concrete as possible. It turns out that the unique selling point of territorial cohesion, as compared to existing EU policy, lies in adding strategy and policy coherence. It also will appear that there are a number of cross-cutting issues such as creating arena’s and visioning, multi-level governance and Open Method of Coordination, general measures versus regional diversity, multi-sector approaches with space as framework for integration, and, last but not least, institutional organizational consequences at the level of the European Commission and at the domestic level.

## **2. Territorial cohesion through territorial capital**

### **2.1 Focus and geographical scope**

The focus of this perspective on territorial cohesion is on European cohesion policy. This policy focuses on stimulating social and economic convergence between regions within the EU (objective 1) and on stimulating competitiveness of regions (objective 2). Although these objectives seem to be very different and focus on different areas, it can be argued that in terms of implementation they are pretty similar: both objectives aim at organizing a process to maximally exploit and enhance a region’s territorial capital.

Territorial capital knows many dimensions (see below) and each region should find its own specific recipe to extract it. Current EU cohesion policy does not focus on territorial capital, which has serious consequences for its effectiveness. Cohesion policy is already longer subject to criticism both from a political and a research perspective (Sapir 2003; Barca 2009).

Territorial cohesion through stimulating territorial capital aims at delivering solutions to solve this problem of effectiveness. The added value of territorial cohesion as compared to existing social and economic cohesion policy is in the central focus on the territorial capital of functional areas. In this sense, territorial cohesion does not aim at a reshuffling of funds over the regions, but at a more sophisticated allocation of funds within these regions.

*Territorial capital: hard and soft factors*

In terms of a more sophisticated approach the concept of territorial capital is important. Being introduced by the OECD Territorial Outlook (2001) and subsequently adopted by the Territorial Agenda process, territorial capital is understood as follows:

*each region has its own specific 'territorial capital' – path-dependent capital, be it social, human or physical (OECD 2001). Factors that play a part are, for example, geographical location, the size of the region, climate, natural resources, quality of life and economies of scale – all factors that can reduce 'transaction costs' (access to knowledge, etc.). Other factors relate to local and regional traditions and customs, the quality of governance, including issues like mutual trust and informal rules that enable economic actors to work together under conditions of uncertainty. Finally, there are more intangible factors, resulting from a combination of institutions, rules, practices, producers, researchers and policy makers, which facilitate creativity and innovation – a condition often referred to as 'quality of the milieu'.<sup>6</sup>*

Territorial capital can be utilised best at regional and local level, it is claimed by the OECD and others. Clearly, territorial capital not only is a matter of so-called hard territorial characteristics (such as infrastructure, geographical position, natural resources etc.) but also, and probably even more so, of 'soft' social-cultural characteristics (such as institutions, governance structures, mutual trust etc.). Often it is only the hard characteristics that form the topic of the territorial cohesion debate, suggesting that a strict focus on hard characteristics, for example the construction of new infrastructure, would lead to increased territorial cohesion. However, there is not much point in focusing on just one or a handful of aspects of a region's territorial capital. "Territorial disparities are less straightforward than one might think"<sup>7</sup> and cannot simply be reduced to only a small selection of independent indicators. Excavating territorial capital in other words requires integrative solutions in which there is attention for both the hard and soft characteristics of an area or region.

Whereas soft factors usually are more difficult to fully understand compared to hard factors, they have the advantage that they often are significantly cheaper. The budget required to organize a couple of meetings or set up, for example, a small administrative unit is easily dwarfed by the amount of money necessary to construct a few kilometers of road infrastructure. Also on the short term the organizational capacity or trust that might emerge from soft measures will add significantly more to the functioning of a region than a new stretch of motorway (after all, in low dynamic regions, for whom is this road built anyway).

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<sup>6</sup> Taken from: Zonneveld & Waterhout (2005) Visions on territorial cohesion. *Town Planning Review* 76(1):15–27.

<sup>7</sup> NEAA (2009) A territorial Impact Assessment of Territorial Cohesion for the Netherlands, p.20.

To draw an analogy with computers: great hardware is useless without high quality software and vice versa. Lagging regions often have low quality hardware but also less development software, such as effective and efficient governance systems. Prosperous regions often have good hardware and software, but also here the quality of the region specific mix requires continuous care. For example, many high dynamic regions suffer from congestion as well as from governance thickness.

## 2.2 Multi-level governance and subsidiarity

### *Key position for 'local' actors*

An important consequence of territorial cohesion through stimulating territorial capital is that the decision power to implement funds becomes more heavily concentrated at the national and regional level. With the current available knowledge the concept of territorial capital is impossible to operationalise, let alone to measure. Although being a conceptual black box, there nevertheless is quite a degree of consensus in academic circles about the relevance of the concept as such for explaining regional development. Since territorial capital cannot fully be understood in terms of indicators and technological solutions, its successful application largely depends on local knowledge and the ability of regional stakeholders to arrive at a sound analysis and policy strategy.

In this sense the additionality principle of cohesion policy, i.e. the requirement to make the actual EU contribution visible, therewith gets redundant. Instead, the focus should be on creating synergy between on the one hand EU funds and on the other hand national and regional policy objectives and funding schemes.

### *Instruments: contracts and flexible financial solutions*

In order to make territorial cohesion through territorial capital work conditions must be created facilitating the mutual coordination of policy objectives at EU, national and regional level in order to optimize synergy. The French *Contrats de projets État-Région*, in which detailed agreements are established between national and regional administrations concerning financial arrangements and related activities and obligations, could serve as an example. In relation to EU structural funds *tripartite contracts* between the EU, the national and regional administrations could be envisaged. Not only does this approach create room for negotiation in order to take specific regional needs and strategies into account, also it could be an effective way to overcome pillarization between policy sectors at EU and national level.

Another, though similar, approach can be found in the UK where a system is implemented of 'single pot funding', something the UK also proposed to the EU in 2003.<sup>8</sup> This approach involves the amalgamation of various funds into one large fund that subsequently is divided over the regions. For example the website of Yorkshire states the following on this topic:

England's 9 regional development agencies (RDAs) receive money from central government through the single budget, or 'single pot'. This is a fund which pools money from all the contributing government departments in the UK (BIS, CLG, DIUS, Defra, DCMS and UKTI). BIS is the sponsoring department. The 'single pot' gives us a high degree of flexibility, helping us to channel money towards the investments we have

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<sup>8</sup> HM Treasury, DTI, ODPM (2003) A modern regional policy for the United Kingdom, London.

prioritised for our region. However, it also comes with certain demands as to how it is used and what we have to deliver in return for it, as set out in the Corporate Plan.<sup>9</sup>:

*Single pot funding* applied at EU level could assist in overcoming pillarization (ideally the ERDF, ESF, EAGFF, TEN etc funds, which all have important regional development objectives, are all combined in this single pot) and forces receiving member states to do the same. At the same time a region commits itself to targets in terms of social and economic development. This approach does both, it stimulates responsibility and avoids unnecessary administration. An important requirement though is the existence of integrated strategies at both the national and the region level, which provide indications how the money will be spend.

*Requirement: regional organisational capacity*

This sharper division of tasks and obligations requires the existence at both national and regional level of institutional frameworks that are able to deal with the complexities around the concept of territorial capital. Amongst others this means the establishment of a sound knowledge exchange system to monitor social, economic and spatial development. Even more important is the availability of organizational capacity to jointly create governance and policy arrangement between public and private partners. Sectoral pillars should be overcome and joint learning processes started. These and other requirements could be included in ERDF regulations. In the event that member states or regions do not comply, the European Commission is entitled to intervene.

## **2.3 Implementation**

In concrete terms the above can be translated in the following steps and measures.

*Conditions and requirements*

- Minimum requirement (in ERDF regulation) of spatial economic institutional and organisational capacity at national and regional level.
- Member states and regions that do not comply are subject to Commission intervention (for example to create or facilitate, in cooperation with the member state or region, a sound governance structure).
- Member states and regions are not required to develop separate Operational Programmes if they already have integrated strategies of sufficient quality. Expenditures of course remain to be legitimized.

*Tasks European Commission*

- The EU provides sound spatio-economic analyses at EU and macro-regional level, thus enabling member states to better assess the international dimension of their territorial capital as well as to make comparisons. Such analyses could further underpin EU cohesion policy as well as other territorially policies too. One way to do this is to further develop ESPON, another, perhaps more viable way, is Eurostat. In terms of research budgets the experimental ESPON budget should let go, territorial cohesion through territorial capital requires a more fundamental research effort to collect relevant spatio-economic data. In fact, it is bizarre that the allocation of the 350 Billion euro structural funds is based on a very rough and limited set of indicators: GDP and employment. Allocating, for example, 0,5% of the structural funds (this amounts to no less than 1,5 billion euro!) to collecting meaningful data (for example on 'quality of life' factors), could

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<sup>9</sup> <http://www.yorkshire-forward.com/about/our-funding/single-pot>, last accessed: May 2010)

already mean a significant leap in informing policy decisions and therewith in making cohesion policy more effective.

- Subsidiarity can be secured by above-mentioned contracts, which clearly outline tasks and objectives for all involved administrations. It does not mean though that after signing the contract each stakeholder goes its own way. Contracts are meant to develop joint objectives and should form the basis for intensive cooperation in order to achieve these goals.
- European Commission facilitates the combined allocation of financial instruments of cohesion policy (in the section on territorial cohesion through place-based development it will be argued that all relevant financial instruments should be aligned and combined at regional level). This requires better mutual coordination and cooperation between the several services within the Commission.

#### *Institutional dialogue*

- Territorial cohesion through territorial capital, to be effective, requires powerful political support. It is logical (not only from this perspective) to install a formal Council for Cohesion policy, that could act also as sparring partner for other sectoral councils such as the Transport, Agriculture and Environment Councils.
- To monitor tripartite contracts, to mutually coordinate regional and national integrated strategies and to evaluate the 'territorialised' cohesion policy requires one or more management and expert committees with a strong focus on spatial economic development. Exchange of best practices and monitoring of integrated strategies through peer pressure concern some of the tasks of such committees.

#### *Consequences for member states*

- Similar to breaking down pillarization within the European Commission also member states will be forced to overcome sectoral divides as well as to organise a constructive dialogue and cooperation vertically between the national and lower administrative levels.

### **3. Territorial cohesion through policy coordination**

#### **3.1. Focus and geographical scope**

Policy coordination is a fundamental problem at every level of government, from the local to the European. Sectoral 'containers' are not only characteristic for administrations themselves but can be found in related domains such as the domain of political representation (committees; spokesmen; specialists) and knowledge and consultation. The containerization of government is dealt with through all sort of tools such as interservice groups within the European Commission, sub-councils within a national government, programmes for cross-cutting issues and – interestingly for our discussion – area based strategies such as the Regional Integrated Strategies in the UK<sup>10</sup> or – of prime concern here - the Baltic Sea Strategy at the European level which we meet in section 5. In this approach concrete *spaces* are identified often not on the basis of the territorial boundaries of jurisdictions which in themselves are government containers, but on the basis of a set of policies issues which are closely linked together within a more or less distinguishable area or space.

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<sup>10</sup> For the British isles for example see: Houghton, G., Allmendinger, P., Counsell, D., Vigar, G. (2009) *The New Spatial Planning; Territorial Management with Soft Spaces and Fuzzy Boundaries*, London: Routledge.



In various countries including the Netherlands there is tradition of appointing so called programme: these are ministers having a political responsibility for a cross-cutting issue which cannot be dealt with properly by an administration fragmented by sectoral borders.<sup>11</sup> Interestingly this has also been applied within the domain of spatial planning in the Netherlands. A previous government assigned three different ministers to bring about vertical and horizontal policy integration each in relation to different parts of the Randstad, the core areas of the country. In this way spatial planning responsibilities were shared by different members of the government.

This is an interesting method in relation to the mega-region approach because so far within the Commission DG Regio had the prime responsibility for this form of area based policy integration. To distribute this responsibility amongst different parts of the Commission could be helpful in spreading the importance of policy integration in specific regions and in underling the necessity of a territorial approach and territorial cohesion at large. This could bring about *interinstitutional learning*: learning from the objectives, policy concepts and policy instruments across the borders of one's own policy domain and policy institutions.<sup>12</sup>

This introduction already gives important clues towards the characteristics of territorial cohesion through policy coordination. The key objectives of this perspective are as follows:

*The design of territorially relevant EU policies in such a manner that these policies are tuned to other forms of territorially relevant EU policies and taking into account the impacts on lower levels of scale. These impacts will not be uniform because of the large territorial diversity within Europe. Multilevel coordination and design of EU policy cannot take place properly without taking on board the knowledge and perceptions of stakeholders at lower levels of scale.*

The geographical scope of territorial cohesion through policy coordination cannot be fixed at forehand. EU policy coordination has a horizontal (mainly within the Commission) and a vertical dimension. Without a proper territorial impact assessment at member state level and below there cannot be a proper coordination from the perspective of territorial cohesion. Because this is crucial in this perspective we now focus on territorial impact assessment in the remaining parts of this section.

### **3.2. Governance and subsidiarity**

At the European level there is clear trends toward a stronger sectoralisation of policy as well as efforts to bring about a higher degree of coordination de-containerisation. The trend toward ever stronger boundaries between EU policy sectors is well known for a considerable time now. In relation to territorial development the issue has been discussed extensively. For instance, the report by Robert et alia tries to deliver evidence that badly coordinated EU policies leads to higher costs<sup>13</sup> Very problematic are those cases where the policies of one EU sector undermines the objectives of another sector. Relevant from the angle of territorial cohesion is the Common

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<sup>11</sup> Geut, L., Berg, C. van den & Schaik, S. van (2010) *De koning van het schaakbord of Jan zonder land?* [King of the chessboard or King without a country?]; Over programmaministers, Utrecht/Assen: Berenschot/Van Gorcum.

<sup>12</sup> Vgl.: Böhme, K. (2005) 'The Ability to Learn in Transnational Projects', *Informationen zur Raumentwicklung*, Vol. 2005, No. 11/12, 691-700; Colomb, C. (2007) 'The added value of transnational cooperation – Towards a new framework for evaluating learning and policy change', *Planning Practice and Research*, Vol. 22, No. 3, pp. 347-72.

<sup>13</sup> Robert, J., Stumm, T., Vet, J.M. de, Reincke, G.J., Hollanders, M. & Figueiredo, M.A. (2001) *Spatial Impacts of Community Policies and the Costs of Non-Coordination*, Brussel: European Commission.

Agricultural Policy. ESPON has shown that a large proportion of CAP subsidies go to large, strong farms in the more wealthier parts of the EU.<sup>14</sup>

Conditions for improved EU policy has worsened over the years. Every round of enlargement of the EU in a territorial sense caused an enlargement and further fragmentation of the EU government structure especially at Commission level. The resulting governance problems but above all the diminishing appreciation for the EU within the wider public stimulated the Commission to publish a white paper on governance.<sup>15</sup> This reports present a wide definition of governance: "...rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards *openness, participation, accountability, effectiveness and coherence*."<sup>16</sup> The report seeks a new governance approach, less *top-down* and giving more room for the deployment of '*non-legislative instruments*', complementing the existing repertoire of instrumenten.s

The white paper did not offer many clues what the content would mean for the Commission's own structure. How to improve policy *coherence* - mentioned in the quote above – remained unclear initially. The white paper was after all directed towards the reduction of the gap between the Commission and regional government and the public at large. It looked like the Commission followed a quite minimalistic definition of governance: an improvement in the preparation and implementation of policies through improved participation of organisations below the level of member states including a variety of NGO's which also represent the European public in a certain sense.

Since the publication of the white paper much attention has been paid towards the creation of all sorts of organizational tools to improve policy coordination: a cautious trend towards de-containerisation. As a result one might pose the question: who is coordinating the coordination? Another route towards greater policy coherence followed the path of *integrated impact assessment*. Both forms of policy coordination are implemented horizontally, within the Commission. The object of *interservice groups* as well as the *integrated impact assessments* are policies and policy instruments which apply to the entire European Union. A crucial element in the discussion about territorial cohesion and an component of the principle of territorial cohesion as well according to the green paper is territorial diversity. It is recognized – also in the territorial cohesion green paper – that there is wide territorial diversity across the continent. This implies that generic EU policies – generic because the goal is to create an regulative *level playing field* – will have different impact in different areas and regions.

Policy coordination and increasing the level of policy coherence is therefor not only a horizontal but also a vertical issue: via the implementation and performance of EU policies at lower levels of scale. Effectiveness and legitimacy of policy coordination are inextricable connected. Not taking regard of the effects of European policies on lower levels of scale when designing these policies will undermine the political and societal acceptance of EU policies. Territorial cohesion through policy coordination is essentially *multi-level*. The *evidence base* of the territorial impact of EU-policies largely relates to lower territorial levels. The effects on the level of member states and macro-regions are in most cases and aggregation of of the impact on lower levels of scale.

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<sup>14</sup> ESPON (2004) *ESPON Project 2.1.3: The Territorial Impact of CAP and Rural Development Policy*; Final Report, August 2004, Esch-sur-Alzette: ESPON Coordination Unit.

<sup>15</sup> Commission of the European Communities (2001) *European Governance*; White Paper, Brussels, 25-7-2001, COM(2001) 428 def.

<sup>16</sup> Ibid. p. 8.

### 3.3. Implementation

#### *A separate TIA-tool?*

Given the fact that EU policies are developed and implemented in a multi-level context; does it make sense to develop a Territorial Impact Assessment to be applied at the EU level? If the aim of an EU TIA is to measure and avoid all unwanted territorial impact of EU policies as such, then it is not sufficient to only implement a TIA procedure at the Community level. Such a TIA procedure, in order to be effective, should be complemented by similar assessment procedures at the level of member states. Similar to the Strategic Environmental Assessment and environmental impact assessment instruments, one should think of territorial impact instruments that assess national, regional and local policies as well as of instruments to assess individual projects (like the *Raumverträglichkeitsprüfungen* in Germany and Austria). Given the current European spatial planning discourse, in which a dominant storyline concerns the avoidance (in all possible ways) of new obligatory instruments that increase the administrative burden, a new national TIA instrument can only be introduced on a voluntary basis.

In the view of the EU ministers responsible for spatial planning and territorial cohesion a new TIA instrument will and should only be obligatory to the European Commission. Also the ministerial gathering in Prague 2009 concluded this. Ministerial agreed documents like the ESDP and the Territorial Agenda suggest that this procedure leads to mutually consistent and territorially well-aligned EU policies.

A TIA at EU level could have added value. The question, however, is whether the efforts outweigh the potential benefits. This largely would depend on the design of a separate TIA instrument and whether it would be a 'light' procedure. It also depends on the question whether the political climate in the Commission is right for a new instrument like this? The answer to this question is clearly negative. Since 2001, when the white paper on governance was published, the European Commission is working on a so-called integrated impact assessment procedure. This procedure, henceforth referred to as Impact Assessment, aims at integrating and aligning all existing sectoral assessment instruments of which there have been many.

It can be assumed that the creation of evaluation procedures alongside the existing IA would harm the IA's status.<sup>17</sup> At EU level the interrelationships between Strategic Environmental Assessment and (general) Impact Assessment already form an issue of political debate. Another assessment instrument could only harm efforts to integrate territorial matters in decision making processes. Moreover, the Impact Assessment procedure may in short time become an effective platform to successfully fulfill the wishes of EU ministers responsible for spatial planning and territorial cohesion.

Substantive as well as political and administrative reasons lead us to conclude that a TIA at EU level will lead to better policies, in particular when similar instruments are applied at the national level, but that an EU TIA should not be implemented as a *separate* instrument. A better and more successful strategy would be to integrate TIA elements in the European Commission's own Integrated Assessment instrument. Several important subject areas – including areas related to the objectives of social and economic cohesion – are already integrated in the existing method of Impact Assessment and the issue of territory alone is not that exclusive to justify a separate evaluation instrument.

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<sup>17</sup> NEAA 2009

*How to improve the IA's performance from a territorial perspective?*

An issue which is of critical importance to TIA is the horizontal challenge of impact assessment. The (potential) territorial impact of a wide range of EU policies and different forms of legislation for many years has been the main reason for pleas to organize some sort of territorial impact assessment and for some to even create a spatial planning strategy. Although we have not discussed this the model was that of environmental policy which became part of the *compétence* of the Community even before it was mentioned in the EC Treaty and is now heavily institutionalized through – amongst other – directives on impact assessment and the IA procedure itself.

The current IA evaluation guidelines contain a large number of territorially relevant issues. We expect that most people trained in territorial policy immediately know what is mentioned by these issues and probably will also be able to propose some criteria or indicators to assess the impact in relation to the policy or regulatory proposal which is under scrutiny. The impact assessment is however carried out by the Community service which is responsible for the proposed legislation or policy. Thinking out of the box so to speak is crucial. The people who carry out an IA have to think of possible impacts outside their own domain.

The IA procedure provides for an organizational platform focussing on horizontal relationships within the Commission to make this happen: the so called Impact Assessment Steering Groups or IASGs. Such groups allow early co-ordination and in principle enables other services to provide specific expertise and guidance and contact with a broader range of stakeholders which could be involved along the way.<sup>18</sup> The latter has a vertical component because the opinion of member states and local and regional government within member states is of crucial importance here. We come back to this below.

The IA guidelines are quite clear who should be part of such an IASG: “You [=Commission staff preparing an impact assessment] should include in the IASG the DGs whose policies are likely to be affected by or contribute to the objectives of your initiative ...” (CEC, 2009a, 8). In relation to possible *territorial* impacts this is however not very obvious. Nevertheless the political ownership of territoriality and territorial issues – we use this terminology because there is no *compétence* in relation to territorial development or policy making – is in the hand of DG Regio and within this DG of a very small number of people. Identifying the relevant unit and people when it comes to territorial issues is therefore a challenge on its own for those groups carrying out an assessment.

There is a reverse side to this as well. DG Regio could decide to be pro-active in this matter although it remains to be seen whether there is enough manpower to do this. Nevertheless one may expect that DG Regio knows the Commission Legislative and Work Programme (CLWP) like the back of its hand since it is part of it. Identifying those proposals which are territorially relevant and seeking possibilities to get involved in the relevant Impact Assessment procedure seems an obvious strategy.

Recognizing that territorial issues are at stake in relation to certain policy and legislative proposals is one thing and the IASG could certainly be instrumental in this. It should be kept in mind though that an IASG only convenes occasionally during an IA procedure. Although its meetings can be of critical importance in terms of guidance of the assessment it is not the unit where the actual work takes place. Therefore next to the organization of Commission Impact Assessment one can look at impact assessment as a *process*. A main question becomes then: who could

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<sup>18</sup> Introduction Robert Scharrenborg (EC; Secretariat General) EU Seminar on Territorial Impact, Amsterdam, 5 March 2009.

possibly provide the relevant knowledge, data and tools to assess which territorial impacts are at stake?

Impact assessment is carried out in a constrained time frame and more often than not by people who are not trained in territorial research. Also in many cases territorial impacts and impacts on territorial governance systems will not be immediately manifest. EU policies and legislation pass through a chain of decision-making by public and private actors which might have a territorial impact. But in terms of ex ante evaluation – this is basically what impact assessment entails – this is not very easy to predict and to measure. So there is a great need for easy to handle research tools. Handbooks could be very useful as we have seen in the previous section in one particular case but one can think of other tools as well. In terms of the amount and level of detail of research the IA guidelines themselves emphasize the principle of proportionality basically meaning that the research efforts should be in balance with the anticipated impact and its nature. Also the manpower which could be invested in impact assessment is limited and there are time constraints as well. ESPON could facilitate Impact Assessment by providing tools that are indeed simple and transparent also in terms of the data needed. Such tools should be designed in such a way that they are applicable at lower levels of scale so member states and local and regional stakeholders can provide input as well.

So far we have discussed impact assessment as a horizontal single-level policy tool, carried out in a context of deliberation and exchange of information at the EU level, mainly the Commission level. The Commission Impact Assessment procedure is nevertheless to be carried out in a multi-actor as well as a multi-level setting. Consulting “all affected stakeholders” is specifically mentioned in the IA guidelines. This is considered “an essential tool for producing high quality and credible policy proposals.” (CEC 2009a: 18)

To be able to identify the relevant stakeholders one already got to have some idea or hypothesis about the likely impacts. This counts for impact assessment in general but possibly territorial impacts in particular as these impacts can differ greatly as the result of the vast territorial diversity across the EU. Also territorial impacts manifest themselves particularly at the local and regional levels as the ESPON impact assessments show. So these are the levels which have to be addressed by the Community impact assessment procedure. In theory this in itself could mean that stakeholders at these levels have to be identified and consulted following the impact guidance we have quoted above. In discussions this is sometimes referred to as the issue of ‘softer voices’ (see VROM, 2009). For the small groups within the Community services carrying out an impact assessment it will be a very difficult task to consult all the potential stakeholders at regional and local level. This is where the member state level becomes particularly important although not every country has a tradition of strong local or regional government or has a political culture in which it is standard practice to carry out consultation at these levels.

Above we have concluded that the political ownership of territoriality at Community and Commission level rests with DG Regio. But the ownership is spread at different levels of scale. It is unavoidable that those member states which think that the possible territorial impact of policies and regulations have to be taken into account when designing such new policies and regulations will act pro-actively. Like DG Regio they have to keep a very close eye on the CLWP in order to detect when the appropriate window of opportunity is there to try influence the course of action in general and to transfer the evidence of possible territorial impacts in particular. To be able to do this some homework has to be done i.e. some kind of territorial impact assessment at country level. It seems a prerequisite that the ministry which is responsible

for territorial issues cooperates closely with the ministry that is responsible for the follow up of a possible new EU legislation and policy.

#### *An agenda*

How to make 'territorial cohesion through policy coordination? At least six issues can be identified:

- To stimulate thinking 'out of the box', i.e. thinking in terms of territorial development and its governance, Impact Assessment Steering Groups play a crucial role.
- As the political owner of territorial cohesion DG Regio should participate in relevant IASGs in those cases where territorially relevant issues are at stake. The Commission Legislative and Work Programme should be used to identify these issues. Within DG Regio there should be skilled manpower available.
- TIA as part of the standard impact assessment procedure is in need of 'easy to handle tools'. At EU level ESPON is the main platform to provide these. Such tools should be designed in such a way that they are applicable at lower levels of scale so member states and local and regional stakeholders can provide input as well.
- Territorial impact assessment is a horizontal as well as a vertical policy design tool. Affected stakeholders at member state and regional and local levels therefore ought to have a voice. In terms of feasibility member states play a crucial role here. Member states in most cases probably have a clearer picture of (potential) impact than Commission officials.
- Member state ministries and agencies responsible for territorial development need to cooperate closely with those ministries involved in the design of and negotiations about territorially relevant EU policies. Member states can exchange experience on the issue how this can be done. The Dutch informal *interbestuur-lijke dossierteams* for instance are a useful tool.
- Important modifications of EU directives and other forms of EU policy should be subjected to (territorial) impact assessment. Such modifications could considerably alter the effects on member states and regions and should be subject to impact analysis: IA should not be limited to the stage of the design of the original policy measures.

## **4. Territorial cohesion through policy coordination**

### **4.1. Focus and geographical scope**

In the discussion about the question whether spatial development is an issue relevant to be taken up within the EU terminology has changed several times. At the beginning of the 1990s the concept of spatial planning quickly became taboo because the notion of planning for many (especially in Britain) implied top-down interventionism. 'Spatial development' proved to be acceptable so the committee in which EU member states and the Commission worked together to prepare the European Spatial Development Perspective was christened as the Committee on Spatial Development.<sup>19</sup>

From this perspective the term territorial cohesion marks just a new phase in an ongoing discourse. In the previous sections we have seen that the level of scale to which territorial cohesion could be applied is either mainly regional (territorial cohesion through territorial capital) or local and regional (territorial cohesion through policy coordination). So far one level of scale is missing and cannot be found in the territorial cohesion green paper either. This is the level of Europe (or European Union) as a whole. There is one main EU policy arena which touches upon

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<sup>19</sup> Williams, 1996.

this pan-European level although a clear territorial dimension is missing. This is the present Europe 2020 strategy.

At the level of member states many countries have some sort of leitbild or even a strategy in which some kind of main spatial structure has been identified, in most cases from the perspective of the competitive position of the country as a whole, which comes close to the key objectives of the Europe 2020 strategy. Spatial concepts such as *Metropolregionen* (Germany), hubs and gateways (Ireland) or Delta Peaks (the Netherlands) are to be found in such documents or strategies. This type of territorial thinking on a macro-scale is not part of the Europe 2020 discourse. This does not mean that certain spatial concepts are entirely missing. About the entire European continent can be divided according to concepts such as mountain areas, coastal zones and peripheral areas. However, these concepts form almost classic geographical categories and are difficult to relate to notions such as territorial capital in which a large set of place-based issues play a role.

Spatial strategy making and the kind of spatial concepts which could form a crucial component of such a process can have an important and relevant application domain. The effectiveness, deployment and impact of for instance the European structural funds as well as other territorially relevant policies (TEN, CAP) could be discussed in a far more sophisticated manner when there is closer relation with the structural qualities of areas and regions seen from a macro-perspective than is the case now.

We would like to formulate territorial cohesion through territorial cohesion through territorial strategy making as follows:

*The relevance of territorial cohesion on the level of Europe as a whole can be made visible and tangible through the development of territorial strategies. Such strategy making has European (main) structures as its object. Strategies function as non-binding, indicative frames for territorially relevant policies of the European Union as well as member states and regions. Making territorial structures visible and tangible implies that visualisation is an intrinsic part of strategy making.*

## 4.2. Governance and subsidiarity

### *Grasping territorial structures*

One of the important lessons which can be drawn from the ESDP-process and in later stage the Territorial Agenda process is that there is no support for some kind of European policy development leading to any sort of competence for the Commission on matters of land-use. The German view on subsidiarity played a key role here: no competences can be shifted to the European level which in Germany itself do not even exist at the national level.<sup>20</sup> A territorial strategy does not imply such repositioning of competences to influence or guide land-use. The significance of a strategy is the provision of a deliberation framework for European decision-making about policies and measures which (could) have a territorial impact. Nothing more, nothing less.

Territorial cohesion is for many still difficult to grasp. Notions of territoriality are often still weakly developed. In the context of INTERREG – especially during the second programme

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<sup>20</sup> Faludi, A. & Waterhout, B. (2002) *The Making of the European Spatial Development Perspective*, No Masterplan, London: Routledge, pp. 43-49.

period – attempts have been made to stimulate the making of territorial strategies and visions.<sup>21</sup> The impact of these strategies was in most cases quite negligible for a variety of reasons. One reason was that in most cases an inappropriate planning principle was followed about performance. Being prepared by professionals there was no political ownership so there could not be any direct link between the content of a (transnational) strategy and operational decision-making, not even in the context of taking decisions about project proposals in relation to the various transnational operational programmes based on the INTERREG regulations. In other words: there should be a clear relation between the policy context in which territorial strategies are supposed to function and the planning principles which guide their preparation, form and working.<sup>22</sup>

*Strategy making: directed at discussion and communication*

Learning to think territorially, including to think in terms of the interconnections between various levels of scale is a core issue of territorial cohesion through strategy making. This form of territorial cohesion ‘in action’ in our view is not primarily directed towards reaching consensus and to lay this down in a report released by – for instance – the Publications Office of the European Union. *High level* discussions about the characteristics, potentials and SWOT of Europe’s territorial structure is the main goal. A main challenge here is to pull strategy making and visioning out of the closets of planning professionals and push it in the direction of high-level representatives of member states, EP and CoR working groups or a group like the European Round Table of Industrialists.

To abstain from reaching consensus – at least at this early stage of trying to implement territorial cohesion – means that discussions are aimed towards the generation of perceptions and interpretations of Europe’s structure. All too often a consensus document means that conflicting ideas, interest and perceptions are hidden behind a cloud of abstract objectives and aims and options. Contradictions will surface in some stage though. For instance: there are clear differences between Europe as a ‘seamless infrastructural system’ as is the key objective of the TEN approach<sup>23</sup> and Europe as a patchwork of landscapes.<sup>24</sup> There will be a greater chance these will be discussed in the open if there is a loose coupling between a territorial vision and operational decisions. Seen from this perspective territorial cohesion as strategy making primarily means the identification of the multitude of perceptions of the European territory. This could and probably will stimulate the capability to think ‘territorially’ and the ‘art’ of *spatial positioning*: the intellectual and political capacity to position a place, area, region or country within its wider territorial context in terms of such issues as functional relations, competitiveness, spatial quality and territorial capital in general. Urgent questions to be addressed are for instance: what are the key territorial issues?; which are the underlying problem definitions?; where do these clash?; is there convergence? This all means a clear separation between the two basic functions strategic plan can fulfil: communication or programming.<sup>25</sup>

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<sup>21</sup> Zonneveld, W. (2005) 'Multiple Visioning: New ways of constructing transnational spatial visions', *Environment & Planning C*, Vol.23, No.1, pp.41-62; Zonneveld, W. (2005) 'Expansive spatial planning: The new European transnational spatial visions', *European Planning Studies*, Vol.13, No.1, pp.137-155.

<sup>22</sup> This planning principle is grounded on the so called decision-centred view of planning (see for instance Faludi 1987).

<sup>23</sup> Jensen, O.B., Richardson, T. (2004) *Making European Space*; Mobility, power and territorial identity, London/New York: Routledge.

<sup>24</sup> Council of Europe (2000) *European Landscape convention*, European Treaty Series No. 176, Strasbourg: Council of Europe.

<sup>25</sup> Vries, J. de (2002) *Grenzen verkend* [The reconnaissance of borders]; Internationalisering van de ruimtelijke planning in de Benelux, Stedelijke en Regionale Verkenningen 27, Delft: DUP Science.



Strategy making can be carried out in different ways. In the Netherlands for instance there is a strong emphasis on visualisation and map-making. On the European and transnational level this is highly contentious though.<sup>26</sup> This is probably the reason that the Baltic Sea strategy does not contain maps. In about 12 pages a vision is laid down formed by a number of main themes for the medium term in the domains of territorial, social-economic and environmental development. The strategy forms the framework for further elaboration by member states and regions but is more politically binding for the Commission DG's.

### 4.3. Implementation

The type of discussion we envisage is to a certain level comparable with the German tradition of creating Leitbilder and how they are supposed to function. In Germany national Leitbilder are prepared by the *Ministerskonferenz für Raumordnung* (MKRO; Ministerial Conference for Spatial Planning). This conference brings together the Bundesministerium on spatial planning – which does not have a Raumordnungscompetence but could create Leitbilder – plus the relevant ministers of all states. The principal objective is to attune territorial policies. Leitbilder are created through a planning principle called *Gegenstrom Prinzip* (countercurrent principle) by which federal ideas on territorial development are being confronted with ideas coming from bottom-up. In this way a shared but non-binding territorial strategy is made. Within the frame of the national Leitbild the federal states prepare their own policies. These do have a binding effect on lower levels of government. On the federal level Leitbilder influence – to a limited degree – sectoral policies like infrastructure, agriculture and economic development.

Such a model could be followed at the European level. It is reminiscent of the Open Method of Coordination (OMC), a type of multi-level governance which could be positioned between the intergovernmental and community method of policy-making.<sup>27</sup> Briefly formulated OMC entails preparing framework agreements on the EU level which are implemented at the national level but in accordance with principles and viewpoints of the member state itself. Progress is monitored, reported and evaluated and discussed at the European level. Agreements reached at the European level are non-binding but member states could decide otherwise. The latter means that the results of the OMC shift towards the community method. In spite of the non-binding nature of agreements within the OMC peer-pressure on member states – often through *naming and shaming* – can create a climate in which member state choose to meet the agreements.

On the organizational level strategy making within the 'model' of OMC could be facilitated through so called comitology committees and even through a council on territorial cohesion. This implies that member states have to adapt their national administration to be able to participate in council deliberations. Even without a council on territorial cohesion member states should be capable of translating a European strategy in national policies and to monitor such policies and report back to the European level. Strategy making in the spirit of the OMC will have its impact on national administrations and policies if one takes it seriously.

Next to that there will be effects in many directions and at various levels of scale. For example:

- It will be very unlikely the structural funds operational programmes will be left untouched. At present these OPs are often a loose bundle of priorities and measures. Strategy making at the

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<sup>26</sup> Dühr, S. (2003) 'Illustrating Spatial Policies in Europe', *European Planning Studies*, Vol.11, No.8, pp.929-948.

<sup>27</sup> Faludi, A. (2007) 'Now more than ever: The open method of coordination in EU territorial cohesion policy', *European Spatial Research and Policy*, Vol. 14, No. 1, 11-24.

European level will guide them in the direction of genuine strategies meaning that investment will be more focused, possibly also territorially.

- It will be likely there will be an effect on National Strategic Reference Frameworks, the present guidance document at the member states levels which is supposed to function as an umbrella document for structural funds OPs (see section 2).
- Strategies at the European level could stimulate vision making at the crossborder level, transnational (both INTERREG) and macro-regional level as well.

#### *An agenda*

The perspective of territorial cohesion as strategy making could be summarized as follows:

- The object is the territorial structure of Europe.
- The main implication is not to prescribe or to programme operational decision-making but discussion and communication about territorial development and territorial structures. The main objective of strategy making could be compared to how the OMC Works.
- A formalization of a European strategy is only desirable if member states agree. The procedure to be followed then is the codecision procedure just like territorial cohesion at large.
- Territorial strategy making requires a strengthening at the level of comitology committees: the chain between the Commission and member states should be as strong as possible.
- Territorial strategy making is not only desirable and necessary at the European level but on other levels of scale as well. The various strategy arena's should be open to stakeholders from various backgrounds and with different interests. The scope of strategies is not confined to the working areas of one or a limited set of EU policy domains but is related to territory and space.

## **5. Territorial cohesion through a place based approach**

### **5.1 Focus and geographical scope**

As indicated before there is a tension between European and macro regional policy on the one hand and regional and local heterogeneity and diversity on the other. In territorial cohesion policy place based specific solutions prevail over generic ones. This at least applies to the 'what' question, as each region requires its own specific recipe or mix of instruments, stakeholders and measures. In terms of 'how to do things' generic requirements could be possible, such as the earlier mentioned obligation to have integrated strategies and minimum institutional capacity. Embarking on place-based approach could also become such a generic principle of territorial cohesion policy.

The term place-based approach is derived from the Barca report and resembles in terms of contents closely to integrated spatial strategies. Within some member states there is already a long established tradition to work with, what in hindsight could be called place-based strategies, in particular in those countries where the comprehensive integrated and regional economic approach is common. However, there is a difference between strategic spatial plans on the one hand (as described above) and place-based strategies, which is that the latter have are more selective in scope as well as more output oriented whereas the former are more vision documents indicating the possible or desired future development of a region. In so doing place-based strategies can be regarded as thematic oriented territorial cooperation arrangements.

Until recently there was little experience with this way of working at the level of the European Commission, but with the recent Strategy for the Baltic Sea this has changed.<sup>28</sup> This strategy was developed on request of (some of) the Baltic Sea countries by a Commission interservice group that was installed for this single purpose. This example forms an indication that the Commission is able to produce in short term an integrated strategy in which synergies are created between its various sectoral policy fields. The strategy itself singles out a limited number of issues, such as environmental pollution, energy production, that require collective action by both the Baltic Sea countries and the European Commission. The actual implementation is the responsibility of the involved countries and requires follow-up decisions. Yet, the Commission indicates where and on which issues they could be of assistance in terms of delivering joined-up policies.

The experience with the Baltic Sea Strategy has inspired the Commission to also embark on a Danube Strategy and mentioning possible North Sea, Mediterranean and Alpine strategies in their annual work programme of 2010. In the meantime bottom-up requests have been filed by amongst others Spain for an Atlantic Arc Strategy. In terms of effectiveness and successful application of these strategies it can be noted that there is already a long tradition of mutual cooperation around the Baltic Sea, which is an important factor for the successful application of the Baltic Sea Strategy. In terms of operationalisation the Danube Strategy proves a more complex case, not in the least because mutual trust has to develop between the addressed countries.

#### *Flexible and overlapping geographies*

Whereas the above mentioned place-based strategies apply to macro-regional levels of scale the instrument of place-based strategies can in principal be applied to each and every scale, from very local to regional, to national to cross border and transnational up until, in theory, the EU level. At this latter level it will, however, be hard to select concrete themes to create territorial cooperation arrangements around. Rather at EU level the instrument of spatial strategies or visions, as described in the previous section, may be more useful. A more suitable level or scale for the application of place-based strategies is probably that of the current NUTS 1 and 2 regions being the object of cohesion policy as well as cross border cooperation areas under INTERREG A (be they having the status of a formal European Grouping of Territorial Cooperation or not), as it is more likely at this scale to involve and mobilize relevant public and private stakeholders and to design strategies and projects that really make a difference.

A crucial difference, however, with the above is that place-based strategies are not applied to administrative units but to functional areas or regions. Functional regions can have many different forms. Functional geographical demarcation depends largely on the theme or themes addressed. Demarcation could be based on territorial homogeneous characteristics, for example a rural area, or on urban networks such as polycentric areas like the classic Randstad and Rhine-Ruhr, although it might be tempting also to think at higher levels of scale,<sup>29</sup> but obviously also by maritime regions, such as the Baltic Sea, North Sea, Black Sea, Mediterranean or Adriatic sea, river basins such as the Danube or Rhine, mountain areas such as the Alpine area and so forth. Functionality could also be based on social-cultural characteristics. Regions with a strong identity come to mind, such as Basque country, but also the Saar-Lor-Lux region which shares much of a

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<sup>28</sup> Dubois, A., S. Hedin, P. Schmitt & J. Sterling (2009) EU Macro-regions and macro-regional strategies – A Scoping study, Nordregio electronic Working Paper 2009:4 (available from: [www.nordregio.se](http://www.nordregio.se)).

<sup>29</sup> To mind come the pentagon and the Blue Banana, but also what is called the Urban Delta, the area demarcated by the Rhine-Ruhr, Randstad and Flemish Diamond. An interesting experiment in terms of seemingly homogenous urban areas can be found in a paper by Richard Florida, Tim Gulden, Charlotta Mellander (2007) *The Rise of the Mega Region*, University of Toronto: The Martin Prosperity Institute.

common history. The final demarcation of place-based strategies, however, will be a combination of things but will largely be determined by the sense of urgency that is felt amongst stakeholders to participate.

So, the exact geographical scope of place-based strategies is hard to determine as place-based governance arrangements (i.e. the stakeholders that participate) vary in time and space. Whereas cohesion policy and most domestic integrated spatial–economic policies are ordered along existing administrative units, the area forming the object of place-based strategy is in principal not determined by administrative boundaries, but by the nature and geographical reach of the theme(s) addressed. Moreover, many themes themselves, like congestion, clusters of innovation, environmental protection, urban development and so on are fluid themselves. Some themes may even benefit from a flexible approach in terms of geographical reach, which allows the inclusion of distant but potential relevant stakeholders when this turns out to be appropriate along the way. Such a view on governance complies with the insights of a number of authors who claim that the current governance landscape is characterized by increasing overlapping and intersecting governance arrangements rather than neatly ordered administrative units.<sup>30</sup>

In contrast to current EU cohesion policy a territorial cohesion policy through place-based strategies could become characterized by overlapping regions. These regions cannot be sharply defined in terms of geographical scope as they do not have fixed boundaries and are flexible in time. Recent research in the UK in this sense talks about ‘soft spaces’.<sup>31</sup> Their geographical reach is largely dependent on the governance arrangements created around integrated themes and the outcomes (suggesting that solutions can be found in a wider or narrower area) of learning processes taking place within these arrangements. The geographical overlap between place-based strategy regions can well range from tens to hundreds of kilometers, depending on the themes addressed. In such a situation, it may well be that the same stakeholder is part of two or more governance arrangements at the same time.

### 5.3 Multi-level governance and subsidiarity

Because of the various scales at which place-based strategies may be applied, multi level governance and subsidiarity require attention. As indicated earlier there is a tension between policies at various scales, for example between EU and national level, but likewise between national and regional level. This tension is an intrinsic element of territorial cohesion policy (in whatever form) as a consequence of multi-scalar nature of territorial issues and themes. Solutions for specific territorial issues seldom can be found at just one scale and mostly require joint or coordinated action at several scales and by several stakeholders. It is therefore that territorial cohesion policy does not qualify for generic solutions.<sup>32</sup>

As a consequence in order to let the system function, it is important that place-based strategies at various levels are complementary to each other. The principle of subsidiarity thus should be carefully applied. An open question, however, is to what extent and strictness the subsidiarity

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<sup>30</sup> For example: Ash Amin (2004) *Regions Unbound: Towards a new politics of place*, Geogr. Ann. 86 B(1): 33-44; Haughton, G., Allmendinger, P., Counsell, D., Vigar, G. (2009) *The new spatial planning: Territorial management with soft spaces and fuzzy boundaries*, London: Routledge. Maar ook naar dat van bestuurskundigen als: Hooghe, L. & Marks, G. (2003) Unravelling the Central State, but How? Types of Multi-level Governance, *American Political Science Review*, 97(2), pp. 233-243.

<sup>31</sup> Haughton et al. (2010), see previous footnote.

<sup>32</sup> The exception may be the procedural measures, as indicated earlier.

principle should be applied. It is almost inconceivable that place-based strategies at higher levels do not address issues at lower levels, nor could this be expected. Whether place-based strategies legitimise direct involvement at lower levels, such as is made conditionally possible by some national spatial planning acts,<sup>33</sup> is something that could be considered in territorial cohesion policy. In today's complex governance landscapes the old idea of fully integrated, vertically and horizontally, territorial strategies should be dismissed as utopian. Also, this is not what place-based strategies, which focus on selectivity and on 'getting things done', are about. Whatever it will be, territorial cohesion policy through place-based strategies needs to explain very carefully the rules of the multi-scalar and multi-level governance games that undoubtedly will emerge.

#### 5.4 Implementation

Implementation of place-based strategies depends on a shared sense of urgency among public and private stakeholders to address specific themes within a particular area. In analogy to studies on regionalisation this shared sense of urgency could also be labelled 'soft identity'. Following Cappallin<sup>34</sup> such soft identities are a prerequisite for agreeing on joint strategies and approaches. They emerge as a result from joint learning processes among a variety of stakeholders. The focus in this learning process should be on understanding the nature and the causes why territorial capital is not fully exploited and on finding approaches to deal with this. A necessary requirement is thus a governance climate in which such learning and soft identity building can take place. In this sense, place-based strategies should not be interpreted as policy schemes for the short term, rather they focus on mid- and long term impact and should be regarded a long-term political investment.

In so doing, territorial cohesion through place-based strategies surpasses the other discussed perspectives on territorial cohesion in a sense that it forms a positive mix of the perspectives on territorial cohesion through territorial capital and spatial strategy. Also in terms of instruments there is much overlap and legal and financial instruments, as single pot funding and multi-level contracts equally play an important role. Territorial cohesion through place-based strategies, however, is somewhat wider in terms of scope in a sense that it not only takes into account EU cohesion funds, but in fact all EU as well as national funds that are relevant for the thematic issues that are concerned. Inherently, such an approach also will lead to a certain demand for a minimum level of policy consistency on higher administrative levels, as discussed under the perspective of territorial cohesion through territorial impact assessment.

In terms of further instruments the following could be considered:

- Financial and non-financial compensation instruments
- Room for experimenting under the INTERREG programme
- Co-ordinated place-based allocation of EU financial instruments
- Coupling with national funding schemes
- More flexible and place-based application of EU and national (environmental) directives (whilst maintaining the output requirement) – currently environmental directives can hamper place-based development, even if this results in an environmentally better situation.

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<sup>33</sup> Examples are the Netherlands and Flanders.

<sup>34</sup> Cappellin, R. (1998) Transborder co-operation along external borders and the turnabout of regional development policies: A Mediterranean perspective, in Hedegaard and Lidström (eds), *The NEBI Yearbook*, Berlin: Springer.

Institutional:

- European Commission interservice groups for each or a number of place-based strategies
- Territorial Cohesion Council
- Platform at official level to co-ordinate and monitor place-based strategies

Consequences for member states and regions:

- Stronger attention for spatial positioning
- Need for coordination between sectors addressed by place-based strategies
- Need for better coordination with neighbouring regions and countries

## **6. Conclusion: outlook**

In this final section we would like to answer the question: how realistic are the perspective to implement territorial cohesion? Will there be support and is this support decisive enough? Territorial cohesion through territorial capital aims towards the enhancement of the programmatic base of structural funds investments on the basis of territorial reasoning. Since the 1988 reform of the structural funds subsidies can only be given on the basis of an operational programme (OP). The initiators of project proposals have the obligation to motivate their proposals in the light of the so called priority and measures of the OP in question. There is a widespread feeling though that the allocation of subsidies through OP's has not ended the fragmentation which was so characteristic of the pre-1988 period. So one can expect support for proposals which could lead to a strengthening of the programmatic base of the structural funds. However, if one accepts that the specific territorial capital of an area should have a clear influence on the identification and elaboration of the priorities and measures of structural fund OP's there is less room for generic conditions. In the negotiations between the Commission and the member states this would mean a shift of power balance from the Commission and even from national government towards the regional level. It remains to be seen whether this would be acceptable. It may be expected that bodies like the Committee of the Regions strongly favour the perspective of territorial cohesion through territorial capital. So we are slightly positive about the chances of this perspective becoming reality. Nevertheless it will be uncertain whether the big battles over the EU budget for the post-2013 period will leave room for any sort of territorial reasoning, a rather soft value weighed against the hardness of budget (ir)rationalities. Renationalisation of the structural funds would very likely bring this perspective to a premature end and also would undermine the position of the regions, at least in centralistic countries.

Territorial cohesion through policy coordination might at first sight looks like a strange combination. As far back as the 1960s though spatial planners – at least from the Netherlands – have been claiming that in all those cases where Europe is carrying out policies with a territorial impact this impact should play a role in the process of designing and implementing such policies. So the link between cohesion and territory is in this perspective indirect: via balancing the diverse territorial effects of policies in decision-making. We have seen that the present integrated assessment procedure of the European Commission in principle is open to the assessment of territorial impacts. This is no guarantee though that this will indeed take place. The units and persons carrying out impact assessment – not necessarily trained in matters of territoriality – should be reached. Easy to handle tools are necessary as well as multi-level 'channels' through which knowledge about territorial effects on localities and regions find their way into the EU assessment process. There is a clear role here for DG Regio – within the Commission the political owner of territorial cohesion – and the spatial planning ministries at national level which

ought to function as the link between Commission and EU at the one side and local and regional levels and stakeholders at the other. In our observation TIA is clearly on the agenda and there is a lot of activity taking place- partially via ESPON – to make things happen.

We have to be honest: of all our four perspectives the perspective of territorial cohesion through spatial strategy making is by far the softest. In our view there is a clear intrinsic logic in taking decision on the European level which are territorially relevant against the background of some sort of perception of Europe's territorial structure at large. Countries having a tradition in this respect – like for instance the Netherlands, France, Germany, Ireland or Slovenia – could very well be supportive. Other countries where such a tradition is lacking probably would not have a clue what 'territorial structure' could mean. We have explained why there should be a loose coupling between strategy making and operational decision making: both should take place at arm's length of each other. We have also emphasized that a main challenge is to pull strategy making and visioning out of the closets of planning professionals and push it in the direction of high-level representatives of member states, EP and CoR working groups or a group like the European Round Table of Industrialists. Such an indirect route might lead to a stronger link between EU decision-making about territorially relevant issues and territorial characteristics of the EU itself.

Territorial cohesion through place based strategies is already taking place, at least in an experimental way. The Baltic Sea and Danube strategies form the prime examples, and judging the European Commissions working programme there are more to come. However, as the experiences show, a place-based strategy is not an easy instrument. Although being already a proud achievement, drafting a strategy within an European Commission interservice group does not automatically lead to implementation within the areas concerned. As indicated this requires much in terms of institutional and organisation capacity in the areas concerned, but also a carefully designed process of how to jointly develop such strategies. Also instruments are lacking, such as single pot funding or tripartite contracts, which could make these early examples really work. So whereas the macro-regional approach currently has tail wind, it is less likely that the practice of place-based strategies will easily and swiftly find its way to lower levels all over Europe. Not only does this require changes in regulations and institutions, such as a (territorial) cohesion council, but moreover it requires a fundamental change of administrative culture in most parts of Europe. As such, although perhaps instrumental conditions may be created on a relative short term, to come to life territorial cohesion through place-based strategies will probably require a process of years marked by gradual political-administrative changes.