

Inspire policy making by territorial evidence



Territorial Reference Framework for Europe

Discussion Paper No. 4

Policy pathways:

**TA 2020+ as a Framework for Enhanced
Cooperation and
TA 2020+ as a Framework for bottom-up
Territorial Visions**

Discussion paper in preparation of the 4th meeting of the
Strategic Advisory Forum on 20 November 2018

Version 12/11/2018

This Discussion Paper was prepared as part of the ESPON 2020 applied research activity 'European Territorial Reference Framework'. The views expressed herein do not necessarily reflect the opinion of the ESPON EGTC, the ESPON 2020 Monitoring Committee or the European Union.

Table of Contents

1	Introduction.....	2
2	From challenges to policy pathways – a quick recap.....	3
3	Policy pathways for the Territorial Agenda post-2020.....	5
3.1	Europe as a framework for enhanced cooperation	5
3.2	Europe as a framework for bottom-up visions.....	9
3.3	The next steps.....	12
	Bibliography.....	13
	Annex	14

For additional background documents supporting this discussion paper are available at:
<http://www.eu2050.eu>

Abbreviations

EGTC	European Grouping of Territorial Cooperation
ESDP	European Spatial Development Perspective
ESPON	European Territorial Observatory Network
ETC	European Territorial Cooperation
EU	European Union
SAF	Strategic Advisory Forum
TA2020	Territorial Agenda 2020
TA 2020+	Territorial Agenda post-2020
TAEU	Territorial Agenda of the European Union

1 Introduction

The European Territorial Reference Framework project is a stepwise process aiming to inspire the development of the Territorial Agenda post-2020.

The project is being developed linked to the different meetings of the Strategic Advisory Forum and its corresponding papers.

Having identified and discussed three key territorial challenges that the EU faces in the 1st Strategic Advisory Forum workshop¹, the 2nd Strategic Advisory Forum workshop was focused on most relevant trends for the development of the European territory 2020². Based on these, four policy scenarios as overarching references were developed and discussed at the 3rd Strategic Advisory Forum³.

These policy scenarios can inspire different policy pathways, each of which includes various policy options, reflecting different levels of ambition. These policy pathways and policy options will be the focus of discussions of the 4th Strategic Advisory Forum meeting.

The work of the Strategic Advisory Forum meetings will conclude with a fifth meeting which will aim at sharpening the argument, developing a convincing narrative and strengthening the internal logic of the European Territorial Reference Framework .

The combination of all these activities is expected to form a solid grounding for the Territorial Agenda post-2020 and inspire its development as well as provide potential options for its governance and implementation mechanisms.

¹ The 1st Strategic Advisory Forum paper can be downloaded here: www.eu2050.eu/wp-content/uploads/2018/04/SAF_Paper_1-180412.pdf

² The 2nd Strategic Advisory Forum paper can be downloaded here: www.eu2050.eu/wp-content/uploads/2018/05/SAF_Paper_2_v.180717.pdf

³ The 3rd Strategic Advisory Forum paper can be downloaded here: http://www.eu2050.eu/wp-content/uploads/2018/10/SAF_Paper_13-09-2018_Final-Version.pdf

2 From challenges to policy pathways – a quick recap

Three **overarching structural challenges** are highly relevant (yet not currently well-defined or embedded) in the post-2020 debate of the EU budget as well as EU Cohesion Policy. They are different from those stated in the previous Territorial Agenda of the European Union (TAEU 2007) and the Territorial Agenda 2020 (TA2020 2011). The challenges are key to understand the spatial dimension of the future of Europe, and imply a demand for specific policy responses.

- **Fragmentation risks:** Political, social and economic fragmentation issues have profound spatial implications across neighbourhoods, cities, regions and countries. In regions that suffer from relative economic decline, populism, nationalism and EU discontent are growing (“the places that don’t matter”, Rodríguez-Pose, 2017). This demands spatially sensitive and tailor-made, i.e. place-based policy responses empowering local and regional citizens and communities.
- **Growing interdependencies between places:** The positive and negative spill-overs and externalities of developments in one place pose challenges for the development perspectives in other places. This demands a wider geographical perspective in policy decisions and a stronger territorial dimension in policy making.
- **Functional mismatch:** The mismatch between geographical jurisdictions of decision-making and the impacts of these decisions create problems of effectiveness, efficiency, accountability and legitimacy in administrative authorities and political institutions. This demands more cooperation, between different territories, societal groups and policy sectors, at all administrative levels and spatial scales.

A **variety of developments and trends** will exacerbate the relevance of the abovementioned challenges. At the same time they will alter the context, within which the new challenges need to be addressed. This concerns, in particular, trends which may impact on Europe’s spatial development as well as its ability to respond to the above challenges. Among these are exogenous trends in the fields of technological change (e.g. digital society, post-carbon and circular economy), social change (e.g. migrations, ageing, more fluid social institutions and shifts in values) and environment (e.g. adapting/mitigating climate change and more scarce resources). Some of the most important drivers for such changes are beyond the influence of policy and decision makers in Europe. As Europe is not an isolated island it is especially important to consider developments outside the European Union, its institutions and Member States, e.g. China’s Belt and Road Initiative (‘One Belt and One Road’) as a strategy for investments and infrastructure development with global impacts on transport and trade from Southeast Asia to the Arctic, or protectionist trade policies as pushed forward by the U.S. government.

Overall, ‘New Territorialities’ are emerging in the so-called ‘Space of Flows’, which follow from de-territorialised and network-based logics and overlap with borders of existing municipalities, counties, regions, states. Governments constrained by territorial jurisdictions have consequently increasing problems to deliver citizens’ demands and, paradoxically, this trend generates retrospective feelings based on a desire to revert to a time when territories were more clearly defined and managed according

to borders and established parameters. This is especially the case for places and groups facing economic decline.

Based on a review of different **policy scenarios** developed in European future-oriented studies, the likely mid-term scenario (2020-2035) is characterised by ‘muddling through’, which indicates that proactive policy making and political leadership will be overwhelmed by a number of key trends such as globalisation, populist politics, technological and industrial transformations. This ‘muddling through’ scenario may generate moderate economic growth but increasing interregional disparities within member states, further fragmentation and even economic and political disintegration (orderly or chaotic). Alternatively it may open the window towards European further territorial integration, particularly if territorial cooperation is enhanced successfully – the ‘Successful Cooperation’ scenario. In a long-term perspective (2035-2050) territorial integration can result from the bottom-up processes defined in the ‘Local Renaissance’ scenario or from the inter-governmental processes at Member State level known as ‘Global Balance’⁴.

These policy scenarios have inspired the development of two **policy pathways for Europe** – “Europe as a framework for enhanced cooperation” (inspired by the ‘Successful Cooperation’ policy scenario) and “Europe as a framework for bottom-up visions” (inspired by the ‘Local Renaissance’ policy scenario), which could address the abovementioned challenges. These policy pathways are not mutually exclusive and – indeed – have some common principles and features. They are presented in more detail in the following chapter.

⁴ The scenario names are preliminary.

3 Policy pathways for the Territorial Agenda post-2020

Both policy pathways – “Europe as a framework for enhanced cooperation” and “Europe as a framework for bottom-up visions” – need a strong narrative and convincing argument. Hence, the following chapters present the rationale and introduce different policy options that reflect different levels of ambition (e.g. ranging from relatively low level responses and actions to more strategic and comprehensive frameworks which can connect policy responses at different levels of governance).. Some policy options put stronger emphasis on the intergovernmental process, others rely on stronger support by the European institutions. Regardless of the final design, the Territorial Agenda post-2020 (TA 2020+) should be turned from a document setting out objectives (like its predecessors) to an action-oriented framework for policy responses that can contribute to achieving the objectives and address the overarching challenges.

3.1 Europe as a framework for enhanced cooperation

A key response to the above key challenges for the short-to-medium term is enhanced cooperation. The TA 2020+ could therefore become a broad framework for cooperation, not only between places, but also between sector policies and between groups of society. EU Member States cooperate and design common policies at different levels to address and tackle issues together. This fundamental idea should be taken to a new level. At its most ambitious level, it is recommended that cooperation responses become a driving force for future policy underpinned by new and innovative policies and actions.

3.1.1 Today's and future perspectives on cooperation

Cooperation has been a key principle of the European project. Looking at the European Union level, cooperation has played a particularly important role in the framework of European Territorial Cooperation (ETC), widely known as Interreg, which has become a mainstream objective of EU Cohesion Policy. Institutions like the European Parliament have long supported stronger cooperation by demanding larger budgets and a stronger involvement of regional and local actors, while the European Committee of the Regions echoed its support condemning the proposed budget cuts to Interreg programmes.

However, this narrative is expressed in terms which are generally limited to the ETC programmes, which in many ways, have become the de facto EU approach to supporting territorial cooperation. It can even be argued that they have become an isolated (sector) policy with a committed yet small community that is however rather disparate and disconnected in how it champions a stronger drive for cooperation beyond Interreg. The rather limited presence and profile has furthermore perpetuated the tension between ‘place-blind’ and ‘place-based’ policies, not always taking into account the impacts different policies might be producing in relation to further social and economic fragmentation. Consequently one can state that the territorial dimension in EU policies has been increasingly overlooked and the role cooperation could play in addressing different challenges has been undervalued despite, or rather because of, the evolution of ETC.

Another important point refers to the ethos of comprehensive cooperation as a bottom-up approach of policy making. Cooperation can revive domestic appetite for citizen engagement if it is based on a strong local and citizen-driven dimension. This approach is gaining momentum in local, regional and national policy decision making not least because it offers a response to the current 'distance' between citizens and institutional decision making. Cooperation actions can also be channelled and tailored across different spaces and levels, therefore offering responses which have a strong connecting focus.

The next Territorial Agenda could hence argue that cooperation in Europe should not be restricted to Interreg but should be strategically positioned as a key enabler to respond to challenges as well as to address opportunities. Different cooperation forms have up to now paved the way towards a different direction, such as the EGTCs or the macro-regional strategies. The Territorial Agenda post-2020 can propose different lines of cooperation, addressing various interdependencies and mismatches of functionalities. It is important that this approach to cooperation is not limited to Interreg or European Territorial Cooperation but takes a much broader approach.

- **Cooperation between places:** Cooperation of different places or territorial entities can help to address interdependencies between territories and find innovative cooperation forms reducing the mismatch between the geography of decision making and the geography of the phenomenon addressed. By better addressing challenges at local and regional level, it can also support the process of tackling territorial fragmentation. This type of cooperation may include, but it is not limited to European Territorial Cooperation (ETC), as explained earlier, with its focus on cross-border, transnational and interregional cooperation, i.e. explicitly involving players from different countries. Cooperation is however relevant at any geographical level, between and within districts and neighbourhoods, between neighbouring as well as distant municipalities, within metropolitan regions or between provinces and other sub-national entities.
- **Cooperation between policy sectors:** Cooperation is not limited to territorial entities and places. Players from different policy sectors cooperating and taking a more integrated perspective can help to better address interdependencies, fragmentation and mismatch of functionalities. Improving sector coordination and overcoming the silo structures of policy making, e.g. in public administrations and business organisations, within public and private actors in relevant policy issues might help to find more powerful and more integrated policy responses to the key challenges. This type of cooperation may also include features of impact assessments to illustrate mutual interlinkages and the impact on other sector policies.
- **Cooperation between societal groups:** Cooperation of different groups of our society to overcome social fragmentation (which can be observed across groups with e.g. different income levels / social status / mobility options, cultural characteristics or religious backgrounds) could provide new directions for supporting European integration. Indeed, to a large degree the challenge of social fragmentation as a result of increasing regional disparities and (real and perceived) inequalities, are just spatial expression of an increasingly fragmented economy and society in Europe. This cooperation may involve any groups of society. It can furthermore support citizens to interact and exchange with people outside their usual communities and peer groups.

In principle these three types of cooperation have been emphasised in the context of multilevel governance for some decades already. ESPON published a specific guide on multilevel governance in this context (ESPON, 2013). It is closely related to reduce disparities on the quality of government and institutional capacities across European institutions. Improving the quality of government is both an objective of, and a precondition for successful cooperation.

With regard to answering the question who could push forward such an agenda it remains questionable whether the abovementioned institutional ‘champions’ of the ETC agenda are the right players to influence the post-2020 debate with stronger demands for a more strategic orientation, i.e. a vision of cooperation beyond Interreg, or whether instead the TA 2020+ could be a possible vehicle for this at the level of Member States and the European Commission. Acknowledging the institutional context of the Territorial Agenda post-2020 process, it might be wise to focus on small and soft steps that can be implemented during the next years as the most efficient strategy to reach more ambitious goals in the long-term, rather than presenting an overambitious ‘big plan’ unlikely to be implemented.

3.1.2 Policy options – how to put enhanced cooperation into practice

To move from the idea of the Territorial Agenda post-2020 as a framework for enhanced cooperation to practice requires a clear and concrete framework for action. Who should cooperate with whom on what? Which type of cooperation and level of intensity is realistic to be achieved? Even if these questions are at the end in the hands of actors willing to cooperate, the TA 2020+ should propose to remove barriers making cooperation difficult and propose incentives to facilitate cooperation in those fields more strategic for Europe. ESPON research provides some hints and ideas for possible answers to these questions. Still the answers require a combination of political leadership and visioning which has been, hitherto, largely absent in the territorial debate.

The Territorial Agenda post-2020 can consequently play a role in enhancing cooperation, this way aiming to induce the necessary responses and reforms to reduce the mismatch of functionalities and adapt territorial jurisdictions to nowadays requirements. Below some first ideas serve for inspiring and stimulating discussion. They largely depend on the levels of ambition of the main players, especially of the Member States as key players of the intergovernmental process, to translate them into more concrete policy options:

Embracing a larger vision for Europe. In the case of a high ambition, Europe as a framework for cooperation can function as a new overarching strategy for the EU, being an umbrella strategy to support, coordinate and further enhance related policies. This would require an approach at highest levels in the European Commission and the Council to embrace the cooperation rationale as key element of future EU strategies, e.g. the successor of the EU 2020 Strategy.

Intergovernmental process or EU responsibility? This option highly depends on the commitment and engagement of the players. It has to be noted that the Territorial Agenda has so far been an intergovernmental process and to remain so, it requires the engagement of all Member States of the European Union.

Make cooperation a conditionality for EU policies. In this case, cooperation of different forms and types will be a prerequisite for all EU policies in future. For instance, every ESIF programme and not only Interreg should have a clear approach to foster cooperation between places, sectors and societal groups (Martin et al., 2018).

Facilitating the cooperation process. As mentioned earlier, cooperation is not only Interreg, nor is it restricted to cooperation across countries. It is a broader concept, concerning all geographical levels, incl. functional regions also within countries. Specific incentives such as simplified cost options as a means for ESIF programmes, can promote the implementation of measures in cooperation structures at all geographical levels, e.g. between transport associations that cooperate beyond administrative boundaries when working on an urban transport system to better reflect commuter flows within a functional region, or national networks to promote exchange between different types of players and mutual learning.

Remove barriers for cooperation. Besides further incentives for cooperation, it is also important to remove existing barriers that prevent more and better cooperation. In the case of border regions, for example, obstacles result, i.a., from a lack of EU legislation, incoherent domestic laws, and administrative obstacles caused by inadequate procedural and adverse behavioural aspects at local, regional and national levels (European Commission, DG REGIO, 2017; Zillmer et al., 2018). However, also within Member States, barriers for cooperation still exist. They are closely linked to the functional mismatch mentioned above as a key structural challenge. Often, administrative units are entitled with certain competences. However, their administrative boundaries are rather artificial and do not reflect actual relations and flows. This often leads to a lack of effective and adequate decisions.

Encouraging greater use of spatially sensitive analysis to policy making through a decision tree. A decision tree can provide a framework on improving how different issues are defined through a 'spatial' lens for a more comprehensive perspective to consider policy responses. A supporting framework – to be applied at all spatial levels – could encourage renewed focus and interest from policy makers at all levels (and across levels). Following the structure and answering the different questions, different policy options would be developed, creating a more robust approach to policy making which has an embedded 'spatial sensitivity' focus. In the annex an outline and illustrative version of such a decision tree is provided.

3.1.3 Questions for discussion

Different questions arise that serve as starting points to reflect on whether and under which circumstances “enhanced cooperation” could be a suitable policy pathway for the Territorial Agenda post-2020. They shall be discussed at the next meeting of the Strategic Advisory Forum:

- Can a narrative focusing on the need for “enhanced cooperation” generate sufficient interest among key players?
- How could a policy response to structural challenges be made operational across EU member states, regions and cities?

- What is a realistic level of ambition when addressing possible policy changes, especially with regards to the Territorial Agenda post-2020?
- What preconditions need to be fulfilled before “enhanced cooperation” can fully function?
- What are the negative externalities? Can “enhanced cooperation” contribute to even stronger social and territorial fragmentation?
- What needs to be done to prevent negative externalities?

3.2 Europe as a framework for bottom-up visions

Another pathway as key response to the key challenges recalled in chapter 2 for the mid- to long-term lies in bottom-up visions. The TA 2020+ could become a framework for a comprehensive approach of developing bottom-up visions and, this way, bringing the European project again closer to its citizens. So far visions for the EU are mainly developed at EU level, top-down, i.e. with strong influence by the Member States and the Council. Bottom-up visions in line with the idea of place-based policy making would be a new approach to strengthen the role of municipalities, cities and regions to commit to the European project and build up on the idea of ‘united in diversity’.

3.2.1 Today’s and future perspectives on bottom-up visions

Over the last years, disparities and (perceived and real) inequalities have grown and everyday realities differ significantly between different regions in Europe. Many regions face severe challenges and suffer from demographic and economic decline. More and more regions are on the verge of falling behind. At the same time, other regions prosper due to continuous growth and competitiveness although not everybody in these regions benefits equally. The old promise of the EU as a stronghold of peace is still kept, but it seems that the EU reneges on the promise, read “top-down vision”, of prosperity and welfare.

In addition, many people and entire regions do not feel heard anymore and treated equally as parts of (a European) society. They feel that the EU is detached from their perceptions, needs and perspectives and allegedly wants to level out all variations in differences and identities in Europe and replace it with top-down uniformity. Hoping to strengthen those that promise easy solutions and claim that they will give them back control of their lives and countries, citizens make increasing use of the ballot box and cast their votes for anti-establishment, nationalist, separatist, illiberal and xenophobic parties and movements – the revenge of the “places that do not matter” (Rodríguez-Pose, 2017) and the people who are and/or feel left behind.

Hence, a major task for the EU in the coming years is, among others, to bring Europe closer to the citizens and make sure that all places and parts of society are heard and fulfil its commitment to social, economic and territorial cohesion enshrined in the Treaties. A first step to this direction is taken through the new policy objective 5 foreseen in the regulations proposed for the 2021-2027 programming period. The TA 2020+ should contribute to this task by arguing for bottom-up visions that are developed at local and regional level. To bridge the gap between the municipalities and regions, and the European level the development process needs to be supported by, and taken on board at, European level. Altogether

this input should be used as an opportunity to obtain a new understanding of Europe and its future development perspectives.

Two elements are particularly important in this context for Europe as a framework of bottom-up visions: real citizen empowerment and a stronger focus on European (read “territorial”) diversity.

- **Citizen empowerment:** Citizens need to be empowered to actively contribute to and conjointly work on future and alternative perspectives for their regions and municipalities. Local stakeholders have tacit knowledge needed for this, i.e. they know best of their place-specific strengths and weaknesses. Therefore, they need to be involved in the process as key players. However, they need support, incentives and especially funding to develop a vision and prepare the implementation process.
- **European diversity:** In the past, the policy agenda was shaped by the neoliberal mainstream paradigms of economic growth and innovation, accompanied by fiscal consolidation and austerity measures as the only way forward and one-size-fits-all solutions. Here, the TA 2020+ can play a role to shift the policy focus, especially with its long-standing history of territorial policy documents (e.g. ESDP, TAEU, TA 2020) emphasising the need to set up development strategies that reflect the territorial diversity and approach this diversity as an asset. More diverse bottom-up visions may consequently allow for more diverse future perspectives, some of which might increasingly deviate from the abovementioned mainstream paradigm. This old paradigm may have been a way forward for some regions, but it has not been the remedy for all regions facing challenges today, nor may it necessarily be an answer to these challenges in future. If Europe wants to take its diversity serious, bottom-up visions can be a first step to promote and make more and better use of this diversity.

Both elements point towards a place-based approach (Barca, 2009), which is key to develop diverse and multifaceted bottom-up visions. The visions may diverge in many aspects. Their consistency can then be assessed against the background of common policy aims at EU level and the core European values.

3.2.2 Policy options – how to put bottom-up visions into practice

To move from the idea of the Territorial Agenda post-2020 as a framework for bottom-up visions to practice requires a clear and concrete framework for action. First of all, this framework mainly needs to ensure that regions or communities are included which usually are not participating in European policy development and for whom the mainstream narrative and objectives of growth and innovation poses challenges rather than desirable future perspectives. Regions that are performing well in economic terms or have already proven that they have the institutional capacities needed to develop bottom-up visions, are probably not in need of such an approach. Also from a European perspective their involvement might be less interesting because they will probably add nothing new to the ongoing discourse. It will be more interesting and inspiring to see what ideas and perspectives struggling and lagging regions come up with. What regions exactly are in the focus of such an approach, remains however to be seen. ESPON and other studies might provide useful hints and ideas whom to involve to best cover as many different regions as possible.

The Territorial Agenda post-2020 can consequently play a role in developing bottom-up visions, this way aiming to contribute to a process that might help overcome social and territorial fragmentation and elaborate new development perspectives that better reflect European diversity as well as obtaining a new perspective on Europe. The policy options below reflect different levels of ambition of the key players, especially of the Member States as key players in the intergovernmental process of making and implementing the Territorial Agenda post-2020. They are not mutually exclusive but might be combined. They are to be understood as first ideas to be discussed and further developed at the next meeting of the Strategic Advisory Forum:

Roving circus. Members of the European Parliament and (high-level) staff of the European Commission could take the demand for a Europe that is closer to the citizens in the literal sense, and pay visits to Europe's cities and regions to discuss with them their needs and perceptions.

The new policy objective 5. The proposals for the new funding period 2021-2027 foresee a policy objective on "Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives". Bottom-up visions could be of added value for this policy objective. For example, the development process of a bottom-up vision could be funded through this policy objective or implementation measures financed through objective 5 could be related to such visions.

Stimulation and facilitation by an EU body. The selection and development process of bottom-up visions could be coordinated and facilitated by a European body or programme, paying particular attention to overarching structural challenges from a truly European perspective (e.g. ESPON targeted analysis).

Member States in the driver's seat. Embracing the subsidiarity principle, the development process could also be facilitated by each Member State individually. In the aftermath, the visions would be first merged at national level in an intermediate step and only then transferred to the European level.

3.2.3 Questions for discussion

Different questions arise from the above sections. They refer to the general narrative and different obstacles that might occur in the process of preparing and developing such visions, but also raise the question of what happens with the outcome of such processes, i.e. what needs to be done to achieve the visions and prevent disappointments:

- Can a narrative focusing on the need for pluralistic "bottom-up visions" generate sufficient interest among key players?
- How could such a policy response to territorial challenges be made operational across European member states, regions and cities?
- What is a realistic level of ambition when addressing possible policy changes, especially with regards to the Territorial Agenda post-2020?
- What happens the day after a vision is developed and approved by a region or municipality? How can it be achieved?

- What happens in the case the development process is a failure in single / several regions or municipalities?

3.3 The next steps

The arguments laid out in the previous sections have shown that the three overarching structural challenges need a new approach of policy making in Europe. The Territorial Agenda post-2020 can contribute to developing and implementing this approach by offering an action-oriented framework for two policy pathways, which are to be seen as complementary (both/and) rather than as alternatives (either/or): enhanced cooperation and bottom-up visions.

Both pathways – including the rationale and policy options – will be discussed at the fourth meeting of the Strategic Advisory Forum. Afterwards, the project team will use the outcome of the discussions to further develop, refine and adjust the overall narrative as the key element of the European Territorial Reference Framework.

Bibliography

Barca F (2009) *An Agenda for a reformed Cohesion Policy. A place-based approach to meeting European Union challenges and expectations*. Available at: ec.europa.eu/regional_policy/archive/policy/future/pdf/report_barca_v0306.pdf (accessed 25 January 2012).

ESPON (2013) *Towards Better Territorial Governance in Europe. A guide for practitioners, policy and decision makers*.

European Commission, DG REGIO (2017) *Easing legal and administrative obstacles in EU border regions. Final Report*.

Martin D, Mehlbye P and Schön P (2018) *Towards a European Territorial Agenda post 2020: What should it consider and include? Conceptual proposals and ideas*. Available at: https://territorialthinkers.eu/files/territorial_theme/Downloads/TT%20brief%20III-181107Final.pdf (accessed 9 November 2018).

Rodríguez-Pose A (2017) *The revenge of the places that don't matter (and what to do about it)*. *Cambridge Journal of Regions, Economy and Society* 11: 189–209.

Zillmer S, Haarich S, Holstein F, et al. (2018) *Cross-border Public Services (CPS). Targeted Analysis. Draft Final Report. Main Report. Version 31/08/2018*. ESPON. Available at: https://www.espon.eu/sites/default/files/attachments/ESPON_CPS_draft%20final%20report.pdf (accessed 12 November 2018).

Annex

Decision Tree

1. Assessing the nature of the policy challenges: what are the underlying drivers (including combinations)?

- a) Fragmentation and disintegration, including the re-emergence and renewed relevance of national borders (coupled with illiberal, neo-nationalistic regimes), divergence and loss of perceived win-win cooperation reducing political elite and population buy-in, people/territories feeling left behind, core-periphery (front runner/laggard) narrative with some territories permanently relegated to a second tier
- b) Interdependencies and (their) externalities, including provision of EU-wide public goods hampered by borders, effectiveness of other EU policies and funding hampered by a lack of cross-border cooperation, policy externalities across territorial borders (positive and negative) not taken into account
- c) Mismatch of functionalities with bordering territories disconnected because they belong to different decision-making jurisdictions. Functional areas that have the same priorities are in fact implementing different policies.

2. What is the nature of the territorial dimension?

- a) geography as an explanatory variable for outcome differential;
- b) place-based policies affecting outcomes in targeted geographies (and beyond those geographies)
- c) geographical disconnect within and beyond neighbouring territories

3. What/how long terms will exacerbate or alleviate these challenges?

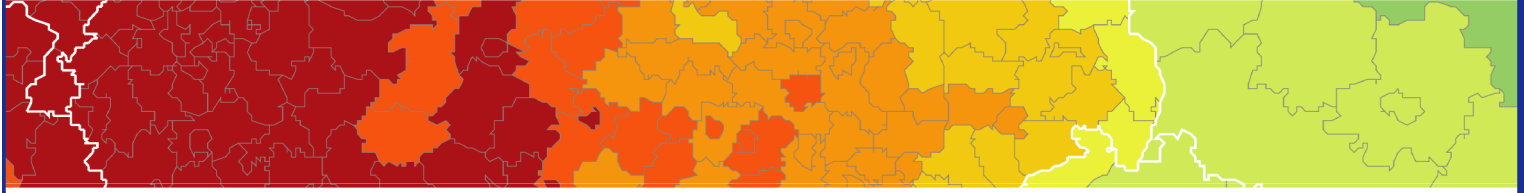
4. What are barriers to place-based policy responses?

- a. Difficulty of making it efficient and effective – fragmented implementation by territories of very different capability
- b. High politics including conflicts between different visions of democracy/sovereignty and between solidarity and responsibility.
- c. Financing in an era of constrained budgets
- d. No market-based solutions will be on offer, aggravated by a failure of public policy, which does not usually act or even consider effects across borders
- e. Lack of awareness (and/or strong evidence) of the impact of space-blind policies
- f. Belief in effectiveness of market forces to address current territorial challenges and/or believed ineffectiveness of public policies to counteract market forces
- g. Lack of concrete incentives for different territorial administrations to work together.
- h. Limitations/variation of capacity of administrations

5. What could be potential policy responses based on the analysis of the challenge?

- a. Cross-border institutional cooperation of different territorial entities. Related to the need for cooperation to address externalities.
- b. Social cooperation of groups of society to reduce territorial fragmentation. Even if fragmentation exists at territorial/physical level, social cooperation can bring people together.

- c. Institutional cooperation, alignment of policy among bordering regions to ensure that externalities are known and taken into consideration such as CLLD, ITIs, EGTCs and Interreg
- d. Sectoral cooperation should be encouraged between industry actors of (e.g.) bordering regions in order to maximise positive externalities (e.g. optimal allocation of technological infrastructure) and take negative externalities into account (e.g. arms race in offering location incentives). The 2014-2020 Interreg Europe programme has shown significant demand for both interregional Smart Specialisation and transnational cluster collaborations
- e. Institutional cooperation. The mismatch of administrative jurisdictions can be smoothed by more cooperation between policymakers of different territories.



ESPON 2020 – More information

ESPON EGTC

4 rue Erasme, L-1468 Luxembourg - Grand Duchy of Luxembourg

Phone: +352 20 600 280

Email: info@espon.eu

www.espon.eu, [Twitter](#), [LinkedIn](#), [YouTube](#)

The ESPON EGTC is the Single Beneficiary of the ESPON 2020 Cooperation Programme. The Single Operation within the programme is implemented by the ESPON EGTC and co-financed by the European Regional Development Fund, the EU Member States and the Partner States, Iceland, Liechtenstein, Norway and Switzerland.