

New (economic) geographical narratives and place-based responses

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ESPON EGTC

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What ESPON does



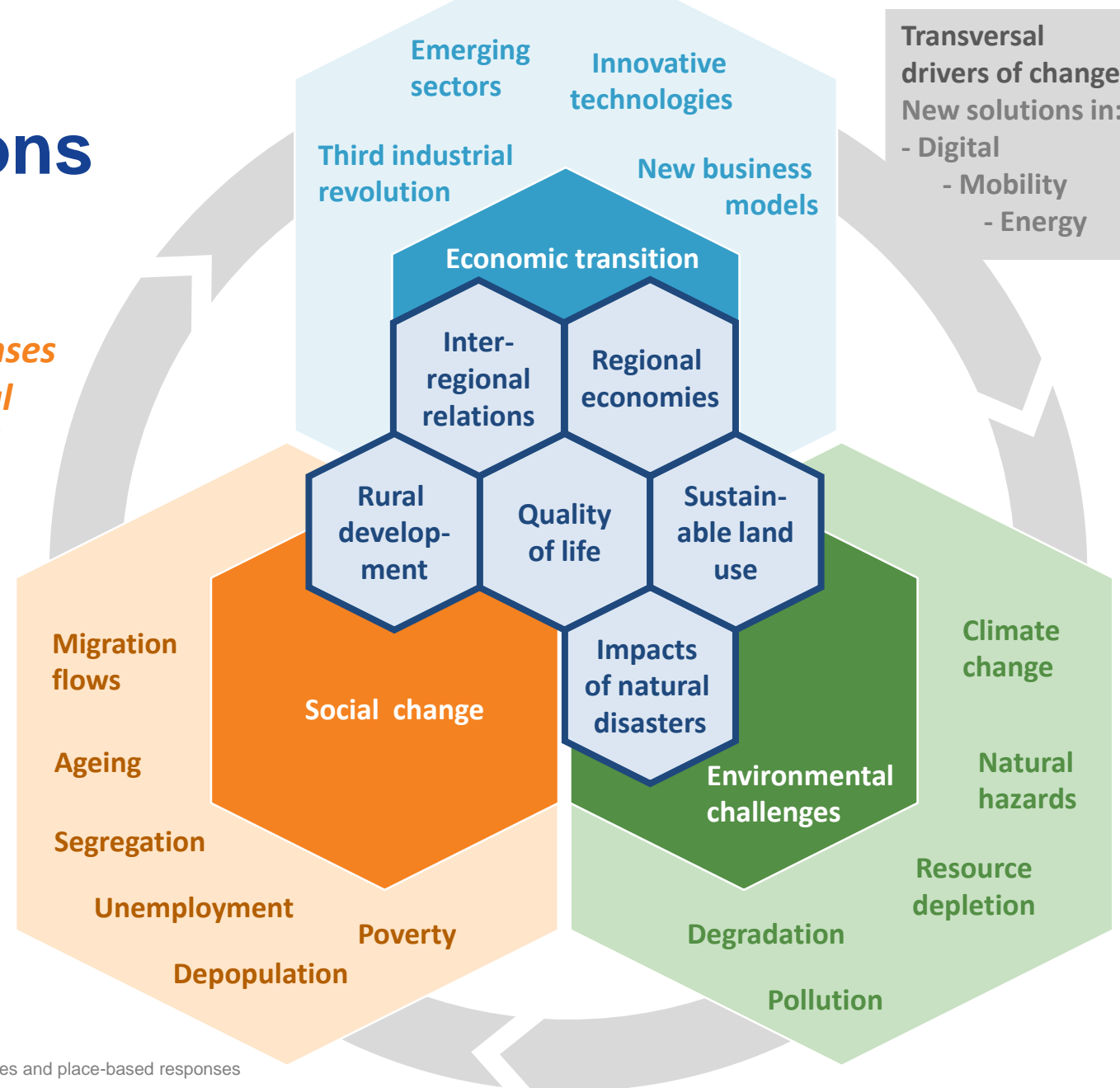
Ongoing ESPON activities

Financial instruments	Circular economy	Green infrastructure	Youth unemployment	Geographical specificities	Territorial Reference Framework
Technological transformation	Shrinking rural regions	Interregional relations	Land-use practices	Natural disasters	Quality of life
Migration and refugees	Cultural heritage	Territorial evidence support	Cultural Heritage	Maritime spatial planning	Big data and territorial development
TIA for cross-border cooperation	Urban-rural connectivity	Port city regeneration	Population ageing	Collaborative circular economy	ESPON Database
TIA update and workshops	Macro-regional monitoring	Big data and housing	Functional urban areas	Localising SDGs	Transnational outreach

Thematic orientations

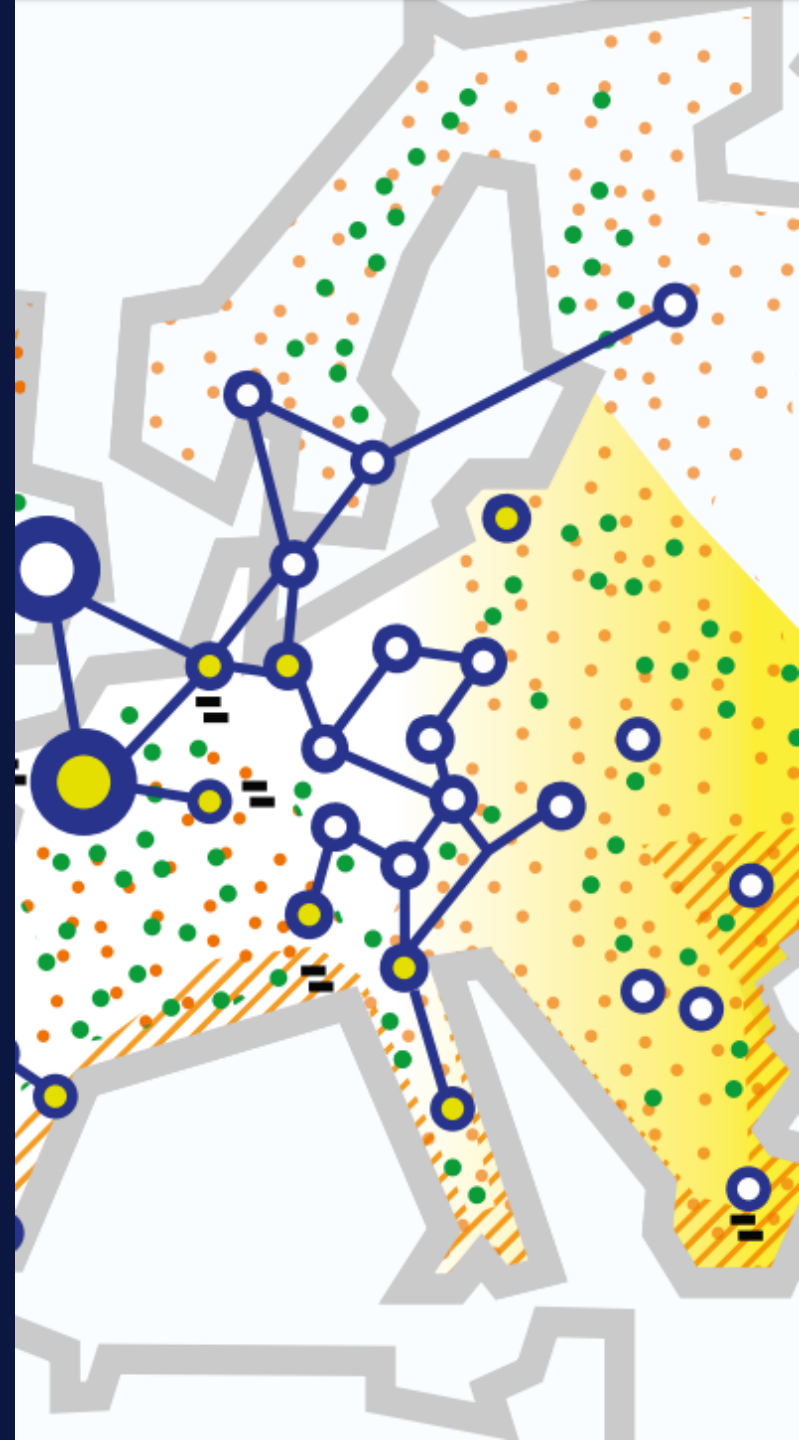
Place-based responses for economic, social and environmental transformation

 **Applied research themes**



1

New narratives: what has changed?



Changes from 2010-2020

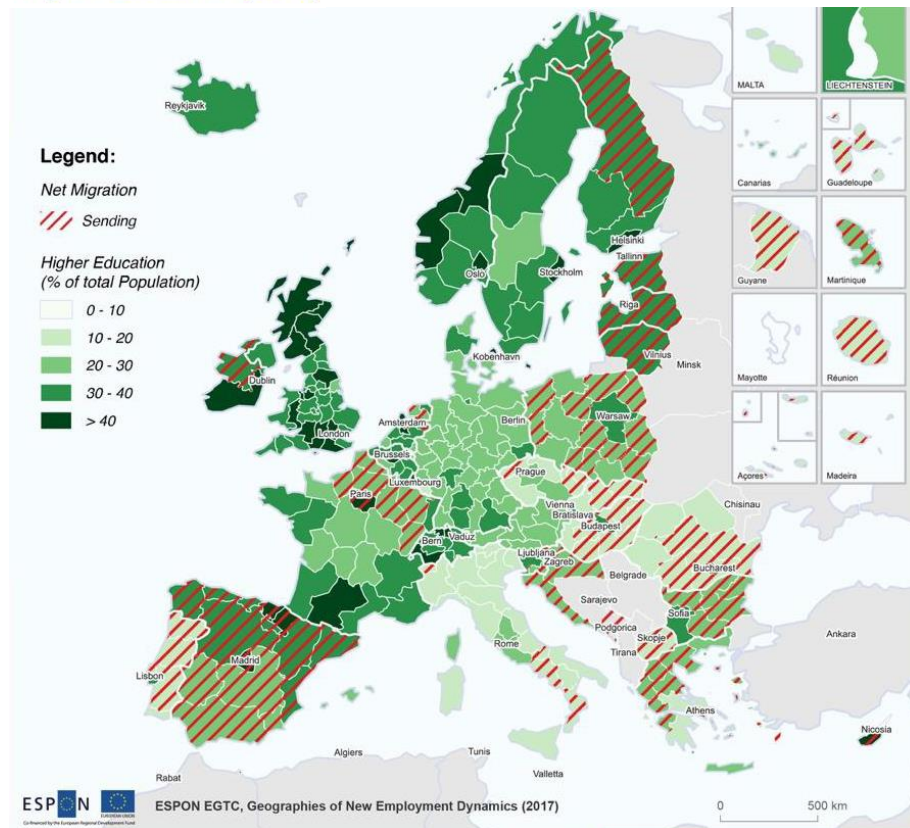
- **End of enlargement to Eastern EU countries:** 2004-2007-2013
- **The 2008 economic crisis lasting impacts:** It revealed the weaknesses of key common policies and the contradictory impact of Cohesion policies
- **Public debt increased:** the continuous expansion on social expenditure was stopped
- **Travel and tourism accelerated growth:** From 2 trillion U.S. dollars in 2006 to more than 2.50 in 2017
- **Migration flows:** Germany has the higher ratio of immigrants, about 15%
- **Africa's demographic growth:** 1.1 billion inhabitants now, it will rise to 2.4 billion by 2050 according UN.
- **The refugee crisis challenged core European values:** 1.4 million non-EU nationals, excluding asylum seekers and refugees arrived in the EU each year (2010-2013)
- **Security is becoming a major concern in Europe**
- **Euroscepticism and “retrospective feelings:** antiglobalisation, national-populism
- **The Brexit process**

Changes from 2010-2020

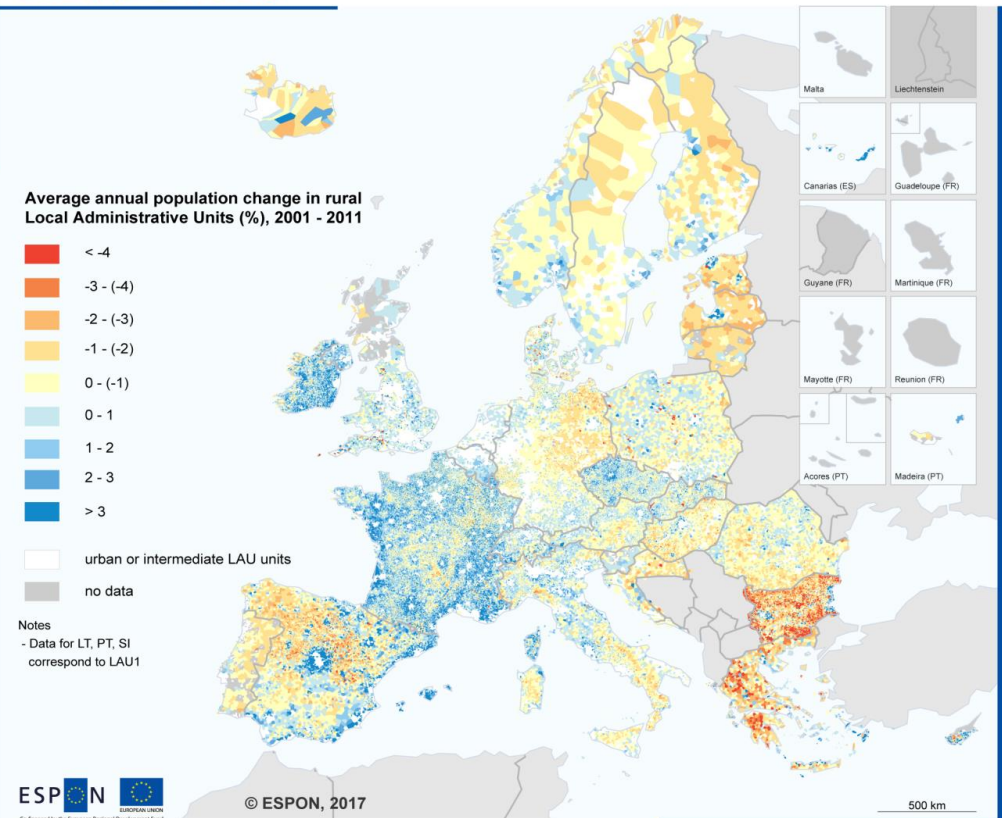
- **Growth of the internet from 2000 to 2010:** almost all European citizens are Internet users
- **Digital monopolies have grown worldwide:** Google, Facebook and Amazon, Huawei...
- **Electrification of energy markets:** Battery electric vehicles from 10 million to 200 million 2012 to 2017
- **Oil prices have been declining:** about 50\$, after having a 135\$ peak in 2008.
- **“Slowbalisation”:** the **“Golden Age” of globalisation -1990-2010 is over**. Global trade remained in the 2010s, after the 2008 crisis, around 25% of the global GDP.
- **Increasing trade within Europe and world blocks**
- **China launched in 2015 the new Silk Road: Belt and Road Initiative:** 60 countries, primarily in Asia and Europe, US\$4–8 trillion
- **Growing consensus on Climate Change:** mitigation/adaptation policies, “resilience” as main concern.

Population and employment dynamics

Out-Migration and Higher Education (2014)

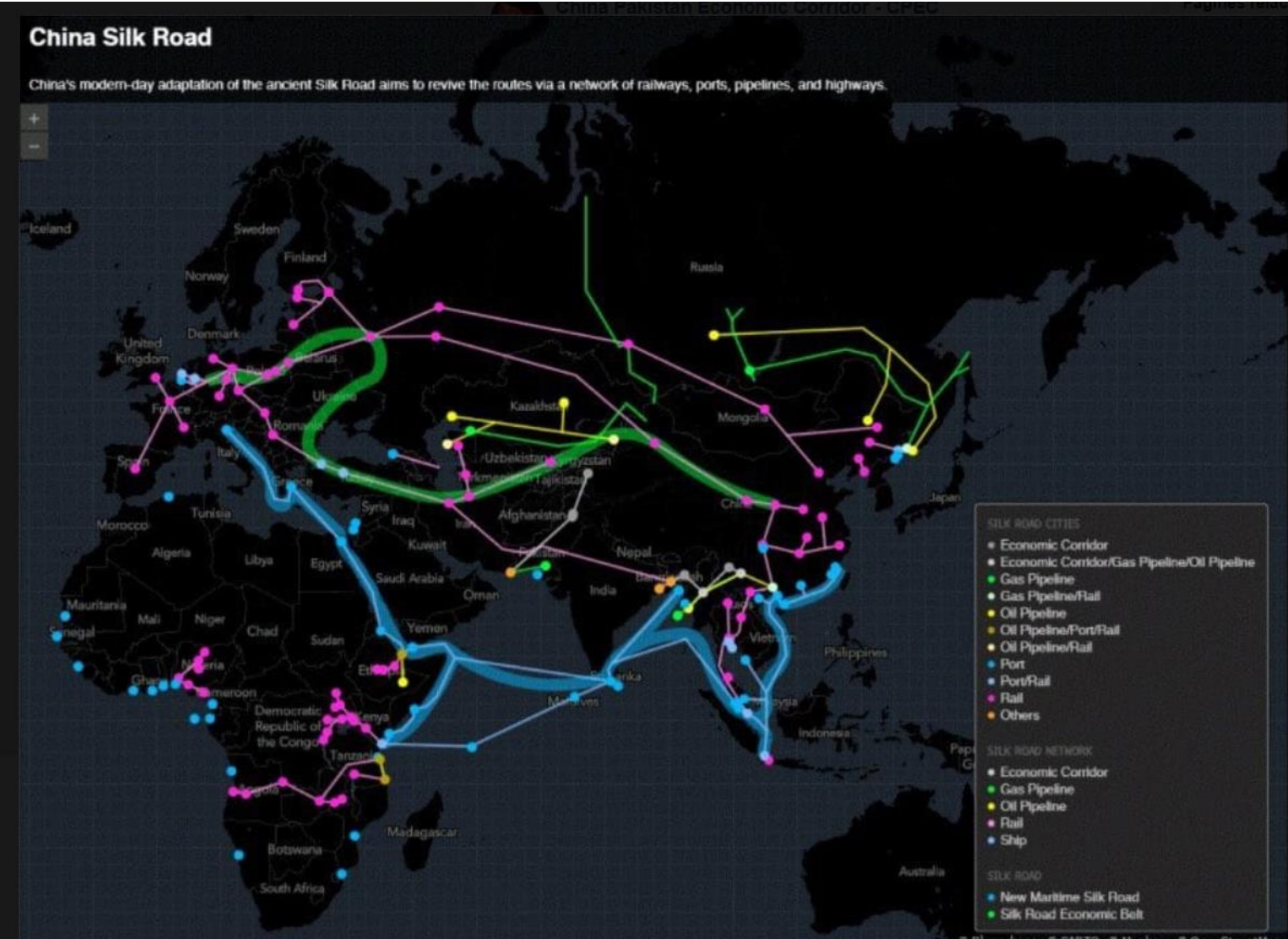


Rural population change

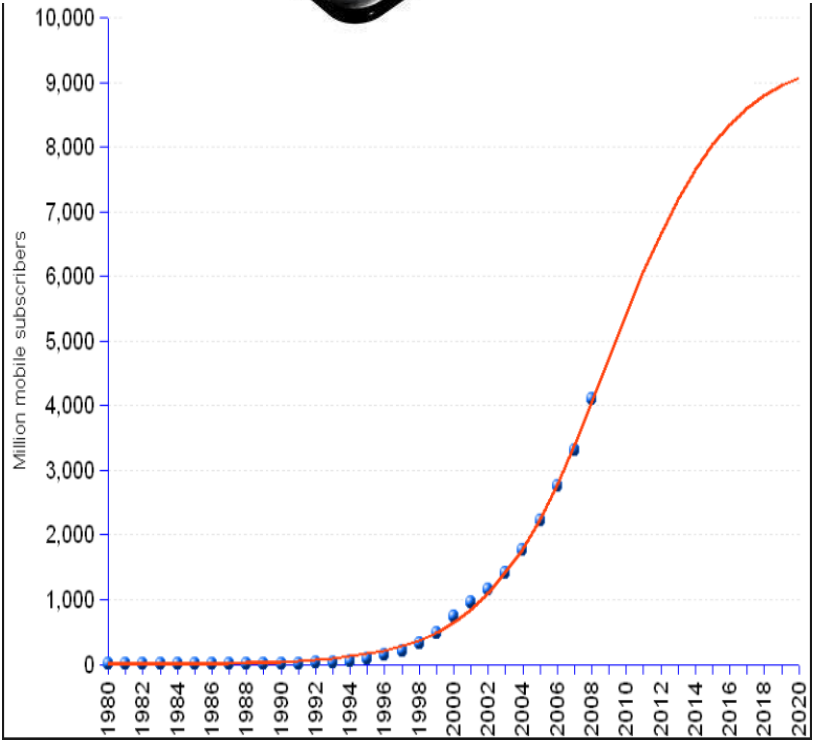


Regional level: LAU2 / 1 (2011)
 Source: ESPON, 2017
 Origin of data: Eurostat, ESPON, 2017
 ©UMS RIATE for administrative boundaries

Changes from 2010-2020: “Space of Flows”, Global/Personal Polarisation



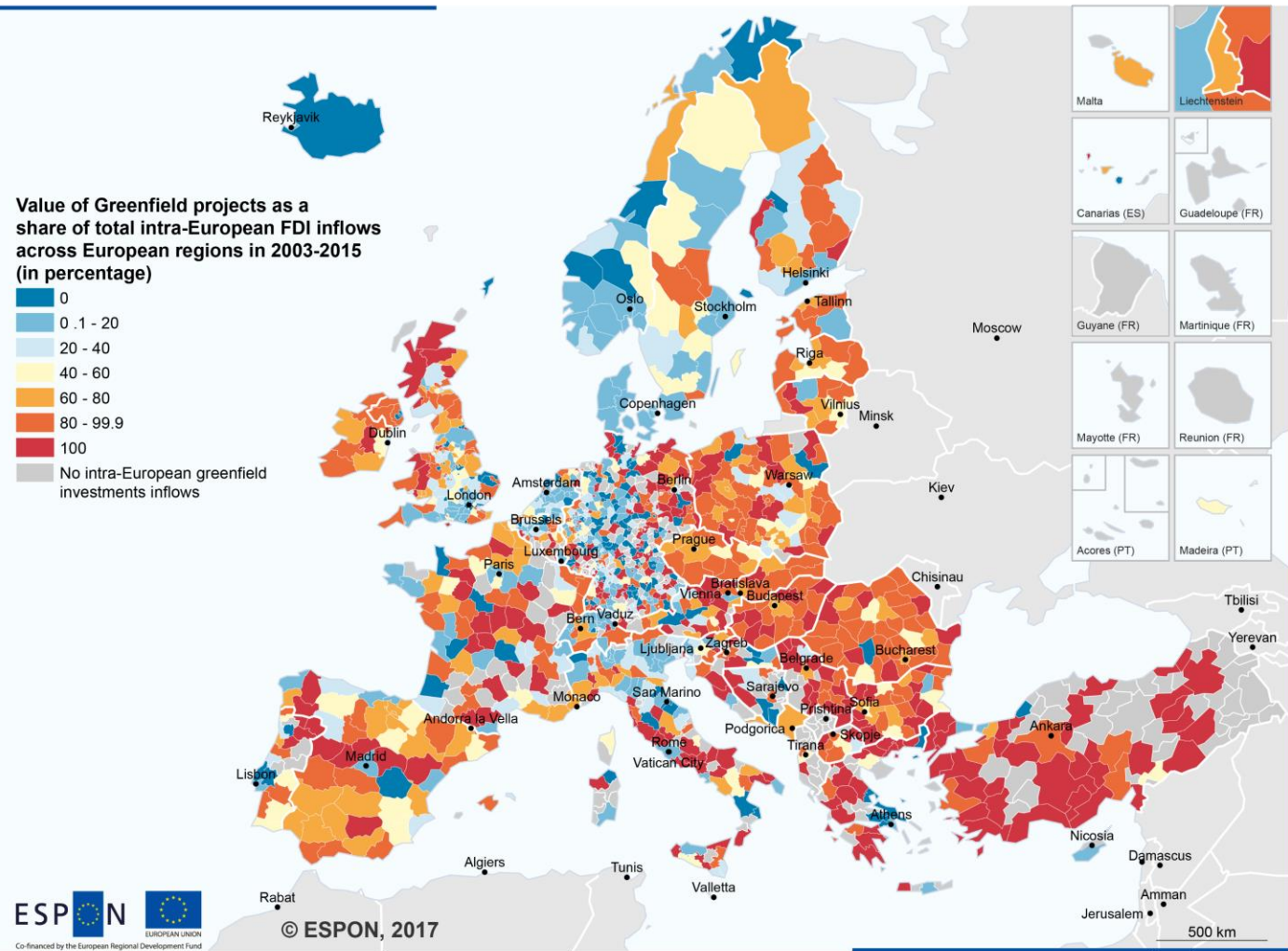
Source: Bloomberg



Source: International Telecommunications Union statistics

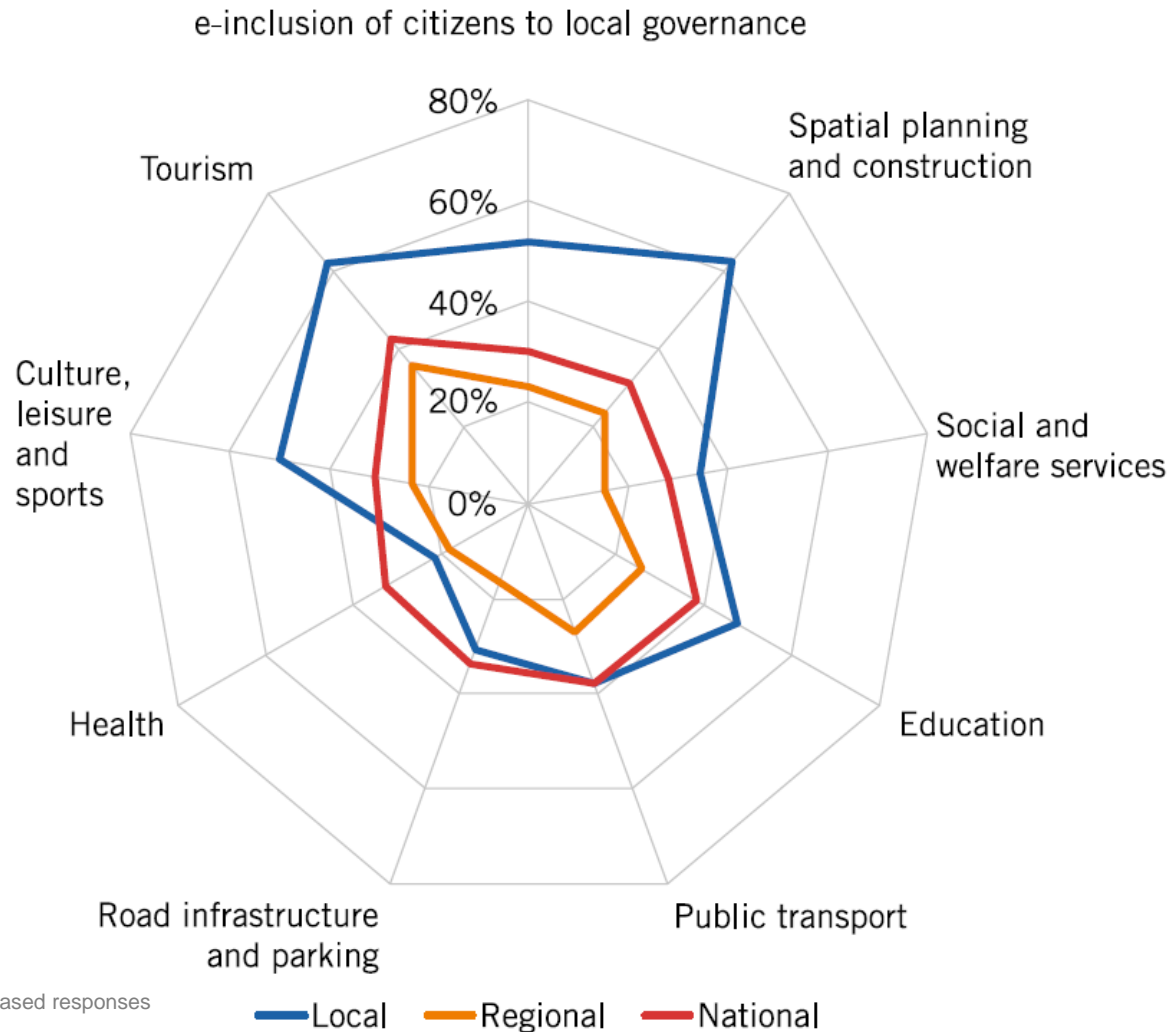
Investment flows

Intra-European FDI inflows across European regions 2003-2015: greenfield investments



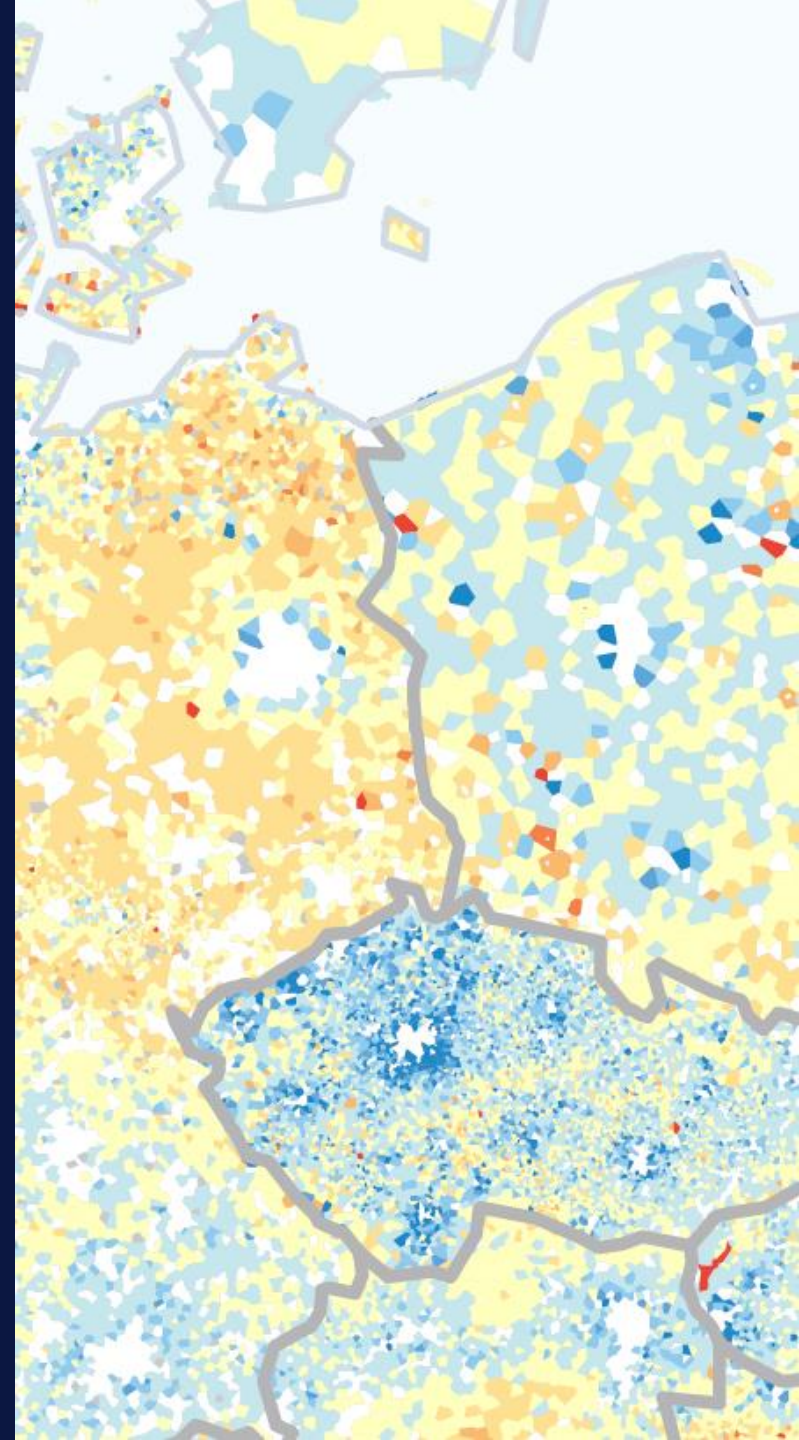
Geographies of digitalisation

Share of digitalised services provided at local, regional and national levels, by type

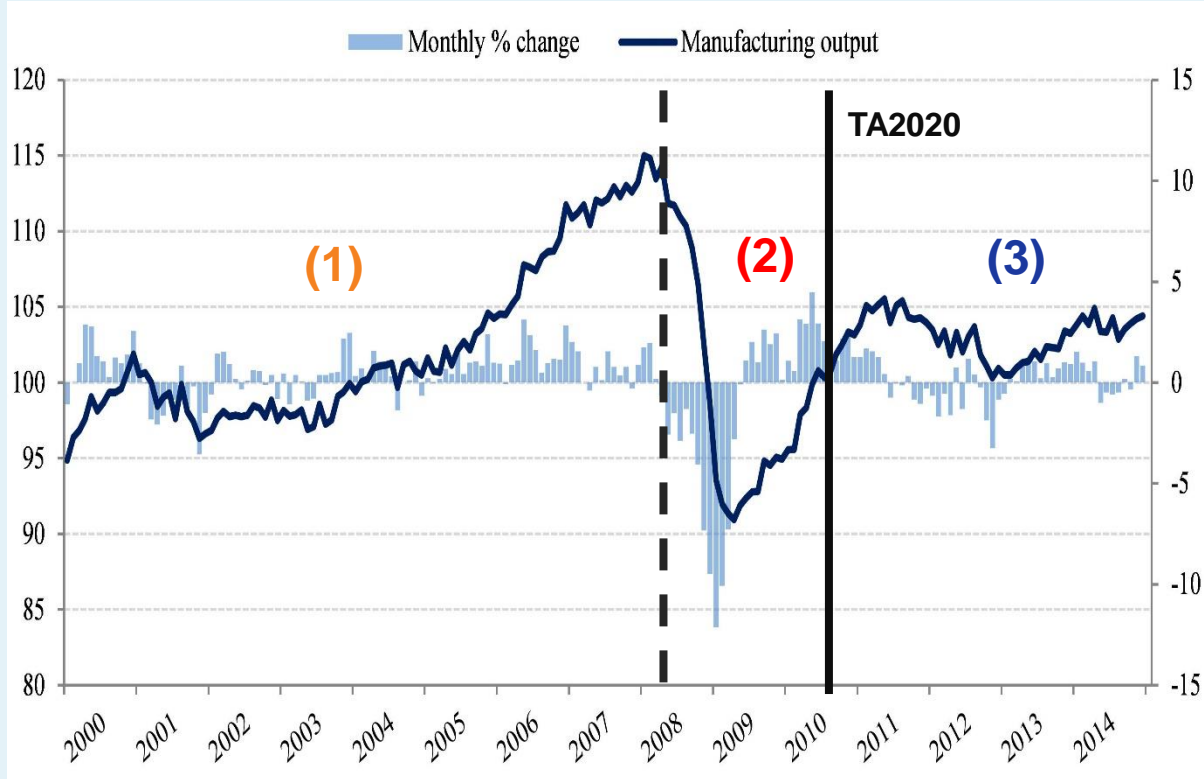


2

Europe's challenges today: social fragmentation, networked interdependencies & territorial mismatch

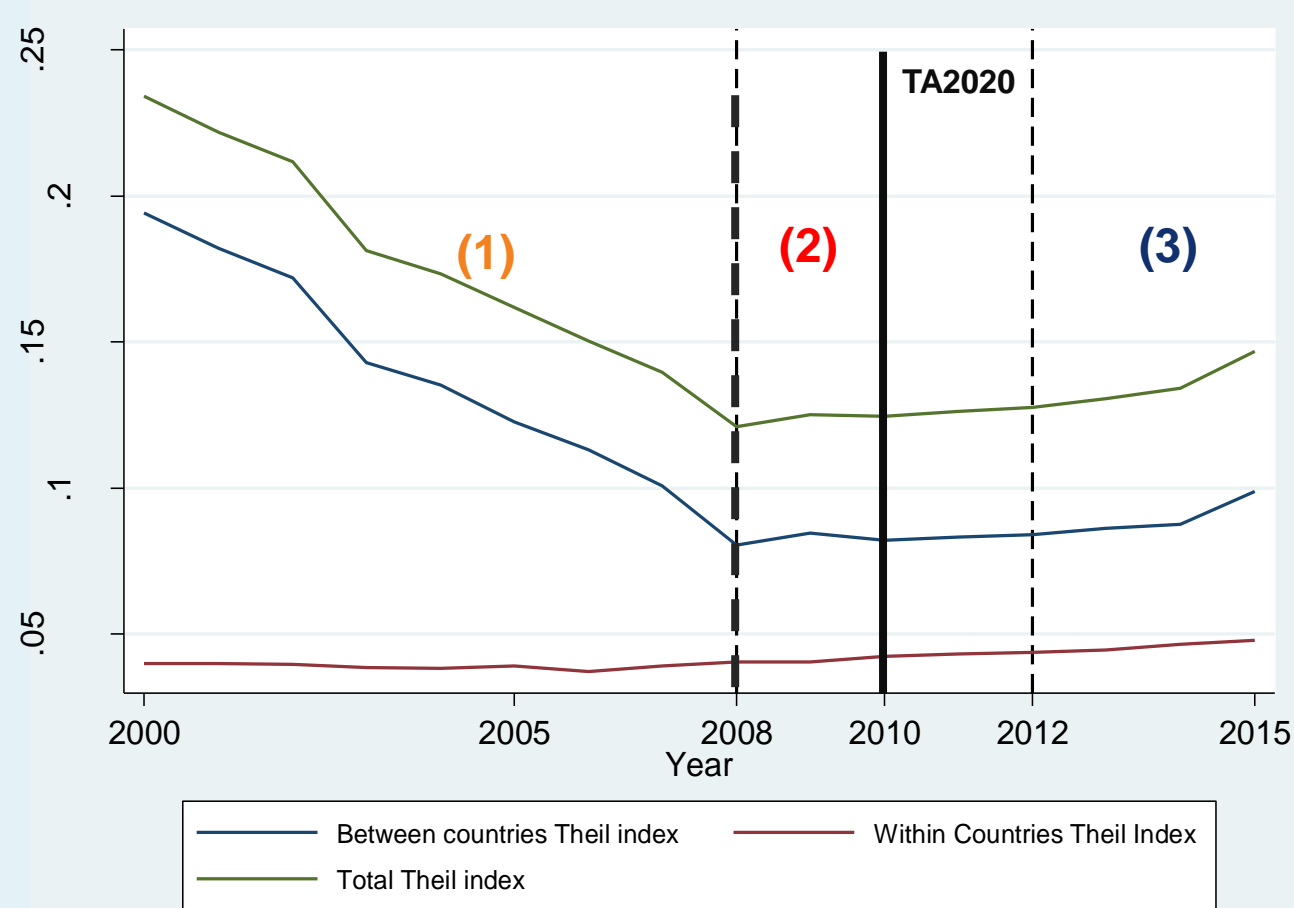


...growth and convergence (1)... then recession and disparities (2)... now moderate growth and disparities (3)



European Growth: aggregated Manufacture output

EUROSTAT *Manufacturing output*



Regional disparities (Theil index)

ESPON ETRF MASST4 POLIMI

“Geographies of discontent” : Economic relative expectations may explain political fragmentation

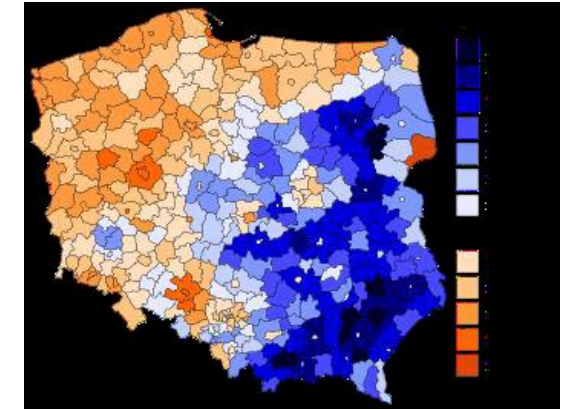
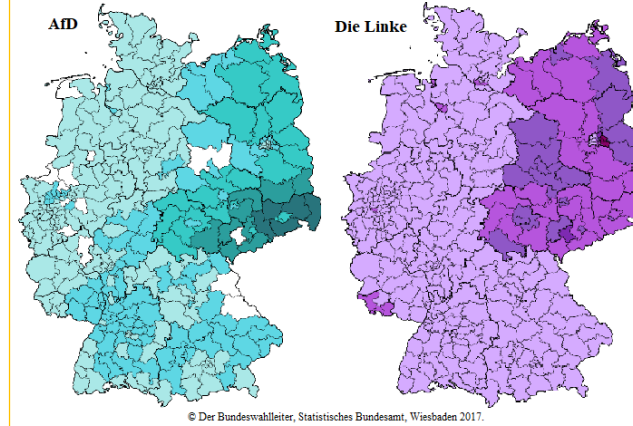
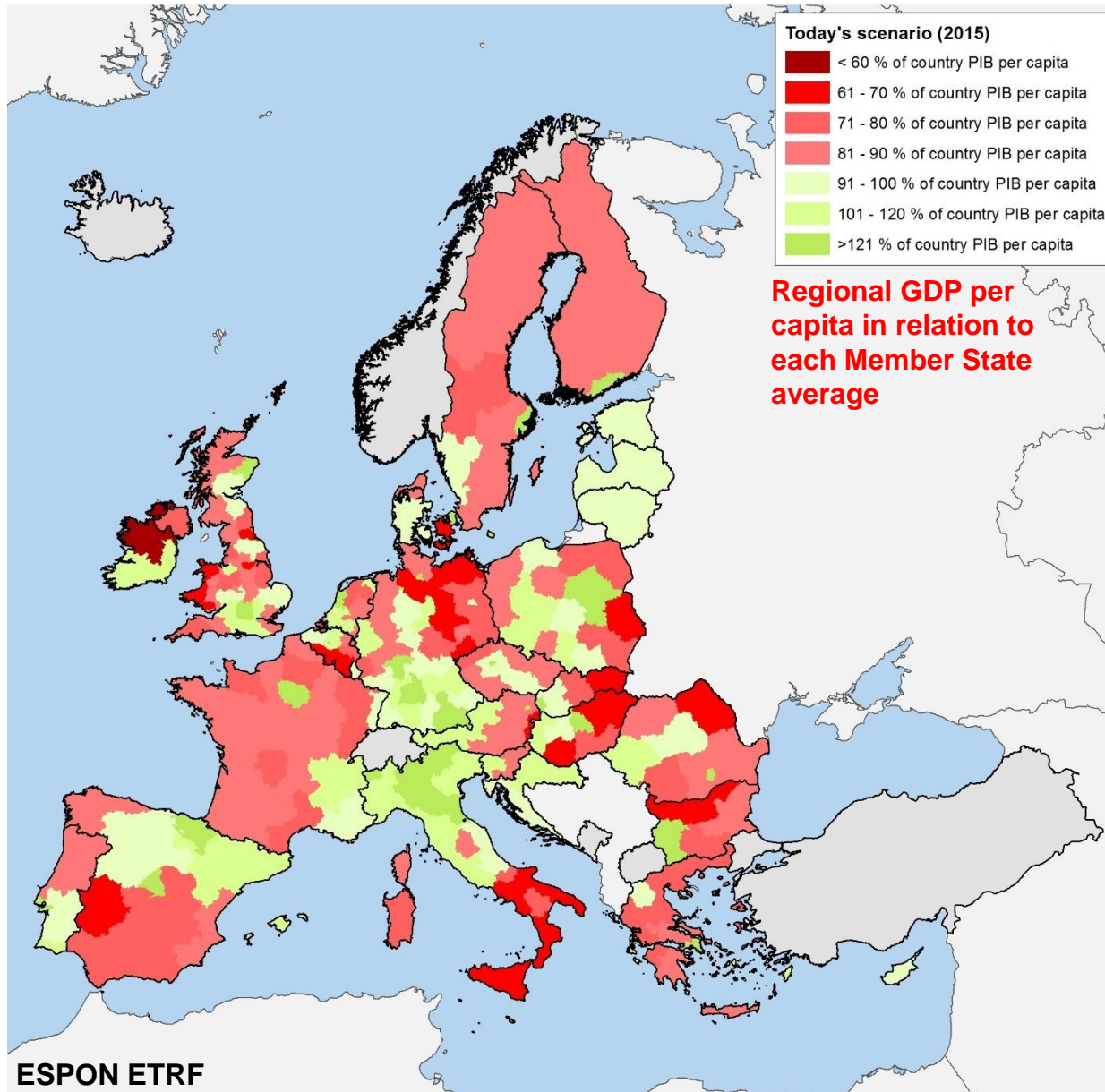
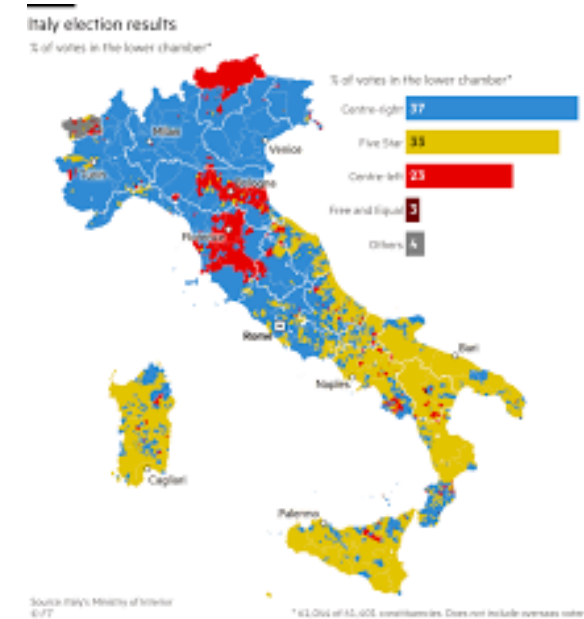
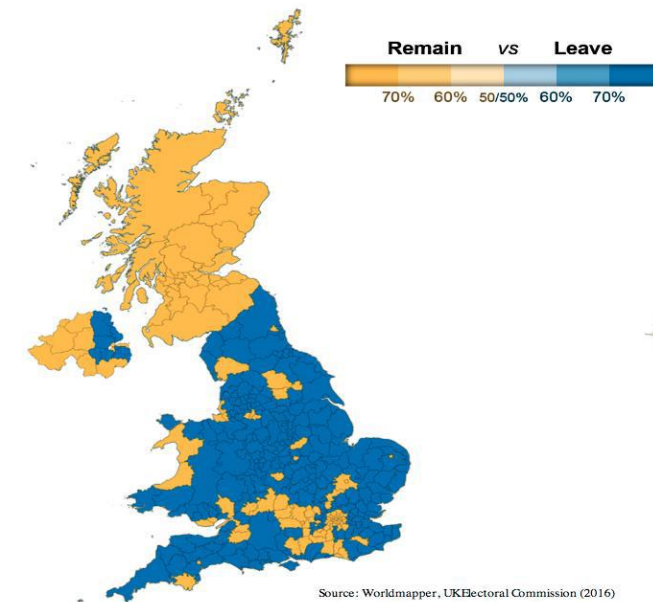
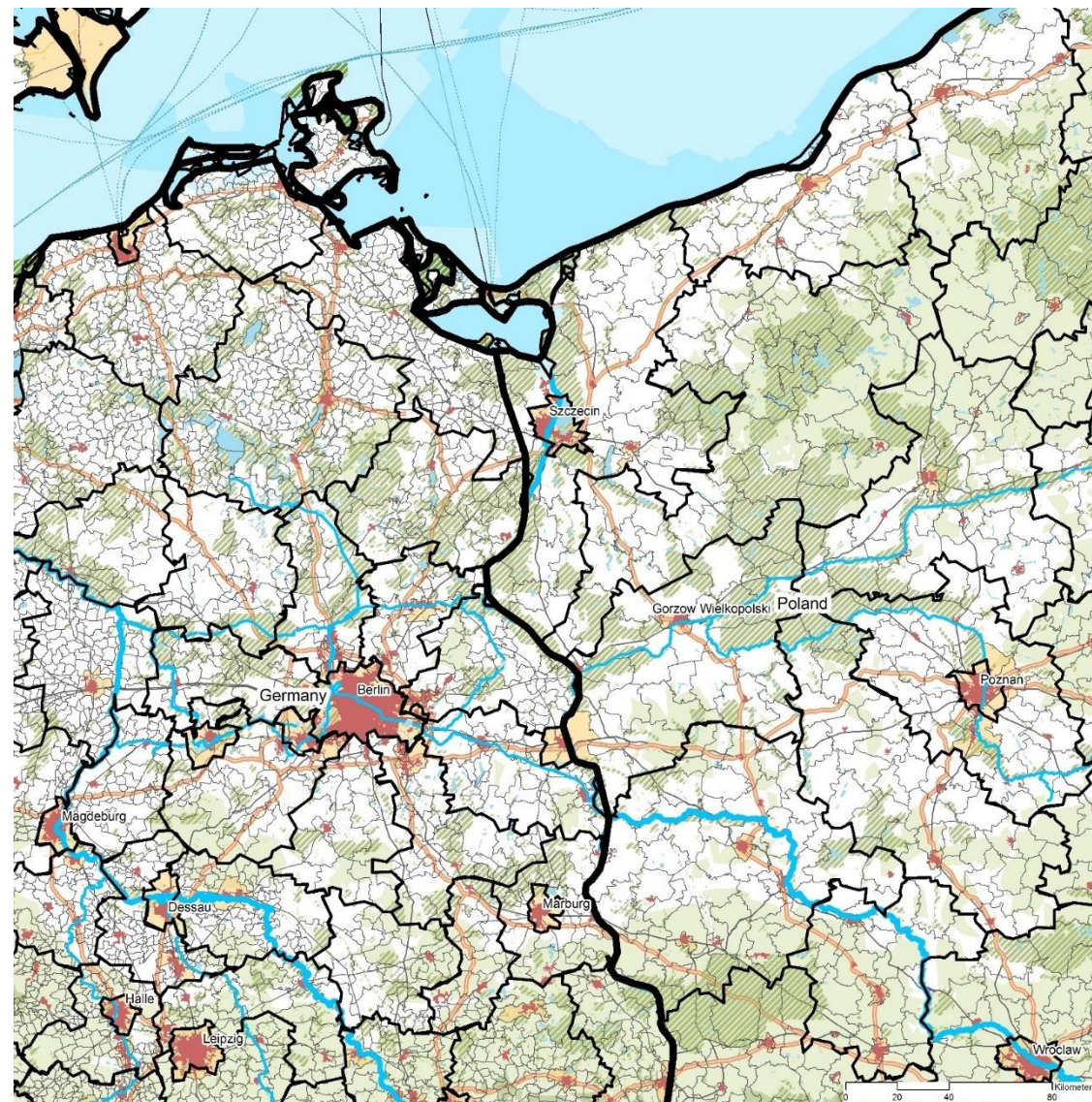


Exhibit 6: Two Nations
The UK resized by number of votes in the BREXIT referendum



Poland, 24 May 2015 / Brexit, 23 June 2016 / Germany, 24 September 2017 / Austria, 15 October 2017 / Italy, 4 March 2018 / ...

Territorial mismatch between “functions” and “jurisdictions” (political difficulty to fulfil citizens demands)



Key Territorial Challenge: How to govern fragmentation and interdependencies



Fragmentation (“place-based”)...

- ...a political dimension (e.g. **discontent**)
- ...an social an economic dimension (e.g. **disparities**)
- ...a cultural dimension (e.g. **diversity**)

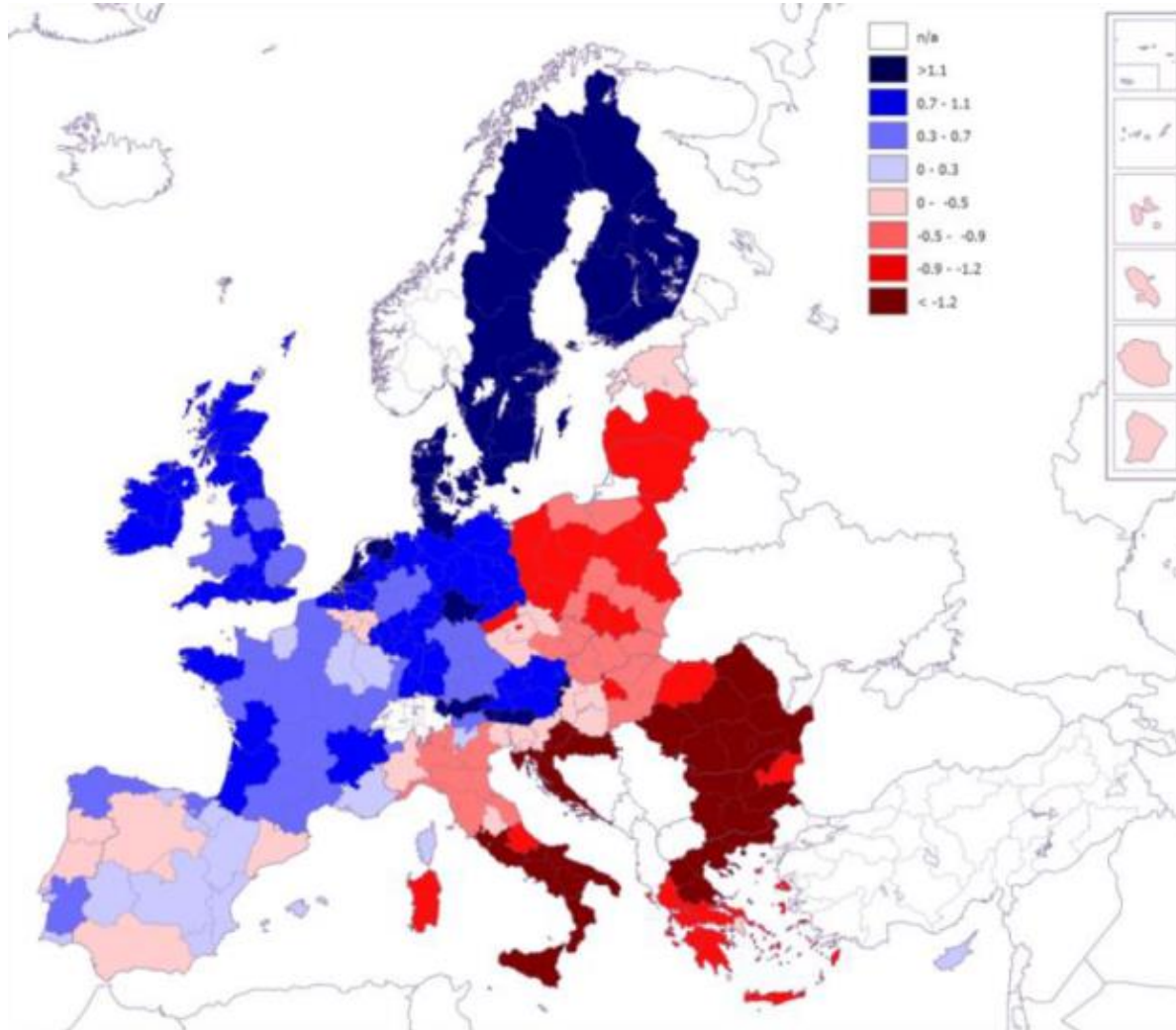


Interdependencies (“network-based”)...

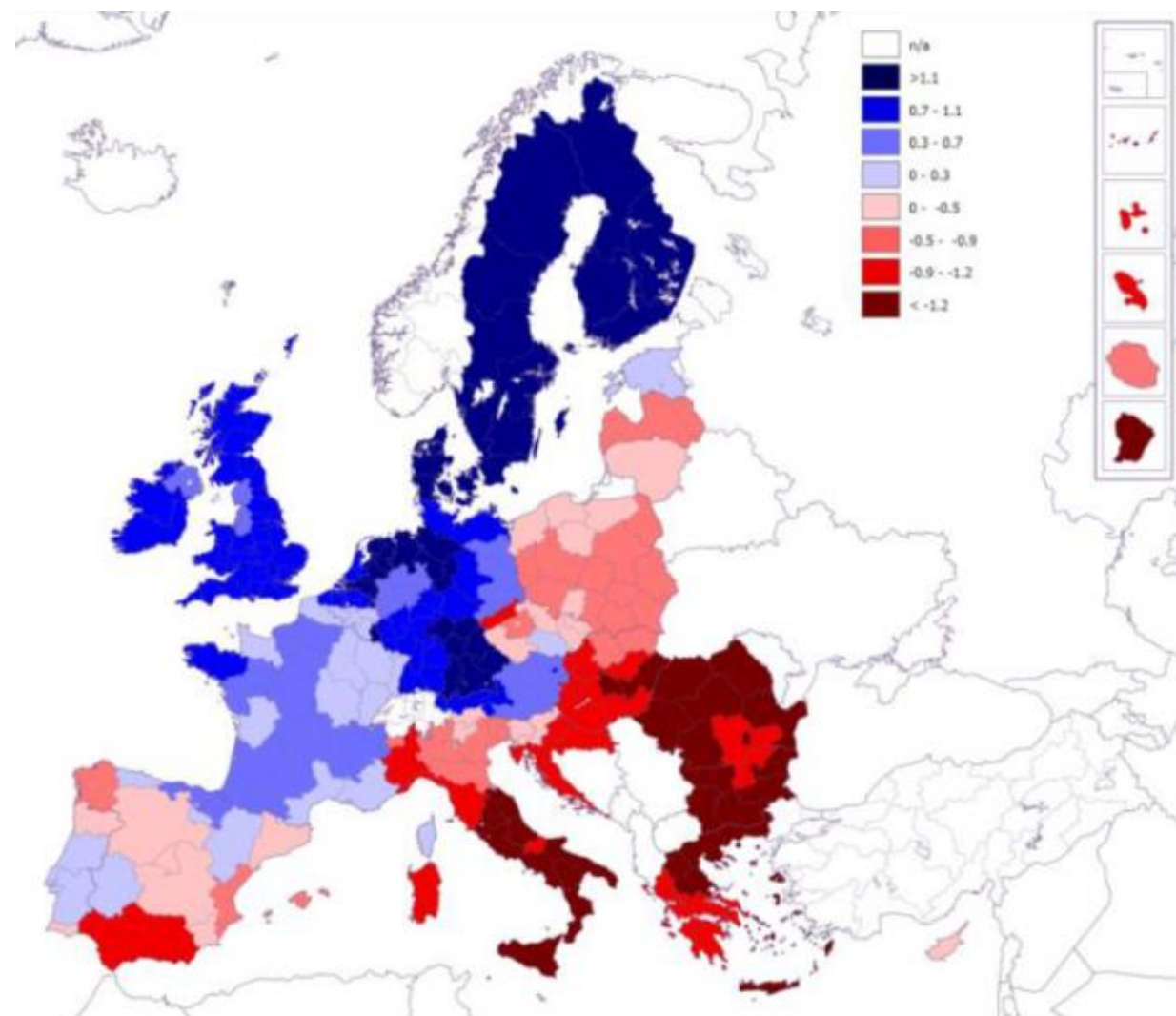
- **Digital technologies** subvert distances: Proximity in terms of “**connection**”
- **Network industries** create “**new territorialities**” (e.g. global digital markets)
- **Increasing flows at all scales** and therefore **spill-overs and externalities**

Quality of Government is heterogeneous, and it is not improving everywhere

EQI 2010



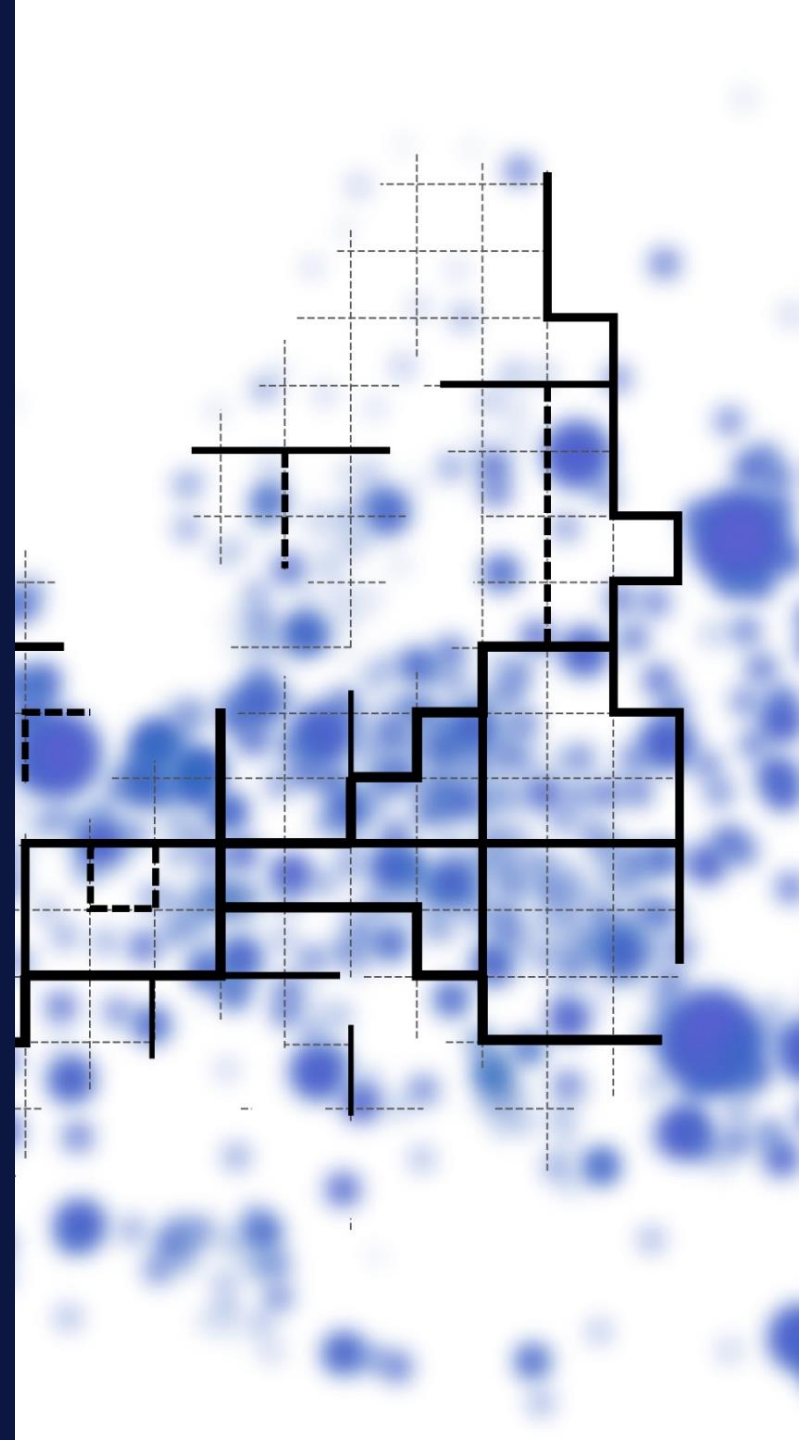
EQI 2017



Source: "Quality of Government Institute, University of Gotheborg (2018)

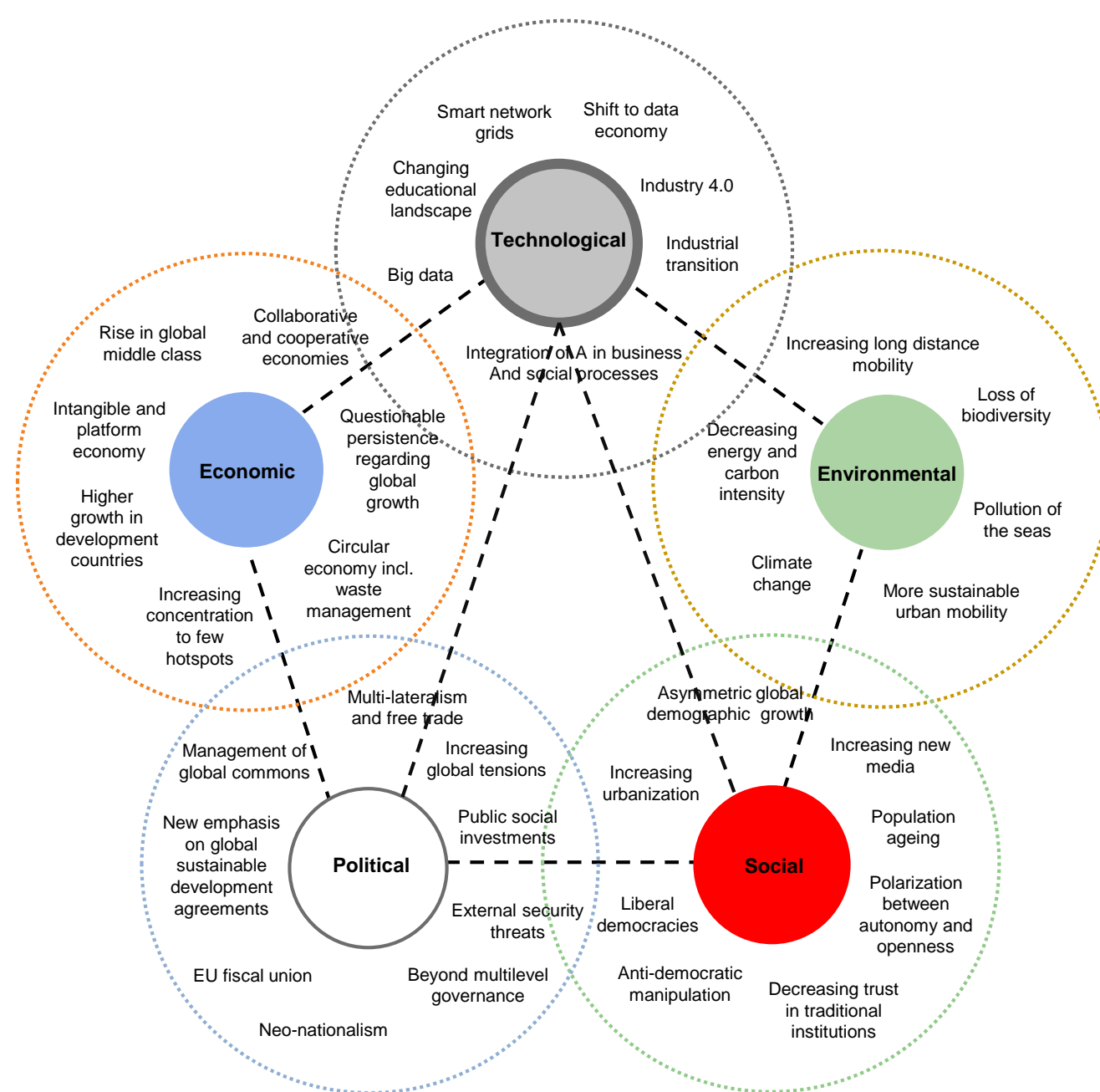
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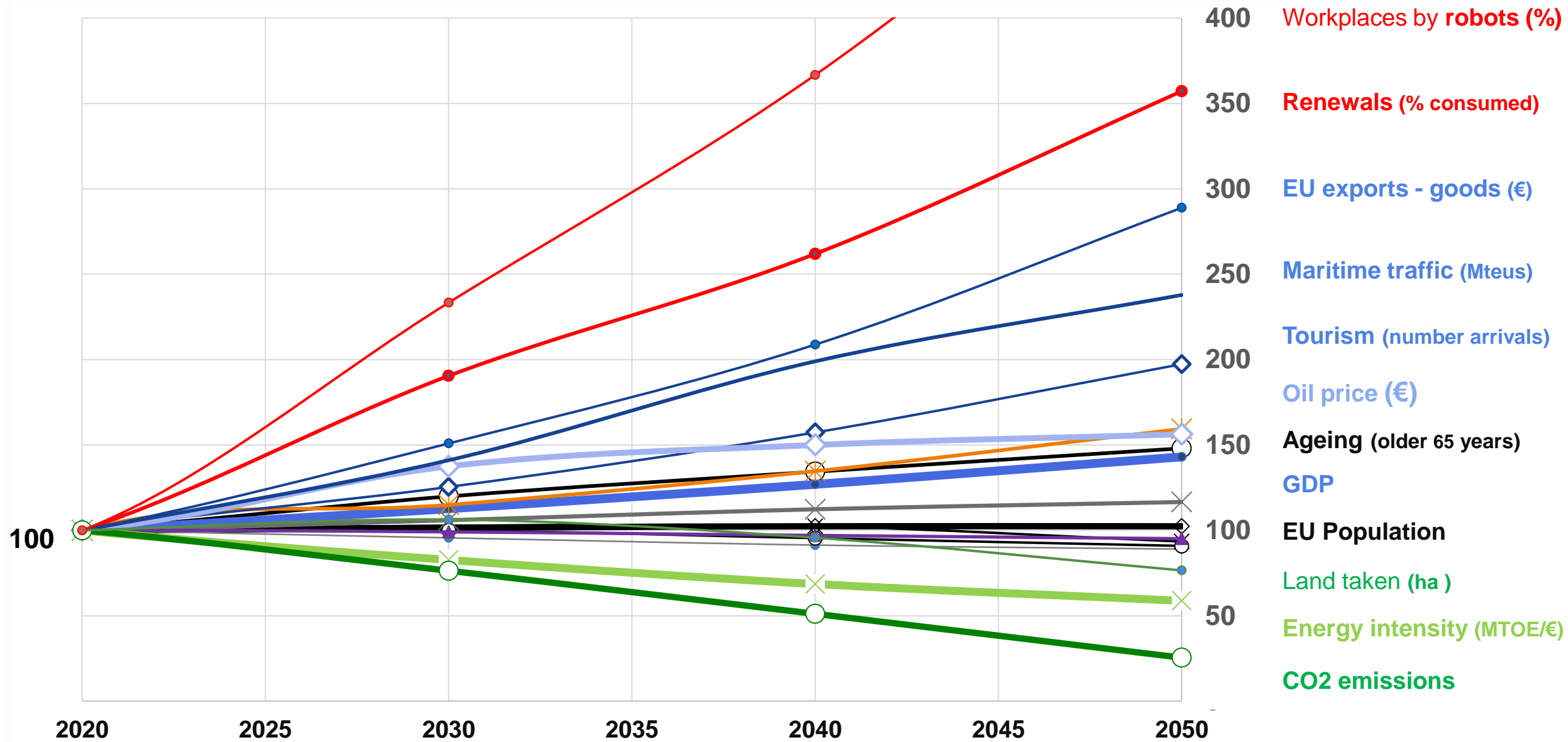
Looking forward towards 2030 and 2050



Main Drivers *(and territorial dilemmas)* towards 2025 and 2050

- **Singular Technologies** (virtual/material)
- **Networked Economies** (connected/unplugged)
- **Fluid Societies** (“anywheres”/”nowheres”)
- **Environmental Risks** (local/global)
- **Reactive Governments** (efficiency/legitimacy)





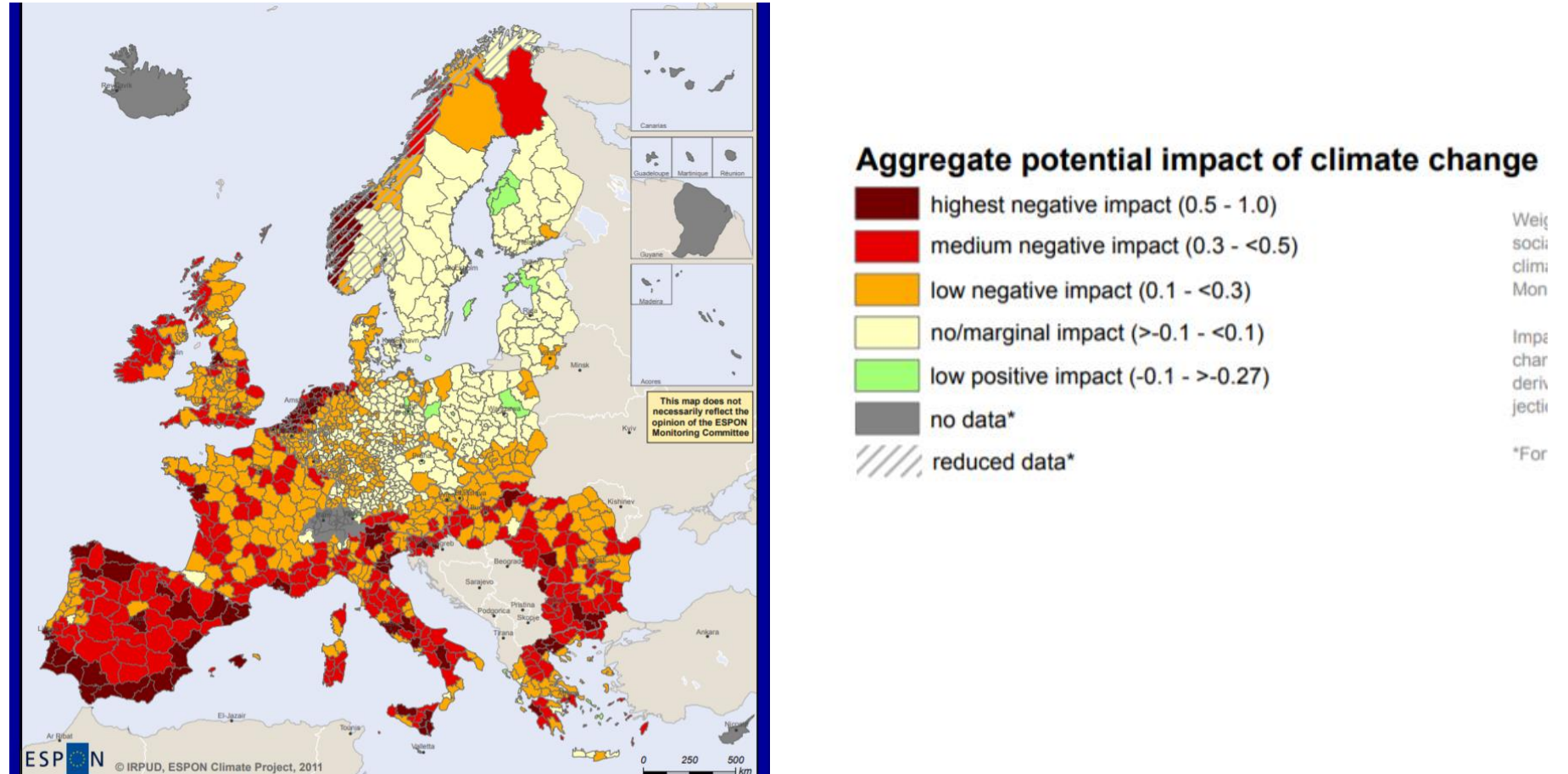
Preparing the European Territory to live with “**Pervasive Uncertainty**”



e.g. Environmental trends

- **Decoupled urban mobility** and shifted to soft modes,
- **Increase and more diversified in interurban mobility**
- **Lower energy** intensity and more renewal sources, 35% renewal in 2030 (50% in 2050)
- **Resource consumption decoupled** from growth (e.g. water, materials, food, land...)
- **Recycling waste as new resources** in more circular and efficient economies
- **Limited urbanisation**: it may still grow at 1.000 km² per year to 2030, but no more land taken in 2050.
- **Reduced CO₂ emissions**: reduction up to 30% in 2030 (and 50% in 2050)
- **Increasing risks because of Climate Change hitting asymmetrically Europe**

Preparing the European Territory to live with “Pervasive Uncertainty”



Increasing risks because of Climate Change hitting asymmetrically Europe

4

Territorial implications

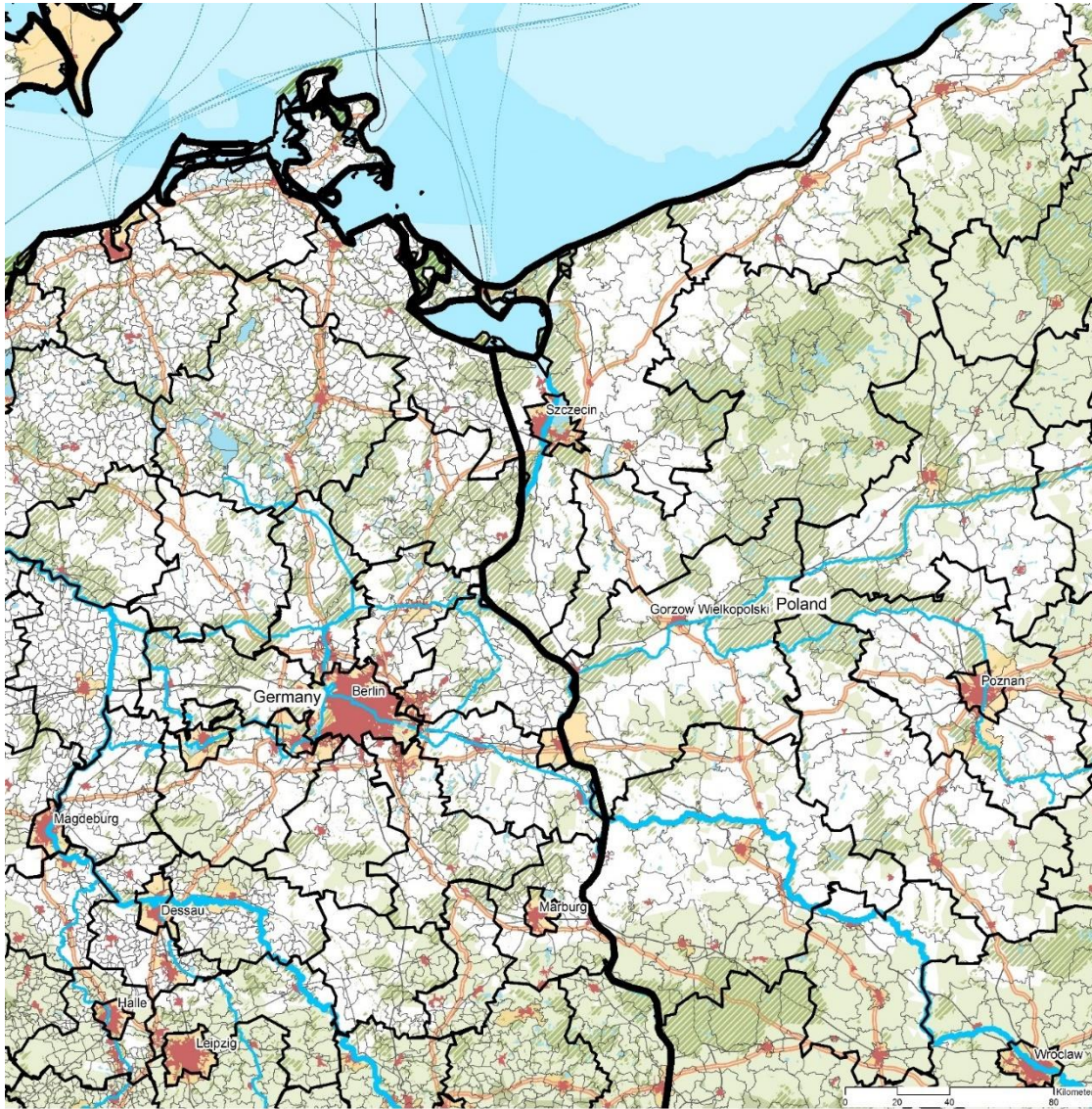
Land-use patterns and structures change (relatively) slowly in Europe



Key spatial development impacts in Europe

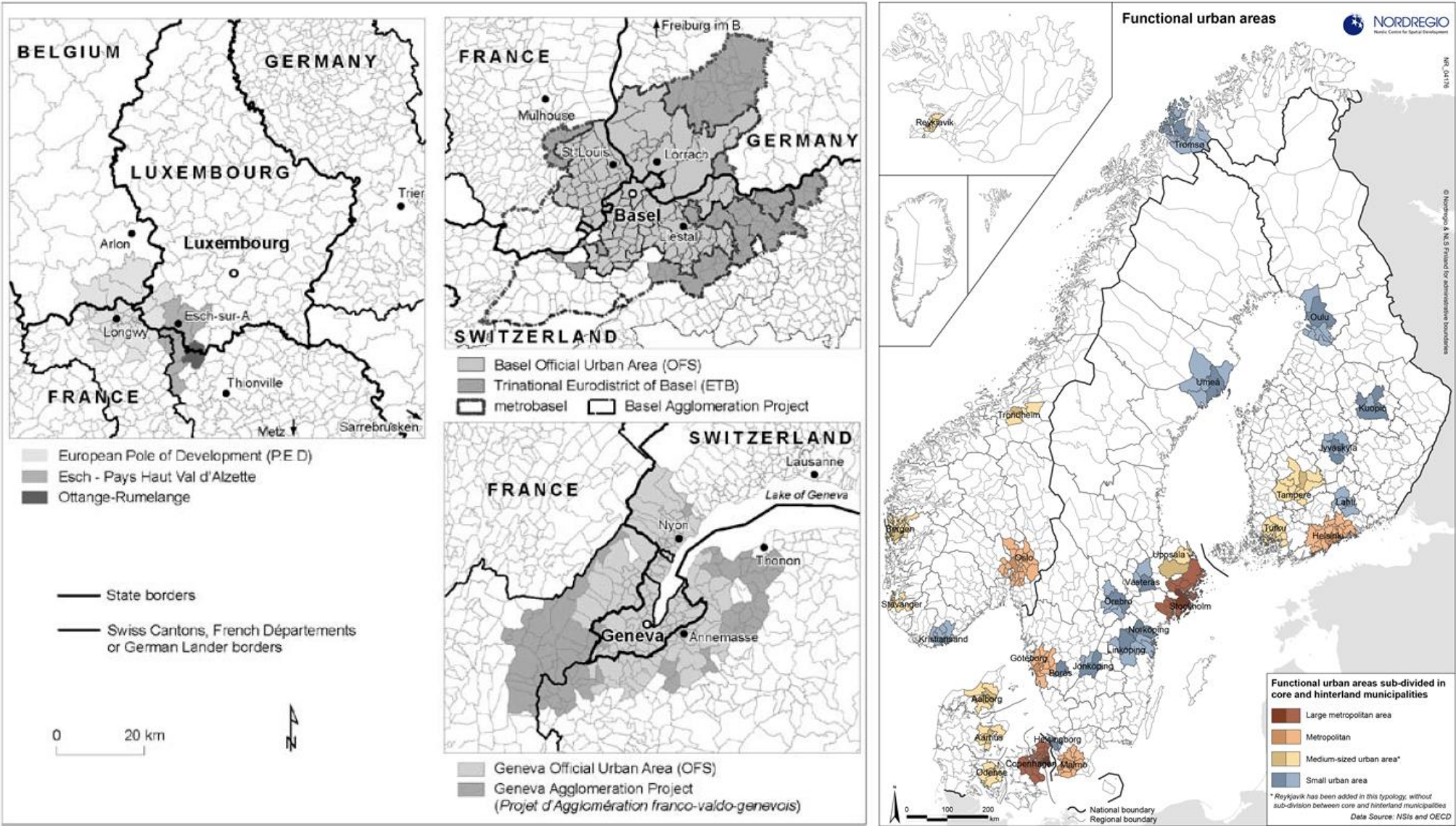
- **European urban structure will remain based on relatively small cities** compared with global megalopolis: need to reinforce urban networks at all scales.
- **More intensive renewal processes** linked to the “smart city” vision and the renaturalisation of cities: inclusive nature-based solutions for mobility, energy and waste management become cost-effective solutions.
- **Depopulation of sparsely populated areas and old industrial centres** (“inner peripheries”)
- Concerns related to people living in “**places left behind**” at all scales: Risk of spatial segregation/exclusion
- **Development of more specialised/premium physical networks**, from telecommunications to logistics.
- **Redistribution of global gateways, ports and airports** because geostrategic shift from the Atlantic to the Pacific, as centre of the global economy:
- **Uncertain evolution of co-development strategies with neighbouring countries**, and border regions.

Exacerbation of the mismatch between “spatial development processes” and “territorial jurisdictions”



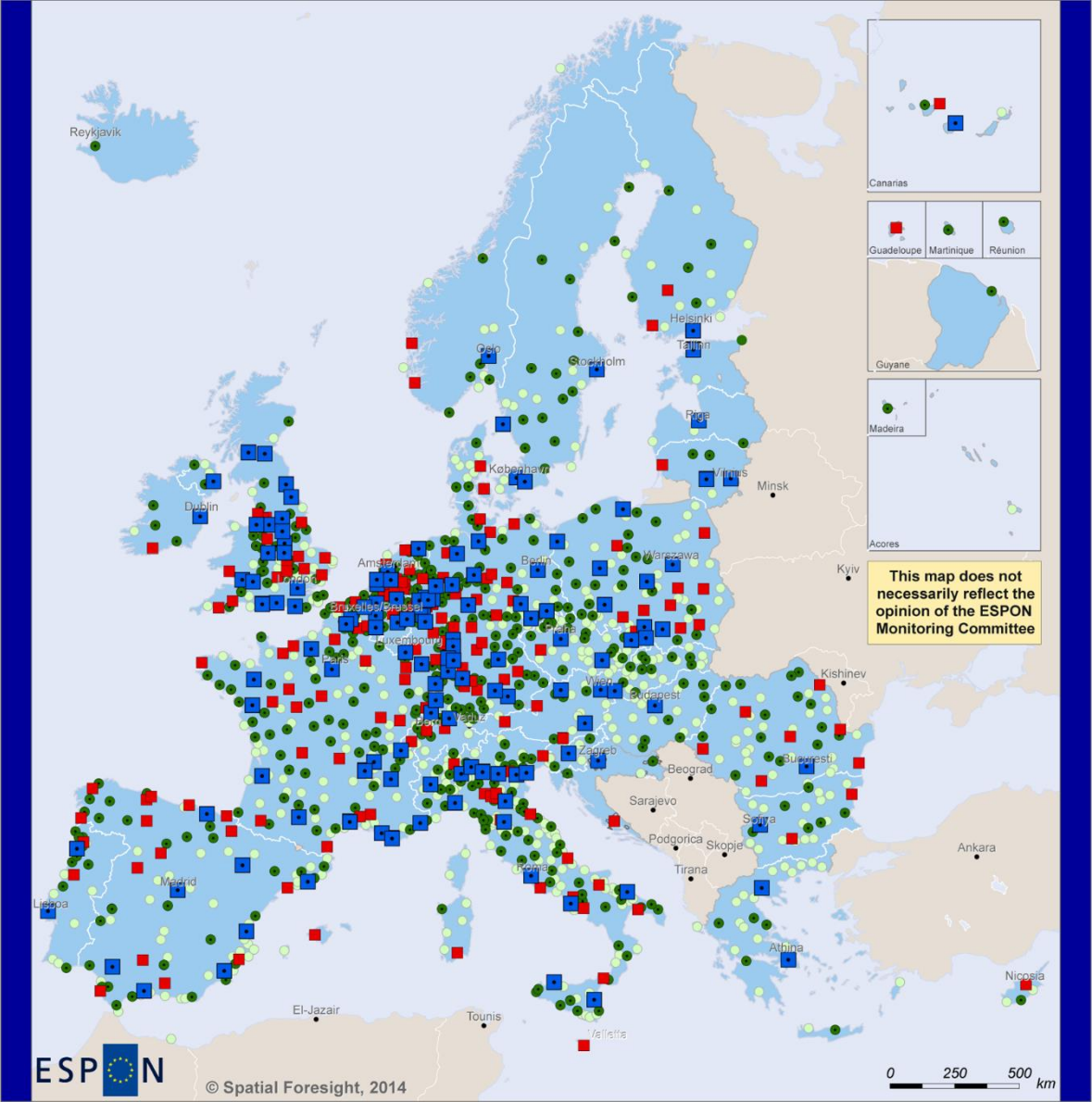
- Emerging networks overpass existing territories
- Many places affected by policies decided on other territories
- The political geography as “territories of mutually exclusive sovereignty” becomes less efficient and legitimate
- **The paramount challenge is “reinventing democracy in the society of networks”**
- **What governance requires new “functional” areas?**

Emerging “Functional” Cross-border Areas:



Source: MOSAME (Luxembourg); Swiss Federal Statistical Office (OFS); Trinational Eurodistrict of Basel (ETB); metrobasel; Geneva Agglomeration Project

Local Functional Urban Areas (new Metropolitan Areas)



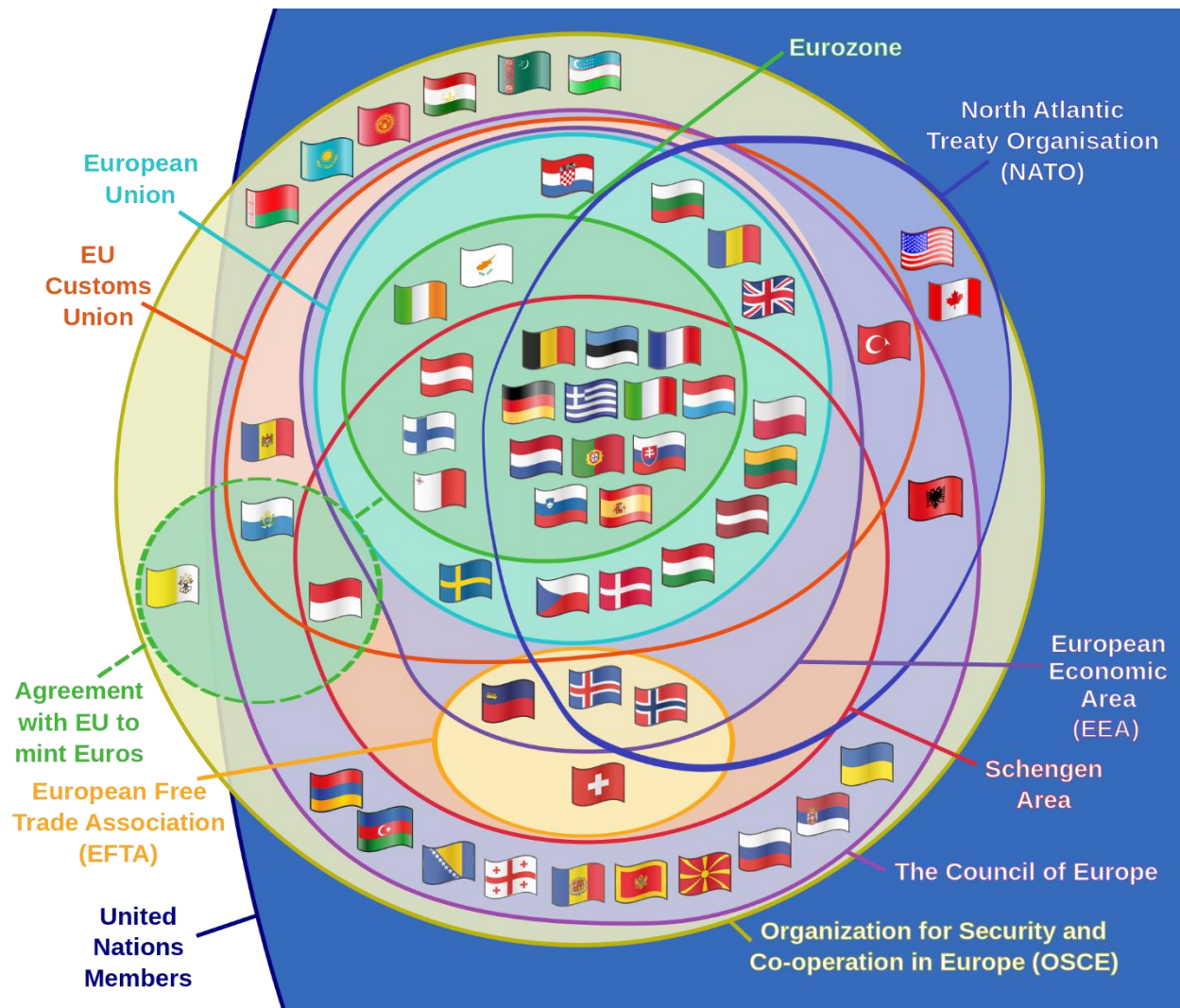
Functional regions (new Euroregions)



Macroregional/transnational functional areas (New Macroregions)



European *sui generis* “continental” functional areas (New European institutions)



European Union: 28 countries / **Eurozone:** 19 countries / **EEA Single Market:** 32 countries / **Shengen** : 26 countries / **EFTA:** 4 countries

What new governance is needed for functional areas?

The European political geography is changing:

- **From hierarchical top down governments to more horizontal governance processes** – multilevel, multi-stakeholders and public-private partnership agreements.
- **From political institutions attached to territories** (“areas with mutually exclusive sovereignty”) **to specialised functional areas** (areas with fuzzy borders, or no borders, delineated according to a given policy, overlapped to other functional areas)



“Functional areas” : What Legal Framework? From national public law to international private law

Territorial Reforms

Territorial Cooperation

New Territorialities

Post - territorialities

● **Creation of new States**
(e.g. Montenegro)

● **Reunification of States**
(e.g. Germany)

● **Regional de/re-centralisation**
(e.g. Poland “voivodships”)

● **New Metropolitan areas**
(e.g. Bucharest-Ilfov Region)

● **Municipal or regional amalgamation**
(e.g. Denmark)

● **Cooperation agreements between States**
(Common market, Custom Union, Free Trade Association...)
(e.g. Schengen Agreement)

● **Multilateral financial institutions**
(e.g. World Bank, EIB...)

● **Macroregions / Transnational cross-border cooperation**
(e.g. Danube region)

● **State – regional formal agreements**
(e.g. French contract - plan)

● **Euroregions / Interregional cross-border cooperation**
(e.g. Galicia and Northern Portugal)

● **Inter-Municipal Cooperation**
(e.g. Local Partnership Act, Norway)

● **Self-regulated zones**
(e.g. Free Trade zones)

● **Political integration of States**
(e.g. EU)

● **Intergovernmental EU process - ECJ**
(e.g. European Competition Network (ECN))

● **Action Area**
(e.g. Gotthard Action Area)

● **Global Multistakeholder approach**
(e.g. Internet society)

● **Partnership approach**
(e.g. Urban Agenda,)

● **Multilevel partnerships within within a MS**
(e.g. Dutch City Deals, Dutch Diamond Approach)

● **Private arbitration centers**
(e.g. WIPO)



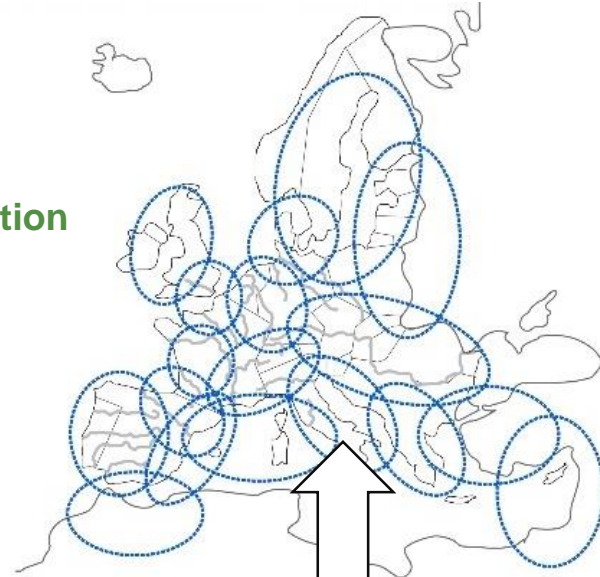
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Territorial scenarios

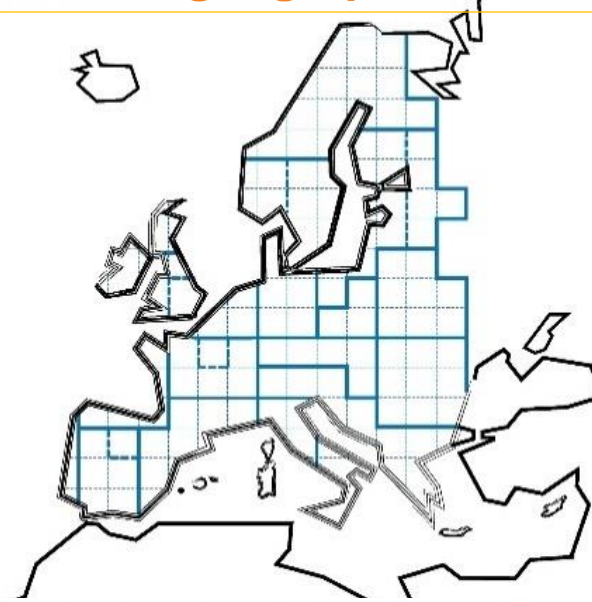


Territorial Governance Scenarios: Alternative political geographies for the future of Europe

Enabling Cooperation

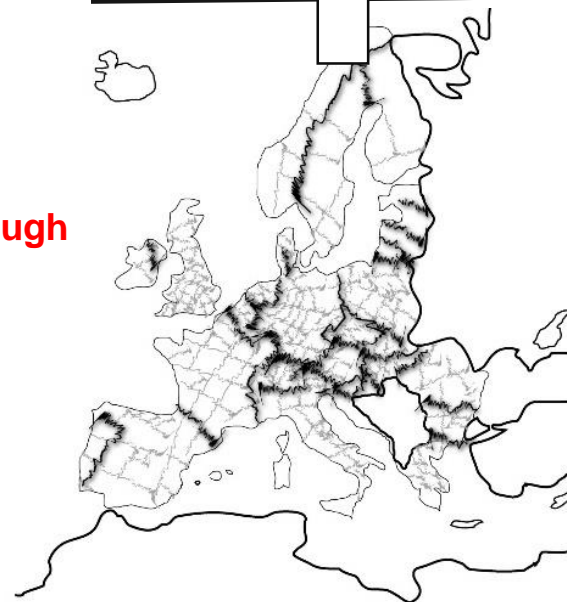


New Territorialities

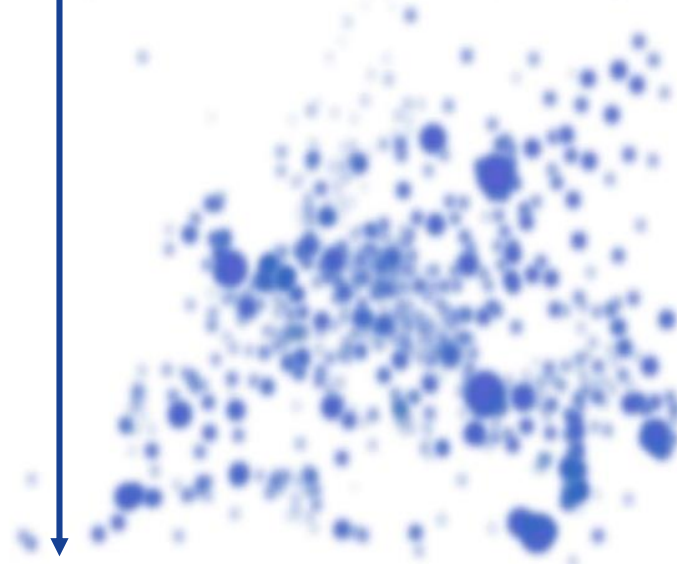


2050

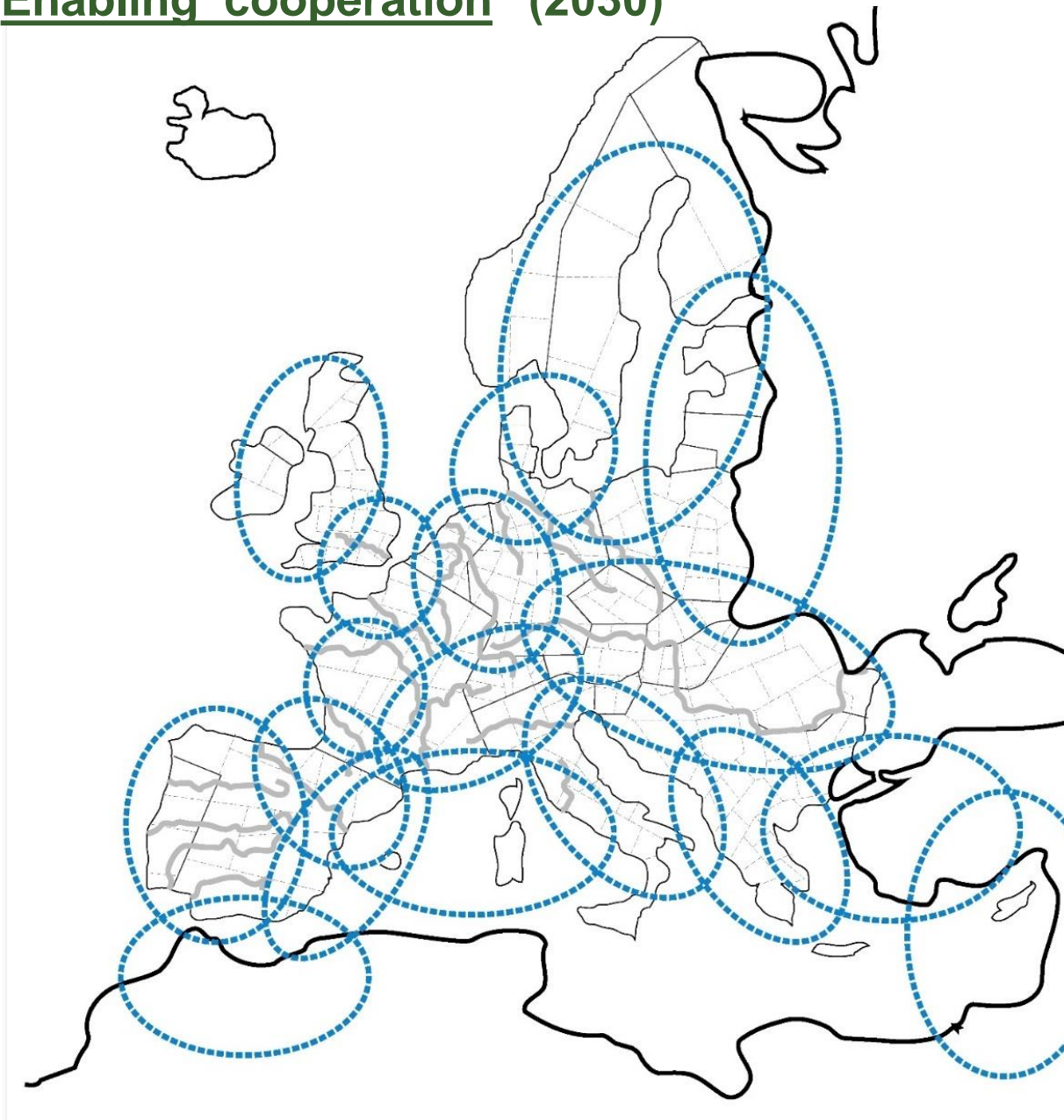
Muddling Through



Post-territorialism

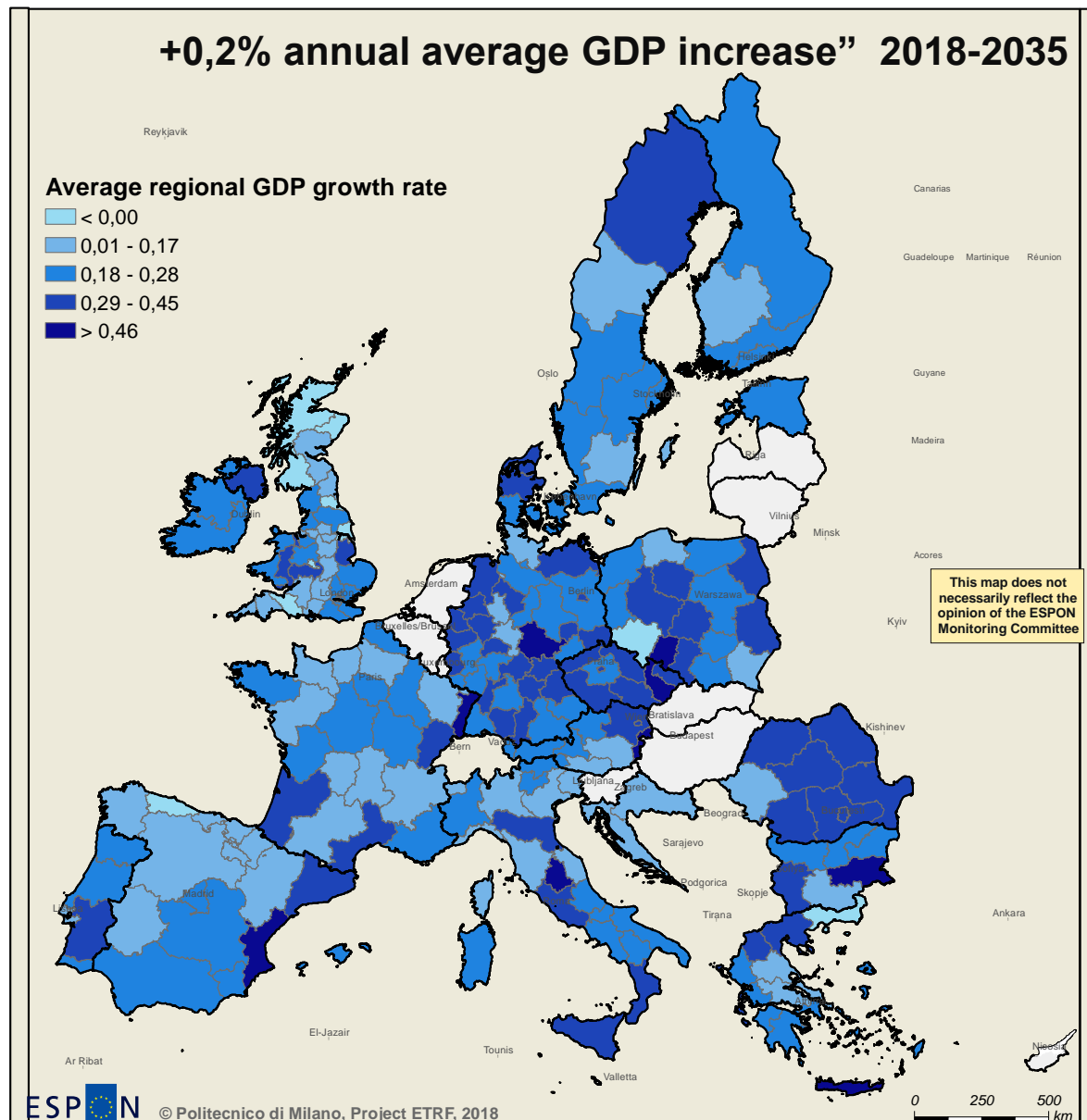


“Enabling cooperation” (2030)



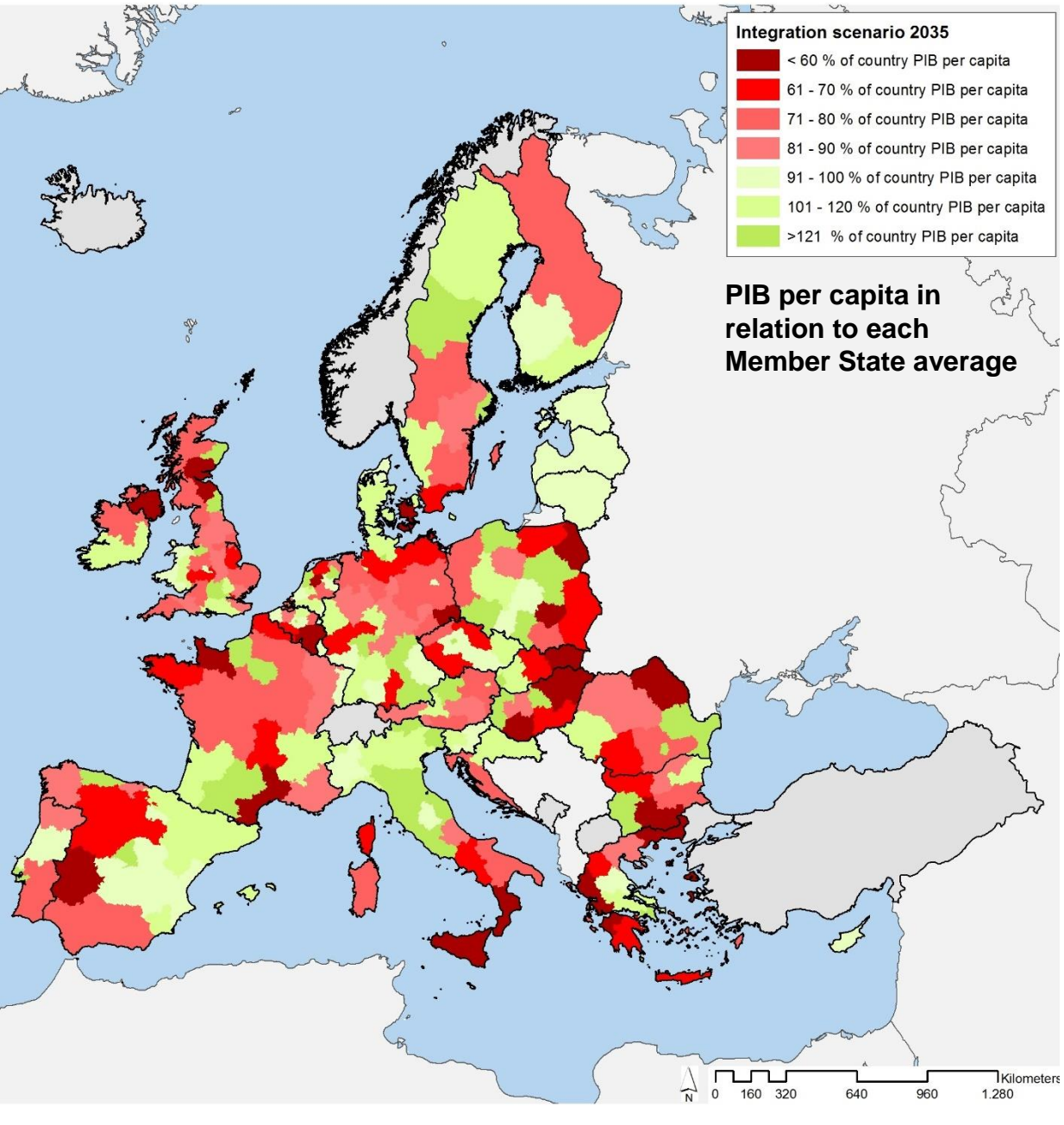
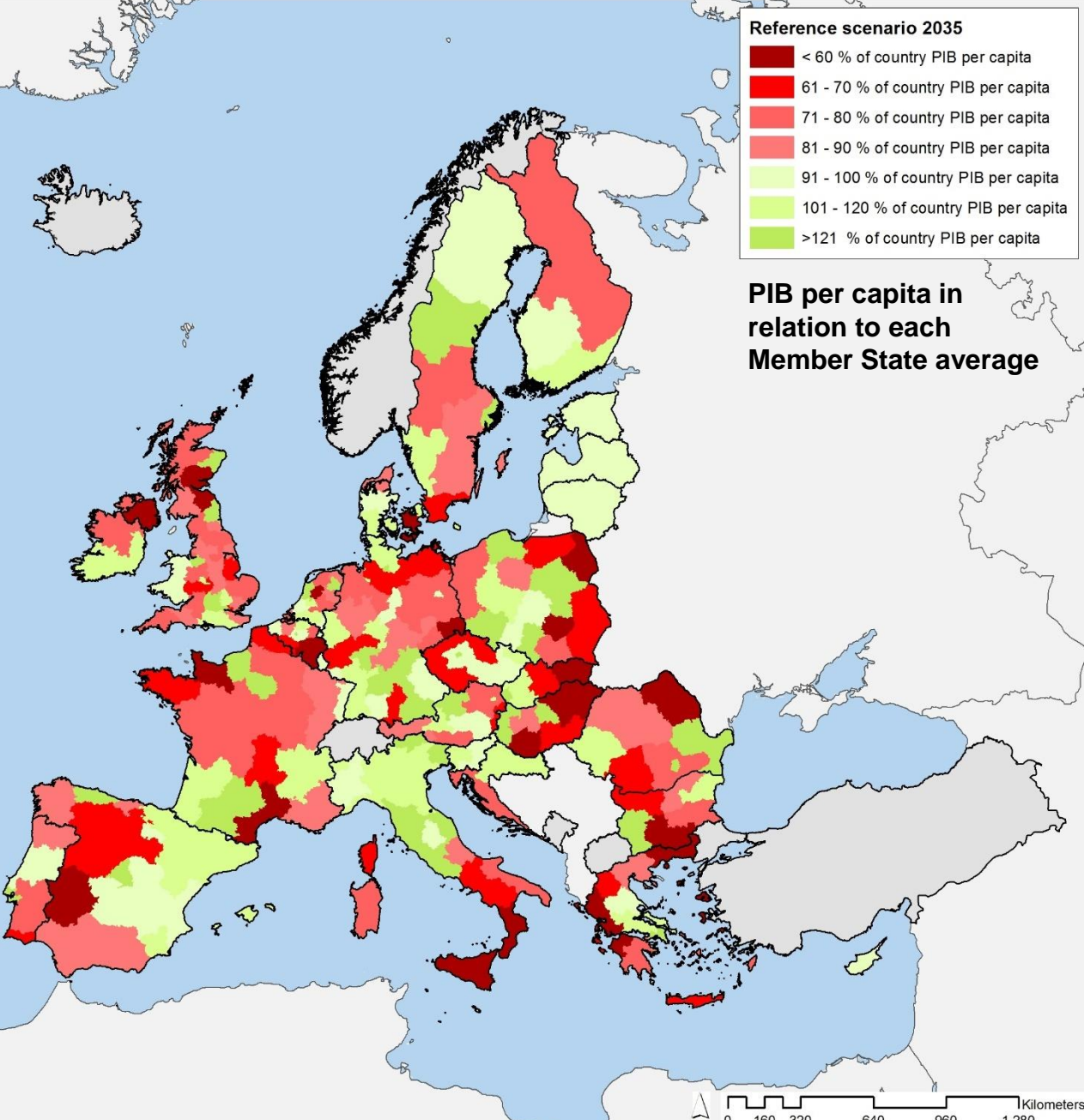
	Enabling Cooperation
Dominant principle	“ Enhanced cooperation ”
Government paradigm	Enabling
Governance paradigm	Multilevel “place-based” governance. Intergovernmental agreements at all scales
Functional areas as “new territorialities”	Enabling cross-border local, interregional and transnational functional areas (e.g. euroregions, macroregions)
Legal Form of cooperation	Enabled EGTC by harmonising national regulations
Spatial Development	Promotion of urban networks

Impact of the economic integration assumed in the “Enabling Cooperation” Scenario: **economic growth**



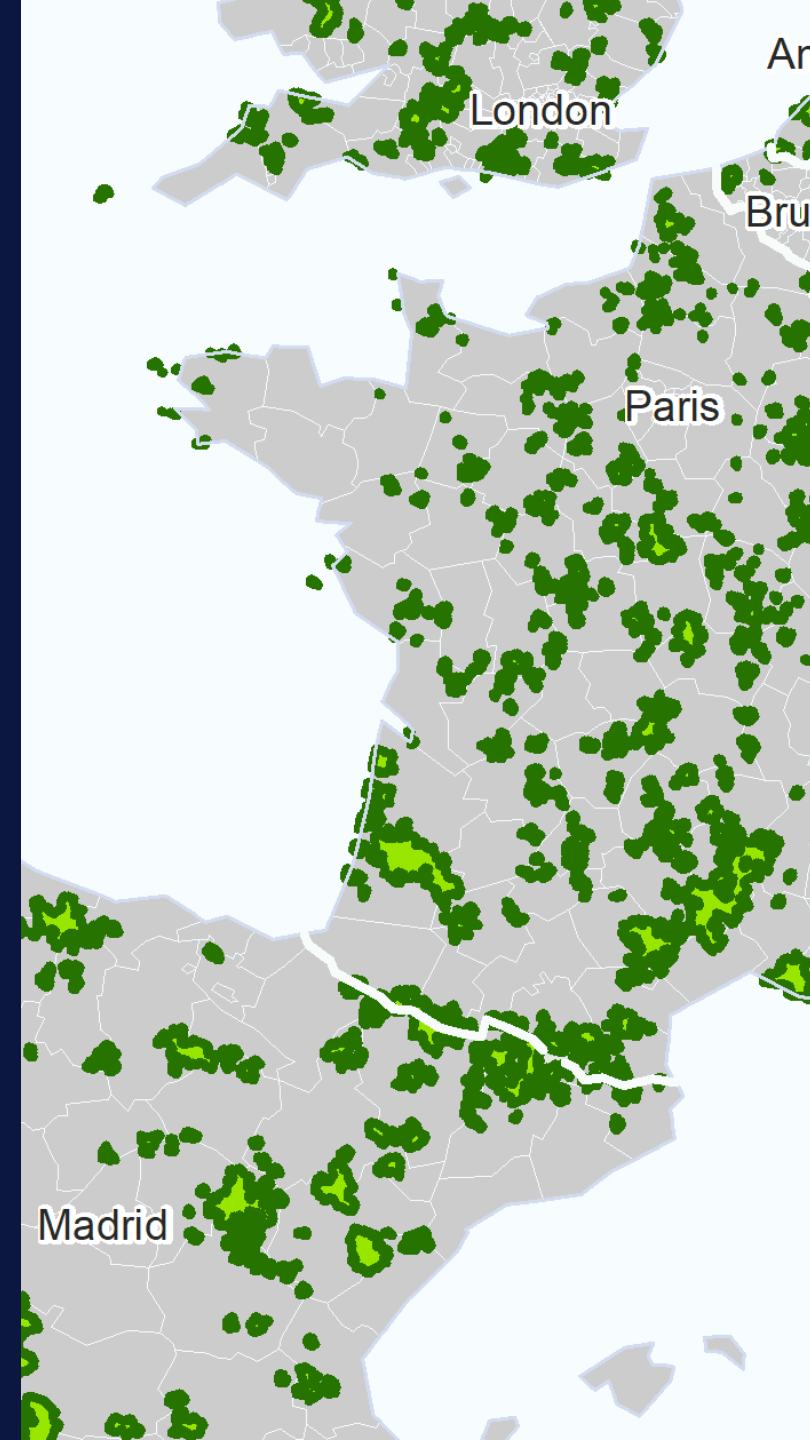
- **Higher trade flows** among EU countries (“production integration effect”);
- **Higher decrease in non-tariffs barriers** (“proximity effect to larger markets”);
- **Higher trust** within and among countries (“social effect”);
- **Higher quality of government** (“institutional effect”);
- **Stronger cooperation networks** among cities (“cooperation effect”)
- **Higher exports** (“market integration effect”)
- Cohesion policies will be reformed, the budget maintained and integrated into a single fund focused on improving quality of governance, particularly in relation to cross-border functional areas, also targeted to borders with neighbouring countries.
- Redistribution of the European budget in favour of new fields - security and migration - decreasing the share of budget devoted to cohesion policies and CAP, setting national shares to the levels decided in the document of May 29, 2018, and maintaining regional shares as in the 2014-2020 programming period.

Impact of the economic Integration assumed in the “Enabling Cooperation” Scenario: **disparities**



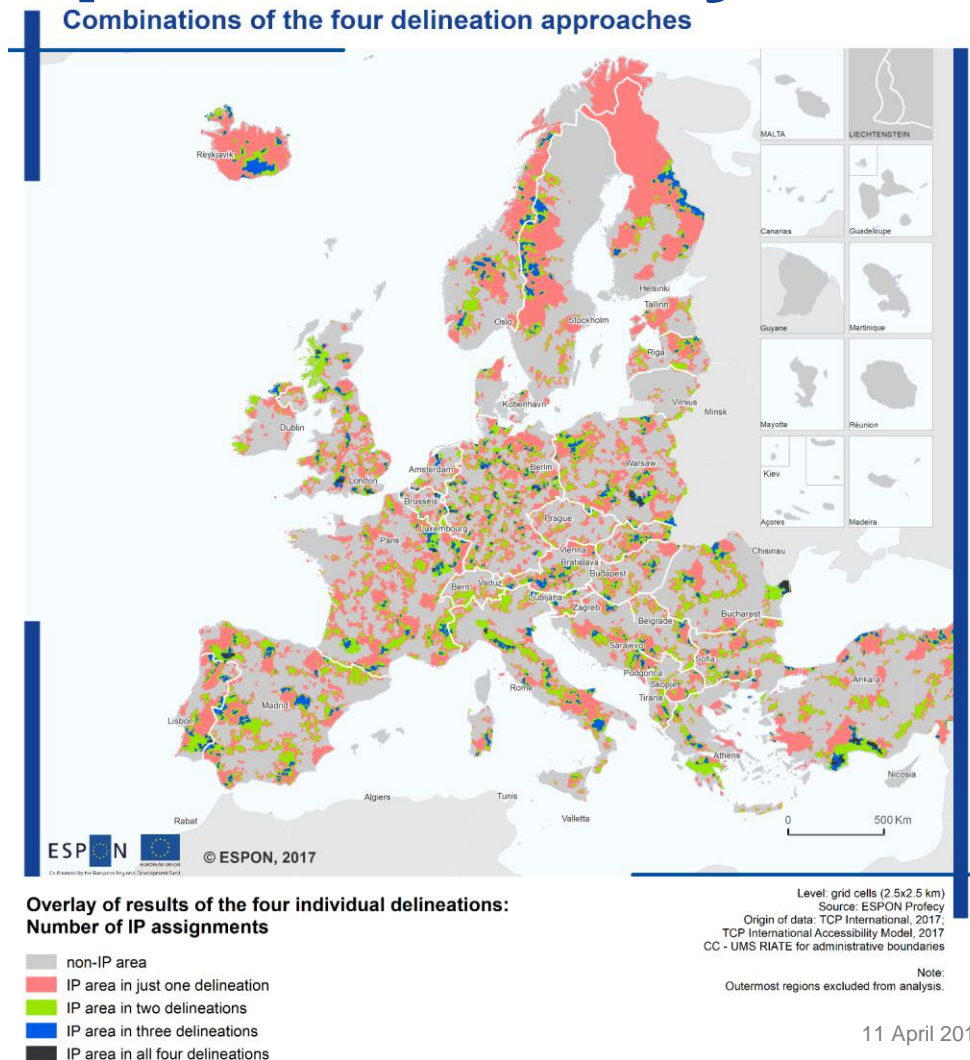
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Inner peripheries in Europe



Inner peripheries cover 45% of the entire European territory

- Delineation 1:
Higher **travel time** to regional centres
- Delineation 2:
Low **economic potential** due to low potential accessibility
- Delineation 3:
Areas of **poor access to services of general interest**
- Delineation 4:
Depleting areas (poor demographic basis)



Key drivers and territorial patterns of inner peripheries

46% of all inner peripheries

**Poor economic potential
and poor demographic
situation**

45% of all inner peripheries

**Lack of access to centres
or services**

- The most **peripheral areas** in geographical terms frequently appear as IPs
- **Border regions**, not only national but also regional, show a greater incidence of IPs than their non-frontier counterparts
- IPs with poor accessibility tend to overlap with **intermediate, rural and mountain areas**:
 - 80% of the inner peripheries with low economic potential or poor accessibility are located in **non-urban regions**
 - Almost half of poor accessibility IPs are in **mountainous regions**

More areas risk becoming inner peripheries, if service provision deteriorates further

IP areas in Europe (grid level) with poor access to SGIs

■ non-IP area ■ IP area

IP areas represent grid cells which have poor access to 5 or more different SGIs, provided that among these assignments they have poor access to primary schools or poor access to hospitals or poor access to train stations..

Areas of risk to become inner peripheries: Areas with poor access to three or four SGIs in Delineation 3, but which have not been identified as IP

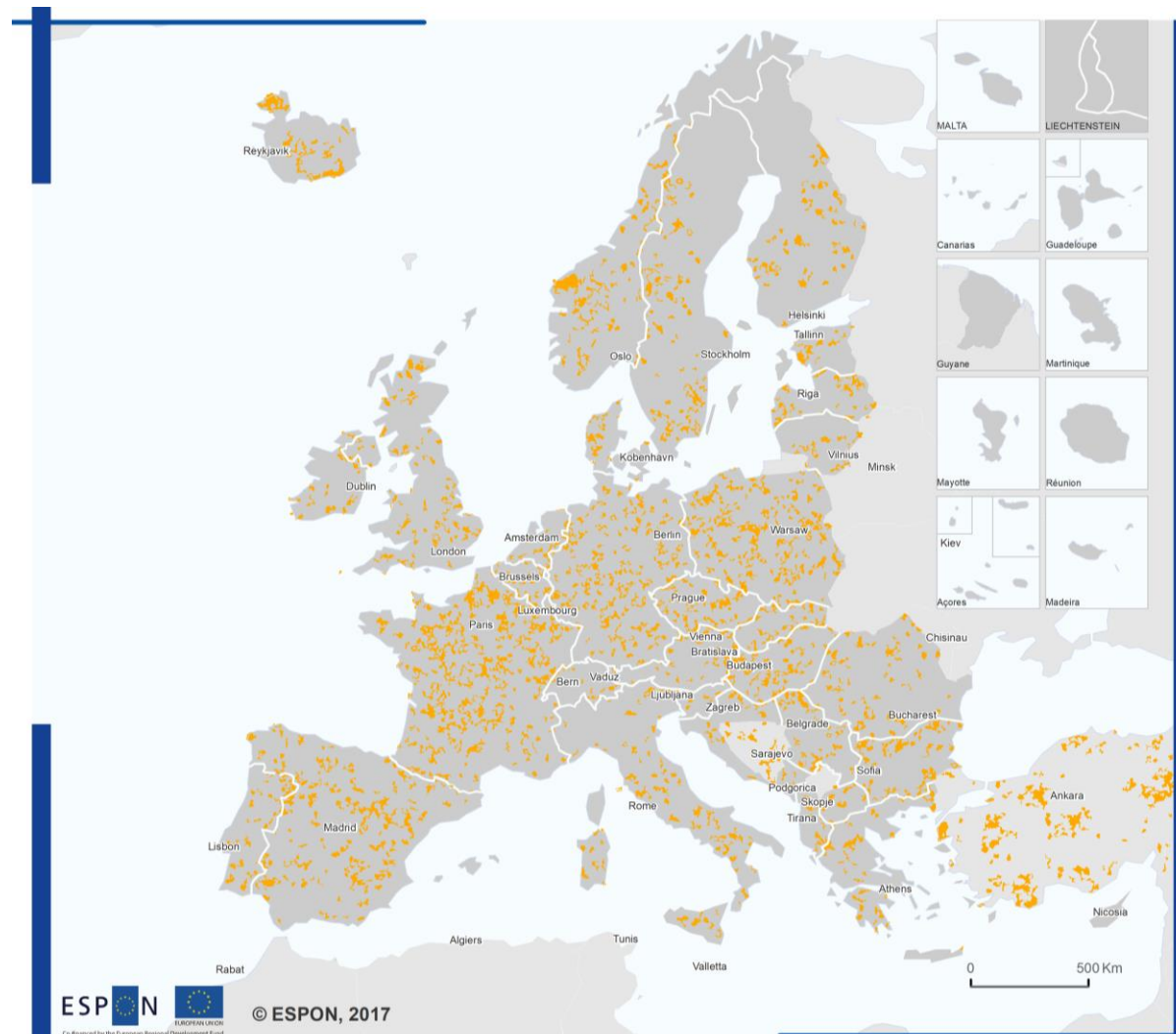
■ Areas-of-risk to become IP in future

Remarks:

All areas which have, according to results of Delineation 3, poor access to three or four SGIs are considered as areas-of-risk.

Level: Grid cells (2.5x2.5 km)
Source: ESPON Profecy
Origin of data: TCP International, 2017;
TCP International Accessibility Model, 2017
CC - UMS RIATE for administrative boundaries

Note:
Outermost regions excluded from analysis.



Key challenges and policy pathways

Some common characteristics found in Inner Peripheries Case Studies:

1. Out-migration of the young and highly-skilled people
2. Decrease of population
3. High old-age dependency ratio
4. A lack of skilled workforce
5. An economic sector often based on traditional activities

▪ Strategic policy response should:

1. Address all aspects of connectivity
2. Develop interaction capacity supported by a regional actor
3. Pay more political attention to overcome the perception of “being forgotten”
4. Support access to funding through place-based approach and capacity building

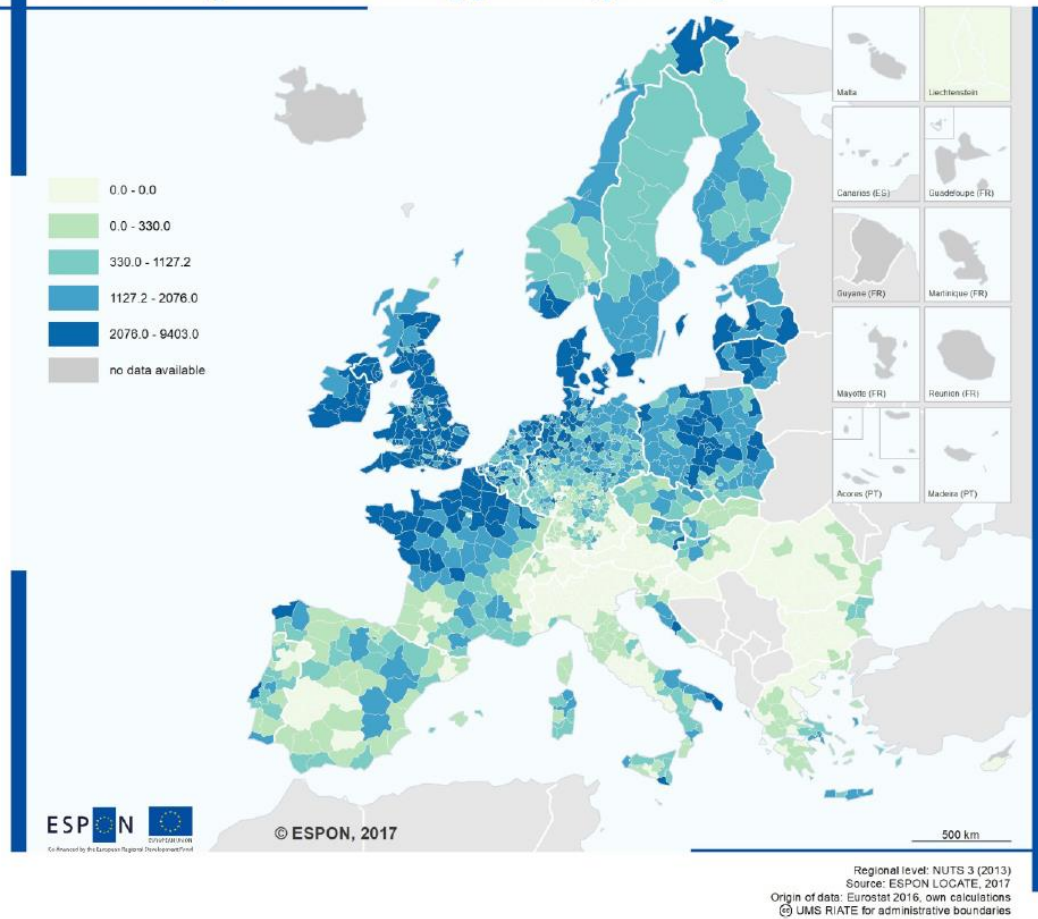
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Territories and the low-carbon economy

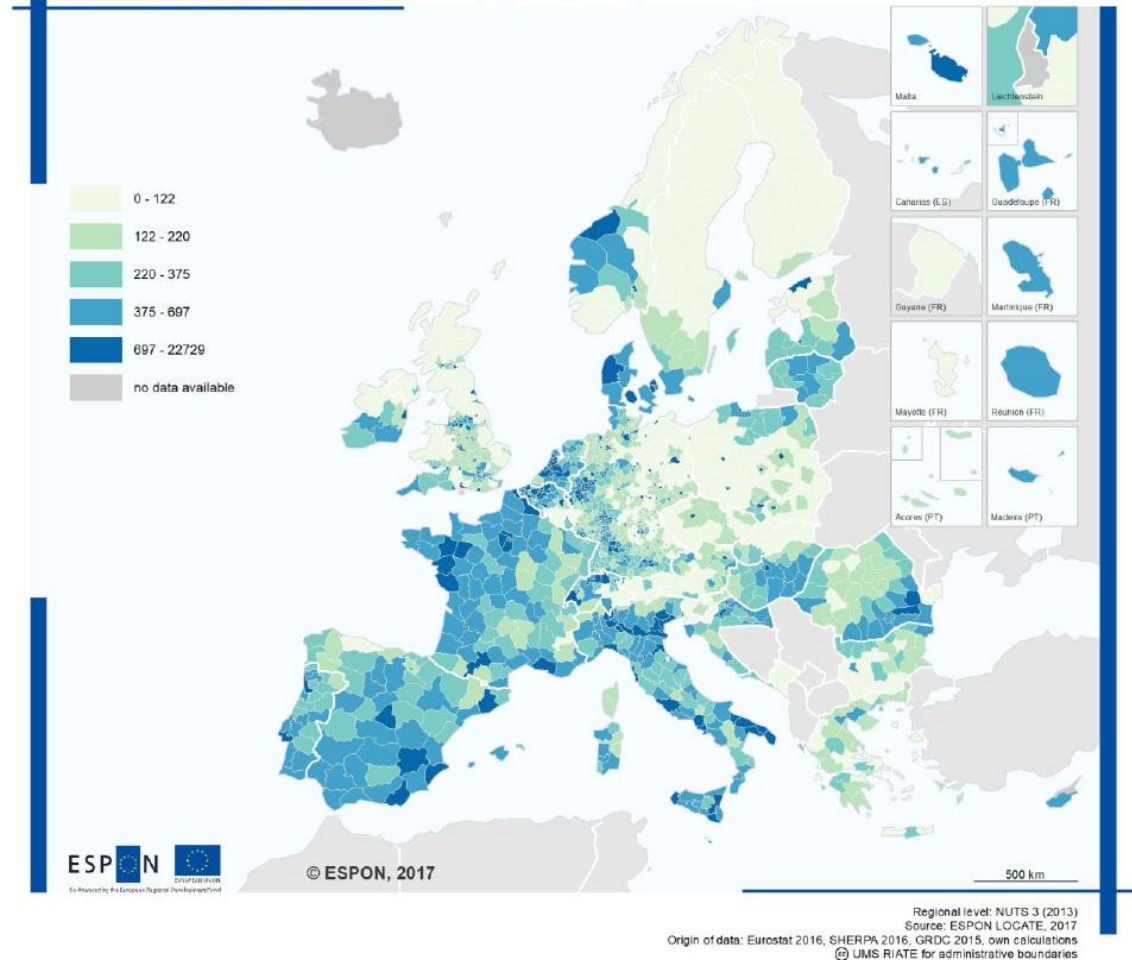


Towards a low-carbon economy

Wind onshore, potential for electricity generation, [MWh/km²]

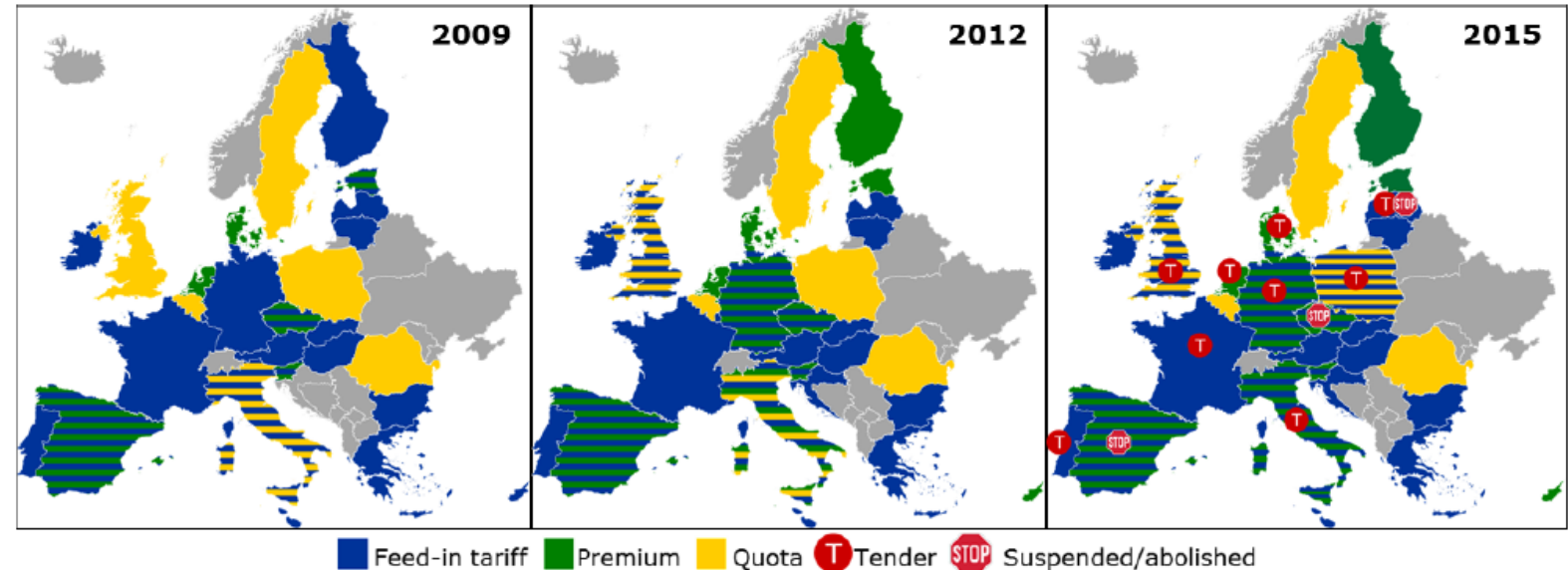


Solar energy, potential for electricity generation, [MWh/km²]



Complexity: policy frameworks

Trends in feed-in tariffs, quota and premiums in EU MS, 2009-2015



- Relevance of investment subsidies differ between MS
- Feed-in tariffs, quotas and tender procedures are of great importance
- Strategy changes 2009-15 create uncertainty
- Competition rules etc. with negative impact on the development of renewable energy sources

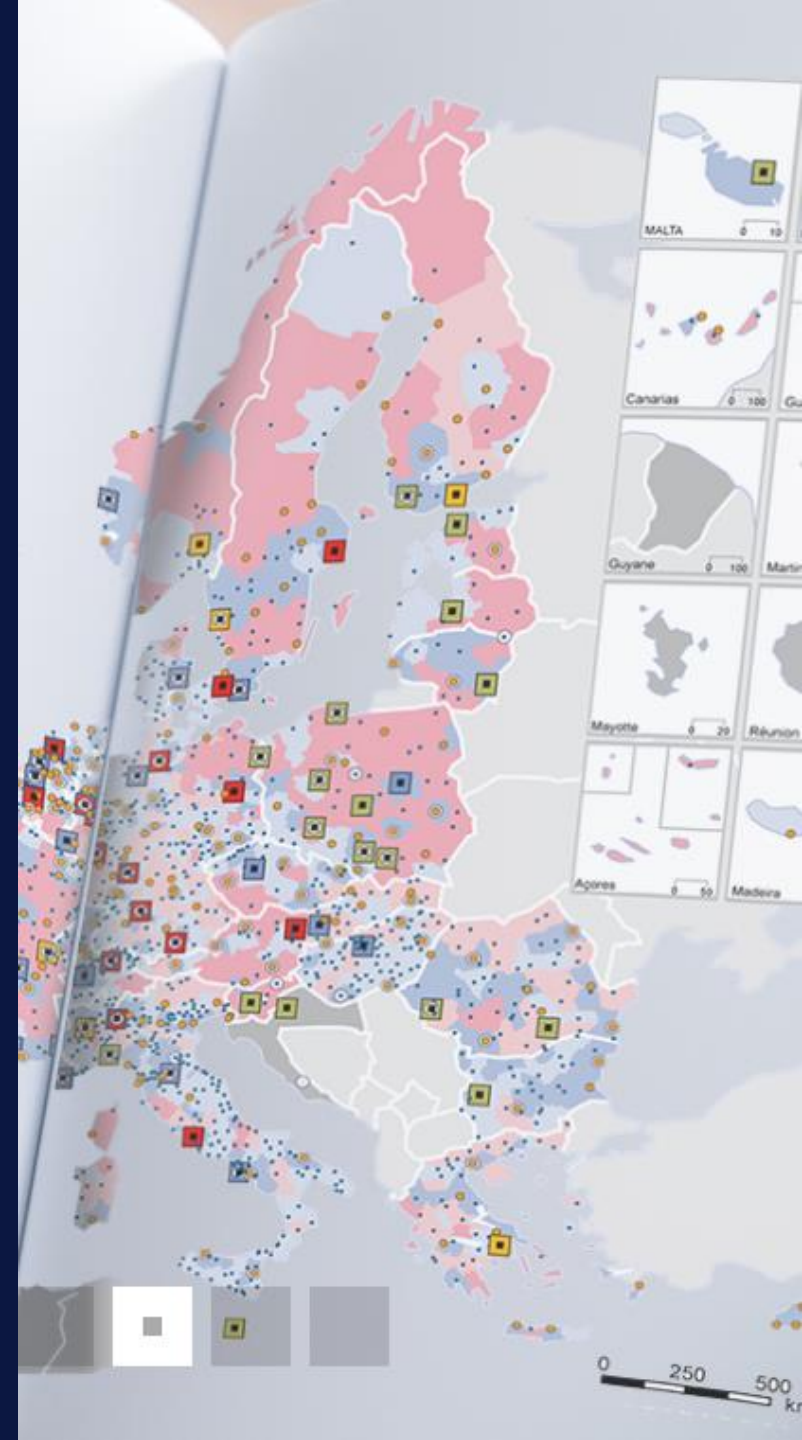
Source: European Commission DG Energy: "Mainstreaming RES", (based on: Brückmann, R./ Eclareon, 2016).
Renewable energies – Overview on political frameworks in Germany and Europe), November 2016

Regions supporting the transition

- Successful cities and regions use their **policy/governance potential**
- Cities and regions have a great impact in **creating framework conditions** for low-carbon energy projects (efficiency, renewable energies): planning, energy efficiency rulings, knowledge base and networks, financial support and partnerships
- **Complexities are high** – great variance of national regulatory regimes and tariff structures and EU rulings - supportive frameworks are needed for regions to act
- **Innovative regional platforms** and processes for promoting the low-carbon economy transition are essential and should be expanded and supported through national and EU policies
- **Public procurement**, understood comprehensively, can become a significant innovation and development instrument towards the low-carbon economy transition

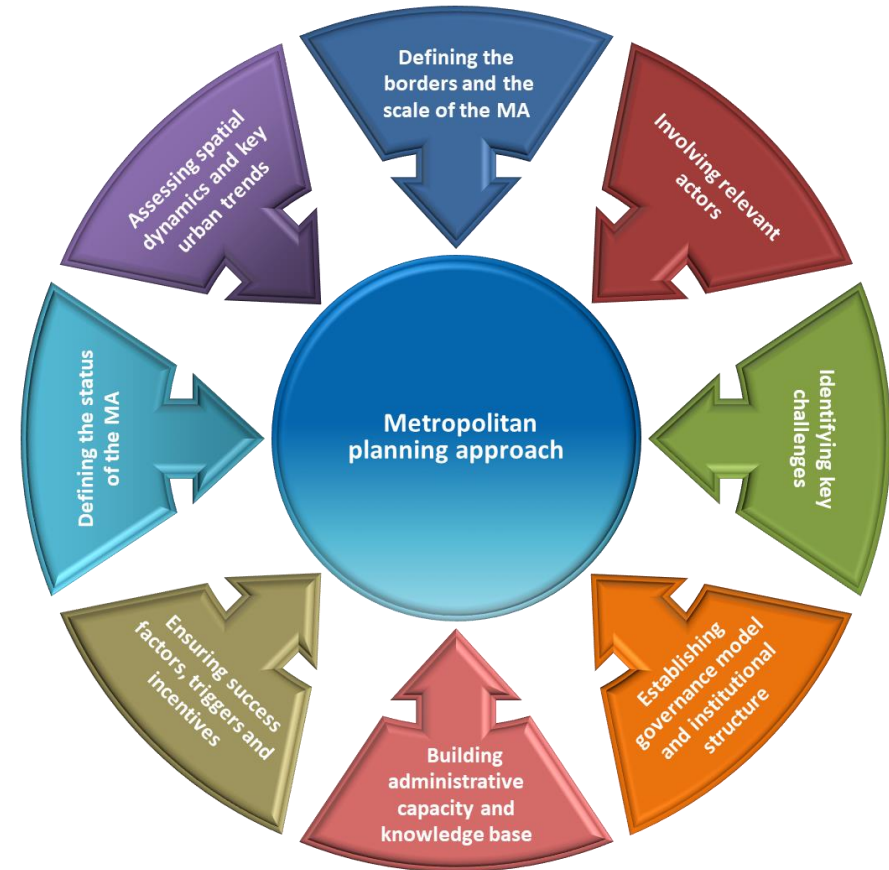
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Collaborative governance models



Metropolitan planning approaches

- Eight action areas to better understand the situation in metropolitan areas
- Establishing governance process
- Support decision-making about future plans and strategies
- A guide for regional and local policy makers



Soft territorial cooperation areas

- Overcoming the constraints of administratively defined territories that fail to address functional interlinkage
- Overcoming the “silo mentality” of traditional sectoral planning and rigid institutional systems
- **Spiral of growth in cooperation**

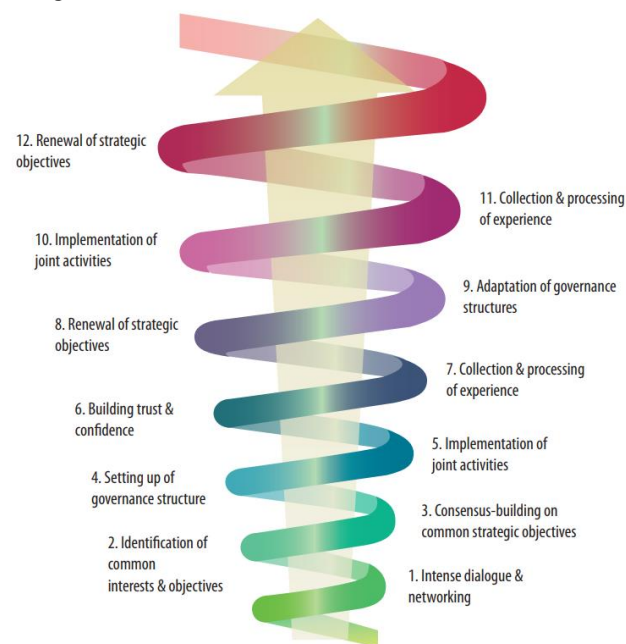
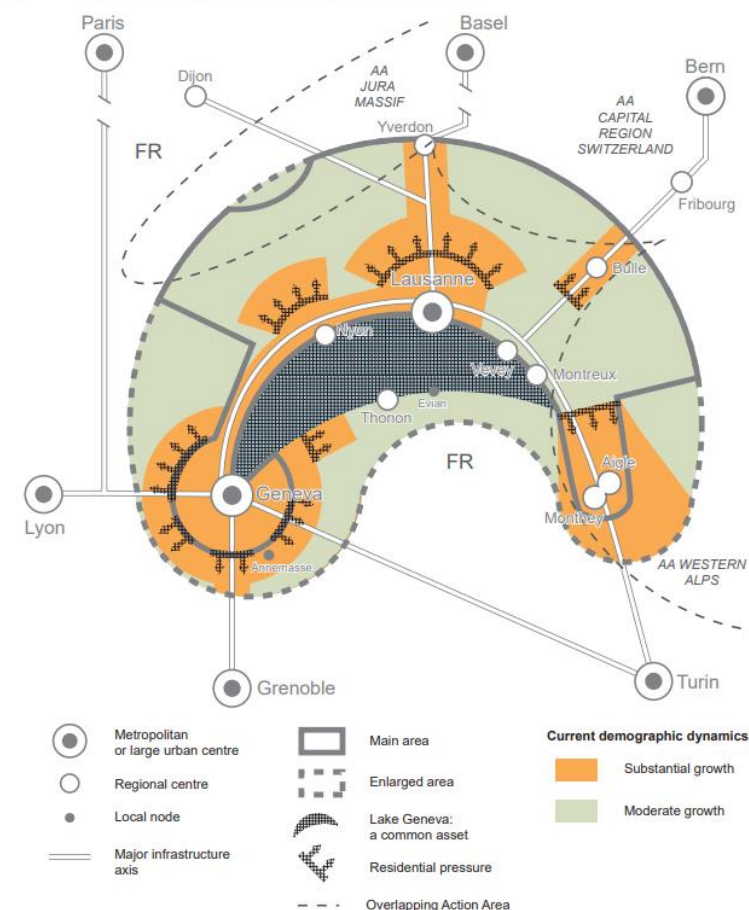


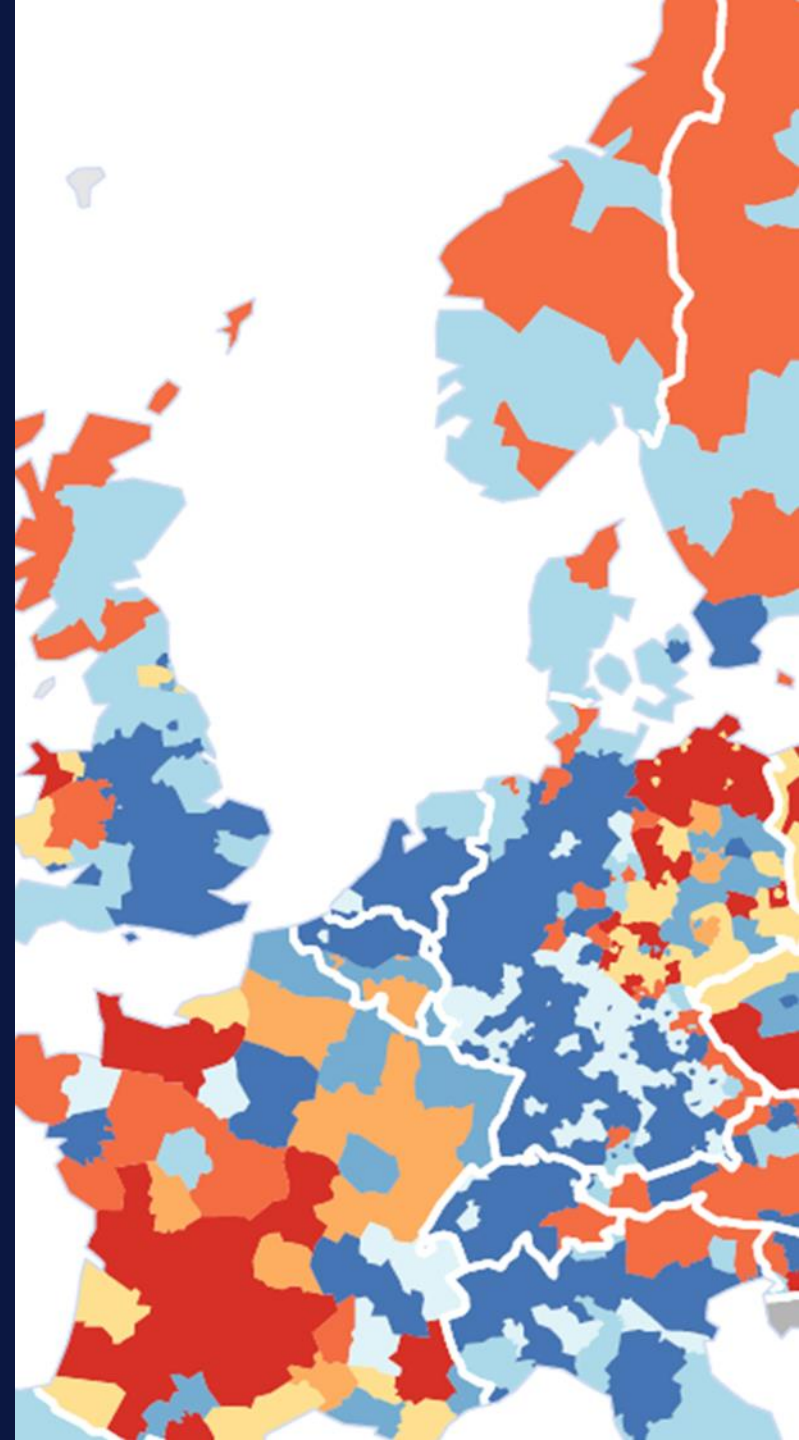
Figure 4: Mapshot of the Lake Geneva Metropolitan Action Area



Source: ESPON ACTAREA (2017)

9

Conclusions



Conclusions: new narratives

- We live in “**Pervasive Uncertainty**”: technology is the driver for accelerated change, how to reinvent democracy in the “Society of Networks” is the paramount territorial challenge
- The “**European political geography**” is changing: new “functional areas” emerge from local to continental scale, functional geographies require better governance structures
- The relevance of **territorial challenges** has to be taken into account (fragmentation, increasing flows and interdependencies and mismatch between administrative and functional areas...)
- **Cohesion and other policies have to be adjusted to key megatrends** (e.g. technological progress, economic globalisation, social disparities and migration, climate change...)

Conclusions: new narratives

- Promoting the improvement of the **quality of local and regional governments** everywhere in Europe remains a priority given the new political challenges and the more complex political geography to deal with
- Stronger and tailor-made **redistributive policies at all scales** (e.g. Cohesion policies) are needed since further economic integration will bring more growth but not necessarily diminish disparities
- **Coordinating Spatial Development Plans** from local, regional and national scale is needed to support territorial cooperation by providing a comprehensive, long-term territorial reference framework

Place-based responses for future policies



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