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The Territorial Cohesion Principles

Position paper to the EU Green Paper on Territorial Cohesion

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The Territorial Cohesion Principles

1 Introduction

Territorial Cohesion is a profoundly practical principle. As an agent for equity among citizens it can be the ultimate operational expression of European solidarity: as the path to optimal use of all Europe’s territorial diversity, which constitutes a considerable comparative advantage in an era of global turbulence, it is vital to Europe’s economic future. It is fundamentally a geographic principle that must pervade the formulation of a broad range of Europe’s policies and invigorate the day to day efficiency of their delivery.

In this paper, we develop this approach by introducing the 4:5 analysis: the four part rationale of Territorial Cohesion and the five principles for its effective implementation. The core resides in these five principles which are set out at section 2.2. If action can be taken in these five areas the EU will have started a journey that will influence how its policies are coherently delivered and so transform their impact especially perhaps on those areas most vulnerable to polarisation and most exposed to disaffection.

On October, 6, 2008, the European Commission presented a Green Paper on Territorial Cohesion emphasising the desire to turn territorial diversity into strength. This Green Paper and the related public consultation process are very much welcomed. A wide range of actors dealing with territorial development have stressed for a long time the need for a deepened understanding of Territorial Cohesion and the need for action. Putting the focus on territorial diversity as a development asset in Europe, the Green Paper indirectly also points at the need for tailor-made territorial development strategies and more awareness of how policy interventions affect different types of territories. Different types of development potentials are put to the forefront and at the same time the areas with geographical features receiving support from EU regional policies are mentioned as areas with particular challenges.

In this position paper, we argue that Territorial Cohesion extends beyond economic and social cohesion by adding to this and reinforcing it. The Single European Market is an important component for European integration and economic development in Europe. In most territories the benefits of the Single European Market outweigh possible negative side-effects. It is the degree to which the concepts of social and economic cohesion have failed to alleviate these spatial impacts that has created and defined the Territorial Cohesion response. Here, the European Social model assumes a certain level of solidarity also with regard to the territorial dimension.

Acknowledging European diversity needs to address both territorial potentials and fragilities. The fragility of a territory is assessed by taking into account disparities and deficiencies on the one side and the full range of territorial capital, assets and potentials as well as resources for policy making on the other side. Access to a minimum standard of services of general interest is a precondition for any kind of territorial development. Territorial Cohesion implies strategy building and multi-level governance, finding the most efficient and effective way to make use of the existing potentials.

Governance processes are important means to achieve Territorial Cohesion. At European level there is a need for the same sort of powerful fundamental analysis of Territo-
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Territorial Cohesion as it was provided in the case of ‘sustainable development’ by the Brundtland Report – leading to a similar universal absorption of the concept as a practical principal. Actors from different sectors need to increase their awareness about territorial impacts. The concern is also to improve territorial integration and encourage cooperation between regions, in particular beyond borders. Local and regional actors have the tacit knowledge of their territories which is needed for the development of integrated strategies and the identification of territorial potentials and fragilities.

2 Understanding Territorial Cohesion

If the European Union is to make further progress both as regards the deepening of cooperation and the achievement of its global economic aims outlined in the Lisbon Agenda, the four part rationale is the reason why Territorial Cohesion needs to be considered. This is discussed in the next sub-section. Deriving from that, five key principles of Territorial Cohesion can be identified. These principles are also presented below and help to better identify what Territorial Cohesion is about.

Following the principles of Territorial Cohesion, policy interventions can be better targeted and thus they can support more effectively the development of an area by respecting its fragilities and the use of its so far unrecognised or underexploited potentials. Furthermore the effectiveness of EU policies can be increased as conflicting effects of different policies can be reduced and synergies between policies can be better employed. These benefits of Territorial Cohesion, also reduce the costs of policy interventions.

2.1 Why Territorial Cohesion?

The four part rationale, we identify that establish Territorial Cohesion as an essential element in any discussion of the future of the European Union are:

(1) Costs of the non-co-ordination of EU-policies need to be reduced. The total contribution of the EU to economic growth is less than the sum of the contributions of all measures, policy or budget areas. There are considerable losses in the effectiveness of EU policies because the effects of different policies are sometimes in conflict and therefore lower the impact of each policy and lead to a sub-optimal outcome. This phenomenon is particularly apparent with regard to spatial development and represents the costs of the non-co-ordination of EU policies. In an environment of high ambitious aims and extremely limited resources these costs should be avoided and a positive interplay between different policies should be supported. In many cases it is possible that policies from different sectors could support and reinforce each other instead of reducing each others’ effectiveness.

(2) To achieve the aims of the Lisbon and Gothenburg Agendas a sustainable use of European diversity is needed. Globalisation, climate change and demographic change, are challenges which Europe is facing but positive responses such as the completion of the Single Market and the aims outlined in the Lisbon and Gothenburg Agendas can also create unintended side-effects. Mastering these challenges is a matter of the sustainable use of the territory, its assets and its resources. This response needs to acknowledge the diversity of the territory of the European Union when it comes to risks and development potentials. The benefit of a territorial approach taking into account the whole range of assets as well as resources available is that interventions can be better targeted. Thus they can more effectively support the reduction of risks and fragilities and at the same time encourage the use of so far
not recognised and underexploited potentials. The past has shown that one-size-fits-all development strategies do not work. Tailor-made policy mixes addressing the specificities of a territory are a sustainable way forward.

(3) A balanced development in the Single European Market needs to be ensured. The development of the European Union and in particular the Single European Market has been decisive for European integration and has contributed to economic growth in the Union. Removing borders and transaction costs etc. also influences territorial development, as the existence of borders ensured that many activities remained decentralised and accessible within the Member States. The objectives of social and economic cohesion have been introduced in order to soften possible negative effects of the Single European Market, such as centripetal effects, growing regional disparities, negative agglomeration effects etc. The current developments reported, e.g. by ESPON or in the latest progress reports on social and economic cohesion, show that more action is needed to counteract the negative side-effects of the Single European Market. The consequences of the Single European Market and possible market failures differ widely and so do the means to deal with them. Territorial Cohesion can thus be understood as the price to be paid for the positive effects of the Single European Market. This is the cost which occurs in dealing with the fragilities of territories which hamper their growth and development. A vital precondition for balanced development is access to a minimum standard of infrastructures and services.

(4) Solidarity is crucial for keeping the Union together. The European Social model assumes a certain level of solidarity also with regard to the territorial dimension. Therefore the cohesion of the territory is of utmost priority. This may even be a more central issue for the EU than it is for nation states. Since the EU is not a state but rather a union of Member States its ‘territory’ must be defended in other ways than for that of a nation state. The acceptance of the Union is central at all times and at all levels. The Territorial Cohesion of the Union cannot be taken for granted at any time. This is reflected in many of the objectives of the Union. Territorial Cohesion and solidarity play a crucial role in the EU which cannot be neglected or simply be dismissed by identifying it as non-economic.

2.2 What is Territorial Cohesion about?

Five key principles for action illustrate what Territorial Cohesion is about:

(1) Recognize the territorial diversity. European territories have different assets and potentials. Every territory has its own distinct set of potentials for further development – its territorial capital or comparative advantage. At the same time, every territory also has resources available to make use of assets and balance deficiencies. The difference between the assets and deficiencies on the one side and the resources available to territories to activate potentials and to respond to deficiencies on the other, results in the fragility of a territory. Accordingly the presence of even significant deficiencies, if matched with the availability of substantial resources, would indicate a lower fragility.

(2) Identify potentials …

… in relation to integrated development strategies. Every territory faces different development dynamics. The comparative advantages and distinct potentials of a territory often only become apparent in relation to an integrated vision or strategy as to where to be in the future. Considering the socio-economic and
geographical specificities of an area can help to develop integrated development strategies – covering several development sectors. Experience has shown that purely sectoral development strategies often fail to identify and employ the territorial potentials and to cope with the territorial fragilities. The governance of strategy building is a key for the activation of actors and their given resources to achieve common integrated development strategies.

... built on territorial specificities and characteristics as a base for a functional division of labour. Based on tailor-made cross-sectoral (integrated) development strategies, the distinct features of a territory can be identified and related to the characteristics of other territories. This may permit a functional division of labour between territories and facilitate territorial co-operations in which each territory contributes with its own strong characteristics. The prioritisation of functions means the adaptation of the regions’ strategies towards their functions. Innovation has a different meaning for rural areas.

(3) **Acknowledge the territorial context.** The territorial context of development dynamics, potentials and threats is decisive. This involves endogenous development potentials and fragilities, as well as exogenous factors such as the impact of developments in other territories, and the impacts of different sectoral policies at various levels of decision making. Recognising the territorial context and its multifaceted dynamics is a key to success. Visions and strategies developed individually for different territories are only successful when recognising the context of the individual approach.

(4) **Ensure fair access to infrastructure and services.** Focusing on development potentials, universal access to an identified level of services need also to be secured. People and companies in all parts of the European Union need to have access to certain standards of services. The delivery of these can depend on the territorial context, i.e. the same service can be delivered by different means in different areas of the Union. In times of globalisation and the knowledge society access to appropriate education, information, and communication technologies (ICT) is becoming increasingly decisive for the development possibilities of regions and municipalities. In the territorial context the goal must be universal access to ICT at an equivalent standard and contemporaneous provision in terms of quality advances.

(5) **Refine governance processes.** Local and regional stakeholders have a tacit knowledge of their territories which is needed for the development of integrated strategies and the identification of territorial potentials and fragilities. But it is not only about knowledge. All actors on the ground has at disposal resources which can be used in one way or the other: appropriately refined governance arrangements can help them to use their resources in a co-ordinated way. This approach does not necessarily require additional resources. Only the people and companies in an area can implement their development vision for the area. Thus governance processes are important means to understand the development dynamics in an area and to encourage the drivers for development.

Vivid illustrations of the territorial dimensions, diversity, potentials, strategies and processes across the European Union are needed. This concerns the acknowledgement of the importance of the territorial dimension, and knowledge about territorial development dynamics and the processes needed for shaping a desirable future.
Reflections on the Green Paper

The Green Paper on Territorial Cohesion is an important next step to initiate discussions and debates on the territorial dimension of developments and thus to act as spotlight and to support the development of new processes. In these, emphasis needs to be given to 1) development dynamics, and 2) the different types of territories, their fragilities, diversities, and potentials, within a wide range of policy fields.

Beyond a thorough general analysis and description of territorial trends thorough debate on two types of indicators is required: indicators describing the need for support and indicators identifying the best way of making use of resources available (including support), taking into account territorial potentials.

In particular the discussion of fragilities should go beyond the areas with specific geographical features. Indeed any kind of territory needs to be considered with regard to its specific potentials and fragilities.

The issue of solidarity within the European Union needs to be further stressed as an imperative for maintaining and further strengthening the positive effects of the Single European Market and for concerted actions to counteract its negative side effects.

3 Action Framework

The Treaty gives the European Community competences in a series of domains which have direct or indirect territorial impacts. Addressing the territorial impacts of existing fields of EU competence is a first step towards increased territorial awareness. Sectoral interventions – from the funding of certain activities to the regulation of other activities and even agenda setting processes – affect the territories. For most cases the effects will differ from one territory to another depending on their territorial context and the interventions of various policies active in that territory. Experience has shown that sectoral development strategies often fail to identify and employ the territorial potentials and to cope with the territorial fragilities. Seeing the territorial context and its multifaceted dynamics is a key to success.

The comparative advantages and distinct potentials of a territory often become apparent only in relation to an integrated strategy as to where to be in the future. Considering the socio-economic and geographical specificities of a territory can help to develop integrated development strategies – covering several development sectors. The governance of strategy building is a key for the activation of actors and their given resources to achieve common integrated development strategies.

The territorial diversity of the European Union can be summarised in a wide range of different territorial or regional types. For each of these, there are different impacts of sectoral policies and different potentials which can be identified in tailor-made strategies. Therefore three dimensions constitute the basis for the accomplishment of Territorial Cohesion:

3.1 The strategic dimension

Territorial development objectives need to be translated into the specific territorial context in order to form viable territorial strategies. They can help to find tailor-made solutions as to how to best use potentials, to meet specific challenges and to deal with the
implications of sector policies. Not every strategic approach fits to every region in particular taking into account that resources are limited.

Strategies combine assets and resources in an efficient and effective manner, taking into account the potentials also in terms of their limitation. Thus, tailor-made strategies help to define adequate measures promoting the territorial development in an efficient and effective way.

### 3.2 The sectoral dimension

The aims of sectoral policies are usually related to the effectiveness and efficiency of the sector in question. By working towards the achievement of their sector specific aims, the sectoral policies and their interventions – from the funding of certain activities to the regulation of other activities and even agenda setting processes – influence the territories in which they are implemented. The mix of policies affecting an area can involve synergies with Territorial Cohesion and the objectives related to it as well as conflicts. For most cases the effects will differ from one territory to another depending on territorial context and the interventions of other policies active in that territory. The territorial impacts of all sectoral policies today are only visible once the policy is implemented. More awareness (ex-ante and ex-post) of the territorial implications and possibly synergies and costs of non-co-ordination can increase the effectiveness of policy making.

Important EU policy sectors which can make a substantial contribution to strengthening a territory’s development or to reducing its fragility as well as to achieving Territorial Cohesion are (without being exhaustive) mainly Agriculture, Transport policies, Energy, ICT, Education, Research and Innovation, State Aid.

### 3.3 The stakeholder and governance dimension

Actors from different sectors need to increase their awareness about territorial impacts. Local and regional actors have the tacit knowledge of their territories which is needed for the identification of territorial potentials and fragilities and the development of integrated strategies. But it is not only about knowledge, each actor on the ground has at disposal individual capacities and resources which can be used indifferent ways.

Governance processes are important means to achieve Territorial Cohesion. The concern is to improve territorial integration and encourage co-operation between regions, in particular beyond borders. Appropriately refined governance arrangements will help to use the capacities and resources of stakeholders in a co-ordinated way. The people and companies in a given territory can implement their development vision best. Thus governance processes are important means to understand the development dynamics in an area and to encourage the stakeholders to engage themselves in development actions. This approach does not necessarily require additional resources.
Reflections on the Green Paper

The Green Paper on Territorial Cohesion has highlighted the territorial implications of a number of EU policies. Thus it can work as a first alert and hopefully lead to a deepened discussion about an increased awareness raising of the territorial effects of individual sector policies as well as about possibilities to reduce the costs due to non-co-ordination between these policies. It would be desirable to go further as regards the development of territorial impact assessments and strengthen the dialogue with other sectoral policies.

The EU has an important role to play in encouraging these processes. This relates to sectoral policies at EU level, as well as the vertical coherence of EU, national and regional policies. It is evident that sectoral policies require a systematic observation. Without creating new bureaucracy this could be achieved by considering the territorial dimension in the Impact Assessment of the General Secretariat and in the Strategic Environmental Assessment.

The Green Paper on Territorial Cohesion identified a number of geographical features which represent particular development challenges, i.e. physical impediments to development and the full realisation of a region’s potential. Territorial Cohesion must address these, even if the level of additional impediment that a specific type of geographic feature imposes can vary significantly. The areas with geographical features addressed in the Green Paper alone are not sufficient in this context. A more comprehensive discussion on different types of territories, their potentials, fragilities and needs – as well as their opportunities to cover their needs – is required to understand the territorial dimension in all parts of Europe. A discussion is overdue on indicators and reporting systems at EU level in order to understand the full territorial diversity.

However it should be clear that any geographical feature should be registered. Each special situation and context needs to be taken into consideration as a whole. Contrary to implications in the Green Paper any kind of territory needs to be considered with regard to its specific potentials and fragilities.

The Green Paper on Territorial Cohesion is vague when it comes to breaking down Territorial Cohesion into more concrete territorial objectives. More discussion on this aspect would be desirable. More stress should be given to tailor-made territorial development strategies. The strategic focusing appears to be a model worthwhile following up. An effective example of the top-down process are the Community Strategic Guidelines with the formulation of National Strategic Reference Frameworks.

Territorial co-operation mechanisms can be used to encourage the development of tailor-made territorial strategies going beyond administrative and national borders. These need to be implementation oriented and co-ordinated with different sector policies, i.e. go beyond the pioneering work on territorial visions previously carried out under INTERREG IIC.
4 Conclusions and recommendations

Territorial Cohesion can only be achieved by persuasive and powerful processes. In similarity to sustainable development it should reach a similar momentum, impact and simplicity of interpretation as sustainability and the Brundtland Report. Soft processes, awareness raising and advocacy by strong champions presenting facts and the need for action are required. Territorial Cohesion is a “conditio sine qua non” and not appropriate to serve as a repair policy but to canalise chaos in cross cutting areas of the production of human interaction.

4.1 Instruments for Territorial Cohesion

Agenda setting can be achieved by the combination of various means:

- **Awareness raising.** Territorial questions should be addressed within the existing Commission Impact Assessment. It will help to make people aware of the territorial impacts of non-territorial interventions which is one important element required to achieve Territorial Cohesion.

- **Information.** More information and insights about the territorial diversity of the European Union, different types of territories, their potentials, fragilities, needs and assets – such as presented by ESPON – should be provided for opening peoples’ eyes about the necessity to consider territorial context. In the long run this implies also the need for integrated development strategies and the information about it which helps to identify the territorial potentials of an area.

- **Education.** Refined education schemes, networks and think tanks should be set up to secure mutual learning processes where capacity building on one hand and the promotion of mutual understanding (language matters) on the other hand are in the focus.

- **Benchmarking.** Qualitative benchmarking on progress in the better use of under-exploited territorial potentials and overcoming challenges related to territorial fragilities will help to strengthen the dialogue.

- **Dialogue and consultation.** Various platforms are needed to reach out to important stakeholders. Such stakeholders, especially those not accustomed to thinking territorially, must be identified in each territory and engaged in a broader dialogue. This requires the involvement of prominent advocates of Territorial Cohesion who have standing and credibility among wider circles of our society.

- **Co-ordination.** In the long-run agenda setting should involve a better co-ordination between sectors and between different levels of decision making. The co-ordination between different sectors of EU policy making should be the area to start with. As a second step a Commissioner should be designated to whom can be delegated the right to get involved in all activities which have significant territorial implications.

- **Co-operation.** Territorial co-operation at various levels has been identified as a suitable mechanism to support sound development of areas influencing each other. This involves issues such as functional regions, rural-urban partnership, cities as development engines for a wider area, polycentric development etc.

- **Incentives.** Various types of funding have to be accorded and linked to the processes, thus serving as the necessary carrot to secure the active engagement of stakeholders.
Strategy building. Integrated regional strategies help to identify distinct territorial potentials and fragilities and can serve as guidelines for the use of different funding sources. The re-introduction of integrated regional strategies for the negotiations of different EU funding sources helps to accomplish this feature. Integration of Territorial Cohesion in the Lisbon Strategy and the Strategic Guidelines on cohesion is essential. Both strategies are implemented and adapted in the territorial context at the regional and/or national level.

Overall, the process reinforcing Territorial Cohesion needs to employ the following key features:

- **Flexibility & openness.** Processes need to be flexible and open as regards the involvement of stakeholders and governance structures.

- **Bottom-up – top-down by subsidiarity.** Strong emphasis needs to be put on the support and initiation of bottom-up processes. Tacit knowledge and the potential of the human capital in an area are key aspects that can contribute to successful processes in this field. The way local people are able to exploit local resources is often more important than the tangible resources themselves. The process involves valorising natural and man-made assets, strengthening the economic environment and improving institutional capacity and entrepreneurship.

- **Lean bureaucracy in an environment of shared competences.** The Lisbon Treaty evokes Territorial Cohesion to be achieved in the framework of shared competences in the same way as economic and social cohesion is already. A review of competences and administration efforts would be appropriate in the wake of introducing Territorial Cohesion in this framework.

Reflections on the Green Paper

The Green Paper on Territorial Cohesion provides an important first input for the development of a dialogue. The questions raised in the Green Paper cover the relevant fields to be addressed. The main challenge remains to engage in this dialogue stakeholders, not being familiar with territorial issues from policy sectors and fields which usually do not consider the territorial implications of their work. Furthermore stakeholders at all levels of policy making from the local to the European have to be integrated.

Existing procedures and instruments must be analysed to explore to what extent they can be beneficial to the achievement of Territorial Cohesion or how they could be developed further by integrating Territorial Cohesion objectives. Co-ordination mechanisms may need to be added but they should be assessed on the balance of value added and bureaucratic burden.

The complexity of multi-level governance processes needs lightening.

4.2 Concrete proposals for implementation from EU to local level

Taking Territorial Cohesion forward requires action at several levels. In the best of all cases it will be implemented through horizontal (cross-sectoral) as well as vertical (cross administrative level) processes of implementation.
At the level of the European Commission Services possible actions to progress could be

- Integration of territorial impact questions in the Commission’s Impact Assessment approach, as a first scrutiny or appraisal.
- Appointment of one Commission service (comparable with the appointment of one Commissioner following the single market issues) with the right to get involved in all territorially relevant debates or the further development of inter-service groups with that mission.
- Setting-up a Territorial Cohesion Secretariat with a strong political front figure. The task of this Secretariat would be to further develop and promote the issue of Territorial Cohesion.
- Common meetings for EU Member States Ministers for Regional Policy and Territorial Cohesion on the orientations for Territorial Cohesion.
- Multi-fund programming of European funds where national and regional actors develop integrated strategies as the base for the negotiation of all EU funds.
- Commissioning studies on the future development paths of different types of territories, and the collection of necessary comparative data below NUTS3 level (i.e. using LAU1 or LAU2 data). Study on good practice cases of the co-ordination of different funds and sectoral policies. Regular reporting on territorial developments at the EU scale, on the further elaboration of multi-governance structures and processes.
- Member States have to ensure the vertical implementation of the measures proposed at EU level. At the same time, they have to work towards a better horizontal integration at national and subnational levels.

The Member States have an important role to take and have also outlined their ambitions in the Territorial Agenda. Engaging themselves in open and flexible approaches to further promote Territorial Cohesion and raising territorial awareness and improving national sector co-ordination is indispensable and will enhance the efforts of the European Commission.

Regional and local actors should be encouraged to ask for a better integration of different EU and national funding sources as well as other policy measures. Illustrating how different sectoral policies strengthen their territorial potentials or affect their territorial fragilities will ease compliance with that demand. Advocating multi-funds programming will be another way.

Networks and think tanks such as e.g. the ARL and similar institutions throughout Europe might help in achieving momentum for initiating processes and dialogues on Territorial Cohesion, and for establishing places of discussion which take the topic further.
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