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Why Europe's future depends on its places and territories

Ten years of observations and recommendations for the future

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Why Europe's future depends on its places

Ten years of
Territorial Thinking



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The European Union and its Member States are moving towards key decisions on the budget and on major policies for the 2028–2034 period, including sector policies and EU Cohesion Policy. Looking back over several decades, it is clear that despite repeated commitments to integrated policymaking, European policies continue to be designed, financed and evaluated primarily through sectoral frameworks. This makes it difficult to address the combined effects of different policies on individual places and functional territories. Citizens experience policies as a package; governments continue to design them largely in isolation.

Ten years ago, the territorial approach to policy was often seen as a specialist field. Discussions about competitiveness, innovation, climate change, migration, demographic change or security tended to focus on sectors, institutions and funding programmes. Territory was frequently treated as the backdrop against which policies played out rather than as a central element in shaping their success.

Looking back over the latest decade, one observation stands out: the core message that territory matters has changed remarkably little. What has changed is the political context. Many issues that seemed peripheral ten years ago have moved to the centre of European debates. There are signs of a gradual recognition that territorial thinking matters, that many of Europe's most pressing challenges are territorial in nature. Places matter and the diversity of territories matters. If Europe wants to become more cohesive, competitive and resilient — three fundamental policy goals of the EU — then understanding how policies interact with and impact places in relation to their specific needs is essential for future policymaking.

Getting this message across was the main objective of the 'Territorial Thinkers'. Key issues in the development and perception of the territorial dimension in policy over the past decade are summarised below.

From territorial cohesion to a future for all places

There can be no effective economic or social cohesion in a fragmented territory.

This argument became increasingly visible in discussions around the Territorial Agenda 2030 and the future of Cohesion Policy. It has been repeatedly stressed that territorial cohesion should not be viewed as a third pillar alongside economic and social cohesion. Rather, it should provide the framework within which economic and social objectives are pursued. Without attention to territorial realities, policies risk overlooking local needs, creating unintended inequalities and missing opportunities for synergies across sectors and places.

The ambition of the Territorial Agenda 2030 'A Future for All Places' captures this perspective particularly well. It recognises that Europe's future cannot be built solely around its most dynamic metropolitan regions, nor can it rely on one-size-fits-all solutions. Europe's strength lies in the exploration of its territorial diversity and in the ability of different places to prosper and contribute in different ways.

Throughout the decade, policy makers and Territorial Thinkers alike consistently advocated stronger place-based approaches, integrated territorial development and multi-level governance. Decisions should be informed not only by sectoral objectives but also by a clear understanding of their territorial impacts, in support of long-term strategic aspirations for different places. Territorial Impact Assessment should become a stronger element of major European legislative and investment proposals, comparable to existing assessments of environmental, regulatory or social impacts. Its purpose should not be to create additional administrative procedures, but to improve policy coherence by identifying territorial consequences before implementation.

Equally important is that territorial development cannot be directed effectively through sectoral silos or overly centralised decision-making. Throughout the years, it became clear that Europe's diversity requires governance arrangements that recognise the roles of all levels — European, national, regional and local. Regional and local

actors possess knowledge about opportunities, challenges and aspirations that cannot simply be replaced by central administrations, nor can European goals be achieved through a mere addition of local interests.

This also explains the need for persistent support for territorial cooperation. Many of Europe's opportunities and challenges do not stop at administrative borders. Cross-border, functional-area, transnational and interregional cooperation are not simply instruments of European policy; they are expressions of the reality that places are interconnected and often complementary to each other. Strengthening territorial cohesion therefore means strengthening cooperation between places, sectors and levels of government.

The territorial dimension of Europe's crises

The last decade has not been short of crises. Brexit, the COVID-19 pandemic, climate change, energy insecurity, demographic change, geopolitical tensions and increasing global competition have each exposed territorial vulnerabilities in different ways.

The pandemic demonstrated how unevenly shocks affect different regions and communities. Recovery processes highlighted the importance of local capacities and territorial resilience. Climate change revealed stark differences in exposure, vulnerability and adaptation needs across Europe. Demographic decline continues to reshape labour markets, service provision and development opportunities in many regions, with different consequences for central metropolitan and peripheral rural areas.

Policies that do not take into account diverse territories can be ineffective, miss development opportunities and actually worsen inequalities instead of reducing them.

Over time, the territorial lens expanded beyond cohesion policy. What started as a debate about regional development increasingly became a discussion about resilience, sustainability, democracy, competitiveness and security.

This evolution mirrors broader developments in European policy. Territory is no longer only about reducing disparities — it is a strategic asset that should become a backbone in an innovative policy conception for 2028–2034.

Competitiveness, resilience and democracy

Discussions on competitiveness increasingly recognise that innovation capacity, skills availability and economic transformation differ significantly across regions. This implies that regions may have different roles and positions in innovation and transformation cycles, but all regions are part of such processes: there is no such thing as a non-innovative or a non-transformative place.

Strengthening Europe's competitiveness therefore requires policies that build on territorial assets and address place-specific challenges. Competitiveness should increasingly be understood as a territorial property rather than solely a sectoral one. Innovation ecosystems emerge through the interaction of firms, skills, institutions, infrastructure and governance within particular places. Policies that strengthen these territorial ecosystems are therefore likely to generate more sustainable competitiveness than isolated sectoral interventions.

The same applies to the green transition, where many of the resources needed for decarbonisation are located in rural and peripheral regions. These territories are not merely sites of extraction or production; they are key actors in Europe's transformation and need to benefit from it as well.

Equally important is the connection between territorial cohesion and democracy. Growing political polarisation often reflects territorial divides. Feelings of marginalisation are frequently rooted in the experience of places that perceive themselves as left behind. Economic development, public services and job opportunities must be available across all territories if democratic legitimacy and social cohesion are to be maintained.

This insight has become increasingly relevant in a period characterised by political fragmentation, growing distrust and the rise of anti-democratic movements.

Thinking territorially in a changing world

Today, Europe's territorial challenges must be viewed in a broader, global context.

A more multipolar world, shifting economic power and geopolitical uncertainty all have territorial consequences. Strategic autonomy, critical raw materials, energy production, food security and defence increasingly intersect with territorial development. Regions once considered peripheral can suddenly become strategically important. Rural areas gain new relevance as providers of energy, food, natural resources and security-related infrastructure. External border areas may face new challenges from war and unrest, currently affecting the eastern border of Europe. Climate change effects such as drought, flooding and wildfires may unexpectedly challenge livelihoods within specific territories and places.

Such developments reinforce a central lesson from the past decade: territorial thinking is not an optional add-on. It is a prerequisite for understanding how global transformations may alter development prospects for territories, affect people and places across Europe, and determine what strategic measures would be adequate.

The unfinished agenda

Looking back over ten years, new and innovative ideas have become part of mainstream policy discussions. Concepts such as place-based development, territorial resilience, integrated territorial approaches and territorial impact assessment are now more widely recognised than a decade ago. While progress has been made, much more is needed to fully understand and harvest the benefits of a territorial approach, and to implement it effectively.

Europe still faces challenges in consistently integrating territorial perspectives across policy fields. Sectoral approaches often dominate decision-making and budgets, and the collective impact of policies across sectors on places and specific territories is rarely considered. Long-term territorial aspirations remain fragmented, and local and regional knowledge and needs are not always adequately reflected in policy design.

Overall, the tangible policy outputs of today resemble those of a decade ago. Although the use of territorial language has increased, policy design continues to be heavily influenced by sectoral perspectives. Moreover, new discussions on competitiveness, security or strategic autonomy risk repeating familiar patterns by prioritising centralised solutions and national perspectives while underestimating territorial diversity and the contribution of regional and local actors.

One crucial lesson from the past decade is that effective European policies require strong and strategic multi-level governance. They need to combine strategic direction at European level with regional and local knowledge, initiative and ownership. Effective multi-level governance requires clearly defined responsibilities across European, national, regional and local levels, combined with permanent coordination mechanisms that allow territorial priorities to influence sectoral investment decisions throughout the policy cycle. Without such mechanisms, even well-intentioned policies risk failing to address the realities of the places they are intended to serve.

As the present European debate increasingly focuses on competitiveness, security, strategic autonomy and global uncertainty, there is a risk that the role of territorial thinking may become weaker. This must not happen. Understanding how these transformations affect different places, and how territorial diversity can proactively become a strength for Europe, will remain essential to achieving these new priority goals successfully.

Outlook for territorial and place-based policy 2028–2034

The agenda is indeed still unfinished. To shape effective policies for the period 2028–2034, it will be essential to further promote and fund a territorial approach. This approach means shifting the focus from individual policy sectors to places and territories themselves.

Every place — whether a metropolitan area, city, district, rural region, island, coastal zone or mountain area — has its own specific needs, challenges and opportunities. To understand these properly, policymakers must look across sectors and treat territory and place as an integrated whole. Only by analysing the strengths and weaknesses of a place, and identifying the best combination of sectoral interventions, can development become efficient, coherent and truly synergistic.

Territories should be seen as complex, interconnected systems: communities of people, economic activities, services, natural assets and processes that together shape the living conditions for citizens and businesses. Territorial sensitivity in policymaking is therefore vital at European level, but equally important for national governments, regions and municipalities.

Europe is highly diverse, and this diversity could well increase with further enlargement, so it must be reflected in policy. Focusing on places is the only way to capture place-specific challenges and make full use of local opportunities. For that reason, an integrated, cross-sectoral approach to territorial development — including coherent strategies and concrete actions — should be mandatory in relevant policymaking at all levels of government, and should be a condition for funding.

A territorial approach does not replace sectoral policies. Rather, it provides a framework for coordinating them around the characteristics, potentials and challenges of individual places. It combines territorial analysis, cross-sectoral coordination, multi-level governance and long-term place-based strategies to improve policy coherence and effectiveness.

Innovative concepts in European policy will be crucial in managing existing and new policy challenges. Looking at the experience of the last ten years, the moment has come for a change of mindset — to strengthen territorial thinking in future policies and to ensure a comprehensive approach to the widening array of policy issues facing Europe.

The next EU policy period is being defined, and decisions on policy concepts, priorities and budgets will be finalised this autumn. The European Commission has proposed a new management model, the National and Regional Partnership Plans (NRPP), to support the integration of funds and sector policies within national strategic plans. The proposal has already triggered a lively discussion on the integration and participation of transnational, regional and local perspectives and actors.

The ongoing work on National and Regional Partnership Plans could be a promising concept for integrating different sectors. However, without sensitivity to the diversity of territorial realities, and a dedicated focus on creating liveable places, this conceptual innovation risks failing to deliver on its key target: good living conditions for people and businesses in all places. National and Regional Partnership Plans should become strategic territorial investment frameworks — well coordinated with neighbouring nations and regions — rather than a set of stand-alone administrative programming documents. Unlike current Partnership Agreements, they should integrate sectoral

priorities into a single territorial strategy based on regional evidence, long-term development objectives and cross-sector coordination.

The Commission has also called for input to the 10th Cohesion Report and the assessment of progress on economic, social and territorial cohesion across the EU. Much more could and should be done to implement territorial cohesion — both in clarifying and articulating the EU's aspirations for territorial cohesion, and in ensuring a strong, integrated territorial approach in policymaking.

Key observations and policy pointers for 2028–2034

In short, key observations from the last ten years of territorial thinking can be condensed as follows:

- **There can be no effective economic or social cohesion in a fragmented territory.** Economic performance, social inclusion and territorial cohesion reinforce one another. Where places become disconnected — physically, economically or socially — inequalities deepen and Europe's overall resilience and competitiveness are weakened.
- **Europe's various crises all expose place-specific and territorial vulnerabilities in different ways.** Whether responding to pandemics, energy shocks, climate risks or geopolitical tensions, the impacts are never spatially evenly distributed. Effective policy therefore requires a better understanding of territorial differences and place-specific capacities rather than assuming that one solution fits all.
- **Territory is no longer only about reducing disparities, but also about creating attractive places.** People and businesses increasingly choose locations based not only on economic opportunities but also on quality of life, services, environmental quality and a sense of belonging. Policy must therefore move beyond redistribution towards strengthening the long-term attractiveness and resilience of places.
- **Policies designed without considering the diversity of places and territories risk exacerbating inequalities** rather than reducing them, and ignoring place-specific development opportunities. Sectoral policies often produce unintended territorial consequences because they overlook local conditions and functional relationships between places. A stronger territorial perspective helps identify both potential negative impacts and untapped development opportunities before implementation.
- **Places and territories are increasingly recognised as a strategic asset for the EU.** Europe's competitiveness, innovation capacity and resilience are rooted in the diversity of its regions, cities and rural areas. Rather than viewing territorial diversity as a challenge to overcome, future policies should recognise it as one of Europe's greatest strengths.
- **Today, Europe's territorial challenges and opportunities are embedded in a wider global context** due to a more multipolar world, shifting economic power and geopolitical uncertainty. Strategic autonomy, economic security and global competitiveness all have territorial dimensions. Strengthening Europe's position in the world therefore also requires strengthening the capacities, connectivity and resilience of its different places.
- **Effective, future-oriented European policies require clear, strong and strategic outlook** and multi-level governance that uses places and territories as the backbone of a new, innovative policy conception. European priorities can only be successfully implemented when strategic direction is combined with local knowledge, regional initiative and effective cooperation across all levels of government. Multi-level governance should therefore become a core principle of policy design rather than simply an implementation mechanism.

On this backdrop, four priorities should guide the EU towards effective, future-oriented policymaking for 2028–2034:

1. **Transform National and Regional Partnership Plans into Strategic Investment Frameworks.** National and Regional Partnership Plans should become integrated, place-based strategic investment frameworks, coordinated with neighbouring regions and nations, that align sectoral priorities to territorial evidence, long-term objectives and multilevel governance. A territorial approach should become a shared objective across EU policies. It should be supported by mandatory integrated territorial strategies, stronger cross-sector coordination, and systematic territorial impact assessment, and stay within a policy framework with a clear territorial vision for the period 2028–2034. This will strengthen policy coherence, improve investment effectiveness and better respond to Europe’s diverse territorial opportunities.
2. **Reframe Competitiveness and Transformation as a Territorial Property.** Competitiveness and the green transition emerge from territorial ecosystems—the interaction of firms, skills, institutions, infrastructure people and the physical environment. EU policy must move beyond sectoral silos and leverage place-based assets to drive overall development. EU policy should recognise that all regions play a role in innovation cycles and transformation processes, each one with specific contributions, but all equally important. All regions, whether urbanised and central or rural and peripheral, are key development drivers, and can and must contribute to improving competitiveness and supporting green transition, and therefore all regions must share fairly in the benefits.
3. **Mandate Stronger Territorial Impact Assessment.** Territorial Impact Assessment should become mandatory for all major EU legislative and investment proposals, on a par with environmental and social assessments, to identify place-specific consequences before implementation. These assessments should identify potential sector synergies and conflicts, without adding unnecessary administrative burdens, and should draw systematically on local and regional knowledge to improve the quality of EU policies. Decisions must balance sectoral objectives with a clear understanding of territorial effects, aligning the sector objectives with long-term strategic aspirations for territorial development. Local and regional knowledge should be systematically integrated to ensure policies reflect territorial diversity and development needs.
4. **Institutionalise Multilevel Governance that Works.** The EU should further develop its multi-level governance mechanisms, institutionalising permanent, cross-level coordination with clearly defined responsibilities at European, national, regional and local levels. Territorial priorities should genuinely shape sectoral investment decisions throughout the entire policy cycle. The EU’s territorial cohesion aspirations should be clarified and articulated to give the integrated territorial approach real weight in policymaking. Overall territorial priorities should be based on translating the Draghi report’s economic vision into a shared European territorial perspective with a coherent spatial vision for Europe’s places and regions. Citizens, alongside regional and local stakeholders, should play a stronger and more meaningful role in shaping and using these territorial development priorities. Cross-border cooperation, both within the EU and with external neighbours, should not only be sustained but strengthened with regard to governance and joint projects on cross-border development.

The aim of these four priorities is to inform and influence the ongoing preparation of National and Regional Partnership Plans and the EU’s 10th Cohesion Report, thereby shaping the next programming period. Rather than simply refining existing policies, the EU has an opportunity to rethink and reorganise its governance around territorial diversity as a source of competitiveness, cohesion and resilience.

The next programming period offers an opportunity not simply to adjust existing policies, but to rethink how Europe governs its territories. The question is no longer whether territorial diversity matters. The question is whether European governance is prepared to organise itself around that reality.