



Seminar of the Austrian EU Presidency 2006

**GOVERNANCE OF TERRITORIAL STRATEGIES:
GOING BEYOND STRATEGY DOCUMENTS**

**Baden near Vienna
June 8 - 9, 2006**

Summary Report

Final 31.8.2006

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1. Background information on the seminar

The seminar was intended as an opportunity for senior officials from EU institutions and Member States, who are responsible for the design of strategies for the new generation of Cohesion policy programmes and/or for territorial development policy, to meet in an informal framework to exchange their recent experience in preparing national cohesion strategies and to reflect on future ideas for implementing them. This informal gathering should also bring forth orientations for the establishment of appropriate formats for the governance of Cohesion strategies at EU and national level, including the interaction of cohesion and territorial policy.

The seminar took place at Baden near Vienna and was attended by about 90 participants from Member and Accession States as well as European institutions (Commission, European Parliament, Committee of the Regions). An Issue Paper was prepared beforehand by the Austrian Presidency, which resumed the relevant aspects of Cohesion and Territorial Policy and introduced the key questions to be discussed at the seminar.

At the beginning Prof. J. Bachtler (European Policy Research Centre, University of Strathclyde) gave an overview of the preparation of National Strategic Reference Frameworks (NSRF) in the EU Member States. In his presentation he provided a series of typologies: of the approaches to NSRF development (top down vs. bottom up) and the policy base (policy or needs-driven), as well as the main patterns on consultation and partnership or the scope and strategic focus of NSRF.

After this initial input MS have exchanged in five working groups on **territorial aspects of Cohesion Policy and their incorporation in NSRF**. These discussions were resumed and concluded in a plenary session.

The session on June 9 was devoted to the **governance of Cohesion strategy implementation**. Two inputs outlined key aspects from different professional perspectives: Prof. Daniel Tarschys, Professor of Political Science at the University of Stockholm, on the political functions of Cohesion Policy; Prof. Helmut Willke, Professor of Sociology at the University of Bielefeld, on the governance of complex social systems. The group discussions were organised around cases of MS, who presented their initial ideas for NSRF governance.

Three additional experts were invited to contribute to the Seminar from their professional perspectives. They observed the discussions in the Working Groups and commented in the concluding plenary discussions:

- Spatial/territorial policy perspective: Prof. Simin Davoudi, Centre for Urban Development and Environmental Management (CUDEM), Leeds Metropolitan University.
- Place-based economic policy perspective: Mario Pezzini, Director for Regional Policy Analysis at the Public Governance and Territorial Development Directorate of OECD.
- Regional/local government perspective: Markus Seidl, Director of the Austrian Conference on Spatial Planning (ÖROK).

The summary of the discussions presented in the final plenary session was commented by a statement of Mrs. Danuta Hübner, Commissioner for Regional Policy.

This report is a brief summary of the seminar's main results. It contains the key findings of the Working Groups and a synthesis of the discussions in the plenary sessions.

All presentations as well as the Issue Paper and this report can be downloaded from the following website of the EU-Commission

http://ec.europa.eu/regional_policy/newsroom/index_en.htm.

2. Territorial Aspects of Cohesion Policy

The session on June 8 dealt with the following key questions:

- What are the territorial elements in the NSRF?
- How were these territorial elements integrated in the NSRF?
- What was the value added for Cohesion Policy of integrating territorial aspects?

The Territorial dimension is considered important, but its integration in current NSRFs is mainly limited to the treatment of specific types of territories

There was consensus among most participants that the territorial dimension is important for Cohesion policy and development strategies. More detailed discussion has shown, however, that the notion “territorial cohesion” is unclear and the meaning of what is regarded as “territorial” differs widely (depending, among others, on different institutional contexts and language). Despite some superficial similarities there are large differences between MS concerning the implementation of cohesion policy in general and the integration of territorial aspects in particular. Furthermore, it became obvious that territorial dimension is not yet fully integrated in existing NSRF and that some territorial aspects are covered only superficially or are even missing (this concerns in particular the urban dimension and the objective of territorial co-operation). Many MS have articulated that it was difficult to include territorial issues in the logic of cohesion policy.

The most common element is the focus on specific types of territories, mainly by analysing their needs and framework conditions. Practically all NSRF documents address the areas explicitly mentioned in the Community Strategic Guidelines (urban and rural areas), but some MS have further differentiated the territorial dimension and included other territories which are of particular importance for national development (e.g. border regions, mountain regions or river basins).

Most of the NSRF documents contain development objectives for these types of territories, but in some cases objectives are formulated also for other areas with common features or problems (e.g. growth centres) or for specific issues of territorial development. In this respect, a needs driven approach is most common, and the needs are either defined from a regional perspective (e.g. accessibility, services of general interest) or from the perspective of national cohesion (e.g. polycentric development, modification of territorial organisation).

However, a territorial focus does not necessarily mean a separate allocation of funds, as only very few NSRF foresee a separate priority with funding earmarked for territorial / spatial development. Quite frequently the territorial dimension is treated in a separate chapter of the NSRF. In other cases, “territorial cohesion” is included as a horizontal objective or the attention on specific territories is explicitly delegated to the Operational Programmes. The option to make provisions for the „Territorial Co-operation” objective in the NSRF has only been taken up by few MS.

The involvement of regional actors is more frequent than the participation of spatial planning professionals or institutions

The majority of member states is considering the involvement of actors from sub-national levels (regions, municipalities) as crucial for addressing territorial aspects in NSRF. This is either done via representation of regions in national committees or through parallel strategic work at regional level (e.g. complementary regional programme groups), which can also involve regional councils or local authorities. The collaboration – and the division of tasks - between national and regional levels is most explicitly found in MS with a federal administrative system.

The involvement of actors from sub-national levels is seen as a prerequisite for territorially differentiated policies and thus an important factor for the success of national policies or strategies. It can serve to tap the distributed knowledge of actors, reinforce regional programme ownership or identity.

The involvement of partners from “territorial” professions / institutions such as spatial planning or research in the process of preparing the NSRF varies considerably and in general follows the respective institutional arrangements in MS for territorial and cohesion policy. In some member states spatial planning authorities have been consulted in the preparation process or they have been given the task to draft relevant parts of the document (e.g. territorial analysis, chapter on territorial dimension).

Spatial/territorial concepts have only exceptionally been taken into account, mainly in those MS where national territorial plans or national policies for specific territories exist. In some cases the NSRF is regarded as a first step towards a spatial development policy at national level - or for more decentralised delivery of national policies (mainly by taking better account of regional needs, in some cases also by devolving decision-making authority or regionalizing funds).

Improved co-ordination of sectoral policies and a more differentiated treatment of territories is seen as the main value added of taking account of territorial aspects

It has been difficult to identify the concrete added-value of the specific treatment of territorial aspects in NSRF. The most important contribution is seen in improved policy delivery through co-ordination, e.g. by integrating different sectoral policies under one strategic frame, facilitating inter-ministerial dialogue and identifying synergies among policies or programmes. The integration of sectoral policies remains a core challenge for cohesion policy aimed at strengthening the territorial dimension. If this can be achieved, it might ultimately also lead to more linkages among cohesion and territorial policy or a more integrated approach to regional development.

Another set of benefits relate to a more differentiated treatment of territories, e.g. by addressing specific regional needs or involving regional actors in NSRF preparation. An important consequence of the territorial dimension is that policies should be differentiated according to context. Place and geographic context matter because they constitute markets for goods and services and can be important for better exploiting development potential or making use of resources. This requires flexibility for regional tailor-made approaches and the identification of the appropriate spatial level for achieving territorial cohesion (e.g. micro, macro).

Territorial differentiation of policies is expected to effectively translate national policy objectives into regional ones and thus to accelerate the process of reducing regional disparities. But in some cases it has also led to the devolution of management responsibilities to regions or the focus of Structural Funding on specific regional problems.

After having observed the discussion in the Working Groups and the plenary, the invited experts provided the following comments:

Mr. Pezzini emphasized that improved planning of public investments requires taking places and territorial impact better into account. Territorial policy should therefore not be seen as a niche policy alongside other sectoral policies, but rather as a prerequisite for integrated economic development. It is evident that a reinforcement of the territorial approach within most NSRF serves this purpose well. A territorial perspective can also be useful in overcoming existing demarcations, since collective strategies require the identification of

appropriate actors and units of analysis, which often means having to go beyond existing administrative boundaries.

Prof. Davoudi recalled that the main goal of territorial cohesion is already stated in the 3rd Cohesion Report (“people should not be disadvantaged by where they happen to live or work”). Thus the emphasis of cohesion policy should be on places instead of sectors, with the aim of making policies that are fit for places rather than uniform policy responses for all territories alike. Because NSRF will have different impacts on different territories, they should not be “territorially blind”. There are at least three distinct interpretations of territorial cohesion: as a means to achieve spatial justice; as a way of spatial integration of different sectoral policies having effects on specific territories; or as an approach to maximise endogenous potential in order to improve economic competitiveness.

Mr. Seidl emphasized that the NSRF is also beneficial for regions, as it provides a stable framework and back-up for their OPs. Territorial differentiation is also important for regional and local actors. Their involvement in the preparation process can help to “translate national strategies into regional language” thus making them meaningful from a regional perspective.

3. Governance of Cohesion Policy

In his presentation on the political functions of Cohesion Policy, Prof. Tarschys outlined how and why “policy sprawl” and “goal congestion” became inherent features of cohesion policy, arguing the pros and cons of this development. Ambiguous discourse and diffuse objectives with regard to territorial cohesion have added to this policy sprawl. To make cohesion policy more effective the multitude of objectives would have to be translated into workable goals for action.

In his input on strategic governance of distributed social systems, Prof. Willke first illustrated the proliferation of systems logics and the modes for reconciling this diversity. He then provided some models for governing complex systems and outlined possibilities how to foster learning systems and collective intelligence. This requires the establishment of appropriate institutional framework conditions with sufficient capacity.

The subsequent discussion in the Working Groups focused on the following questions:

- Which governance process and communication mechanisms are foreseen to safeguard the achievement of NSRF objectives? What are the main elements?
- Which actors (private, non-profit and public) from which levels and/or sectors are (or should be) involved in this governance process?
- Which of these governance provisions could (and should) be applied at EU level? How could the EU Commission support governance processes at national level?

NSRF is useful as a process and communication tool

There was widespread consensus among MS that the NSRF process has been useful, because it formalises national policy making, makes it more transparent and democratic - but also more complex. It proved to be a valuable process of mutual learning which involved different levels and regions. The process of elaborating an NSRF is apparently more important than the product, i.e. the NSRF document as such. Although the new requirement of NSRF was initially often regarded as an additional burden, it is now taken more seriously by most MS and the added-value becomes more visible. However, some pointed out that the value-added of such a process is not always obvious for all actors and has to be made more visible.

The value of the final product (NSRF) lies less in its function as plan or blueprint for future development, but rather as a communication tool for complex “bargaining” processes among the various stakeholders. It should also be seen as an open process, which contains elements of surprise or disturbance, is receptive for new developments and foresees sufficient margins for creativity and innovative solutions.

Governance of NSRF at national level should be multi-level and cross-sectoral

There was wide consensus among MS that multi-level and intergovernmental governance is needed to better frame cohesion policy. In general, there is an abundance of partners and structures involved in cohesion policy, but many of them are not utilized well. Above all, improved governance requires better co-operation, both horizontally (cross-sectoral and cross-border) and vertically (across levels). In some cases this also includes the deliberate empowerment of sub-national levels of government via devolution and decentralisation.

Broadened ownership of NSRF is expected to be the main added-value of improved governance. Partners, in order to consider themselves owners, must feel important throughout the entire process. Thus they should not only be involved in the preparation, but also during implementation (e.g. as members of the Monitoring Committees), so they can provide feed-back to implementing authorities. Ownership of programme is therefore an on-going challenge, which must be constantly maintained and is difficult to codify.

Strategic follow-up is facilitated by evidence-based learning in informal formats

NSRF are predominantly regarded as dynamic plans, therefore they should be handled in a flexible manner during implementation or even contain mobile elements (e.g. 2 year action plans). Most MS have pointed out that the NSRF should not be seen as a one-off event, but need to be kept alive in order to bear full fruit and to integrate the experience gained during implementation as much and as quickly as possible. However some doubts were expressed concerning the sustainability of the process, due to resource and capacity constraints.

Strategic follow-up of NSRF will require additional activities and consultation formats different from those used so far for monitoring the implementation of Operational Programmes. Exchange of experience and the identification of good practice are seen as important elements, which can provide the basis for effective communication of results. In order to avoid the well-known pitfalls of bureaucratisation in reporting (e.g. too much data and written information, ignoring the limited capacity of actors to process such information), direct exchange and dialogue among key actors should be favoured.

These exchanges of experience should take place in more informal formats, which facilitate exposure to different views, critical reflection and creative generation of new ideas. Concrete suggestions of formats included discussions at national level on specific issues (with the involvement of all relevant actors) or broadening the scope of participants, e.g. by inviting external experts or deliberately bringing in European perspectives to national strategies.

Such a strategic follow-up of NSRF, oriented towards mutual exchange of experience and learning, should be based on sound evidence to be supplied through monitoring and evaluation. Evaluation systems designed for learning require a combination of internal self-evaluation and external assessments. Indicators can provide factual data and constitute a collective language for comparing performance. Evaluations, however, need to look beyond indicators, in particular at the qualitative aspects and tacit knowledge involved in the processes of NSRF implementation.

Governance at European level calls for interactive communication between MS and EC; it requires more informal formats for exchange of experience and different types of evaluation

The discussion revealed that there are fundamental differences among MS in their approaches towards NSRF (from minimalist to extensive), and even more so in their respective systems of governance.

There is considerable interest for more-in depth exchange between MS and even regions on the experience gained with these different approaches. However, this exchange should not only be based on stylised models, but also needs to reveal the underlying ideas and concepts. Similar to what has been said about governance at national level, such exchanges require appropriate tools and formats for communication. They should be interactive (not only via studies) and deal with the details of NSRF implementation. For example, discussions of specific thematic implementation issues could be organised at supra-national level, with the involvement of all relevant actors. Case presentations should not only imply representatives of MS or regions but also beneficiaries.

MS advocate that a change in governance style towards more learning and feed-back should equally take place at EU level. It was pointed out that a marked shift from the current heavy-handed regulatory approach towards “governance by persuasion” is needed.

Effective strategic governance at EU level would most of all require new forms of communication between the EU Commission and MS. New formats for joint reflection and learning are needed, which take place outside traditional meeting formats and settings. It is particularly important that MS and EU Commission meet on an equal basis and in a climate of trust, because openness and mutual appreciation are the precondition for learning.

Another prerequisite are different forms of evaluation, which can provide relevant information for strategic discussions. Classical evaluations are insufficient, as they are not suited for the kind of open-ended strategies contained in NSRF and do not adequately address long term policy outcomes or impacts. It is of particular importance to establish plausible links between immediate outputs and final impacts of an intervention, although a certain “attribution gap” will likely remain. Suggested actions in this direction are impact studies and thematic evaluations, as well as interdisciplinary evaluations which combine various expertises.

Some MS have also suggested intensifying the dialogue between territorial and cohesion policy at EU level in order to exchange views and learn from experiences with the various territorial approaches in implementing cohesion policy and with the approaches for managing relationships between economic and spatial policy. To start out with, the forthcoming Territorial Agenda of the EU should be discussed in a broad, EU-wide stakeholder dialogue (for contact see website of the German EU presidency www.bmvbs.de/territorial-agenda).

The EU Commission should play a strong role in strategic governance at EU level. The main tasks suggested are to facilitate communication, stimulate exchanges of experience and organise learning, i.e. the transformation of information into knowledge, not only among member states but also between within the Commission services. The Commission should also connect the follow-up processes of National Reform Programmes and NSRFs, and make more use of peer review methods to foster collective learning (in line with the positive experience gained by OECD). Existing EU wide networks (e.g. ESPON, INTERACT, URBACT) should be used for the purpose of exchange and policy advise.

4. Concluding Remarks by the EU Commission

The Commissioner for Regional Policy, Mrs. Danuta Hübner, thanked the Austrian Presidency for the initiative to this seminar. She found that the subtitle of the seminar “beyond strategy documents” also fits with her personal intention to look at Europe “beyond documents”.

She underlined that the process dimension will be crucial for implementing the new generation of strategies at national and EU levels. Strategy implementation will require active involvement and contributions by many actors, therefore the effectiveness of policy delivery will depend on the quality of partnership. In this respect two specific challenges will have to be addressed: the diversity of situations across the EU - also on governance issues - and the need to be more open towards innovative solutions or risks in policy implementation.

In order to obtain an accurate picture of the usefulness and impact of cohesion policy interventions, monitoring and evaluation are crucial activities. But they must take the new complexities better into account; in particular they need to adequately address the challenges of assessing intangible / soft projects, process aspects and shared policy implementation. Commission services will strengthen their guidance on evaluation and also assist with the development of more appropriate indicators or criteria, e.g. for the development of territories and the ultimate effects of cohesion policy.

Last but not least, she confirmed the importance which DG REGIO places on the territorial dimension for future cohesion policy. It can help to overcome delivery gaps for strengthening growth and competitiveness, identify territorial development potential or mobilise local resources. The Structural Fund Regulations contain provisions for a pragmatic approach to territorial dimension and allow for differentiated policy delivery in the various territories. And the newly introduced Objective “territorial co-operation” is expected to contribute towards more territorial cohesion.

However, a first review of current NSRF drafts by DG REGIO has revealed that the territorial dimension is not yet well developed. In particular, the integration of the urban dimension or the links between thematic areas and territories should be improved in the finalisation of the NSRF documents.