



# Issue paper 4 – The role of place-based policies and development strategies

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## **Group of high-level specialists on the future of Cohesion Policy**

The European Commission, the Directorate-General Regional and Urban Policy (lead) and the Directorate-General Employment, Social Affairs and Inclusion (associated) have set up a High-level Group on the future of Cohesion Policy. The group includes members from academia and practice and in 2023 will meet nine times to reflect on current and future needs and the functioning of Cohesion Policy.

The group will offer conclusions and recommendations that will feed the reflection process on Cohesion Policy post-2027 including through the 9<sup>th</sup> Cohesion Report in 2024 and the mid-term review of Cohesion Policy programmes in 2025.

## **Disclaimer**

The opinions expressed in this paper are the sole responsibility of the authors and do not represent the official position of the European Commission.

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## Issue paper 4:

# The role of place-based policies and development strategies

## 1 Background and objectives

Cohesion Policy is strongly rooted in place-based approaches, both through its design and implementation mechanisms as well as through various specific instruments. This is simultaneously one of its strengths but also a challenge.

Place-based policymaking is a bottom-up approach that deepens the understanding of place-specific constraints and opportunities by focusing on collaborative efforts to positively impact each region (Barca et al., 2012). These bottom-up, place-based policies shall be complemented by the understanding that all policies are place-sensitive. That is, that all policies must take into account the specific challenges faced by different regions and should aim at distributing development as widely as possible, maximising development outcomes everywhere (Iammarino et al., 2019).

This paper focuses on how to further reinforce the use and effectiveness of place-based and/or place-sensitive approaches so that Cohesion Policy can effectively address the challenges and seize the opportunities of territories and regions to the benefit of the people that inhabit them.

### 1.1 Rationale of place-based approaches

The 8th Cohesion Report underlines the need to complement nationwide structural policies with place-based policies as well as reinforce the place-based and participatory delivery of Cohesion Policy.

The diversity of people and places is a considerable asset of the EU and its single market. Development trends, transition challenges and policy-needs differ from one territory to the next. These differences require tailor-made responses, which need to be defined at the appropriate territorial scale.

As outlined in the Territorial Agenda 2030<sup>1</sup>, place-based policymaking contributes to territorial and social cohesion and helps exploiting regions' untapped potential and can significantly increase the coherence and effectiveness of policies, reducing the negative effects of one-size-fits-all measures. As such, place-based policy approaches are best suited to effectively respond to:

- new challenges and opportunities, including just green and digital transitions, demographic change and external shocks;

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<sup>1</sup> <https://territorialagenda.eu/> ; [https://territorialagenda.eu/wp-content/uploads/TA2030\\_jun2021\\_en.pdf](https://territorialagenda.eu/wp-content/uploads/TA2030_jun2021_en.pdf)

- the high spatial granularity of economic and social needs which differ between regions and municipalities.

A very important additional dimension is that place-based approaches also contribute to bridging the gap between the political level and citizens, helping to strengthen democracy. By better addressing the specific needs and potential of places and people through the involvement of those directly affected in designing and sharing new solutions, place-based approaches foster stronger empowerment of local communities and ultimately bring Europe closer to citizens.

## 1.2 Place-based approaches in Cohesion Policy

Place-based approaches have been strongly embedded in key policy concepts and mechanics of Cohesion Policy from its early stages, catering for and supporting the specific needs of people and territories.

This makes Cohesion Policy unique from other EU policies and instruments. **Shared management**<sup>2</sup> encourages programmes to address place-specific needs in a bottom-up approach. An emphasis on **multi-level governance** along with **subsidiarity**<sup>3</sup> and **partnership**<sup>4</sup> promote the involvement of relevant stakeholders in programme development and implementation. This includes regional, local and territorial authorities, social partners, entrepreneurs, NGOs.

Cohesion Policy has also developed specific place-based tools and instruments, most prominently **Smart Specialisation Strategies (S3)**, the **Just Transition Fund (JTF)**, **Community-led Local Development (CLLD)** and **Integrated Territorial Investments (ITI)**. They provide valuable points of departure for assessing and further developing the effectiveness of place-based approaches. Moreover, Policy objective 5 'Europe closer to citizens' reinforces the place-based approach in national and regional Cohesion Policy measures.

While there is a clear rationale for further strengthening place-based approaches in Cohesion Policy, there are also challenges:

- the logic of EU policymaking is geared more towards harmonisation of policies;
- supporting overarching EU policy objectives, such as energy, environment, digitalisation, R&D and transport, often entail pan-European approaches, which requires finding the right balance to facilitate local action;
- limited human capital endowment, including for place-based green and digital transitions;

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<sup>2</sup> See [https://ec.europa.eu/regional\\_policy/policy/what/glossary/shared-management\\_en](https://ec.europa.eu/regional_policy/policy/what/glossary/shared-management_en)

<sup>3</sup> See [https://ec.europa.eu/regional\\_policy/policy/what/glossary/subsidiarity\\_en](https://ec.europa.eu/regional_policy/policy/what/glossary/subsidiarity_en)

<sup>4</sup> See [https://ec.europa.eu/regional\\_policy/policy/what/glossary/partnership\\_en](https://ec.europa.eu/regional_policy/policy/what/glossary/partnership_en)

- an often unclear division of competences between national and the regional and local levels and weak or non-existent sub-national administrative structures can be a major obstacle for place-based approaches.

## **2 Ways forward for Cohesion Policy**

Despite the challenges, there are various ways to reinforce place-based and place-sensitive approaches in Cohesion Policy, which call for reflection.

### **Place-sensitive distributed development policy**

Building on existing place-based policy approaches outlined in section 1 may imply moving Cohesion Policy closer to 'place-sensitive distributed development'. This could involve a mix of more diversified instruments, tailored to the structural prospects of different kinds of European regions, territories, communities and groups of people. The aim being to maximise the aggregate potential of the EU economy by un-tapping the potential output of all its regions, beyond investment, while taking account of additional indicators related to the development of territories such as the barriers to people mobility and to spreading employment, and spatial traps that have emerged (Iammarino et al., 2019).

### **Territorial governance**

Reinforcing territorial governance to empower subnational actors to adopt place-based policymaking could involve:

- More granular tools to assess regional trends, needs and policy impacts, including green and digital transition challenges, with related solutions and investments.
- Stronger links between Cohesion Policy, spatial planning and other policies that shape the economic development of territories based on the needs of local communities and people. These should ensure that citizens can access the opportunities and services necessary for social and economic well-being.
- Stronger links between Cohesion Policy investments and human capital related policies.
- Enhanced quality of local and regional governance and strengthened capacity to design place-based investments, combined with reinforced partnership and participatory approaches.

### **Territorial instruments and strategies**

More systematic use of territorial instruments and strategies, such as the Smart Specialisation Strategies (S3) or the Territorial Just Transition Plans (TJTPs), could ensure a stronger link between EU policy objectives and the design of territorial strategies, while enhancing local empowerment, partnership and place

-sensitive development approaches. This could involve:

- Place-based policymaking in EU policies beyond Cohesion Policy – consistent with the ‘do no harm to cohesion principle’, relying on territorial impact assessments.
- Continued links with the EU economic policy cycle, driven by the European Semester and country-specific recommendations – addressed at country level, while highlighting sub-national discrepancies, where relevant.
- Enhanced roles for partnership, participatory approaches and capacity building, especially for local actors.

### **Questions for debate**

- How to reconcile enhanced place-based/place-sensitive approaches with EU policy priorities?
- How to apply place-based elements and instruments for the green and digital transitions, in particular in territories with low levels of factor and human capital endowment? Alternatively, would certain challenges be better tackled at another level?
- How to improve the effectiveness of territorial strategies, multi-level governance, partnerships? How to enhance the empowerment of local/subnational actors, and the engagement of stakeholders and citizens?

### REFERENCES

Barca, Fabrizio & McCann, Philip & Rodríguez-Pose, Andrés (2012), “The Case For Regional Development Intervention: Place-Based Versus Place-Neutral Approaches”, *Journal of Regional Science*, 52.

Iammarino, Simona, Andrés Rodríguez-Pose, and Michael Storper (2019), “Regional Inequality in Europe: Evidence, Theory and Policy Implications”, *Journal of Economic Geography* 19 (2), <https://doi.org/10.1093/JEG/LBY021>