

EDITORIAL - COHESION AND DEVELOPMENT IN THE EU: A MULTI-LEVEL ISSUE

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INTRODUCTION

With the turning into force of the Treaty on the Functioning of the European Union (EU) on December the 1st 2009, *Territorial Cohesion* (Art. 3) has become a shared competence of the EU. In spite of the opportunities created by this new, albeit long anticipated situation in the field of EU cohesion policy, in line with the argumentation of the European Commission's Green Paper on Territorial Cohesion: 'Turning territorial diversity into strength' (CEC, 2008) DG Regio interim Commissioner Pawel Samecki announced that future territorial cohesion policy will be based on the principle of the three 'No's': no new legislation, no new funding, no new organizations. Be that as it may, even the most fervorous detractor of the principle cannot deny that, since the edge of the new millennium, the territorial cohesion has increasingly consolidated as one of the prime objectives of European integration. However, when one looks at the European Commission – and especially at DG Regio that is the real political owner of territorial cohesion within the latter – neither a clear definition of the meaning of territorial cohesion, nor meaningful indications on how to make this principle operational in policy terms have received relevant priority up to date. The 2008 Green Paper and the consultation process launched by the latter had virtually no follows up, and the only ongoing discussions are nowadays taking place within the so-called Working Group on Territorial Cohesion and Urban Matters, an expert committee established by the Committee of the Coordination of Funds and shared by the Commission (Cf. Cotella et al. 2012).

While seeking to identify the possible implications of the Lisbon Treaty in relation to territorial cohesion together with the member state representatives involved in the abovementioned committee, the Commission keeps on running into various unsolved questions, most often related to the issue of coordination between territorial levels (vertical coordination) and policy sectors (horizontal coordination). A crucial concern is here to provide a clear definition of the scope of the cohesion policy, in other words to understand how territorial cohesion could provide an added value in the completion of the "classical" regional approach by addressing territorial disparities and making value of potentials at upper levels, at lower levels, at the level of functional territories and on territories with geographic specificities. All this locates within the broader debate concerning the multi-level governance of EU cohesion policy (Cf. Hooghe and Marks, 2001, 2003, 2010; Faludi, 2012), and concerns the respective roles of the European Commission and the Member States (not to mention the various administrative levels within them) in the framework of subsidiarity. Furthermore at each scale of intervention, an additional issue at stake concerns the overall coordination for better coherence between policies, in other words, the exact implications of the Lisbon Treaty for the horizontal coordination of territorial and sectoral policies at the different levels.

Whereas a lot of discussion is still taking place on the content and added value of territorial cohesion, despite the various analyses produced on the different strands in past and present discussions about territorial cohesion (See e.g.: Waterhout, 2007; Zonneveld and Waterhout, 2010) and the

growing literature on what the principle could mean within individual member states (e.g.: Vati, 2009; Evers et al., 2009), no definitive answer has been provided to the abovementioned issues: indeed, ‘when it comes to *potential policy implications of territorial cohesion* there is a lot of uncharted territory’ (Zonneveldt and Waterhout, 2010: 4). Building on various institutional (CEC, 1999; DE Presidency, 2007; CEC 2008; Barca, 2009, HU Presidency 2011) and academic sources (Evers et al 2009; Waterhout, 2008; Zonneveld and Waterhout, 2010; Faludi, 2007, 2011; Adams et al, 2011; Cotella et al, 2012) this editorial elaborates aims at setting the stage for the present volume by shedding some light on the policy implications that characterize the multi-level environment of territorial cohesion. It does so by first focusing on the concept of territorial capital as potentially the one pivotal concept around which territorial cohesion and descending place-based policies should be organized. It then moves to explore more in details the abovementioned multi-level governance of cohesion policy, taking into account the relative relevant role of the European Commission and the Member States, as well as the importance of European territorial cooperation initiatives. Finally, a last section serves as an introduction to the volume and the various sections and contributions that compose it.

THE SCOPE OF COHESION POLICY: ENHANCING TERRITORIAL CAPITAL

European cohesion policy focuses on stimulating social and economic convergence between regions within the EU (objective 1), on supporting the competitiveness of regions (objective 2) and on fostering the cooperation of European territories (objective 3). Although these objectives seem to be very different and focus on different areas, it can be argued that in terms of implementation they pursue a similar aim, that is to favour the maximal exploitation and enhancement of each region’s territorial capital. Being introduced by the OECD Territorial Outlook (2001) and subsequently adopted by the Territorial Agenda process, territorial capital could be understood as follows:

‘each region has its own specific ‘territorial capital’ – path-dependent capital, be it social, human or physical (OECD 2001). Factors that play a part are, for example, geographical location, the size of the region, climate, natural resources, quality of life and economies of scale – all factors that can reduce ‘transaction costs’ (access to knowledge, etc.). Other factors relate to local and regional traditions and customs, the quality of governance, including issues like mutual trust and informal rules that enable economic actors to work together under conditions of uncertainty. Finally, there are more intangible factors, resulting from a combination of institutions, rules, practices, producers, researchers and policy makers, which facilitate creativity and innovation – a condition often referred to as ‘quality of the milieu’

(Zonneveld and Waterhout, 2005).

This simple statement includes a set of unsolved challenges for the pursuance of EU cohesion policy, as territorial capital is composed by various dimensions and each region should find its own specific recipe to extract it. In this light, cohesion policy has been subject to frequent criticism both from a political and a research perspective, as it does not properly focus on territorial capital, this in turn having serious consequences on its effectiveness (Sapir 2003; Barca 2009). Territorial cohesion through stimulating territorial capital should aim at delivering solutions to solve this problem of effectiveness. As clearly argued by the rationale of the Warsaw Regional Forum 2011 – that served as the main inspiration source from this volume – the added value of territorial cohesion as compared to existing social and economic cohesion policy lays in the central focus on the territorial capital of

functional areas. In this sense, territorial cohesion does not aim at a reshuffling of funds over the regions, but at a more sophisticated allocation of funds within these regions.

THE MULTI-LEVEL GOVERNANCE OF COHESION POLICY

Among the crucial implications of the inclusion of territorial cohesion in the Lisbon Treaty for the future of cohesion and development policy in Europe, a relevant role is played by the fact that Member States and EU institutions now share competence in contributing to territorial cohesion, as clearly stated in the Territorial Agenda of the European Union 2020 (HU Presidency, 2011). Implementation instruments and competences are in the hands of EU institutions, Member States, regional and local authorities. Because of the various scales at which strategies may be applied, multilevel governance and subsidiarity require attention, in order to solve existing tensions between policies at various scales, for example between EU and national level, but likewise between national and regional level.

This tensions are an intrinsic element of cohesion policy (in whatever form) as a consequence of the multi-scalar nature of territorial issues and themes: solutions for specific territorial issues seldom can be found at just one scale and mostly require joint or coordinated action at several scales and by several stakeholders. Multi-level governance formats are therefore required to manage different functional territories and to ensure balanced and coordinated contribution of local, regional, national and European actors in compliance with the principle of subsidiarity. As a consequence in order to let the system function, it is important that place-based strategies at various levels are complementary to each other.

An open question, however, is to what extent and strictness the subsidiarity principle should be applied. It is almost inconceivable that place-based strategies at higher levels do not address issues at lower levels, nor could this be expected. Whether place-based strategies legitimise direct involvement at lower levels, such as is made conditionally possible by some national spatial planning acts, is something that could be considered in territorial cohesion policy. In today's complex governance landscapes past perspectives of vertically and horizontally fully integrated territorial strategies are increasingly dismissed as utopian. Also, this is not what place-based strategies, which focus on selectivity and on 'getting things done', are about (Zonneveldt and Waterhout, 2010). Whatever it will be, territorial cohesion policy through place-based strategies needs to explain very carefully the rules of the multi-scalar and multi-level governance games that undoubtedly will emerge. In this light, actors at each territorial scale are required to perform a role, to be played in close coordination with the other.

In first place, as argued by the Territorial Agenda 2020 (HU Presidency, 2011), the EU institutions should constantly monitor and evaluation European territorial development and the performance of territorial cohesion efforts. Integrated impact assessments for all significant EU policies and programmes should continue to be developed on the basis of stakeholder inputs and needs. In order to strengthen the territorial dimension of impact assessment carried out by the European Commission prior to any legislative initiative, a strong methodological support and a comprehensive territorial knowledge base are required to inform EU level policy-making process. A range of bodies can deliver valuable contributions in this respect, as for instance the ESPON Programme (European Observation Network for Territorial Development and Cohesion, formerly European Spatial Planning Observation Network) whose status, role and outputs should be adapted in agreement with the European Commission to better serve European policy-making related to territorial development and cohesion.

On their hand, in each Member States' domestic contexts the main task of national, regional and local authorities is 'to define the tailored concepts, goals and tools for enhancing territorial development based on the subsidiarity principle and the place-based approach in line with the EU level approach and actions' (HU Presidency, 2011: 11). It is up to the authorities in Member States to determine their own strategies and the relevant measures they intend to apply, on the basis of their own geographical specificities, political culture, legal and administrative system. While doing so, Member States actors should produce efforts to integrate the principles of territorial cohesion into their own national sectoral and integrated development policies and spatial planning mechanisms. Consideration of territorial impacts and the territorial coordination of policies are particularly important at national and regional levels. This coordination should be supported by territorially sensitive evaluation and monitoring practices, further strengthening the contribution of territorial analysis to impact assessments. Similarly, regions and cities should strive for the development and adoption of integrated strategies and spatial plans as appropriate to increase the efficiency of all interventions in the given territory.

Finally, actions at the cross-border, transnational and inter-regional level have a pivotal role to play in the implementation of the territorial of the EU cohesion policy. European territorial cooperation has revealed a considerable mobilisation of potential of those cities and regions involved. Nevertheless, there remains room for improvement, especially to ensure that operations contribute to genuine territorial integration by promoting the sustainable enlargement of markets for workers, consumers and SMEs, and more efficient access to private and public services. In this regard, of crucial importance is flexible territorial programming, allowing for co-operation activities with different territorial scope to be flexible enough to address regional specificities. To this end, territorial cooperation initiatives should be geared towards the long term objectives of territorial cohesion building on the experience of former B strand of INTERREG Community Initiative and current transnational programmes. Integrated macro-regional strategies – as currently pioneered in the Baltic Sea and the Danube regions – could also contribute in this respect.

OUTLINE OF THE VOLUME

At the very heart of the rationale behind the present volume lays the idea that, in making policies more territorially sensitive to the implication of territorial cohesion, the simultaneous adoption of different perspectives deriving from the various territorial levels constitutes an important asset. As highlighted in the Barca Report (Barca, 2009), place-specific characteristics and circumstances play indeed a key role in territorial development, and it's exactly here that the main selling point of territorial cohesion, as compared to existing EU policy, emerges, this being the added value promoted in terms of strategy and policy coherence.

Following this logic, the contributions that follows are divided into four sections. The first Section focuses on the cohesion of the European Union as a whole, and on the impact that the recent eastwards enlargement had on the later. In the first contribution, Roman Szul presents a general view on the economic, political and cultural challenges for cohesion in the enlarged EU, reflecting on the positions of various Member States and speculating on its possible future development. Then, an analysis from the author of the present editorial aims at delivering an evidence-based view on the progressive integration of Central and Eastern European actors in the ongoing debate that is constantly re-defining the borders of European spatial planning. A third article, by Gilles Lepesant adopt a similar geographical focus on Central and Eastern Europe, elaborating on the potentials for

EU cohesion policy as an engine for promoting innovation. Finally, Tomas Hanell tries to unravel the implications of the dichotomy between concentration and cohesion in the context of the strategic spatial planning initiatives currently targeting the Baltic Sea Region.

The second part of the Volume scale down its focus to regional development issues in the way they manifests in various EU Member States. Firstly, a contribution authored by Ron Boschma deals with the process of regional branching in which new industries branch out of existing industries at the regional level, arguing in favour of policies that takes the industrial history of the regions as a point of departure. Then Margarita Ilieva moves the geographical focus to the Bulgarian context, presenting a detailed analysis of the importance of large and medium-sized town in national regional development, as well as of the way they constitute the fulcrum of Bulgarian national regional policy. The fourth contribution, by Svitlana Pysarenko and Marta Malska, focus on one of the most important EU neighbouring states, Ukraine. Here the authors present a practical proposal on how to improve the territorial and administrative division of the country on the basis of its economic spatial structure and relevant functional regions. In the fifth article, Borislav Stojkov and Milica Dobričić adopt a peculiar perspective to functional regions in Serbia, addressing them from the starting point of eco-services as an engine for the promotion of both development and environmental sustainability. Finally, Balasz Duray explores the territorial potentials of a green economy in details, referring to the Global Green New Deal and to its implications for the Hungarian context.

The third and fourth part of the volume, relatively shorter and composed by two and three contributions respectively, focus on two additional scale of development and related policy. Part three deals with the emerging challenges and perspectives for territorial cooperation in the enlarged EU. Here the contribution authored by Imre Nagy aims at raising awareness on transboundary risks from a regional perspective, exploring this issue through an analysis of the environmental problems that characterize the Western Balkan region. On his hand, Andras Donat Kovacs focuses on the environmental dimension of the Serbian-Hungarian cross-border region, exploring the regional characteristics and the development possibilities of the latter. Finally, part four deals with development from a mainly local perspective. The potential role of ecosystem-services in enhancing the quality of life of rural-urban region is the subject of a first contribution by Marek Degórski. Then, an article by Ján Hanušin et al explores the characteristics of the urban and rural landscapes in the functional region hosting the Bratislava conurbation. Lastly, Akos Bodor focuses its paper on peculiar governance issues of local development and, more in details, the influence exerted by Hungarian social values on the development of partnership and cooperation initiatives.

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