

## Chapter 2

# TERRITORIAL FOCUS

### Contributors

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Challenges and opportunities addressed by territorial and local development strategies across non-urban areas in Europe differ greatly according to places' environmental, socio-economic, geographical and institutional characteristics. Each challenge and opportunity addressed also has its own geography (TA 2030, 2020), and it often does not match the geographical jurisdiction of decision making. Examples of this include risks linked to flooding or regional transport flows. In both cases, decisions taken in neighbouring areas are essential for addressing the issue at hand. Other examples concern the provision of education and training services, particularly in rural areas, which can require new forms of co-operation and resource sharing between schools located in different places.

In short, a key aspect for policy makers responsible for territorial and local development strategies is to identify a consistent territory for policy action, defining the spatial scale and the specific area that are more suitable for achieving the objectives set in the policy agenda.

As such, **defining an appropriate territorial focus for a strategy is essential**, also because if it does not fit the challenges and opportunities to be addressed, the successful implementation of the strategy will be jeopardised.

The definition of a territorial focus, however, is not always straightforward. **Often it involves both bottom-up and top-down processes and is a long iterative process** informed by (a) discussions about the objectives of the strategy, (b) evidence-based analysis of the current situation, and (c) the composition of the partnership responsible for the strategy, including the involvement of the local community. It also raises questions concerning the critical mass, i.e. how big or small the area covered should be in order to best address the objective of the strategy and how broad or limited the partnership for the strategy should be.

Moreover, the variety of administrative traditions in Europe – ranging from strongly centralised Member States to decentralised Member States, the size of local and intermediate authorities and their attitude towards cooperation – are additional features that influence the choice of the territorial focus.

EU Regulations give freedom to shape the area of territorial and local development strategies, and consequently any non-urban territories below the programme level can be eligible, ranging from areas with geographical specificities like mountainous areas, islands, coastal areas and sparsely populated areas to rural areas and regions, broadly defined.

More specifically, **EU Regulations encourage territorial integration beyond administrative boundaries towards efficient forms of service delivery, public goods management or public administration functions.** Territorial integration is then a process that aims to shape a consistent territorial entity for strategy making (Doucet, Böhme and Zaucha, 2014). It can take place at various geographical and spatial levels, like in the case of a joint territorial strategy developed by a group of adjacent municipalities, a macro-regional strategy or a cooperation initiative between a network of small towns and villages, among many possible examples. Territorial integration is often based on the idea of **bringing together several territorial administrative units that are functionally linked into so called functional areas.** A functional area describes a space that encompasses coherently interdependences among places (OECD, 2020), whether applied to a region, sub-region, or to small areas.

This chapter identifies three main challenges in the territorial focus definition and offers pathways and examples to confront them.

The first challenge focuses on **strategies addressing a functional area.** In some cases, a single local authority is not able to address strategic objectives that go beyond its limited administrative boundaries and power. In some others, regions are often too broad to manage strategies based on social and spatial coherence. Given that a functional area does not usually align with an administrative entity, the choice of the territorial focus and the definition of the appropriate strategy area are not trivial operations. This is because such a choice includes **both a technical dimension** (selection of data, methods, expertise, etc.) **and a policy dimension** (depending, among others, on the strategy objectives, the interests at stake and the cooperation mechanisms).

A second challenge is represented by strategies dealing with rural-urban linkages. This is a common feature especially in territories with low or medium degrees of urbanisation and with networks of small and medium-sized cities (HESPI and EUKN, 2015). High levels of interdependency between rural and urban areas often require **strengthening the governing of rural-urban linkages for mutual benefits,** and an appropriate territorial focus is essential for such aim.

In an ever more integrated Europe, territorial and local development strategies do not necessarily stop at national borders. **In many border regions, successful strategies need to be designed beyond national borders** and ensure adherence with territorial and local development strategies in neighbouring countries. In some cases this leads to cross-border strategies. Such strategies represent a specific – but increasingly relevant – case of misalignment between territorial functionalities and administrative boundaries, where current challenges are exacerbated by different language, legal, planning and governance systems.

In this section we address the following challenges:

- *How to apply a functional area approach when implementing territorial and local development strategies.*
- *How to strengthen rural-urban linkages in strategy making.*
- *How to develop cross-border territorial and local development strategies.*

## CHALLENGE 1: How to apply a functional area approach

There is no blueprint of how to best delineate or define a strategy's geographical coverage.

**Territorial and local development strategies can have very different territorial scopes, sizes and ways to define them – each of them fitting their own needs.** Territorial and local development strategies in non-urban areas can, for example, cover a whole territorial administrative unit (e.g. a town in a rural region), administrative regions or functional territories that go beyond administrative borders.

Already in the 2014–2020 programming period, territorial and local development strategies defined their territorial focus and in most cases this operation did not follow the administrative borders, but took a more functional approach.

STRAT-Board data show that in 2014–2020 **functional territories – expanding beyond a single municipality – represent the territorial focus of 61% of territorial and local development strategies.** More precisely, 93% of Integrated Territorial Investment (ITI) strategies and 77% of Community-led Local Development (CLLD) strategies extend over more than one municipality.<sup>38</sup> ITI strategies target both administrative regions and functional territories on equal terms, while CLLD strategies have a much stronger focus on functional territories outside any administrative classification. For CLLD, this can be largely explained by regulatory requirements, in particular those on population limits. On the contrary, when strategies are meant to cover an entire administrative region, which are frequently very large, they are more likely implemented by means of ITI. As a matter of fact, when looking at smaller strategy areas, STRAT-Board data shows that both options have been chosen.

The functional area approach to delineate a CLLD or ITI strategy is further emphasised in the 2021–2027 programming period as a way to strengthen territorial integration. In fact, **a functional area approach in non-urban areas could be of high value** for tackling challenges at a more appropriate territorial scale (ESPON, 2021), contributing to:

- improving **spatially-sensitive policy-making** (based on spatial phenomena and spatial objectives) rather than strategies limited by administrative constraints;
- identifying **interdependencies** within an area and customising service provisions accordingly and in general having more effective public management;
- valorising the existing functional relations and spatial **complementarities** and pursuing synergies;
- delineating coherent boundaries of the strategy area and reaching the adequate **critical mass** for an effective policy initiative;
- enhancing **strategic capacity** by promoting a more complex reading of opportunities and taking into account environmental and social dimensions of development besides economic growth;



*Learning from data*

<sup>38</sup> STRAT-Board analysis uses the Local Administrative Unit (LAU) as a proxy for municipality.

- **overcoming local inefficiency** and targeting funding in a more effective manner;
- creating the right frameworks for **multi-level governance** approaches and enhancing territorial cooperation.



Additional  
resource

### CEMAT (2017) FUNCTIONAL AREAS IN MEMBER STATES OF THE COUNCIL OF EUROPE

According to the study, functional areas address the co-existence of functional relationships, cooperation mechanisms for achieving common goals (solving common problems or capitalizing on local potential) and have a governance system in place.

The study includes those functional areas that do not cluster around urban centres.

Functional areas can be delineated according to one or more defining criteria, e.g.:

- social criteria;
- economic criteria;
- geographical criteria;
- heritage and landscape criteria;
- complex functional areas that combine most of the other criteria.

The study reports a wide variety of types of functional areas (around 20), at different territorial levels and six good practice case studies illustrate how the different criteria have been applied in practice.

By looking at functional areas from the angle of cooperation and strategic frameworks, specific functional areas are identified, including:

- Functional areas established for the development of local potential, like touristic areas or industrial clusters;
- Functional areas established for restructuring and developing new functions, like areas under industrial reconversion or innovation hubs.

Territories where latent potential exists, would need a proactive attitude from national and/or regional policies in order to become functional areas.

#### For more information

Council of Europe Conference of Ministers Responsible for Spatial Planning (CEMAT), *Functional Areas in Member States of the Council of Europe, Preparatory Study for the 17<sup>th</sup> Session of the Council of Europe Conference of Ministers Responsible for Spatial Planning, Revised Version, 2017*. Available at: [https://archive.ectp-ceu.eu/ectp-ceu.eu/images/stories/PDF-docs/cemat/CEMAT%20Romania\\_%20report%20EN\\_rev%2001%202018.pdf](https://archive.ectp-ceu.eu/ectp-ceu.eu/images/stories/PDF-docs/cemat/CEMAT%20Romania_%20report%20EN_rev%2001%202018.pdf)



Learning from  
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The choice of applying a functional area approach instead of following the perimeter of administrative units can also have consequences for investment themes.

According to STRAT-Board, in the 2014–2020 programming period CLLD and ITI strategies focusing on functional territories most frequently addressed investments under T09 (social inclusion), T06 (environment protection and resource efficiency), T05 (climate change and risk protection) and T02 (information and communication technologies). For strategies focusing on administrative regions, the most recurrent investment themes are T03 (competitiveness of small and medium-

sized enterprises, SMEs), TO8 (employment), TO10 (education and training) and TO7 (sustainable transport). These differences also reflect jurisdiction boundaries, being for example education and employment policy areas usually managed by territorial administrative bodies. On the contrary, environmental and digital investments can be more easily implemented through projects under the direct responsibility of municipalities, or a freely associated grouping of municipalities.

In terms of spatial legitimacy, while formal (supra-local) administrative institutions do not need to question their boundaries and have a stronger authoritative capacity to interact with local actors, the institutional and administrative design of functional areas can be more complicated.

## Different roles of upper-level authorities and local strategy owners

Often, the identification of the strategy area involves a mix of top-down processes, where upper-level authorities propose a geography, and bottom-up processes, where the local strategy owners (e.g. local authorities, public-private partnerships, third sector organisations, etc.) define the strategy area suiting their needs and competences:

- **Upper-level authorities may produce a set of context-based indicators that support the definition of functional areas for policy initiatives.** These could be available in the form of maps and charts to inform a local debate. Debating and upgrading this information becomes a relevant part of the process of trust-building between citizens and their local authorities, and with the external public authority (Barca, 2019). It appears that especially in the context of ITI strategies, due to the fact that they do not necessarily require the involvement of local communities in the development of the strategy, proposals of upper-level authorities play a crucial role.
- **Local strategy owners may use their insights, tacit knowledge and cooperation experience to define suitable functional areas.** This needs-based approach can capture much more granular and tacit information that is not available in any form of statistical analysis. Often such knowledge is essential for the successful cooperation on the development and implementation of strategy. For example, in the context of CLLD strategies, it is the Local Action Groups (LAG) that basically define the strategy territorial coverage. In general, it appears that the bottom-up approach is more prominent in CLLD than in ITI strategies.

The definition of a territorial focus is not free of conflicts, especially when it does not follow administrative boundaries and also considering that territories left outside have no direct access to funding resources. In these cases, **it helps if one of the stakeholders involved or a third party can facilitate the process and moderate between different interests.** If these are merely diverging interests between local partners, even a higher level authority can act to facilitate. This was the case of the Italian National Technical Committee in support of the National Strategy for Inner Areas (SNAI). Originally, it was both a producer of knowledge and methods (together with research centres) and an operational body undertaking missions to the selected areas and providing technical support to local communities in designing their strategies. Over time, the committee became a sort of



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*Be careful!*

facilitator/mediator between the centre and the territories for the resolution of a series of local problems, among which the identification of the boundaries of selected strategy areas. To some extent, this also underlines the importance of data to support an evidence-based definition of the intervention areas of strategies.

Both top-down and bottom-up processes for defining the area of a strategy are usually driven by a mix of data-driven inputs and partnership-driven approaches.

## Data-driven support for defining functional areas

Unlike high-density urban or metropolitan areas, where the definition of functional urban areas is to a large extent governed by the gravitational influence of the main urban centre, **functional relations in larger regions and rural areas are usually based on multiple networks** that may vary considerably (ESPON, 2014). This makes it even more difficult to delimitate the strategy area.

Spatial analysis can help to define a functional area based on available data on the topic of the strategy. Although the approaches often may sound very abstract and difficult to apply, in many cases a rough analysis of relevant information available on the area can already be of help.

Among the **multiple criteria and methods for identifying functional interdependencies** (Eurostat, 2020; OECD, 2020), some of them seem more relevant when developing territorial and local development strategies, either because they are more frequent or because they are more challenging for their application in non-urban areas. In the following paragraphs three of these criteria are briefly described.

**A first and most frequent way to define functional areas is based on commuting patterns:** Often functional areas are seen as commuter catchment areas. However, the definition of a functional area based on commuting patterns in rural areas and territories with smaller urban settlements and high variability of interactions cannot rely simply on flows gravitating to a core city. **It may require the identification of networks of nodes using a more complex functional-spatial perspective** (Sýkora, Mulíček, 2017). In this case, the Labour Market Area (LMA) methodology (Eurostat, 2020) is a valid option.

The Joint Research Centre (JRC) is presently exploring the possibility of defining such regions as Functional Rural Areas (FRAs) in polycentric territories with low degrees of urbanisation as part of the scientific activities that will support the EU Rural Observatory. At the same time, in many cases local authorities have rather good tacit knowledge on commuting patterns in their area, which allows for developing a first mind-map that may serve as a first step.

## FROM LABOUR MARKET AREAS TO FUNCTIONAL RURAL AREAS

In cooperation with Member States, Eurostat is developing a harmonised dataset for Labour Market Areas (LMA) that will incorporate different types of territories (including the cross-border ones). The Eurostat statistical working paper 'European Harmonised Labour Market Areas – methodology on functional geographies with potential' (Eurostat, 2020) collects interesting ways of overcoming a series of methodological problems. It sets the ground for the LMA application to national and EU territorial policies, focusing on key aspects such as legal and policy frameworks, methodological harmonisation, challenges and links to other functional geographies and territorial classifications. Among others, the publication can help to define FRAs or LMA in rural areas. In 2018–2019 Eurostat tested several approaches for its classification that can be inspirational for further application. Extending this concept to non-urban areas can help design spatially better-targeted policies.

On the same line, the report 'Delineating Functional Areas for all Territories' (OECD, 2020) provides a comprehensive review of existing approaches to delineate functional areas across countries' entire national territory, including non-urban areas. The report discusses the most important challenges and the methodological aspects of defining functional areas based on travel-to-work commuting flows or novel sources of data. It also offers a set of methodological guidelines that are applied in five OECD countries, demonstrating the feasibility of delineating functional areas across diverse types of geographies in a consistent manner.

### For more information

Eurostat Labour Market Areas official website:

[https://ec.europa.eu/eurostat/cros/content/labour-market-areas\\_en](https://ec.europa.eu/eurostat/cros/content/labour-market-areas_en)

Eurostat, *European harmonised Labour Market Areas — Methodology on functional geographies with potential*, Working paper, Luxembourg, 2020. Available at:

<https://ec.europa.eu/eurostat/web/products-statistical-working-papers/-/ks-tc-20-002>

Organisation for Economic Cooperation and Development (OECD), *Delineating Functional Areas in All Territories*, OECD Publishing, 2020. Available at: <https://www.oecd.org/publications/delineating-functional-areas-in-all-territories-07970966-en.htm>



Additional  
resource

**Another way to identify the functional dimension in non-urban territories can be access to services**, e.g. schools, health care, social services, public administration, cultural institutions, but also shops or restaurants. This may concern the actual access e.g. in terms of actual time needed to get to the place of service provision, the quality of the services provided, or the perceived accessibility of the services. This approach must take into account that rural areas and small towns within a functional region depend on one another for a wide set of services of general interest. Moreover, in rural areas where there are mostly small urban settlements, synergies among services offered by the small urban settlements and demographic patterns play a key role in functional definition. This approach has for example served the definition of the territorial focus of the SNAI in Italy, which identifies eligible territories on the basis of distance from essential services (local public transport, education, social and healthcare services, of medium performance level) instead of distance from main urban centres (Barca, Casavola and Lucatelli, 2014).

Strategies can also define functional areas **building on the presence of common assets for the development of local potential**, like in touristic areas or industrial clusters, **or on common issues and challenges** that need developing new functions, like in areas under industrial restructuring or areas suffering depopulation. An interesting example is the ITI strategy of Castilla-La Mancha (Spain), which targets its territorial focus on the areas of the region with the greatest problems of depopulation and socio-economic decline. It was based on a detailed zoning exercise that classified rural territories in clusters of areas with similar levels of socio-economic development and quality of public services (ENRD, 2022).

When policy aims at linking development needs with territorial potentials, **the definition of a homogenous areas for policy action usually requires the combination of different criteria for delimitating it** (e.g. travel time to regional centres, access to services, economic performance, etc.).

In many cases, physical proximity is a key characteristic of the definition of functional areas. However, there are also exceptions, as in the case of the Egnatia Road ITI strategy in Greece. The strategy develops a new functional area and builds critical mass by focusing on a network of cultural resources (ancient Greek theatres) and the provision of tourist services located along the trace of the ancient Egnatia road. The strategy area connects assets that are not close in space but are conceived as components of a more sustainable value chain, where heritage protection is combined with tourism thanks to this renewed spatially defined identity.



*Learning from  
practice*

### **EGNATIA ODOS CULTURAL ROUTE INTEGRATED TERRITORIAL INVESTMENT (GREECE)**

The ITI strategy addresses the Greek region Anatoliki Makedonia-Thraki (East Macedonia-Thrace), classified as a less developed region. The strategy focuses on the creation of a network of cultural-natural resources along the 'Via Egnatia', an ancient road scattered with historical artefacts dating back to the Roman times.

The spatial narrative of the strategy rests on four conceptual and spatially-defined elements: poles, hubs, axes and routes. The poles are broad areas that include monuments and cultural or tourist infrastructures in a geographical concentration. The hubs are the starting point for tourist movement in the network (primary and secondary hubs of Egnatia Motorway, regional airports and ports). The axes connect hubs and poles and take two forms: the functional axes, which are essentially the transport networks, and the conceptual axes, which define the larger strategy area.

The ITI strategy area is spatially delimited within municipal units crossed by the 'Via Egnatia', while interventions are more targeted.

For the strategy design, a consultation process was set up for the delimitation of the strategy area, the definition of the projects in the different intervention areas and their prioritisation. The consultation process lasted about 17 months, involved a wide set of stakeholders and included on-line consultations, a workshop, questionnaires, focus groups and deep-assessment by experts on the collected proposals. The renovation and reconnection of these archaeological and natural sites is expected to be a leverage for growth in the whole region. To achieve this goal, the strategy has been linked to superordinate tourism plans, involving national and regional authorities in the construction and recognition of the new cluster.



**For more information**

Egnatia Odos Cultural Route: 'Via Egnatia' website:  
<https://diazoma.gr/en/cultural-routes/cultural-route-of-egnatia-road/>

STRAT-Board fact-sheet:  
<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=EL-044&fullscreen=yes>

## Partnership-driven support for defining functional areas

The definition of a functional area is more than just a technical exercise scrutinising data. In many cases the partnership dimension is essential. The partners of the strategy bring tacit knowledge on the spatial interdependencies, local development needs and potential, as well as on the prospects of smooth collaboration on a strategy. In the case of CLLD strategies, the LAGs are the main drivers for the definition of the territorial focus based on their views of the area's functional interdependencies.

When defining the area of a strategy, one also needs to consider **what partners are required to successfully address the topic of the strategy**, as well as possible governance issues (see Chapter 3, Governance). This is fundamental for the definition of the strategy area and to operationalise the policy agenda.

### LOCAL GOVERNMENT CONTRACTS IN WESTERN POMERANIA (POLAND)

The Local Government Contract is a negotiating tool for planning and implementing integrated projects for the development of a given area, as defined by a voluntary agreement among a group of local governments.

In the Polish Province of Western Pomerania (Poland), six Local Government Contracts were initiated in 2013 to foster economic development in territories with population decline. Projects are supported by the Regional Operational Programme of the West Pomeranian Voivodeship 2014–2020.

The area of implementation of the Local Government Contract is selected on the basis of a diagnosis of the socio-economic situation in the area, including the existence of common potentials and functional links, as well as a common development goal.

Strengthening inter-municipal cooperation was seen as instrumental for establishing integrated multi-sectoral strategic planning, leading to several initiatives with different geographical extents (from 3 to 60 municipalities) and types of thematic foci (e.g. infrastructure investments, entrepreneurship, social economy).

Regional authorities act as facilitators for the emergence of inter-municipal collaborations. Local Government Contracts have offered an opportunity for local governments to take up challenges whose scale extends beyond the boundaries of a commune or district.

Another key element of the Contracts is the bundling of projects: of infrastructural projects (related to the development of investment areas or ensuring better public transport) with those focused on improving the quality of human capital in relation to the needs of the West Pomeranian labour market.



*Learning from  
practice*

This has also encouraged co-ordination of activities with the regional government in charge of sectoral policies and with other partners in the contract areas including entrepreneurs, LAGs, Local Fishery Groups, NGOs, business environment institutions, and so on.

Such a partnership approach has been developed in Pomerania with an eye on the long term (for continuation after the cessation of external financing), the partnership being based on a joint identification of development opportunities and on prioritizing actions for the removal of barriers.

In the 2021–2027 programming period, foresees transforming the contracts into ITI strategies with the objective of simplifying co-funding arrangements.

#### For more information

Gblewicz, O., 'Subsidiarity in the service of regional policy: The perspective from Poland's West Pomerania region', *European View* 18, No 1, Apr 01, 2019, pp. 52-61. Available at: <https://journals.sagepub.com/doi/full/10.1177/1781685819847632>



Be careful!

**Partnerships can be built on long-term relations.** In the case of the regional ITI strategies in Bretagne (France) the partnership is based on already existing cooperation entities. However, **partnerships can also evolve further or start from scratch, either based on bottom-up initiatives or pushed from top-down.** In cases where the role of the central government is very strong, new partnerships prompted by EU territorial tools can support administrative decentralisation and regionalisation reforms for the transfer of competencies from the central government to inter-municipal communities.

**Partnerships among actors sharing functional relations do not emerge naturally.** Non-urban functional areas are often less institutionalised and there are rarely consolidated governance arrangements for policy initiatives among local authorities, and between local authorities and the territorial upper level (i.e. the province, county, or region). Cooperation may be complicated by several factors, such as differences in power and visibility among stakeholders; internal institutional capacity to handle territorial cooperation; difficulties in recognising the interdependencies that call for a joint action; rivalries and political differences. Cooperation is not easy and requires trust, negotiation and compromises to reach agreements and clear and transparent rules – but it is key to setting up and implementing functional area development strategies.

To address this point, **major efforts to foster institutional dialogues are required.** Managing Authorities can support the development of new partnership configurations (e.g. the LAG spatial pertinence or the ITI strategy area) to become strongly embedded in a group of stakeholders' policy action and to be recognised by a collective community. Facilitation of wider engagement of citizens, within and outside the strategy area, are key to lowering the risk of creating an artificial space that is significant only for direct beneficiaries of the policy.

A strategy built on a functional area approach may even need **a dedicated implementing body** with specific competences. This is less of an issue for CLLD strategies, as their LAGs are in charge of the coordination of the partnership. In many areas, LAGs have several decades of experience and excessive know-how in their areas, including on development and decision-making dynamics. This knowledge

and the insights of regional or rural development networks should be harvested when defining a strategy's territorial focus.

**Geographically larger strategies or strategies without a partnership legacy often face more challenges concerning a partnership-driven definition of the strategic focus. This is also reflected in the coordination responsibilities for the entity in charge of governing integrated strategies.**

A good example of a large territorial strategy that has reflected on this issue is the ITI strategy for the province of Limburg in Belgium. The ITI strategy contributes to a larger Strategic Action Plan for the economic reconversion of Limburg (SALK) that was developed as a reaction to the closure of a major factory in the region in 2012 and the underlying structural challenges. Both strategies are based on a broad coalition of interest groups and institutions. The ITI steering group has the same membership as the SALK taskforce that oversees the implementation of the whole strategy, strengthening strategy coordination and coherence (Van der Zwet et al., 2017).

**Soft territorial cooperation approaches may offer another entrance to establishing partnerships and shaping strategy areas beyond administrative boundaries.** These approaches are often less rigid and formalistic than the previously described functional area approaches since they are based on common interests and policy objectives. They must be intended as complementary to other existing and more institutionalised collaborations.

Cooperation territories or a strategy's territorial focus may emerge and disappear as framework conditions and goals evolve. Furthermore, multiple cooperation territories may co-exist, with overlaps when necessary – each following a geographic logic that is adapted to the issues it addresses. This does not necessarily mean that the geographic perimeter is flexible, but rather that its definition is based on a process-oriented approach. In fact, fully flexible cooperation geographies can be highly time-consuming and can impede community-building and the development of a long-lasting cooperation culture (ESPON, 2017).

In this regard, it is useful, especially when strategies address larger territories, to distinguish between the strategy area that relates to the scope and scale of the overall strategic objectives and intervention areas, referring to the spatial location of projects. Thus, **different intervention areas can be developed and revised over time within more stable strategy boundaries** and within the timeframe of the programming period.

### **ESPON, ACTAREA - THINKING AND PLANNING IN AREAS OF TERRITORIAL COOPERATION (2017)**

The ACTAREA project addresses new forms of cooperation areas based on a functional approach or political initiative and aimed at polycentric and balanced territorial development, i.e. soft territorial cooperation areas.

Soft territorial cooperation areas bring together actors concerned by a set of territorial challenges and opportunities and who are willing to elaborate and implement strategies to address them jointly. Soft territorial cooperation initiatives seek to capitalise on the convergence of interests, typically by identifying potential win-win situations.



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*Additional resource*

Participants seek to identify common perceptions, interests and objectives, and agree on strategic development options, which are the starting point to progressively strengthening the partnership.

The project maps and compares 13 examples of soft territorial cooperation across Europe, collected in a European Atlas of Soft Territorial Cooperation.

In addition, the ESPON ACTAREA Handbook gives practical advice on how to develop soft territorial cooperation and discusses the main elements of cooperation. The text is supported by illustrations and additional text boxes that include practical tips for soft territorial cooperation practitioners.

Two tools – mapshots and institutional maps – are described to guide and inform soft forms of territorial cooperation.

Mapshots help define the spatial focus of soft territorial cooperation areas. They can include geographic features and patterns and trends of relevance for observed or potential cooperation dynamics. Mapshots can hence be both the input and/or outcome of a dialogue process as they trigger debates on cooperation objectives.

#### **For more information**

ESPON ACTAREA - Thinking and Planning in Areas of Territorial Cooperation:

<https://www.espon.eu/actarea>

ESPON ACTAREA Handbook: [https://www.espon.eu/sites/default/files/attachments/ESPON%20ACTAREA\\_handbook\\_180120.pdf](https://www.espon.eu/sites/default/files/attachments/ESPON%20ACTAREA_handbook_180120.pdf)

## **CHALLENGE 2: How to strengthen rural-urban linkages in strategy making**

Functional relations between rural and urban areas have changed substantially in recent decades. Improvements in transport and communications technologies, as well as changes in land use, are only some of the many factors that blur the line between rural and urban.

Today, both cities and rural areas include urban and rural elements, even if present in different proportions and characterised by different densities, settlement patterns and economic activities (OECD, 2013). While on the one hand differences between urban and rural areas are getting increasingly fuzzy, on the other hand development prospects are often extremely different. While many rural areas face demographic and economic decline, main urban areas are attractive growth poles with substantial administrative and financial capacities. The COVID-19 pandemic has changed this only marginally (CoR et al., 2021).

**The interdependencies between rural and urban areas have increased and grown stronger.** This is a global phenomenon, but it is even more evident for the European context, which is characterised by a polycentric structure of large and medium-sized cities and towns and villages (HESPI and EUKN, 2015). Therefore, it is necessary to better understand related dynamics, e.g. demographic flows, labour market flows, public service provision, mobility, environmental and cultural services, leisure assets.

On a policy side, a clear understanding of this intertwining favours more strategic uses of available resources, and can be extremely relevant for the definition of the territorial focus in order to **better exploit potential complementarities**.

The reinforcement of rural-urban linkages and the creation of strong, mutually supportive cooperation between rural and urban areas, are key to realising smart, circular and inclusive development (TA, 2030). **Rural-urban linkages are key for most territorial or local strategies in non-urban areas**. In some cases, their development is highly influenced by urban areas in close proximity and thus the strategy needs to relate to this. In other cases, the territory of the strategy can comprise both rural and urban areas.

The analysis of 2014–2020 territorial and local development strategies indicates that they most frequently target mixed urban-rural areas. These include a wide range of spatial arrangements that go from urbanised regions, like those covered by territorial strategies in Belgium, to aggregations of municipalities around medium-size cities, like in the case of local development strategies in Podlaskie Voivodeship and Kujawsko-Pomorskie Voivodeships (Poland), to more rural territories addressed for example by many Swedish and Portuguese strategies. In addition, strategies indicating rural-urban linkages as a main policy theme cover all types of territorial foci, without significant correlations with the three main categories of the degree of urbanisation (DEGURBA) (densely, intermediate and thinly populated areas), nor the share of urban and rural population living within the strategy boundaries.

## Single and multi-purpose rural-urban partnerships

One tool to govern rural-urban linkages towards better cooperation are rural-urban partnerships, which have been advocated already for some decades, but are nonetheless still relevant.

### OECD (2013) RURAL-URBAN PARTNERSHIPS: AN INTEGRATED APPROACH TO ECONOMIC DEVELOPMENT

Urban and rural areas enjoy different and often complementary assets, and better integration between them is important for socio-economic performance.

In a report on rural-urban partnership, the OECD provides a framework to understand the changing relationships between urban and rural areas. It explores the concept of rural-urban partnerships and illustrates their characteristics and the factors that can hinder, as well as enable, rural-urban co-operation. Different governance approaches to manage rural-urban relationships are identified and discussed. Finally, recommendations are provided to help national, regional, and local policy makers to build effective and sustainable rural-urban partnerships for better economic development.

The report highlights the importance of tailoring a functional area to address rural-urban partnership and agrees on the idea that the shape of the territory depends on the policy objectives. Based on observation of case study analysis, the report proposes seven purposes that can shape the geography of rural-urban partnerships: (a) territorial promotion, (b) supply chain, (c) management of water



*Learning from data*



*Additional resource*

resources, (d) improvement of transport networks, (e) land use management, (f) provision of health service and (g) environmental protection.

**For more information**

Organisation for Economic Cooperation and Development (OECD), Rural-Urban Partnerships: An Integrated Approach to Economic Development, OECD Publishing, 2013. Available at: <https://www.oecd.org/publications/rural-urban-partnerships-9789264204812-en.htm>

Territorial strategies can strengthen rural-urban linkages either via single-purpose or multiple-purpose partnerships, depending on the number of issues that are at stake:

- **Single-purpose partnerships** follow a sectoral approach, which allows for efficiency and clarity in funds' management and monitoring, but can be hampered by lack of synergies.
- **Multiple-purpose partnerships** can support a wider range of investments, but requires more efforts in stakeholders' involvement and more time and capacity to thoroughly implement its strategic objectives.

Rural-urban partnerships are not easy and often require a lot of dialogue to find win-win situations. Regardless of the format (single or multiple-purposes), rural-urban partnerships need to ensure that the criteria for good governance are applied. **There needs to be a level playing field, where rural and urban representatives meet as equal partners.**

From a pragmatic perspective, **a single-purpose approach can be a first step to building trust and the capacity needed for more complex rural-urban partnerships.** For example, the training of local agents is a frequent and rather generic measure for LEADER (Liaison Entre Actions de Développement de l'Économie Rurale/Links between activities for the development of rural economy)/CLLD strategies for the promotion of rural economies. These kinds of activities could be more strategically used in the scope of strengthening rural-urban linkages, e.g. by focusing on the development of those skills needed to play a role in the knowledge economy, which is usually related to the urban realm. In the case of the Lithuanian CLLD strategy for the settlement of Biržai, investments limited to TO8 (Sustainable and quality employment) - funded by the European Social Fund (ESF) - have offered a combined range of support mechanisms to newly established businesses in the field of social innovation services, including group coaching, formal training sessions and individual mentoring. This is a good example of how to work towards better urban-rural integration by focusing on a very specific goal.

The sub-regional ITI strategies in Bretagne represent a very interesting example of complex and integrated cooperation in rural-urban territories. The region is structured around two small metropolises and 15 medium-sized cities and thus is not identified simply as rural or urban, but pushed for the set-up of rural-urban multi-purpose partnerships. The inclusive nature of the partnerships allowed the emergence of novel themes, which could receive financial support from more varied EU funds.



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## TERRITORIAL ITI STRATEGIES IN BRETAGNE (FRANCE)

In 2014–2020 the Bretagne region decided to use the ITI tool for the distribution of European Regional Development Fund (ERDF) funds by means of territorial strategies for each area, called Pays, covering its whole territory. This was a unique case in France. The Pays represents an administrative level in between the scale of the department and that of the agglomeration. The 21 Pays in Bretagne have an average of 140 000 inhabitants each, from the 41 000 of Pays des Vallons de Vilaine, to around 400 000 for those ones including the two main cities of Brest and Rennes.

Earlier, the Pays had already signed a pact for development ratified at regional level. By 2014 these pacts had to be updated, so the region decided to use them for the selection of ITI strategies. The pacts also served for the selection of LEADER/CLLD initiatives as well as for the distribution of other domestic and EU regional funds.

A Comité Unique de Programmation (CUP) in each Pays oversees the strategic coordination. It is composed by a number of political representatives, members of the Development Council (composed by representatives of the private sector), and institutional representatives holding an advisory function. The CUP is also in charge of mobilising stakeholders and of the selection of projects.

For ITI strategies, the available ERDF Thematic Objectives (TOs) are selected at regional level, with the aim of developing balanced and innovative policies able to address both urban and rural areas. Each Pays is then able to choose among these TOs to draft the strategy, involving a voluntary process of participation and inclusion in its construction.

The dialogue among administration at local level during the phases of strategy drafting proved very fruitful: the Pays showed interest and commitment in communicating and building the strategy. The selected projects have been able to address, in many cases, the important issues emerging in the territories. Moreover, the integration at thematic level, between rural and urban, of related policies produced interesting and innovative interventions – for instance, the experimentation of social housing in rural areas.

On the other hand, the decision to have a unique selection of projects for all the funds caused some delays in the delivery of funds: although most normative requirements were managed at regional level, the multiple time schedules and requirements appeared burdensome to local authorities. These difficulties in administrative and technical management have been more evident in those Pays formed by smaller municipalities, while the presence of a more skilled urban core leading the process was considered an advantage.

### For more information

STRAT-Board country fact-sheet: <https://urban.jrc.ec.europa.eu/strat-board/#/factsheetcountry?id=FR&name=France&fullscreen=yes>



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practice*

**Rural-urban partnerships are shaped by the partners' administrative, legal and financial capacities.** These can differ substantially as in most cases larger urban areas have more staff and financial resources than small towns or rural municipalities. In many cases, small urban and rural areas have only limited capacities and knowledge to address the challenges and engage in complex governance and cooperation arrangements. Building up and maintaining these capacities requires local action as well as support from national or European initiatives, including Managing Authorities of EU programmes (CoR et al., 2022).

## Main themes for win-win solutions

Possible topics for rural-urban partnerships are manifold. They range from issues such as economic development, provision of services of general interest, recreation, food systems, energy transition, zero-net emission, zero-net land take, biodiversity, eco-system services to climate change, etc. The breadth of possible topics illustrates the high level of mutual interdependencies between rural and urban areas. For sustainable territorial and local development, rural and urban areas are equally important as one cannot make it without the other.

This point is well illustrated looking at what policy actions can be put in place by territorial and local development strategies in the field of economic development, service provision and natural resources management.

When implementing territorial strategies for economic development, tensions between urban and rural areas can easily emerge. On the one hand, the urban dimension is a key focus point for knowledge production, particularly taking into consideration how economies of scale can be achieved. On the other hand, investments in urban centres can even accelerate the disconnection from local economic activities in the larger region.

As a possible way forward, **territorial strategies can foster better collaboration among economic actors** by reinforcing e.g. (a) supply chains (such as the agro-industry); (b) knowledge exchanges between SMEs and research centres; and/or (c) territorial promotion and branding. Particularly relevant are investments that focus on promoting stronger connections between local agents, companies, scientific and technological organisations, business associations, municipalities and inter-municipal communities, like in the recent EXP@NDIR programme for the valorisation of the Interior of Portugal (2020).

Territorial strategies for service provision can provide **the opportunity for urban and rural municipalities to discuss and prioritise strategic investments taking into consideration the larger region**, especially in times of welfare reform and decentralisation processes. Looking again at the Portuguese case, inter-municipal ITI strategies in the Centro region have contributed to the creation of one single platform to deliver digital services to citizens for each of the eight inter-municipal communities. In this way, rural settlements can benefit from centralised management, avoiding an additional technical and administrative burden.



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## CLLD STRATEGIES IN THE LJUBLJANA URBAN REGION (SLOVENIA)

In 2014-2020, Slovenia has implemented a common CLLD approach, which covers three EU funds, i.e. ERDF, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), and the entire country.

CLLD strategies also address more densely populated areas like the Ljubljana Urban Region (LUR), which includes the capital city of Ljubljana and other 25 municipalities in central Slovenia, with a total population of more than 500 000 inhabitants. The whole LUR is covered by several multi-fund CLLD strategies. A strong cooperation between rural and urban areas has become an emerging priority in the region. This is well reflected in the CLLD strategies developed by two LAGs, i.e. the LAG 'For the City and the Village' and LAG 'Coexistence between urban and rural areas'.

The LAG 'For the City and the Village' operates in six municipalities that are located in close proximity to Ljubljana and had no previous experience with LEADER as this measure was not implemented in the area during the 2007-2013 programming period. Because of this, the management team of the LEADER/CLLD strategy is based within the Regional Development Agency of the Ljubljana Urban Region (RRA LUR), which is responsible for fostering social and economic development in the entire urban region. RRA LUR was chosen among the LAG's partners for its human, financial and administrative capacity. The participation of RRA LUR in the LAG has further promoted the cooperation between urban municipalities and rural municipalities in certain fields, where joint management is regarded as a more efficient solution, e.g. local food supply chains. The creation of new, locally-oriented food businesses is a main objective of the CLLD strategy. At the same time, the promotion of food self-sufficiency in the region and the engagement of relevant stakeholders in local food supply chains is one of the priorities of the regional agency RRA LUR. By putting the small-budget CLLD strategy in the larger framework of RRA LUR, strategic action in the field of food has been strengthened.

The CLLD strategy of the LAG 'Coexistence between urban and rural areas' covers four municipalities, including the municipality of Ljubljana. The strategy area shows specific features, as there are both rural and urban areas. To address this point, the CLLD strategy explicitly differentiates the development needs of rural and urban settlements, and defines individual objectives and measures accordingly.

### For more information

LDnet CLLD country profile of Slovenia: <https://ldnet.eu/clld-country-profile-slovenia>

STRAT-Board Strategy Fact Sheets:

- For the city and the village:  
<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=SI-CLLD-003&fullscreen=yes>
- Coexistence between urban and rural areas:  
<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=SI-CLLD-035&fullscreen=yes>



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**Rural-urban linkages can also easily emerge as a key policy topic for strategies dealing with the management of natural assets**, to ensure an efficient and sustainable use and preservation of natural resources and fight against climate change (OECD, 2021). As a matter of fact, **rural-urban, blue and green**

**infrastructure networks** are often made possible only once new spatial arrangements (e.g. river catchments, green corridors, habitat management, etc.) are addressed as strategic development areas instead of simply being the location for sectoral interventions (ROBUST, 2021). At the same time, this implies the need for a deep understanding of both natural dynamics and their interactions with the socio-economic system, requiring even greater integration of expertise and engagement of relevant stakeholders.



Additional  
resource

### **ROBUST: RURAL-URBAN ECONOMIES OF WELL-BEING (2021)**

The H2020 ROBUST project offers extensive knowledge on rural-urban linkages and how synergies between rural and urban areas can be applied in practice, also providing specific policy recommendations.

The ROBUST project stresses the need to build a new approach to regional economy and rural development, which they label 'rural-urban economies of well-being'.

Based on the analysis of governance systems, processes, and practices in 11 different city-regions, the project developed recommendations for improved governance arrangements and better policy frameworks for more effective rural-urban interactions.

Selected key messages of the project concern the importance of:

- multi-locality living, new forms of 'counter-urbanisation' and teleworking;
- infrastructure and services, especially for rural areas;
- new approaches to economy, particularly economies of well-being;
- public procurement to lever change through anchor institutions;
- place-based strategies as a governance mechanism;
- municipalities and regional governance in rural-urban governance and innovation;
- actor constellations that can stimulate rural-urban synergy potentials.

#### **For more information**

RURAL URBAN EUROPE website: <https://rural-urban.eu>

O'Connell, V., *Synthesised Policy Recommendations relevant to rural-urban interactions and interdependencies*, ROBUST project, November 2021. Available at: <https://rural-urban.eu/sites/default/files/D6.3%20Rural-Urban%20Policy%20Recommendations.pdf>

## **CHALLENGE 3: How to develop cross-border territorial and local development strategies**

In an ever more integrated EU, increasingly functional areas span across national borders. This is the case for areas shaped by the geography of places (e.g. river basins, mountain ranges, etc.), but also for areas with historic, cultural, and socio-economic features that go beyond national boundaries. Additionally, labour market dynamics can also give rise to **functional geographies that cross national borders** (Eurostat, 2020). Territorial strategies for functional areas spanning across national borders meet a range of additional challenges.

The importance of enduring cross-border cooperation is well expressed by the Territorial Agenda 2030, which advocates for ‘action to embed stable cross-border, transnational and interregional cooperation in macro-regional, national, regional and local development strategies’ and to ‘support the development of new strategic documents, where needed, and the promotion of co-development, involving citizens across borders’.

STRAT-Board data show that in 2014–2020 only a limited number of cross-border ITI and CLLD strategies were implemented. There are five cross-border CLLD strategies that have received support from the EU cohesion policy, four of which are established between Austria and Italy, and one ITI strategy between Italy and Slovenia.

As a matter of fact, **the development of cross-border strategies remains rather experimental.** This experimental feature does not refer only to the territorial focus, but it also encompasses other dimensions of an integrated approach, which makes them very interesting cases.

Even if they have functional relations, cross-border functional areas must cope with administrative, institutional, legislative, cultural and linguistic boundaries, which make it difficult to co-design and implement joint programmes and projects. For example, running a transport service covering a functional area across national – but even regional – borders would be subject to different legislative frameworks and challenged by organisational bottlenecks. The same discourse goes for education and health services, which together with transport are essential services.

**When addressing strategy design and implementation, challenges are even bigger.** For instance, socio-economic data are usually collected at country level, so that functional interdependencies are mainly understood in relation to urban centres within national borders, putting them under a rural-urban narrative instead of a cross-border one. Moreover, non-urban cross-border areas often lack the institutional thickness and critical mass needed to convey interests around broader strategic visions. Finally, provided that joint territorial visions are developed, a further challenge is how to translate them into concrete objectives and measures.

**Territorial cooperation programmes can serve as a first steppingstone to address these challenges.** Furthermore, experience from existing cross-border CLLD strategies showcase possible solutions and workarounds. Last but not least, European Groupings of Territorial Cooperation (EGTC) offer possibilities for establishing stable governance structures.

## Relevant European territorial cooperation (ETC) tools

There is a wide range of overarching territorial cooperation initiatives, strategies and programmes that can help frame integrated territorial or local strategies in border regions. Among others there are EU macro-regional strategies, Interreg programmes and support programmes such as INTERACT.



*Learning from  
data*



Additional  
resource

## INTERACT

INTERACT, which is financed under the ETC goal of the EU cohesion policy, supports cooperation programmes like Interreg. One of its goals is to improve the cooperation management capacity to implement innovative approaches, including ITI, CLLD and Policy Objective 5 (PO 5).

In 2020, INTERACT started focusing on the concept of territoriality in Interreg, and how it could be used by programmes in the post 2020 period to achieve bigger territorial impacts.

In 2022, INTERACT issued the publication 'Territorial Package', which presents the outcome of the work of INTERACT's informal Focus Group 'Territorial Agenda 2030 and Interreg' in 2021–2022. The publication provides easy-to-read, easy-to-understand and easy-to-apply information and suggestions to Interreg practitioners on how to strengthen the territorial dimension in their programmes and projects. Inspiring examples of projects that embed a territorial perspective are presented under different dimensions that can be easily related to territorial focus, strategic approach and governance (Fiche 3). The publication also offers examples on the use of integrated data to calculate commuting flows and delimitate functional areas, as well as suggestions on how to link a functional area approach to 2021–2027 Policy Objectives (Fiche 4). Finally, recommendations are given both at programme level and at project level on how to strengthen territorial elements across the whole policy cycle (Fiche 6) and more specifically when building partnerships (Fiche 7) and selecting projects (Fiche 8).

### For more information

INTERACT website: <https://www.interact-eu.net>

INTERACT – Presentations | Bringing territoriality into Interreg: <https://www.interact-eu.net/library/#2854-presentations-bringing-territoriality-interreg>

INTERACT Territorial package: <https://www.interact-eu.net/library/#3776-publication-territorial-package>

The four **EU macro-regional strategies** – for the Baltic Sea Region (EUSBSR), Danube Region (EUSDR), Adriatic and Ionian Region (EUSAIR), Alpine Region (EU-SALP) – offer the possibility of framing functional relations and defining place-based development visions consistent with macro-regional ones, favouring a systemic approach. The EU macro-regional strategies act as a bridge between EU and local policy-making, and could more easily support the set-up of cross-border territorial strategies.

In a more concrete way, **Interreg**, i.e. ETC programmes, can lay the foundations for institutionalised, structured and lasting forms of cooperation. Focusing on cross-border integrated strategies and spatial planning, the ESPON ULYSSES<sup>39</sup> project elaborated a practical guide combining cross-border co-operation experience and main findings of policy research (ESPON, 2013).

This is the case of the seven *Zones Organisées d'Accès aux Soins Transfrontaliers* (ZOAST) on the Franco-Belgian border, which are the result of more than 25 years of cross-border cooperation supported by various Interreg projects funded

39 <https://www.espon.eu/programme/projects/espon-2013/targeted-analyses/ulysses-using-applied-research-results-espon>

by the Interreg France-Wallonie-Flanders programme. In these areas, residents of border territories can receive health care on both sides of the border in designated health care institutions without any administrative or financial barriers. ZOAST has become a benchmark for cross-border health care cooperation across Europe. This experience suggests that **sectoral cooperation can also be the ground for developing further functional areas for integrated territorial development strategies.**

Interreg programmes have been longstanding sources of funding for most cross-border cooperation initiatives, fuelling territorial development of European border territories and favouring the establishment of cross-border cooperation networks. However, they mainly follow a problem-solving perspective (Kaucic and Sohn, 2021), often resulting in a set of projects without a clear territorial development perspective. **To get the most out of cross-border cooperation, managing authorities could offer the possibility to operate on a territorial basis,** supporting the use of territorial tools, or with dedicated measures or initiatives.

An interesting experience in applying an integrated territorial approach to Interreg is the ALCOTRA France-Italy cross-border cooperation programme. Several integrated plans were selected through dedicated calls in the 2014–2020 programme. These plans consist of **a common vision and a set of projects that must present a strong territorial or thematic focus.** Two types of integrated plans have been implemented under the Programme: Territorial Integrated Plans (PITER) and Thematic Integrated Plans (PITEM), with an overall budget of 80M€. The PITER are multi-thematic plans consisting of a set of cooperation projects covering different sectors and themes under the frame of a common cross-border strategy. The PITEM are mono-thematic plans consisting of individual cooperation projects addressing only one specific objective of the Programme. Twelve integrated plans (6 PITER and 6 PITEM) have been funded, involving cross-border functional areas in the ALCOTRA eligible territories.

## Cross-border coordination arrangements

Although **CLLD and the ITI** are not specifically aimed at cross-border cooperation, they **can well adapt to the variety of functional relations and geographies of cooperation.**

However, to make them operative, appropriate forms of association must be set up, able to develop and represent stable and durable links, access to funding and manage cooperation projects. Outside Interreg, cross-border cooperation initiatives may have a more tortuous and complicated path. Having different programmes, managing authorities, funding and respective rules and timings, makes it difficult to set up cooperation initiatives. This is, unless **the cross-border aspect is properly considered** already in the programming phase.

Indeed, some cross-border areas have successfully used these instruments. Such an example is the cross-border region between Austria and Italy, in which four cross-border LAGs were established, leading to the development of as many CLLD strategies.



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As an example, the CLLD strategy Terra Raetica, is interesting because it is articulated in cross-border thematic working groups in which the regional development agencies work together. In this way, the cross-border strategy can be implemented despite it being through a complex institutional arrangement.



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practice

### **CROSS-BORDER CLLD STRATEGY TERRA RAETICA (ITALY-AUSTRIA)**

In 2014–2020 the managing authorities of the cross-border region decided to activate coordinated strategies supported by different funds. However, the national difference between the multiple financial and administrative arrangements in the Italian and Austrian regions needed to be addressed. Framed by the Interreg cooperation programme, the managing authorities opted for a two-layer CLLD structure (mono-fund CLLD approach in Italy and multi-fund CLLD approach in Austria), in which four cross-border LAGs embed several national LAGs.

The cross-border LAGs were defined according to some general rules, as follows:

- no overlaps, i.e. national LAG cannot join two different cross-border strategies;
- maximum of 200.000 people living in the cross-border strategy areas;
- joint management of the LAGs with one lead partner, i.e. one of the national LAGs;
- written agreement between the partners of the cross border strategies.

The Terra Raetica cross-border LAG covers four national LAGs and was elaborated on the basis of the local strategies and the ESPON ULYSSES guidance (ESPON, 2013). The strategy encompasses initiatives dedicated to culture, protection and valorisation of the environment, mobility and tourism through joint management and mutual networking of projects.

The key territorial actors remain the national LAGs that manage the projects according to their specific strategies. Some of them participate in the cross-border LAG, and as a result share a common cross-border strategy and related projects. When local actors get in contact with their local development agencies (one of the national LAGs) with ideas that have a cross-border dimension, they are directed to the cross-border thematic working groups (i.e. Natura Raetica, Cultura Raetica, etc.). There, the project gets further developed until it can be presented to the decision board (INTERREG Rat) of Terra Raetica.

However, the way funds are managed in the implementation of the projects is different in the two countries. In Austria, the managing authority acts with a one-stop-shop approach so that all funds are managed together, including the Interreg cross-border one under ERDF. In Italy, cross-border strategies are managed in parallel to the national mono-fund LEADER/CLLD strategies.

#### **For more information**

Jochum, G., Stampfer C., 'Regionalmanagement Bezirk Landeck – regioL (Austria), and Terra Raetica (cross border cooperation Italy-Austria)', in Servillo, L., CLLD under ERDF/ESF in the EU: A stock-taking of its implementation, Final Report, European Commission, Brussels, December 2017. Available at: [https://ec.europa.eu/regional\\_policy/en/information/publications/studies/2018/clld-under-erdf-esf-in-the-eu-a-stock-taking-of-its-implementation](https://ec.europa.eu/regional_policy/en/information/publications/studies/2018/clld-under-erdf-esf-in-the-eu-a-stock-taking-of-its-implementation)

STRAT-Board strategy fact-sheet: [https://ec.europa.eu/regional\\_policy/sources/docgener/studies/pdf/clld\\_implem/annex3\\_cbc\\_at\\_terra\\_raetica.pdf](https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/clld_implem/annex3_cbc_at_terra_raetica.pdf)

An alternative and equally innovative approach to cross-border coordination of local development strategies is pursued by the transnational LEADER/CLLD region Miselerland (Luxembourg) and Moselfranken (Germany). The implementation of the joint strategy is based on tight cooperation between two LAGs and a transnational steering group with members from both LAGs. As there is no EU statute for the LAGs under the LEADER programme and each LAG can only apply for funding in the country in which its region is located, the two LAGs Moselfranken and Miselerland remain in place until further notice. The transnational steering group coordinates the cross-border cooperation. The area covered by the strategy also borders with France, and the strategy opens the possibility of also including French partners. In this sense, the strategy is a frontrunner in European integration.

## Use of the European Grouping of Territorial Cooperation (EGTC) tool

Relevant for the development of cross-border territorial and local development strategies are those instruments that help establish stable cross-border governance bodies and overcome some of the challenges of a missing institutional framing.

To reinforce the cross-border institutional and political condition, **the EGTC enables entities from two or more Member States to work together** within a common unit with legal personality under European Law. EGTCs are inherently international, and many of them represent functional cross-border areas implementing territorial cooperation programmes financed by the EU cohesion policy. This form of association has proven to facilitate cross-border cooperation in many ways and gives local authorities the possibility of cooperating without the need for setting up specific agreements between countries on each side of the border (Medeiros, 2013).

However, the potential of EGTC is still underdeveloped (EC, 2018). For instance, in many ETC programmes EGTCs are not acknowledged as a partnership institution incorporating two countries, and as a result, they cannot act as sole beneficiary. To address these challenges, **Member States and managing authorities can provide mechanisms to ensure not only the possibility for EGTCs to be sole beneficiaries of single projects, but also of territorial strategies.** An example of this solution is the cross-border ITI strategy implemented in the framework of the Interreg VA Italy-Slovenia, which addresses a functional area across the Slovenian-Italian border and is managed by the EGTC GO as sole beneficiary and intermediate body.



Learning from  
practice

## EGTC GO ITI PROGRAMMING DOCUMENT (ITALY-SLOVENIA)

The 'Interreg VA Italy-Slovenia 2014–2020' Operational Programme used the ITI tool to develop an integrated cross-border strategy for the area comprised within the municipalities of Nova Gorica - Gorizia - Šempeter Vrtojba, which also act as a European Grouping for Territorial Cooperation, the EGTC GO.

The EGTC GO was established through a bottom-up initiative by the three municipalities in 2011 to strategically coordinate policies for the area and overcome the former piecemeal approach. By joining the EGTC, the municipalities are legally organised in an independent cross-border body and can, given the legal personality of the body, directly interact with European institutions and third parties.

In 2014, the representatives of the EGTC GO group, which were present at the task force of the Interreg V Italy Slovenia Programme 2014–2020, proposed merging the EGTC and ITI instruments, giving a significant added value to the Programme. The ITI was designed to support several objectives of the EGTC territorial strategy.

The ITI strategy includes two pilot projects from different priority axes of the INTERREG VA Italy-Slovenia OP:

- The first project 'Cross-border natural park Isonzo-Soca', capitalises on natural assets in the border region through sustainable tourism, environmental protection and green growth, preserving and enhancing the natural and cultural heritage of the cross-border area along the river.
- The second aims to improve the provision and quality of health and social services for the population living in the cross-border in the EGTC area. The project also supports a new IT network, providing the opportunity for a wider range of healthcare services at cross-border level, which proved particularly relevant during the COVID-19 crisis.

In December 2015, the European Commission granted a total funding of EUR 10 million (85 % covered by ERDF and 15 % by national co-financing), expressly assigning to the EGTC GO the role of sole beneficiary with responsibility for the implementation of the ITI. The ITI is managed by the Office for Intermediate Body (OIB), a separate and functional independent Unit of the EGTC GO/EZTS GO. The EGTC can act with competence on the territory of both Member States to implement joint projects, which is an innovative feature brought in by the ITI strategy.

### For more information

EGTC GO website: <https://euro-go.eu/en>

OECD-OPSI fiche: <https://oecd-opsi.org/innovations/egtc-go>

European Committee of the Regions (CoR), *European Groupings of Territorial Cooperation (EGTC) Good Practice Booklet*, 2018. Available at:

<https://portal.cor.europa.eu/egtc/news/Pages/egtc-good-practice-booklet.aspx>

STRAT-Board strategy fact-sheet:

<https://urban.jrc.ec.europa.eu/strat-board/#/factsheet?id=IT-SI-001&fullscreen=yes>



## RECOMMENDATIONS

- Apply a functional area approach to match strategy objectives with the spatial scale appropriate to deliver them in an effective way.
  - ▶ Take into account the objectives of the strategy, evidence-based analysis of the current situation and the partnership setting, including its governance and cooperation capacities.
  - ▶ Allow the definition of the territorial focus of a strategy to take time. Even when building on a previous strategy, the territorial focus should be considered and not taken for given.
  - ▶ Consider common assets as well as development issues to shape the territorial focus.
- The definition of the strategy boundaries can neither be made (top-down) by the upper-level authority, nor be left (bottom-up) to the local authorities.
  - ▶ A right balance would be that the upper-level authority produces a set of context-based indicators that are in line with its strategic guidelines, and the local authorities organise themselves coherently.
- Delimitate the strategy area by combining data-driven and partnership-driven approaches.
  - ▶ When policy aims at linking development needs with territorial potentials, the definition of homogenous areas for policy action usually requires a multi-criteria approach.
  - ▶ Use spatial data on flows and interdependencies to identify suitable proposals. Make use of the partnership's tacit knowledge on spatial flows, interdependencies and governance coalitions.
  - ▶ In many cases, managing authorities can facilitate the partnership's definition of the territorial focus, for example playing the role of mediators or data providers. Data and spatial analysis can be made available by supralocal bodies as upper administrative levels or research organisations, including universities.
  - ▶ Where there is no pre-existing partnership, managing authorities can support the development of new forms of association, (i.e. rural-urban, across municipalities, cross-border).
- Promote rural-urban linkages to better exploit potential complementarities and identify possible synergies.
  - ▶ Explore rural-urban linkages in all types of spatial arrangements.
  - ▶ Assess rural-urban linkages within the strategy area and between the strategy area and neighbouring urban areas. This concerns all kinds of interlinkages in terms of economic, social, environmental and institutional flows and interdependencies – including various service provisions.
  - ▶ Look at the strategy themes from two viewpoints (i.e. rural and urban) and investigate opportunities without predefined spatial bias.

- Establish rural-urban partnerships.
  - ▶ This can be achieved through both single-purpose and multiple-purpose partnerships. The choice between the two depends on the number of issues at stake but also on the capacity of the partners. Single-purpose partnerships can be a realistic choice to start with.
  - ▶ It is important to ensure a level playing field between rural and urban partners. Managing authorities can support smaller partners through capacity building efforts.
  - ▶ In the operational programmes, managing authorities should prioritise strategies that reflect functional integration between urban and rural areas, paying specific attention to (a) economic development, (b) service provision, and/or (c) natural and cultural asset management.
- Allow territorial strategies to extend beyond national borders.
  - ▶ Assess whether the functional area of the topics addressed in a strategy is affected by developments beyond the nearest national border and stretches into the neighbouring country. If a functional area extends across a national border, consider the development of a cross-border territorial strategy.
  - ▶ Thematic collaborations can support the coordination of cross-sectoral strategies, ensuring strategic orientation especially in the implementation phase.
  - ▶ Be realistic and allow the set-up of coordination arrangements that blend national and cross-border structures.
  - ▶ Managing authorities can promote the cross-border dimension also in regional operational programmes. Setting up a dialogue between bordering managing authorities should be done already in the programming phase.
  - ▶ Managing authorities can provide mechanisms to ensure the possibility for EGTCs to not only be the sole beneficiaries of single projects but also of territorial development strategies.

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