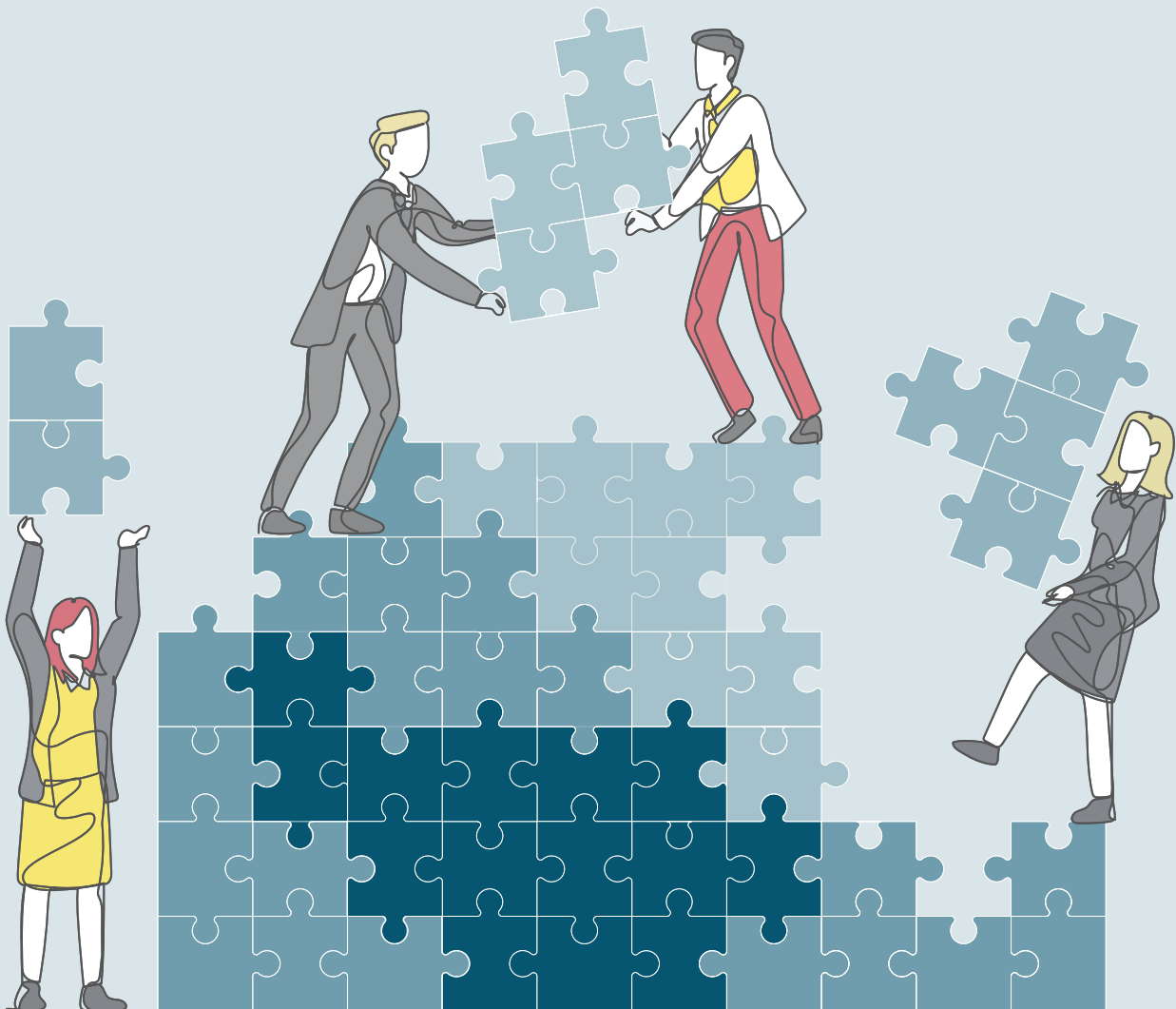


METHODOLOGICAL TOOLKIT

to improve governance,
coordination, planning, and
implementation processes
across jurisdictional boundaries



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Functional Areas in the EU

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Foreword

Development dynamics rarely follow neat administrative boundaries. We commute across localities for our everyday life as we often live elsewhere than where we work. We also use public services that are frequently organised for more than one local administration. Moreover, cities and territories in the EU look for new and innovative approaches to achieve a just, green, and digital transition, while having limited financial resources.

Functional areas, defined by their economic, social, cultural, or geographical interdependencies, play a critical role in achieving cohesion and sustainable development across the EU. By capturing the socio-economic dynamics beyond administrative borders, the functional area approach allows for more effective and tailored policy interventions, and a more efficient use of resources. This approach is essential for addressing complex challenges such as climate change, demographic shifts, and economic development, which require coordinated efforts across jurisdictions. The EU cohesion policy promotes functional area approaches, in particular through policy objective 5 'Europe closer to citizens' which provides the necessary financial resources to support integrated territorial development and incentives for more effective governance, based on partnership, multi-level governance and a place-based approach.

Starting from the understanding that functional area approaches in the EU need to be strengthened and the advantages that they trigger can no longer remain untapped, the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) and the World Bank launched a project to improve functional

area approaches in the EU. By promoting cooperation beyond administrative boundaries, the project aims to reduce territorial disparities, boost economic growth, and ultimately enhance the quality of life for citizens across the European Union. With this project, the Commission encourages Member States to have a stronger focus on functional areas in their programmes to better respond to the needs and potentials of territories that may not be defined by one clear administrative boundary.

The 'Methodological toolkit to improve governance, coordination, planning and implementation processes across jurisdictional boundaries' emerges from this collaborative effort. This toolkit builds on the outcomes of the *Functional areas in the EU* project and is enriched by practical insights gained from hands-on work with twelve functional areas that received direct technical support. It is designed to provide comprehensive support to functional areas at various stages of maturity, as well as to subnational and national administrations and intermediary bodies.

The toolkit complements the 'Handbook of Territorial and Local Development Strategies' and the 'Handbook of Sustainable Urban Development Strategies' developed by the Joint Research Centre in collaboration with DG REGIO. The three documents are structured on a shared set of building blocks: strategic focus, territorial focus, governance and administrative capacity, cross-sectoral integration, funding and finance, and monitoring and evaluation. Each chapter of the toolkit provides practical insights, tools, and recommendations tailored to address the specific challenges faced by functional areas.

This toolkit is the result of the ongoing commitment of the European Commission and the World Bank to support territorial cohesion and sustainable development in the EU. It aims to inspire and equip policymakers, administrators, and stakeholders at all levels with the knowledge and tools needed to foster cooperation and drive meaningful change across Europe's diverse territories.

As we move forward, the principles and practices outlined in this toolkit will be key to building a more resilient, inclusive, and prosperous Europe. By leveraging the experiences and lessons learned from the *Functional areas in the EU* project, we can create a stronger foundation for future territorial development initiatives.

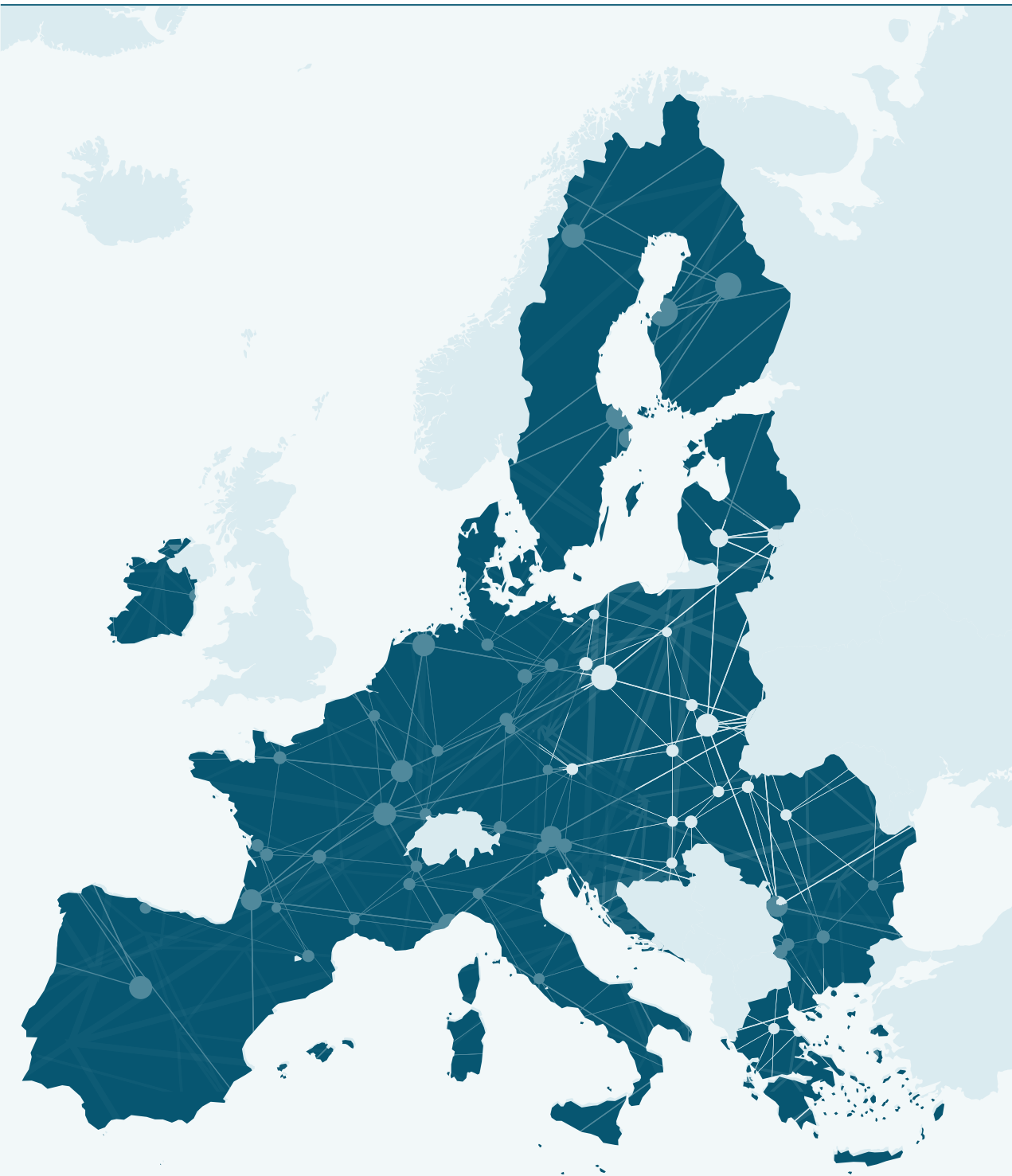
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FUNCTIONAL AREAS IN THE EU

Executive summary

Achieving cohesion through the functional approach

Reducing territorial disparities, boosting economic growth, and ultimately improving the quality of life of citizens are at the core of EU cohesion policy, the EU's main investment policy, accounting for about one third of the EU budget. Functional areas contribute directly to achieving **Policy Objective 5 - A Europe closer to citizens**.

By strengthening cooperation beyond jurisdictional boundaries and promoting integrated strategies, the functional area approach may accelerate the process of reducing disparities across the EU. Moreover, it reflects the need for joint action at the subnational level in dealing with increasingly complex challenges that cannot be adequately addressed within a single administrative territorial unit (such as mobility, suburbanisation, land use, climate change, economic development, demographic decline, and ageing).

What is a functional area?

'The functional area is the area or region that functions as a unitary system from a political and / or social and / or economic point of view. In other words, the FA is defined by the internal system of interactions and relationships and covers, in whole or in part, the territory of several administrative-territorial units that cooperate and are linked / united by economic, communications, transport activities.'

(Council of Europe Conference of Ministers Responsible for Spatial Planning- CEMAT).

A functional area may capture commuting flows and complex relationships between an urban centre and adjacent territories of influence (**functional urban area**), or other flows related to accessing services, managing common challenges and capitalising on shared opportunities in **non-urban areas**.

Other types of functional areas may reflect **ties between local economies** (clusters and innovative regions, areas under industrial restructuring, free economic zones, tourist areas), **common natural characteristics** (areas with significant natural heritage, mountain areas, island areas, coastal areas, delta areas, river catchment areas), **cultural links** (areas with significant cultural heritage, areas with complex cultural heritage) or may reflect shared **demographic challenges** (depopulated areas).

Ongoing research by ESPON focuses on 'non-standard geographies', including water management areas, biodiversity preservation areas, areas undergoing industrial or energy transition, or areas focused on health and ageing.



A functional area is defined by one or more territorial interdependencies related to economic, social, cultural, or geographical functions.

Why are functional area approaches needed?

Development dynamics rarely follow administrative borders. Therefore, finding the optimal scale for territorial development is necessary to achieve cohesion, local ownership, and respond to the growing interdependencies that can no longer be adequately addressed within administrative boundaries. The EU 2021-2027 cohesion policy promotes integrated planning at the functional area level, offering territorial instruments to implement place-based, joint strategies, (such as ITI, CLLD, and other territorial tools), as well as a diversity of knowledge and capacity building opportunities.

Growing interdependencies require flexible joint planning. Many development challenges are interjurisdictional. For example, reducing GHG emissions in cities needs coordinated efforts with neighbouring areas. A joint approach is crucial for managing many environmental and socio-economic vulnerabilities in natural and urban areas.

Functional area approaches can be more efficient and enable economies of scale. Integrated planning reduces duplication, fragmentation and can improve public service efficiency. Coordinated planning and economies of scale result in increased quality and reduced costs for end users. In essence, when public investments are aligned with the territorial dynamics, they are more likely to drive sustainable development.

Functional urban areas are economic engines of the EU. They contribute significantly to regional and national development, creating positive spill-overs. The 'Rethinking Lagging Regions' report (World Bank, 2019) shows that high-performing EU regions often have dynamic metropolitan areas - in Romania, 74 % of the population lives in functional urban areas, generating 98 % of the national GDP.

Why this toolkit?

Building on hands-on work with 12 functional areas under the *Functional areas in the EU* project launched by Directorate-General for Regional and Urban Policy and the World Bank in 2022, the toolkit offers methodological support to all functional areas in the EU (with different maturity levels or yet-to-be established). The toolkit is primarily designed to support representatives of functional area governance bodies in advancing or initiating cooperation across jurisdictional boundaries, providing tools and practical insights from other functional areas in the EU, as well as relevant information on knowledge exchanges, capacity building and funding opportunities.

The toolkit also aims to inspire, enhance coordination and provide guidance to local, regional and national level policy-makers, managing authorities and intermediary bodies.

It provides practical insights and tools for applying the functional approach and showcases advancements in inter-jurisdictional cooperation that can serve as inspiration for other areas in the EU, with varying capacities and resources. The toolkit can support the development of integrated strategies, identifying flagship projects, improving participation, strengthening urban-rural linkages, promoting cross-sectoral integration, mobilising funding and improving monitoring and evaluation processes at the functional area level.

How to use the toolkit

The Methodological Toolkit is structured around six building blocks: strategic focus, territorial focus, governance and administrative capacity, cross-sectoral integration, funding and finance, and monitoring and evaluation. Each chapter starts with an introduction, followed by the challenges identified and practical insights and tools to address them, followed by a set of recommendations.

The toolkit's flexible design allows readers to navigate its contents in any order, based on their specific interests or needs, facilitated by cross-referencing throughout the document. It also contains a comprehensive *Glossary* and an *Annex* that offers an overview of the diversity of functional area typologies, enriching the understanding and application of the toolkit's contents.



About the project

The *Functional Areas in the EU* project, launched by DG REGIO and the World Bank in 2022, provided targeted support to functional areas in eight countries through hands-on assistance for 12 areas and technical work sessions for another 12 areas. Over the two-year project, a substantial directory of over 40 guides, analyses, methodologies, and reports was produced, along with more than 60 best practice examples addressing specific challenges. Recurrent newsletters shared information on funding opportunities, developed solutions, and upcoming events. Additionally, 20 interviews and video series were made available, showcasing lessons learned.

The knowledge exchange activities organised during the project covered functional area governance, sustainable spatial development, resilience and climate neutrality, attracting foreign direct investments, entrepreneurship support, capacity building, public-private partnerships, urban-rural linkages, competitiveness, identification of flagship projects, and funding opportunities.

The 24 functional areas also participated in knowledge-sharing events through [TAIEX-REGIO Peer2Peer](#) (a scheme for public bodies involved in managing and implementing ERDF, CF and JTF programmes to exchange knowledge and good practices), [Interreg Europe](#) (programme to stimulate cooperation between regions), [Just Transition Platform](#) (key tool to help EU Member States and regions access support for transitioning to a climate-neutral economy), and [HORIZON](#) (EU's key funding programme for research and innovation).

For more information: www.functionalareas.eu.

Chapter 1: Strategic focus

The first chapter offers insights and tools for strategy formulation and implementation. It starts by showcasing the role of integrated strategies as the basis for cooperation, followed by approaches for project prioritization and identifying flagship projects, while highlighting the importance of partnership building between public authorities, citizens, civil society, academia, the private sector and other actors. The chapter also covers various options for participatory strategy implementation to enhance stakeholder ownership and develop a shared identity at the functional area level.



Practical insights and tools

Challenge 1: How to formulate an integrated strategy at the functional area level	
Practical insights	<ul style="list-style-type: none"> • Integrated strategic planning (Brno Metropolitan Area) • Participatory model for developing the Metropolitan Urban Master Plan (Barcelona Metropolitan Area)
Tools	<ul style="list-style-type: none"> • Involving experts, civil society and citizens in the strategy formulation process • Basic instruments to support a participatory strategy formulation process
Challenge 2: How to identify and prioritise projects at the functional area level	
Practical insights	<ul style="list-style-type: none"> • Paromlin multifunctional cultural centre flagship project (Zagreb Urban Agglomeration) • Identification of flagship projects for initiating and sustaining cooperation (West Ialomița Functional Area)
Tools	<ul style="list-style-type: none"> • Approaches to projects prioritisation
Challenge 3: How to support participatory strategy implementation	
Practical insights	<ul style="list-style-type: none"> • Participatory implementation of integrated strategies at the functional area level (Brno Metropolitan Area, Jiu Valley Functional Area, Zagreb Urban Agglomeration)

Chapter 2: Territorial focus

The chapter addresses two main topics - determining the optimal territorial scale for sustainable development and strengthening urban-rural linkages. Identifying appropriate indicators for delineating the functional area, whether internally or through partnerships with academic institutions, supports an evidence-based identification of territorial needs. National legislation can institutionalise cooperation between administrative units, outlining the functional area territory, the structure of governance bodies and their competencies. The chapter also provides guidance for establishing partnerships between urban and rural areas, promoting the exchange of best practices and building on each others' strengths and resources.



Practical insights and tools

Challenge 1: How to delineate the optimal territorial scale for functional approaches

Practical insights	<ul style="list-style-type: none"> Evidence-based approach to territorial cooperation (Brno Metropolitan Area) National legislative framework for metropolitan areas (Romania)
Tools	<ul style="list-style-type: none"> Process and indicators for delineating functional areas

Challenge 2: How to harness urban-rural linkages at the functional area level

Practical insights	<ul style="list-style-type: none"> Rural-urban partnerships (Cluj Metropolitan Area) Balancing rural and urban development (Lake Balaton Functional Region) Short food supply chain model to harness urban-rural linkages at functional area level (Tăuții Măgherauș)
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Chapter 3: Governance and administrative capacity

The chapter delves into governance models of functional areas in the EU, ranging from informal coordination to fully institutionalised bodies, showcasing relevant examples and national contexts. It also offers a selection of tools and practical insights on partnership building and stakeholder engagement, followed by information on knowledge exchange networks and capacity-building programmes relevant for representatives of functional areas or local administrations.



Practical insights and tools

Challenge 1: How to establish a functional area governance body	
Practical insights	<ul style="list-style-type: none"> • Soft coordination through shared metropolitan standards (Poland) • Voluntary cooperation for improved mobility across two counties (Caraş-Timiş Functional Area) • Leveraging ITI for promoting metropolitan governance (Brno Metropolitan Area) • Evolution and structure of the Barcelona Metropolitan Area Governance Model • Administrative reform to establish metropolitan cities (Italy)
Challenge 2: How to build and maintain partnerships at the functional area level	
Practical insights	<ul style="list-style-type: none"> • Enabling consultation, dialogue, and partnership building (Cluj Metropolitan Area) • Formalising collaborative governance arrangements to drive a Just Transition (Jiu Valley Functional Area) • Partnering with the private sector for strengthening economic development through vocational training (Slovakia, Poland)
Tools	<ul style="list-style-type: none"> • Phases of civic participation and partnership building • Involving citizens in mapping climate issues
Challenge 3: How to foster knowledge and administrative capacity building at the functional area level	
Practical insights	<ul style="list-style-type: none"> • Expertise sharing and technical support for strategic planning and EU-funded projects (Oradea Metropolitan Area) • Strengthening partnership and dialogue at the functional area level (Jiu Valley Functional Area)
Tools	<ul style="list-style-type: none"> • Knowledge networks and capacity-building programmes

Chapter 4: Cross-sectoral integration

In the first part, the chapter focuses on spatial planning, climate change planning and sustainable urban mobility planning and their potential to enhance cross-sectoral integration at the functional area level. The second part offers guidance on designing integrated projects, inspired by the principles of the New European Bauhaus initiative. Finally, the chapter offers insights into integrated neighbourhood regeneration approaches, particularly useful for functional urban areas grappling with urban sprawl.



Practical insights and tools

Challenge 1: How to support a cross-sectoral approach at the functional area level

Practical insights	<ul style="list-style-type: none"> • Integrated Spatial Development Strategy (Rzeszów Functional Urban Area) • GIS databases for integrated functional area planning (Zagreb Urban Agglomeration; Cluj and Constanța Metropolitan Areas) • Net Zero City Action Plan (Cluj Metropolitan Area) • Plan of adaptation to climate change (Kalisz-Ostrów Agglomeration) • Analysis of Urban Heat Islands (West Athens, Lake Balaton Functional Areas) • Shifting the economy towards an ecological and equitable transition (Brussels Capital Region) • Sustainable urban mobility projects at the functional area level (Oradea Metropolitan Area)
Tools	<ul style="list-style-type: none"> • GIS databases and platforms • Land Suitability Analysis

Challenge 2: How to enhance cross-sectoral integration in project design

Practical insights	<ul style="list-style-type: none"> • Integrated cultural projects (Trenčín Functional Area) • Co-developing a low-traffic neighbourhood (Brussels) • Enhancing transport-oriented development in Trinita District (Brno Metropolitan Area)
Tools	<ul style="list-style-type: none"> • New European Bauhaus as an enabler of project level integration • 'Sustainable Regeneration of Apartment Block Neighbourhoods' Guide • 'Transforming Transit Spaces to Destination Places' Guide

Chapter 5: Funding and finance

This chapter offers an overview of the EU funding opportunities for financing functional approaches and showcases examples of mixing funding from different funds to finance integrated strategies. It also includes options for mobilising additional funding through financial instruments, local resources, public-private partnerships, and attracting private investments.



Practical insights and tools

Challenge 1: How to optimise the use of EU funds at the functional area level and where to look for funding

Practical insights	<ul style="list-style-type: none"> • Dedicated multi-fund programmes for functional areas (ERDF, ESF+): Italy's Metropolitan Programmes • Financing integrated territorial development (Kraków Metropolitan Area and Walbrzych subregion) • Capacity building for just transition (Jiu Conurbation and Jiu Valley Functional Area) • Establishing a revolving fund to support co-financing and project preparation needs (Oradea Metropolitan Area)
Tools	<ul style="list-style-type: none"> • Integrated Territorial Development in the 2021-2027 programming period • Just Transition Mechanism • List of EU initiatives with direct application relevant for functional area financing and database

Challenge 2: How to mobilise additional financial resources

Practical insights	<ul style="list-style-type: none"> • Mobilising EIB funding for preparing energy efficiency investments (Upper Silesian and Zagłębie Metropolis) • Bundling PPP projects in functional urban areas (Kraków Metropolitan Area) • Institutional response to attract, retain and expand private investments (Oradea Metropolitan Area) • Competitive profiles and database of investments plots at the functional area level (Kalisz-Ostrów Agglomeration) • Living Lab approach to support entrepreneurial development (Kalisz-Ostrów Agglomeration)
Tools	<ul style="list-style-type: none"> • Public-Private Partnerships (PPP) • Financial instruments and advisory support to leverage EU funds through the European Investment Bank • Sub-national sector scan methodology

Chapter 6: Monitoring and evaluation

Starting with practical guidance on tracking progress towards the common objectives outlined in the integrated strategy, the chapter proceeds to illustrate a model for developing a monitoring and evaluation (M&E) system of indicators and ensuring transparent access to data and project information for citizens and other stakeholders. The final part of the chapter explores the implementation of participatory M&E for integrated strategies and projects, aiming to foster a sense of ownership among stakeholders.



Practical insights and tools

Challenge 1: How to build data availability at the functional area level for monitoring and evaluation

Practical insights	<ul style="list-style-type: none"> Data observatories to support monitoring and evaluation of supra-municipal strategies in Polish functional areas
Tools	<ul style="list-style-type: none"> Geospatial and geo-statistical opendata monitoring resources

Challenge 2: How to monitor and evaluate integrated strategies

Practical insights	<ul style="list-style-type: none"> Monitoring the impact of strategies at the functional area level by integrating quantitative indicators and qualitative instruments (Cluj Metropolitan Area) Supporting the monitoring and evaluation of the integrated strategy through data collection and visualisation (Brno Metropolitan Area)
Tools	<ul style="list-style-type: none"> Indicators for measuring the impact of integrated investments

Challenge 3: How to facilitate participatory monitoring and evaluation

Practical insights	<ul style="list-style-type: none"> Digital tools for participatory monitoring of projects (Barcelona)
Tools	<ul style="list-style-type: none"> Guidance for establishing a participatory monitoring and evaluation process

Recommendations

Strategic focus



- Build a strong foundation for supra-municipal strategic planning by identifying, focusing on and celebrating quick wins.
- Explore opportunities to improve access to data and build capacity for evidence-based strategic planning.
- Make sure that the strategy is an actionable document based on territorial needs.
- Identify flagship (high priority) projects that can mobilise support from a broad range of stakeholders across the functional area.
- Engage the community in the design, implementation, monitoring and evaluation.

Territorial focus



- Apply a data-informed/ evidence-based approach in delineating the functional area to identify linkages, shared needs, and development opportunities.
- Ensure representation of urban and rural areas in governance bodies to promote the rural agenda for balanced growth.
- Develop a form of partnership based on existing linkages and encourage the exchange and replication of best practices between urban and rural areas.

Governance and administrative capacity



- Develop an integrated strategy for the functional area, gradually expanding the realm of competencies of the governance body to mobility, spatial planning, public service provision, or economic development.
- Establish stakeholder engagement frameworks that provide a structured basis for cooperation with diverse stakeholders (citizens, civil society, academia, NGOs, and the private sector).
- Access available knowledge and capacity-building instruments and networks to strengthen functional approaches and optimise the use of EU funds.
- Explore opportunities for increasing technical and administrative capacity of smaller member municipalities.

Cross-sectoral integration



- Use spatial planning tools and analyses (e.g., GIS databases, Land Suitability Analysis) for a comprehensive understanding of the functional area's dynamics and the cross-sectoral impact of planned interventions.
- Promote the need for a supra-municipal, cross-sectoral approach to climate challenges and prepare climate planning documents at the functional area scale, including diverse actors (public representatives, academia, civil society organisations, housing associations, the private sector).
- Develop integrated neighbourhood-level regeneration projects to limit urban sprawl, considering the impacts on various sectors and involving a transdisciplinary team.
- Scale up successful neighbourhood-level projects to ensure that everyone enjoys similar standards of living across the functional area.

Funding and finance



- Identify a mix of funding sources for integrated investments at the functional area level.
- Address disparities in the financial capacity of smaller municipalities, preventing them from participating in joint projects.
- Explore public-private partnership opportunities for implementing projects at functional area level (including blended PPPs, leveraging EU funding).
- Establish a one-stop-shop agency for attracting private investments and develop a joint database of investment plots at the functional area level.

Monitoring and evaluation



- Develop an effective monitoring and evaluation system of the integrated strategy, based on output, results, and impact indicators, as well as qualitative indicators (e.g., political willingness to cooperate, quality of life).
- Explore partnerships with research institutes or universities to support data collection and analysis at the functional area scale.
- Access technical guidance and capacity-building resources for improved monitoring and evaluation.
- Ensure a transparent monitoring and evaluation process, including, if possible, interactive digital dashboards and GIS maps for visualising progress and prompting stakeholder engagement.
- Engage diverse stakeholders in the design, monitoring and evaluation of functional area level projects (using surveys, interactive mapping tools and participatory platforms to gather qualitative and quantitative data).

Introduction

‘Europe has many different types of places, such as capital regions, metropolitan areas, small and medium-sized towns, peri-urban areas, rural areas, inner peripheries, peripheral areas, northernmost areas, sparsely populated areas, islands, coastal areas, mountainous areas, outermost regions, cross-border regions, macro-regions, areas of demographic decline and areas in economic transformation and industrial transition. These have very different development potential and challenges.’

(Territorial Agenda 2030- A future for all places)

Reducing territorial disparities, boosting economic growth, and ultimately improving the quality of life of citizens are at the core of EU cohesion policy, the EU’s main investment policy, accounting for about one third of the EU budget. Functional areas, defined by one or more **territorial interdependencies related to economic, social, cultural, or geographical functions**, play a key role in achieving cohesion across the EU.

By strengthening cooperation beyond jurisdictional boundaries, the functional area approach may accelerate the process of reducing social, economic, and territorial disparities. Moreover, it reflects the need for joint action in dealing with the increasingly complex challenges that cannot be adequately addressed within a single administrative territorial unit (such as mobility, suburbanisation, land use, climate change, economic development, demographic decline and ageing, efficient service provision).

More specifically, functional areas contribute directly to achieving **Policy Objective 5 - A Europe closer to citizens** (promoting integrated territorial development strategies), for several reasons:

- **Functional areas reflect real territorial dynamics.** By definition, functional areas capture the actual socio-economic interactions and dynamics of a region, beyond administrative boundaries. This means policies and interventions can be designed in alignment with genuine territorial needs and characteristics, making them more effective.
- **Functional area approaches are based on integrated territorial development.** Given the interconnectedness of challenges within functional areas and urban-rural linkages, implementing the functional area approach can enhance a holistic and cross-sectoral nature of interventions.
- **The functional area scale can foster better use of funds.** By pooling resources across territories and sectors within a functional area, there is potential for more impactful and efficient investments.
- **Functional area approaches require stakeholder collaboration.** The very nature of functional areas, encompassing multiple jurisdictions, promotes collaboration among a range of stakeholders – municipalities, regional authorities, the private sector, and civil society.

Who is this toolkit for?

Building on the outcomes of the *Functional areas in the EU* project launched by Directorate-General for Regional and Urban Policy (DG REGIO) and the World Bank in 2022, the toolkit offers methodological support to all functional areas in the EU (with different maturity levels or yet-to-be-established).

The toolkit is primarily designed to support representatives of functional area governance bodies in advancing or initiating cooperation across jurisdictional boundaries, providing tools and practical insights from other functional areas in the EU, as well as relevant information on knowledge exchanges, capacity building and funding opportunities. The toolkit also aims to inspire and provide guidance to policymakers at the local, regional, and national level, managing authorities and intermediary bodies. for enhancing coordination between administrative units.

How can the toolkit support you?

The toolkit is based on hands-on work with functional areas selected for direct technical support as part of the Functional areas in the EU project, as well as other functional areas involved in the project and complements two other valuable resources developed by the Joint Research Centre (JRC) in collaboration with the DG REGIO of the European Commission: the 'Handbook of Sustainable Urban Development strategies' and the 'Handbook of Territorial and Local Development Strategies'. While the first handbook is focused on urban areas, the latter was designed to support integrated strategic planning where the focus is on areas other than urban areas.

Complementing the guidance offered in the handbooks, this Methodological Toolkit provides practical insights and tools for applying the functional approach and showcases advancements in inter-jurisdictional cooperation that can serve as inspiration for other areas in the EU, with varying capacities and resources. The toolkit can support you in developing integrated strategies, identifying flagship projects, improving participation, strengthening urban-rural linkages, promoting cross-sectoral integration, mobilising funding, and improving monitoring and evaluation processes at the functional area level.

The structure of the toolkit and how to use it

The methodological toolkit is structured around six building blocks (in line with the two handbooks), namely: strategic focus, territorial focus, governance and administrative capacity, cross-sectoral integration, funding and finance, and monitoring and evaluation. Each chapter starts with an introduction, followed by the challenges identified and practical insights and tools to address them, followed by a set of recommendations.

- 1. Strategic focus.** The first chapter offers insights and tools for strategy formulation and implementation. It starts by showcasing the role of integrated strategies as the basis for cooperation, followed by approaches for project prioritization and identifying flagship projects, while highlighting the importance of partnership building between public authorities, citizens, civil society, academia, the private sector and other actors. The chapter also covers various options for participatory strategy implementation to enhance stakeholder ownership and develop a shared identity at the functional area level.

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- 2. Territorial focus.** The chapter addresses two main topics: determining the optimal territorial scale for sustainable development and strengthening urban-rural linkages. Identifying appropriate indicators for delineating the functional area, whether internally or through partnerships with academic institutions, supports an evidence-based identification of territorial needs. National legislation can institutionalise cooperation between administrative units, outlining the functional area territory, the structure of governance bodies and their competencies. The chapter also provides guidance for establishing partnerships between urban and rural areas, promoting the exchange of best practices, and building on each other's strengths and resources.
 - 3. Governance and administrative capacity.** The chapter delves into governance models of functional areas in the EU, ranging from informal coordination to fully institutionalised bodies, showcasing relevant examples and national contexts. It also offers a selection of tools and practical insights on partnership building and stakeholder engagement, followed by information on knowledge exchange networks and capacity-building programmes relevant for representatives of functional areas or local administrations.
 - 4. Cross-sectoral integration.** In the first part, the chapter focuses on spatial planning, climate change planning and sustainable urban mobility planning and their potential to enhance cross-sectoral integration at the functional area level. The second part offers guidance on designing integrated projects, inspired by the principles of the New European Bauhaus initiative. Finally, the chapter offers insights into integrated neighbourhood regeneration approaches, particularly useful for functional urban areas grappling with urban sprawl.
 - 5. Funding and finance.** This chapter offers an overview of the EU funding opportunities for financing functional approaches and showcases examples of mixing funding from different funds to finance integrated strategies. It also includes options for mobilising additional funding through financial instruments, local resources, public-private partnerships, and attracting private investments.
 - 6. Monitoring and evaluation.** Starting with practical guidance on tracking progress towards the common objectives outlined in the integrated strategy, the chapter proceeds to illustrate a model for developing a monitoring and evaluation system of indicators and ensuring transparent access to data and project information for citizens and other stakeholders. The final part of the chapter explores the implementation of participatory monitoring and evaluation for integrated strategies and projects, aiming to foster a sense of ownership among stakeholders.

The toolkit's flexible design allows readers to navigate its contents in any order, based on their specific interests or needs, facilitated by cross-referencing throughout the document. It also contains a comprehensive *Glossary* and an *Annex* that offers an overview of the diversity of functional area typologies, enriching the understanding and application of the toolkit's contents.

Policy context

According to the **Treaty on the Functioning of the European Union (TFEU)**, the goal of the European Union is to improve its economic, social, and territorial cohesion to promote an overall harmonious development. The functional area approach is aligned with this goal and is supported through cohesion policy **territorial instruments** such as Integrated Territorial Investments (ITI), Community-Led Local Development (CLLD), or Other territorial tools (OTT), aimed to align interventions and resources with the suitable spatial scale and territorial context (development needs, challenges, and opportunities), and promote partnerships.

Several policy documents at EU level also support the functional area approach. The **New Leipzig Charter** is focused on supporting sustainable and integrated urban development for creating just green and productive urban systems. Therefore, it addresses the importance of functional linkages at the urban scale, conceptualising functional areas as *'a metropolitan area or a combination of other territorial entities'*. Highlighting that *'citizens often interact at different spatial scales in their everyday life'*, the New Leipzig Charter envisages the functional area level as the third level of intervention, after the neighbourhood and local levels, in the effort to design measures at the appropriate spatial scale.

However, the Charter does not limit its guidance to the concept of statistical functional urban areas, defined by Eurostat as cities and their commuting zones, but leaves space for a broader understanding of functional areas, with a reference to the Territorial Agenda 2030. It aims to strengthen *'cooperation on long-term place-based strategies for these areas and address sustainable functional links between neighbouring areas'*. Moreover, the New Leipzig Charter states that formal and informal instruments should cover *'all spatial levels, from neighbourhoods to local authorities and wider functional areas, including the metropolitan level'*.

The **Territorial Agenda 2030 (A future for all places)** highlights the importance of 'functional regions' and of support to the development of functional approaches, including through spatial planning and instruments of EU cohesion policy (such as ITI or CLLD) as well as rural development policy, while emphasising the diversity of places in Europe (Art. 49 and 50).

Moreover, the **European Regional Development Fund (ERDF)** for 2021-2027 period requires EU Member States to allocate at least 8 % of their ERDF resources to sustainable urban development (urban earmarking), with special attention to tackling environmental and climate challenges, digital innovation, and supporting the development of functional urban areas. The ERDF pays particular attention to disadvantaged regions and areas, and cooperation within functional territories for sustainable tourism (Regulation (EU) 2021/1058 (ERDF/CF)).

With these key policy documents in mind, a stronger focus on developing place-based, functional area approaches to better respond to territorial needs has been emerging. Functional areas are increasingly making their voice heard, as highlighted by the recent *'Metropolitan Manifesto'* published by the Network of European Metropolitan Regions and Areas (METREX) in 2023, supported by EU research and exchange projects focused on their governance (see ESPON, Territorial governance of non-standard geographies – Nostageo, or Interreg Central Europe - Strengthening Metropolitan Cooperation and Management in Central Europe- MECOG-CE). Whether we talk about 'urban ecosystems' linking the urban,

rural, and sub-urban scales (METREX), or the evolving concept of a study ‘non-standard geographies’ (ESPON) aiming to improve the understanding of emerging functional territories in terms of their definitions, delimitations, development trends and ongoing cooperation arrangements, the challenge of optimising the territorial scale for increased efficiency of public investments and quality of life is increasingly important.

Why are functional area approaches needed?

Development dynamics rarely follow administrative borders. The question of identifying the most efficient scale for territorial development has increasingly preoccupied EU policymakers, researchers, and practitioners. This interest was fuelled by the quest for innovative approaches to achieving cohesion and increasing local ownership, bringing planning and decision-making as close as possible to the needs on the ground, and finally, the growing interdependencies that could no longer be adequately addressed by development approaches defined by administrative boundaries.

The functional area approach focuses on identifying the appropriate scale for governance, coordination, planning and implementation processes, to generate the highest impact on the quality of life and to promote sustainability across all types of functional areas (with particular attention to the ecological vulnerability of natural functional areas). To this end, the EU 2021-2027 cohesion policy promotes integrated planning at the functional area level and offers territorial instruments to implement place-based, joint strategies, (such as ITI, CLLD, and other territorial tools), as well as a diversity of knowledge and capacity building opportunities. Implementing functional approaches can also enhance ownership, partnership, participation, and cooperation, while strengthening urban-rural linkages.

Challenges derived from growing interdependencies require a flexible framework for joint planning and action. Various challenges that administrative bodies must address are interjurisdictional by nature. The most evident examples are related to environmental issues, such as addressing air pollution, biodiversity loss or climate change adaptation and mitigation measures. Actions to reduce GHG emissions in a city, for instance, may not achieve expected results if urban sprawl is not tackled through coordinated measures with the neighbouring localities. A joint approach for addressing environmental vulnerability is also paramount in the case of functional natural areas.

Functional area approaches are more efficient and enable economies of scale. Integrated planning at the functional area level can minimise duplication of efforts and fragmentation, by encouraging economies of scale and organising public services more efficiently. Service provision can benefit from improved efficiency if the conditions for higher densities and economies of scale are ensured, resulting in increased quality and reduced costs for end users. When public investments are aligned with the territorial dynamics, they are more likely to drive sustainable development. Such territorial characteristics can be identified in both urban and rural settings, based on a wide range of variables, as highlighted earlier.

Functional urban areas are the economic engines of the EU. As exemplified below, functional urban areas have an important role in economic development at the regional and national level and have the potential to create positive spill-over effects for the surrounding area. For instance, the ‘Rethinking Lagging Regions’ report (World Bank, 2019) shows that the highest performing regions in the EU are those that have at least one dynamic metropolitan area or urban agglomeration within or close to their boundary. A clear reflection of the importance

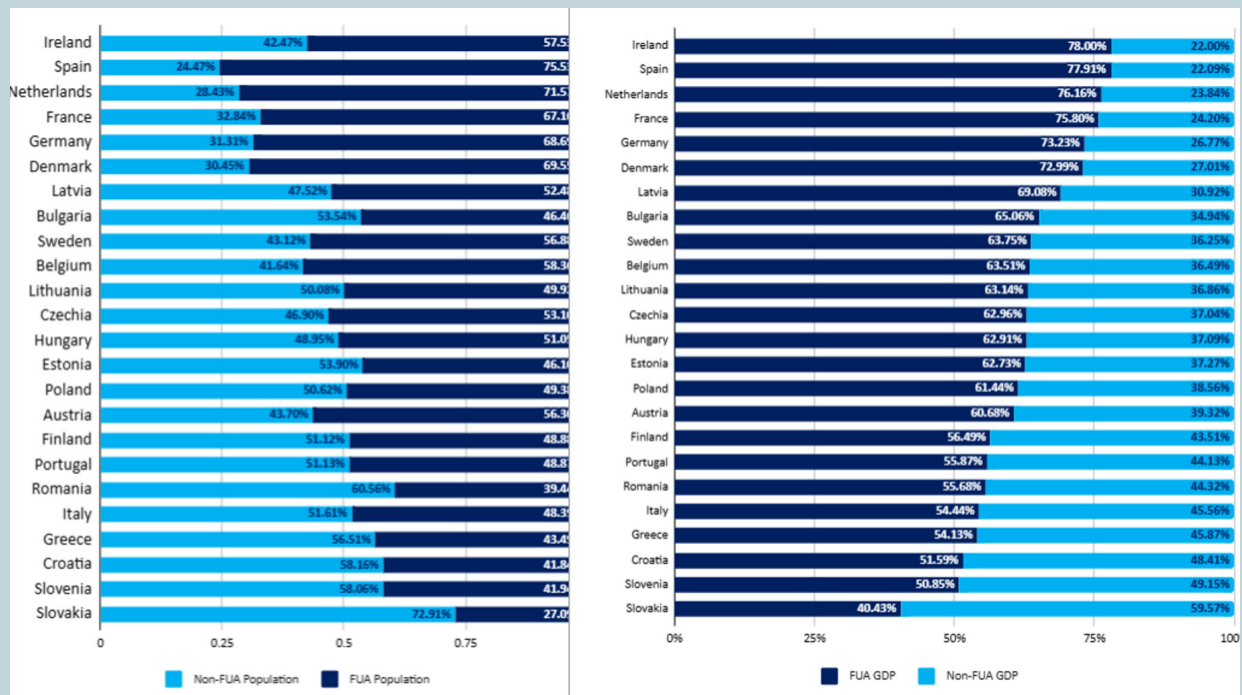
of functional urban areas for the national growth and competitiveness of a country is the case of Romania, where 74 % of the population currently lives in a functional urban area, generating 98 % of the national GDP.

In particular, metropolitan areas are significant contributors to national growth, as evidenced by the Gross Domestic Product (GDP) figures at current market prices provided by Eurostat. Notably, non-metropolitan areas exhibit lower purchasing power per inhabitant compared to the national average, further underscoring the importance of metropolitan regions in driving economic development.

FUNCTIONAL URBAN AREAS ARE IMPORTANT GROWTH ENGINES

The Eurostat data for metropolitan regions clearly reflects the economic power of functional areas. As statistical units, metropolitan regions are defined as functional urban areas (understood as cities and their commuting zones) of 250 000 or more inhabitants (EU-OECD). The GDP produced by functional urban areas ranges from a staggering 78 % in Ireland (corresponding to a population share of only 57.5 %), to 40.4 % in Slovakia, corresponding to a 27 % share of the functional urban area population in the total population. This trend is consistent across most countries listed, highlighting the disproportionate economic output generated by functional urban areas compared to functional non-urban areas.

Figure 1. Population and GDP (functional urban area and functional non-urban area)



Source: Eurostat

Similarly, in Spain, 75.53 % of the population lives in functional urban areas, which are responsible for 77.91 % of the GDP. Even in countries where the population is more evenly distributed between functional urban areas and functional non-urban areas, such as Romania and Italy, functional urban areas still contribute significantly more to the GDP. This data shows that functional urban areas serve as economic engines within their respective countries, often outperforming their demographic weight. The importance of functional urban areas in economic terms cannot be underestimated and warrants focused policy attention for sustainable development and growth.

Insights from the *Functional areas in the EU* project

The *Functional areas in the EU* project started from the understanding that functional area approaches in the EU need to be strengthened. The main objective of the project was to enhance the capacity of participating functional areas to plan and finance investments and services for sustainable development across jurisdictional boundaries.

THE FUNCTIONAL AREAS IN THE EU PROJECT

The *Functional areas in the EU* project, launched by DG REGIO and the World Bank in 2022, offered two types of support to functional areas from eight countries: targeted support through hands-on assistance developed around clear action plans for 12 functional areas, and short-term support in the form of technical work sessions covering pre-defined topics for other 12 functional areas.

Throughout the two-year project, a substantial directory covering over 40 guides, analyses, methodologies, and reports have been produced, as well as over 60 best practice examples collected from various functional areas on specific challenges, identified together with project applicants. Recurrent newsletters were circulated with information on funding opportunities, developed solutions, and relevant future events. 20 interviews and video series are available on the platform showcasing lessons learned from the participating functional areas. All interested representatives of functional areas had the opportunity to join 12 knowledge exchange activities organised on the following topics: integrated strategic planning, land suitability analysis, identification of flagship projects and financing, strengthening functional area governance, economic development planning, strengthening urban-rural linkages, climate neutrality, public-private partnerships, and functional area governance.

The 24 functional areas also participated in knowledge-sharing events through TAIEX-REGIO Peer2Peer (a scheme for public bodies involved in managing and implementing ERDF, CF and JTF programmes to exchange knowledge and good practices), Interreg Europe (programme to stimulate cooperation between regions), Just Transition Platform (key tool to help EU Member States and regions access support for transitioning to a climate-neutral economy), and HORIZON (EU's key funding programme for research and innovation).

All resources prepared under the project have been with over 700 functional areas in Europe and are available on the project website, developed as a platform for sharing results, communicating insights, and engaging functional areas.

For more information

Functional areas in the EU project page: <https://functionalareas.eu>

The functional areas receiving targeted support within the project face a wide range of challenges. By aggregating all inputs and data provided by the representatives of the functional areas included in the project, a set of 20 challenges was outlined. The identified challenges informed the action plans developed with each functional area, and also guided the preparation of this toolkit (see *Figure 2* below).

Figure 2. Key challenges identified within the Functional areas in the EU project



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STRATEGIC FOCUS

An integrated strategy offers a solid foundation for functional area level interventions by proposing a joint development vision for a wider territory. The defining element of strategic planning for functional areas is the **supra-municipal territorial coverage** of the strategy, which can be delineated based on the various types of **functional relations** (i.e., economic, social, cultural, or geographical: see *Annex 1 – Classification of functional areas*). A distinctive advantage of a supra-municipal strategy lies in its capacity to offer greater value by focusing on the areas where the most benefits can be created through coordination. Joint planning and identifying synergies between individual projects, pooling of resources and expertise, may lead to more effective solutions and contribute to achieving better results with greater impact. At the same time, supra-municipal integrated strategies can contribute to improved alignment with coexisting strategies at various scales (local, regional, and national strategies) and with European Union (EU) and global strategic frameworks (i.e., cohesion policy objectives, UN Sustainable Development Goals).

Integrated territorial development was supported during 2014-2020 and strengthened further in the 2021-2027 programming period. Articles 28-34 from the 2021-2027 Common Provisions Regulation (CPR), the ‘rulebook’ of EU funds whose delivery is shared with Member States and regions, establishes the tools which are available to support integrated territorial development: Integrated Territorial Investments (ITI), Community-Led Local Development (CLLD), and other territorial tools (OTT) designated to Member States. Moreover, the CPR 2021-2027 defines minimum requirements that enable cross-sectoral integration (see Chapter 4 of this toolkit) in the preparation of strategies for integrated territorial development.

After defining the geographical scope of the area covered by the strategy, an analysis of the area’s needs and potential is required, considering economic, social, and environmental interlinkages. Further, the CPR requires territorial strategies to describe the integrated approach that addresses the development needs and potential of the area. The Handbook of Sustainable Urban Development Strategies also provides a definition of cross-sectoral integration of urban development strategies: *‘the cross-sectoral approach to urban strategies refers to the need to overcome the ‘siloes’ structure of sectorally divided functions which characterises public organisations, to tackle multi-dimensional challenges. The goal of the approach is to ensure coherence in policy-making principles and objectives across policy areas, and to ensure actors relating to different sectors cooperate to create policies’.*



In a nutshell, a well-developed strategic document should include the following components:

- a substantial stakeholder engagement process
- a clearly articulated shared vision of the functional area, for a specific time horizon
- an assessment of the current situation (diagnosis), analysing the challenges and opportunities of the area
- a set of strategic and specific objectives
- a detailed description of the plans and actions that will be undertaken to achieve agreed objectives, along with clear timelines and responsibilities for implementation
- a list of priority projects, including a set of flagship (high-priority) projects that have a strong impact and the need for rallying wide support
- a list of resources and funding required to support the implementation of the plan
- a clear description of the administrative bodies coordinating the implementation of the strategy
- a forecast of operation and maintenance requirements of investments
- a monitoring and evaluation framework.

The continuity of functional area-level planning processes may be supported by establishing a governance structure that facilitates ongoing collaboration, mechanisms for continuous stakeholder engagement to address evolving needs, and an adaptive approach that allows for flexibility in response to changing circumstances. Regular updates should be guided by a proactive assessment of emerging challenges, evolving priorities, and the integration of new data and insights to support evidence-based and transparent decision-making.

Functional area strategic planning requires comprehensive **participatory processes** for engaging stakeholders across the functional territory and across all phases (formulation, implementation, monitoring, and evaluation). Participation is a key element of the broader concept of **territorial governance**, defined as *'the formulation and implementation of public policies, programmes and projects for the development of a place/territory by: coordinating actions of actors and institutions; integrating policy sectors; mobilising stakeholder participation; being adaptive to changing contexts; realising place-based/territorial specificities and impact'* (ESPON, 2014). Participatory strategy formulation and implementation processes further contribute to improved relations between different stakeholders, enabling them to progressively tackle more complex challenges. Moreover, strategic planning is inherently linked with the **partnership principle**, understood as the close cooperation between public authorities, social partners, non-governmental organisations (NGOs), civil society organisations and citizens to support the effective delivery of European Structural and Investment Funds (European Commission, 2022). Strong administrative capacity and the quality of governance mechanisms are a cornerstone for translating

territorial governance and the partnership principle into practice and ensuring meaningful outcomes (see *Chapter 3 - Governance*).

Access to and use of appropriate data is another cross-cutting dimension of strategic planning, starting from delineating the functional territory, conducting the analysis of development needs and opportunities (see *Chapter 2 - Territorial Focus*) and crafting strategies or defining actions, to monitoring and evaluating the strategy.

Monitoring and evaluation (M&E) systems use available data to measure progress toward shared vision and objectives and adapt the course of action. Monitoring ensures that necessary adjustments can be made along the way and requires a well-defined set of indicators that can be collected on a regular basis, while the evaluation process of the strategy is the first milestone in updating a strategic document at the end of the implementation timeline. By applying participatory processes for the M&E of the strategic document, the benefits of functional area level cooperation may be better communicated among citizens, business, civil society organisations and other actors (see *Chapter 6 – Monitoring and evaluation*).

Going from ad hoc cooperation on individual projects to **long-term planning** is often a gradual process. In the case of more developed functional approaches, the planning process extends beyond immediate concerns to enable a long-term perspective, often aligned with EU programming periods. However, there is significant merit in adopting **incremental approaches**, especially in the initial stages of cooperation. Starting with smaller, manageable projects can prevent the risks associated with ambitious undertakings that may fail to deliver, which can lead to stakeholder demotivation. By focusing initially on areas where tangible results can be quickly achieved, it is possible to build a foundation of success that can support the gradual expansion of cooperation. This progression allows institutions to mature and their delivery mechanisms to become more robust.

This chapter showcases practical insights and tools to support **strategy formulation and implementation** based on insights from areas participating in the *Functional Areas in the EU* project or involved in knowledge exchange activities organised in this context (See *Introduction*) with varying levels of experience in applying the functional approach. However, they share a focus on participatory practices that can strengthen long-term cooperation and contribute to partnership building. Further insights into monitoring and evaluation are offered in the last chapter of this Toolkit.

CHALLENGE 1

How to formulate an integrated strategy at the functional area level?

Governance bodies of functional areas take various forms, ranging from voluntary associative structures to entities created through national legislation (see *Chapter 3 – Governance*). Formalising collaboration may involve establishing a legal entity and defining the competences of the new entity, and the degree of institutionalisation depends on the specific legal and governance contexts of Member States. However, lack of a legal status

does not stand in the way of cooperation and strategic planning at the level of the functional area. The framework of integrated territorial investments (see *Chapter 5 - Funding and finance*) may incentivise cooperation, as shown by the example of Brno Metropolitan Area. As needs evolve and cooperation practices mature, the lack of institutionalisation may hinder implementation, as the strategy lacks binding power for all involved municipalities.

The starting point for joint planning is territorial delineation based on the functional linkages, followed by a thorough diagnostic of **shared challenges and opportunities** of the area. Based on this, a joint vision may be formulated. As detailed in *Chapter 3 – Governance*, to sustain commitment and ownership in delivering on this vision, this process should involve stakeholders such as economic and social partners, NGOs, academia, and citizens, in exploring what the area would look like within a mid-term horizon (e.g., a decade, end of EU programming period), or long-term (e.g., 2050).

Cooperation may not be the easiest or most convenient answer, due to various reasons – among others, administrative inertia, lack of capacity or resources, concerns about power imbalances. Overcoming reticence towards cooperation demands a nuanced approach based on effective communication, stakeholder engagement, and a clear illustration of the benefits generated by joint planning efforts. This is particularly relevant in cases where territorial units may need to concede certain competencies or agree to a new setup for the delivery of services to improve efficiency. Therefore, a shared understanding of development needs and opportunities and formulating a common vision are key to building consensus.

The section below offers insights from the Brno and Barcelona metropolitan areas on how to strengthen metropolitan cooperation through the strategy formulation process and how to effectively implement participatory approaches across the planning cycle.

INTEGRATED STRATEGIC PLANNING

(BRNO METROPOLITAN AREA, CZECH REPUBLIC)

In the Czech Republic, metropolitan areas do not have a legal status and decision-making powers in terms of territorial governance. This notwithstanding, the city of Brno is the most active urban government promoting the idea of metropolitan cooperation in the Czech Republic (ESPON, 2021). The first metropolitan development strategy was elaborated and delivered through the Integrated Territorial Investment instrument in 2014-2020, with the implementation of the ITI entrusted to the city of Brno. A third of the total 125 projects were located outside the city of Brno, and priority was given to projects with an impact at the supra-local level. This approach continued into the 2021-2027 programming period with the update of the strategy, which focuses on extending cooperation beyond ITI priorities and incentives.



While drafting the Integrated Development Strategy 2021+, the Brno Metropolitan Area used the existing momentum to strengthen metropolitan cooperation, by developing projects of strategic importance for the area. This also helped increase the awareness of the benefits of long-term cooperation between municipalities of the metropolitan area and regional representatives, going beyond the ITI framework. Projects are anticipated to be financed from multiple sources, including individual calls from operational programmes, the Recovery and Resilience Facility, the Connecting Europe Facility, and own resources.

Set clear goals for strengthening interjurisdictional cooperation. The strategy includes the development and institutionalisation of cooperation in the Brno Metropolitan Area as a key priority and formulates the following goals: strengthening of existing forms of cooperation; creation of an institution responsible for coordinated development; joint financing of selected needs, and the creation of a common image and marketing of the Brno Metropolitan Area.

Ensure meaningful engagement of municipalities and other stakeholders across the functional area. As an informal body, the Brno Metropolitan Area ITI Steering Committee is based on a voluntary partnership between the city of Brno, South Moravian Region and six other major municipalities in the hinterland. To ensure a wide and meaningful participation in identifying strategic priorities, the steering committee set-up thematic working groups. The working groups (composed of experts, officials, and academia) are involved in the preparation and coordination of the individual integrated projects and the preparation of reference documents for the steering committee. Cooperation with mayors of other municipalities takes place on an informal basis.

Explore opportunities to develop synergies between projects. To tackle complex issues effectively, the Brno Metropolitan Area's integrated development strategy includes 65 'integrated solutions', combining multiple projects into one. These fall into three categories: stand-alone metropolitan projects with '*significant acceleration and multiplier effect*'; sets of thematic projects within a defined area, and network solutions addressing specific problems through a series of interconnected projects. The integrated projects (or '*solutions*') aim to generate synergies and added value compared to individual projects. Each integrated solution is presented in a table containing a short presentation, the synergies it enables, followed by the projects it brings together and the entities that will implement them. For example, one of the integrated solutions regards the need to comprehensively address flood protection measures in the metropolitan area and it involves the water management authority, the South Moravian Region, and municipalities. The solution includes five projects in various municipalities, including a new retention basin in Střelice, flood protection along the Litava River in Hrušky, and the creation of a Flood Park in Židlochovice, that stops the floods from the Svratka River from reaching the city through the creation of a lake to hold back the water.

The Integrated Development Strategy for the Brno Metropolitan Area 2021+ mobilised collective action around a common development vision beyond the ITI framework. However, in the absence of a legislative framework for the institutionalisation of metropolitan cooperation, the strategy is binding

for the Brno Municipality, but lacks the legal instruments to also bind the 184 local governments that are part of the metropolitan area.

For more information

Brno Metropolitan Area. Integrated Development Strategy for the Brno Metropolitan Area 2021+. 2022. Available at: <https://metropolitni.brno.cz/en/basic-information/integrovana-strategie-rozvoje-bmo-21/>

To be effective, a strategy needs to be based on participation and partnership. The **Common Provisions Regulation** for 2021-2027 clearly specifies the involvement of partners in the preparation and implementation of territorial strategies (developed in the context of using ITI or other territorial tools). The requirement is in line with the **partnership principle**, referring to the involvement of regional, local, urban, and other public authorities, civil society, economic and social partners and, where appropriate, research organisations and universities (Article 8 of the CPR). The partnership principle is further detailed under *Chapter 3 - Governance*, which also presents instruments for enabling meaningful participation based on the phases of decision-making.

As shown by the Barcelona Metropolitan Area, a well-developed participatory framework can inform a thorough analysis and help identify shared priorities.

PARTICIPATORY MODEL FOR DEVELOPING THE METROPOLITAN URBAN MASTER PLAN

(BARCELONA METROPOLITAN AREA, SPAIN)

Barcelona Metropolitan Area is one of the most mature functional areas in the EU, comprising 36 municipalities and established as a public administration in 2011. To tackle the area's challenges and achieve common goals, such as becoming a sustainable, competitive, healthier, and inclusive metropolitan area, the Barcelona Metropolitan Area developed the 2023 Urban Masterplan (*Pla Director Urbanístic*) of the Barcelona Metropolitan Area. Prior to this, the Barcelona General Metropolitan Plan, approved in 1976, had served as the urban planning instrument designated to address the challenges of the metropolitan area for over four decades. The new Urban Masterplan is a strategic document that interconnects with other urban planning documents and is the result of an extensive participatory process. A favourable technical, political, legal, and administrative environment was a critical aspect of the development of the Metropolitan Urban Masterplan. Started in 2013, the draft of the Metropolitan Urban Masterplan was approved in 2019, and the final document was adopted in 2023.

Develop supra-municipal participation mechanisms to support strategy formulation. From the very beginning, the plan was based on transparent and active communication, and a robust participatory framework. This enabled the collection of input to inform the analytical part of the strategy, while keeping stakeholders engaged throughout the planning process, in line with the urban planning regulations that include this requirement. To draft



the Metropolitan Urban Masterplan, multiple participatory instruments were used. The co-designing of the plan involved 305 participatory activities, 105 lectures/presentations, 13 exhibitions, 21 publications, 500 experts and 14 900 participants, while documenting the workshops through audio and video materials.

Assess and build capacity for implementing quality participatory practices. Drafting a comprehensive strategic document requires access to data, data processing technology, and skilled professionals. Engaging with diverse stakeholders in a meaningful way requires targeted capacity building of administrative staff. To enable learning from tested solutions, a Compendium of Best Practices from Barcelona and Barcelona Metropolitan Area was put together for the use of other functional areas, focusing on several topics, including the participatory component of metropolitan strategic planning processes.

For more information

Barcelona Metropolitan Area. Barcelona Metropolitan Urban Masterplan drafting process. Available at: <https://urbanisme.amb.cat/es>

Barcelona Metropolitan Area. Metropolitan Urban Masterplan Notebooks (Quaderns PDU metropolità). Available at: <https://urbanisme.amb.cat/participar/publicacions>

Functional Areas in the EU. Insights and practical solutions from Barcelona and Barcelona Metropolitan Area. Compendium of Best Practices.

Available at: https://functionalareas.eu/wp-content/uploads/2023/07/Best-Practices-Barcelona-and-AMB_compressed.pdf

Supra-municipal governance bodies may establish committees that bring together functional area representatives, elected officials, and other public servants from different sectors. Drawing inspiration from the Barcelona Metropolitan Area, the committee may organise debates specialised lectures, and thematic round tables to ensure that experts, civil society, and citizens are involved in the strategy formulation process. Moreover, a continuous process of communication is required to keep all stakeholders involved.



INVOLVING EXPERTS, CIVIL SOCIETY, AND CITIZENS IN THE STRATEGY FORMULATION PROCESS

This section provides an overview of the instruments used by the Barcelona Metropolitan Area to disseminate information and promote participation during the formulation of the Metropolitan Urban Masterplan. These are useful tools that can be replicated in other functional areas to support strategy formulation.



Public debates and technical conferences.

The Barcelona Metropolitan Area organised debates and technical workshops on various subjects, including participation itself, and thematic areas of the Metropolitan Urban Masterplan (e.g., land use, infrastructure, economy, sustainability,



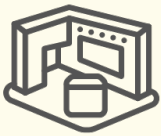
mobility, innovation, quality of life). Professional associations, research institutes, urban services providers, local entities, and citizens participated in these events. The technical workshops ensured that expert technical knowledge informed the analytical part of the strategy, while debates involved a wider participation to discuss strategic directions. Debates were particularly useful for presenting the draft version of the plan and making the necessary adjustments.



Thematic round tables. Following the technical conferences, thematic round tables were organised, bringing together more than 330 experts informing the drafting of cross-disciplinary studies.



Publications. A collection of booklets (*Quaderns PDU metropolità*) was developed for disseminating knowledge from the technical conferences and round tables that informed the drafting process of the Metropolitan Urban Masterplan. The collection was started in 2012 with the first booklet titled 'Toward the drafting of the Urbanistic Metropolitan Plan document' and consists of 17 publications.



Exhibitions. As a useful instrument to raise public interest, exhibitions organised by Barcelona Metropolitan Area were focused on subjects such as open spaces, green infrastructure, major metropolitan areas, the history of the metropolitan area, metropolitan mobility, or the transformation of road infrastructure.



A dedicated platform. A dedicated website ensures transparency and dialogue during the drafting process and afterwards. The Metropolitan Urban Masterplan is hosted on a dedicated platform, which is both a communication and a co-design tool. The platform is structured in three sections (*Discover, Be Informed, and Participate*) that offer user-friendly, interactive presentations in video and text formats, including an interactive cartographic viewer allowing users to explore, understand and evaluate the proposals of the plan. In the Participate section, the platform provides a digital form for submitting suggestions.

For more information

Barcelona Metropolitan Area. The dedicated website of the Metropolitan Urban Masterplan. Available at: <https://urbanisme.amb.cat/home>

Barcelona Metropolitan Area. Cartographic viewer of the Metropolitan Urban Masterplan. Available at: <https://smartcity.amb.cat/portal-pdu/en/propostes>

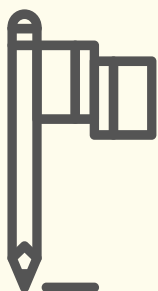
Barcelona Metropolitan Area. Participatory debates for the Urban Masterplan. Available at: <https://urbanisme.amb.cat/participar/accions-participatives-previes/trobades-pdu>

Barcelona Metropolitan Area. Workshops for the Urban Masterplan. Available at: <https://urbanisme.amb.cat/participar/accions-participatives-previes/workshops>

Barcelona Metropolitan Area. Thematic round tables. Available at: <https://urbanisme.amb.cat/participar/accions-participatives-previes/taules-tematiques>

Barcelona Metropolitan Area. The 'Quaderns PDU' collection of notebooks. Available at: <https://urbanisme.amb.cat/es/participar/publicacions>

Incorporating a participatory framework into the strategy formulation process is the basis for creating plans that truly reflect the needs and aspirations of a community. Engagement with local citizens, businesses, and other stakeholders ensures that the planning process is grounded in the real-life experiences and options of those it aims to serve. The following box introduces practical tools to support participatory processes. While specifically designed for the city or neighbourhood level, they can be effectively applied by functional area governance bodies.


BASIC INSTRUMENTS TO SUPPORT A PARTICIPATORY STRATEGY FORMULATION PROCESS


Opinion polls are an essential tool in participatory planning, helping decision-makers understand the public view on the development directions of the area, identifying strengths, areas of improvement, urgent issues, and the overall impact of a strategic document. This continuous feedback loop ensures that the strategy remains aligned with community needs and expectations.



Thematic surveys provide insights on key development topics that directly impact citizens across the functional area (i.e., mobility, green transition or urban regeneration and aesthetics). These surveys provide a straightforward channel for residents and other stakeholders to voice their opinions on proposed projects.



Working groups. Working groups on different thematic areas may be established, entailing agreeing to a calendar of regular meetings, between relevant stakeholders. Working groups on different thematic areas may be established as part of strategy formulation and may continue to be active throughout the implementation and M&E phases. Such a working group may bring together representatives from different areas of expertise or sectors, fostering a trans-disciplinary, cross-sectoral approach.



Focus groups. A focus group is a qualitative research method involving a limited number of individuals in a moderated environment. Characterised as a form of group interviewing, it may be employed in the context of development policies or interventions at the functional area level. Its primary objective is to extract insights into participants' opinions, behaviours, and expectations regarding the subject policy or intervention, yielding valuable information in a short time.



New European Bauhaus toolbox and compass. The New European Bauhaus (NEB) Toolbox offers valuable guidance on participatory instruments for NEB projects that are also relevant for strategic planning. The guide provides a framework for decision-makers and project developers to incorporate NEB values (beautiful, sustainable, together) and tools into project design and implementation, emphasising the importance of the participatory process. The toolbox is developed around three levels of interventions (identification, exploration, and refinement), illustrating various approaches and best practices. For each level, the toolbox offers various worksheets for participatory activities, referenced below: organising a 'senses walk' for creative and inclusive place making, stakeholder mapping, the participation ladder, the empathy map, SWOT meets NEB, sustainable business model canvas, risk assessment, and reflexive monitoring (pp. 65-73). The NEB Compass is a complementary resource and source of inspiration for projects that embody the NEB values, including participation models.

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CHALLENGE 2

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How to identify and prioritise projects at the functional area level?

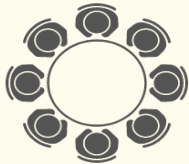
Identifying and prioritising joint projects or projects with supra-municipal impact is a definitory element of long-term, impactful cooperation at the functional area level. Without shared agreement on a list of high-priority projects (based on a prior assessment of development challenges and opportunities), collaboration risks being confined to short-term initiatives. While such short-term partnerships may have valuable results, they have limited potential of developing into an ongoing practice and unlock the full benefits of functional approaches (i.e., cost optimisation through economies of scale and pooling of resources, as well as balancing development across larger and smaller municipalities). The process of project prioritisation should involve extensive consultations with a diverse range of stakeholders, involving citizens and representatives of civil society, academia, and the private sector. This inclusive approach not only enriches the decision-making process with multiple perspectives but also fosters a sense of shared ownership and commitment to the chosen projects.

The identification of priority projects with a cross-jurisdictional impact should integrate agreed priorities and projects planned at the level of administrative units in existing strategic planning documents. At the same time, the supra-municipal strategy offers an opportunity to analyse **how local projects planned by municipalities contribute to the challenges and development opportunities at the larger scale**, and which could benefit from inter-jurisdictional collaboration. Coupled with an estimation of budgetary capacity of municipalities that are part of the functional area, this analysis can reveal whether the supra-municipal strategy can encompass a larger portfolio of projects. Moreover, the supra-municipal strategy allows for better coordination, enabling joint scheduling of acquisitions for works and services, leading to economies of scale.

The following section presents tools and practical insights to support project prioritisation and the identification of **flagship projects**, understood as high-priority projects that can coagulate stakeholders across the functional area. After reviewing tools for project prioritisation, this section also offers insights into flagship projects identified by two functional areas reflecting different stages of cooperation, namely the Zagreb Urban Agglomeration (Croatia) and the West Ialomița Functional Area (Romania).

APPROACHES TO PROJECT PRIORITISATION

Effective prioritisation ensures that planned investments accurately reflect the needs and aspirations of key stakeholders. These methodologies should consider the financial, implementation, operation and maintenance feasibility of projects.



Initial analysis and consultation. Base the project identification on the analysis of the existing situation, integrating the outcomes of consultations with civil society, entrepreneurs, citizens, and other stakeholders. Ensure inclusive participation to identify relevant projects that cater to various stakeholders' needs.



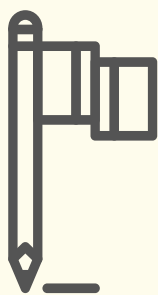
Budget estimation and capital expenditures. A methodology developed by the World Bank in 2013 for the city of Alba-Iulia (Romania) starts from the premise that public authorities should not spend more than 30 % of their non-earmarked revenues on capital expenditures, including the operating and maintenance costs of the newly developed infrastructures. Projects exceeding this budget should ideally seek external funding and aim to be revenue-generating or have minimal operating costs.



Project shortlisting. Shortlisted projects must be sufficiently matured, have a defined timeline, budget, and clear financing sources. Authorities should consider the availability of external funding and the project's revenue generation potential.



Mixed approaches for project ranking. For ranking the short list of selected projects, a mixed quantitative and qualitative approach is recommended. A quantitative approach can include criteria such as the extent to which the project responds to the needs of citizens, the private sector and tourists, as well as financial sustainability and transversal aspects such as social inclusion and environmental impact. Each criterion will have a different weight. For example, a weight of 35 % for impact on citizens, 25 % for impact on the private sector, 5 % for impact on tourists, 15 % for financial sustainability and 10 % for the impact on social inclusion and climate change. A qualitative approach can be applied through questionnaires about the importance of the short-listed projects in the opinion of the citizens (World Bank, 2013).



Cost-benefit analysis. When planning major infrastructure investments, use cost-benefit analysis (CBA) to prioritise the projects that offer the best value for money, while considering their maturity. Key resources available to decision makers are the 'Guide to Cost-Benefit Analysis of Investment Projects' (2014) and the 'Economic Appraisal Vademecum 2021-2027' published by the European Commission.



Stakeholder engagement and selection. Involve a broad range of stakeholders in the project prioritisation process and selection of flagship projects. Once selected, flagship projects should not be replaced without objective justification. Ensure these projects have the potential to drive cooperation and mobilise resources based on strong consensus regarding their utility.

For more information

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The main result of prioritising projects is an agreed-upon list of flagship projects that can mobilise actors across different jurisdictions around a common objective. By offering tangible, ambitious goals, these projects can inspire cooperation beyond administrative borders, and respond to economic, social, and environmental territorial dynamics. Flagship projects in functional area planning are characterised not by their sheer size or financial magnitude but by their role in fostering collaboration and addressing challenges that traverse administrative boundaries. These projects, selected based on clearly defined criteria and aligned priorities, are instrumental for kickstarting cooperation. They often serve as practical examples of how collective action can address regional challenges effectively.

Flagship projects may vary in nature, ranging from hard infrastructure to softer measures like establishing a stakeholder participation platform at the

functional area level. Examples of flagship projects developed by functional areas receiving targeted support through the *Functional areas in the EU* project range from projects with a strong ‘hard’ component such as urban regeneration and reconversion of brownfield sites (Zagreb Urban Area, Brno Metropolitan Area), transport and regeneration of railway assets (West Ialomița, Caraș-Timiș, Oradea Metropolitan Area, West Athens), to ‘soft’ projects such as metropolitan data observatories (Kraków Metropolitan Area) or centres for climate education (Balaton Functional Region).

It is worth noting that successful integrated projects need to address both ‘hard’ and ‘soft’ components (see *Chapter 4 - Cross-sectoral integration*). For instance, the regeneration of a brownfield site into a cultural centre also requires soft components such as establishing an efficient management model, as well as an attractive and inclusive programme of activities. Similarly, major green mobility and transport infrastructure projects should consider the need to promote their use and raise awareness on their benefits. In this light, the practical insight below focuses on the preparation of a flagship project involving the regeneration of a brownfield site into a multifunctional cultural centre, implemented as part of the ITI mechanism in one of Croatia’s urban agglomerations.

PAROMLIN MULTIFUNCTIONAL CULTURAL CENTRE FLAGSHIP PROJECT (ZAGREB URBAN AGGLOMERATION, CROATIA)

The Zagreb Urban Agglomeration consists of 30 local government units and was established by the decision of the minister responsible for regional development according to the proposal of the city of Zagreb in 2016 in the context of applying the ITI instrument. Following a comprehensive mapping of brownfield sites in the functional area, the Zagreb Urban Agglomeration identified the Paromlin Multifunctional Centre as one of its flagship projects while updating its supra-municipal integrated urban development strategy. The project involves the regeneration of a brownfield site (a former steam mill) into a multifunctional cultural hub with metropolitan impact.

Initiate joint mapping of assets that can support the sustainable development of the area. In 2019, the City of Zagreb undertook an ambitious project to map and analyse brownfield sites across the functional area, in a collaborative effort involving 29 municipalities within the Zagreb Urban Agglomeration. This initiative paved the way for understanding the potential of these sites for urban regeneration and sustainable development. The comprehensive data collection included geographical data, historical usage, interim and future use potentials, planned land use as per spatial plans, ownership, any nature or heritage protection measures, spatial planning procedures, and photographic documentation. The assessment also covered the level of physical deterioration, possible contamination, and existing studies or projects for the revitalisation of these sites. The data was published in the form of an *Atlas of Brownfield Sites* in the Zagreb Urban Agglomeration. The Atlas provided a rich, detailed overview of 84



identified brownfield sites, spanning a total area of 529 hectares. The Atlas mapped both public and private sites (about 100 hectares are privately owned brownfield areas).

Use available spatial data to design new projects across the functional area. The mapping also served as the basis for the preparation of a flagship project to be financed through the ITI mechanism. The Paromlin Centre project is envisioned as a multifunctional cultural centre that combines the functions of a modern library, socio-cultural centre, and provider of public services. The project also requires strong cross-sectoral integration (involving brownfield redevelopment, cultural heritage, energy efficiency, transport, security of public spaces). As highlighted by representatives of the Zagreb Urban Agglomeration, the project represents the beginning of the urban regeneration of the wider brownfield area of former industries located next to the railway line and represents the most potent area for future sustainable urban development.

Analyse existing best practice models and engage in capacity building activities. As part of the project design process, the Zagreb Urban Agglomeration team identified two critical aspects for the future centre: financing and management. The first aspect regarded optimising the use of EU funding, in particular, through ERDF (including the ITI mechanism) and ensuring the financial sustainability of the project, while the second aspect consisted of developing an efficient management model for the future centre. A guide on management models of multifunctional centres was developed as part of the *Functional areas in the EU* project, which served as a key source of practical guidance in this phase. To ensure the project's financial sustainability, commercial revenue sources were identified, based on the practices of other multifunctional cultural centres across the EU. Moreover, the Zagreb Urban Agglomeration team engaged in direct knowledge exchange with the Centre de Cultura Contemporània de Barcelona, representing a public consortium formed by the Barcelona Provincial Council and City Council. The main aim of the study visit, facilitated as part of the *Functional areas in the EU* project through the TAIEX REGIO Peer2Peer instrument (see *Chapter 3 - Governance*), was to identify efficient financing and governance models for the planned cultural centre.

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While the Zagreb Urban Agglomeration benefited from the experience of implementing a territorial tool (ITI) in the previous programming period, the practical insight below aims to inspire actors who are in the process of initiating functional area cooperation.

The West Ialomița functional area was recently established in the form of an association between municipalities in the proximity of Romania's capital city and does not have a dedicated supra-municipal strategy. However, the association provided a platform for bringing together political representatives, civil society, residents, and experts in drafting a development concept for the wider area and identifying flagship projects that can accelerate the development of the functional area.

IDENTIFICATION OF FLAGSHIP PROJECTS FOR INITIATING AND SUSTAINING COOPERATION

(WEST IALOMIȚA FUNCTIONAL AREA, ROMANIA)

The evolution of the West Ialomița Functional Area shows how an incipient collaborative approach, driven by strong local leadership, and supported by external expertise, can result in a shared development vision and concrete results. By prioritising projects that resonate with the area's strengths and challenges, and by identifying potential funding sources, West Ialomița laid a strong foundation for addressing shared challenges and opportunities of municipalities in the proximity of Romania's capital city. These challenges refer in particular to mitigating demographic decline by attracting new residents and boosting economic development.

The West Ialomița inter-community development association comprising eleven municipalities in the proximity to Bucharest was established in 2021. The identification of flagship project ideas with cross-jurisdictional impact was instrumental in initiating and sustaining cooperation. The process was aligned with the local development strategy of the core city of Fierbinți-Târg and other rural municipalities, as well as strategic documents developed at the county level (spatial plan and territorial development strategy).

Envision projects that can benefit the entire functional area. Key flagship projects included the regeneration of railway assets to improve connectivity with Bucharest, the development of an industrial park, the creation of an interconnected network of bike lanes, conceptualising integrated tourism, and incorporating Fierbinți-Târg into the Bucharest-Ilfov Metropolitan Train Plan. These initiatives were selected not only for their individual merits but also for their potential to benefit the entire region.

For instance, considering that a significant percentage of the resident population commutes to the capital for employment and education, the integration into the Bucharest Metropolitan Train system is a priority for the municipalities nearby.

Moreover, conceptualising integrated tourism at the functional area level is expected to benefit both residents and those of the functional area of Bucharest. To this end, the West Ialomița functional area plans to market



and develop itself as an ‘urban escape’ location, where residents from the busy capital city can move to or that they can visit over the weekend. Lastly, as the filming set for a major national sitcom, the city of Fierbinți-Târg aims to become a hotspot for producing other comedy series and movies or stand-up shows.

Identify potential funding sources from the project design phase. The selection of projects considered their alignment with the area’s development vision, as well as their potential to address local and regional needs (in particular, economic development and infrastructure). Recognising that projects that are not linked to financing options from the planning phase have a lower chance of being implemented, the supra-local governance body also identified viable funding sources, ranging from national ones (national investment programmes, Administration of the Environmental Fund, National Rural Development Programme) to EU funds (National Recovery and Resilience Plan, Regional Operational Programme 2021-2027, Horizon Europe 2021-2027- Research and Innovation Clusters). To this end, working sessions were organised as part of the support provided through the *Functional areas in the EU* project.

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CHALLENGE 3

How to support participatory strategy implementation?

After finalising the drafting of the strategic document, the next step is ensuring that the prepared documents and set objectives are translated into a series of actions. To this end, strategy implementation should not be placed solely under the responsibility of one municipality or a functional area level governance body but relies on the collaboration of diverse stakeholders for agenda setting and implementation.

Participatory strategy implementation recognises the value of partnerships between public authorities, residents, civil society, academia, and the private sector. With regards to implementation, such partnerships encompass both financial and non-financial contributions, such as sharing expertise, providing feedback, organising events, and implementing projects that contribute to the achievement of the goals set out in the supra-municipal strategy. Therefore, integrated strategies should also reflect and acknowledge the contributions of actors outside the public realm to reaching strategic objectives.

The practical insights offered below cover a wide variety of options for participatory strategy implementation, leading to a stronger ownership of the process among relevant stakeholders, and supporting the development of a shared identity at the functional area level.

PARTICIPATORY IMPLEMENTATION OF INTEGRATED STRATEGIES AT THE FUNCTIONAL AREA LEVEL

(BRNO METROPOLITAN AREA, JIU VALLEY FUNCTIONAL AREA, ZAGREB URBAN AGGLOMERATION)

Scale up or initiate participatory budgeting for bottom-up solutions aligned with the strategic objectives of the functional area. Through participatory budgeting, municipalities allocate funds and oversee implementation of the solutions voted by the community. To support co-implementation practices, the model should encourage the active involvement of the proposer of the solution in its execution (this should for example be an additional criterion in the selection process). For instance, a citizen proposing a community garden might offer to mobilise volunteers or leverage personal expertise for the success of the project. Practices developed at the city level can be scaled to collect proposals with broader functional area impact.

Organise design contests to harness local, national, and international expertise, ensuring the delivery of high-quality outcomes. Specifically, the architecture design competition is defined by Architects' Council of Europe as a *'quality based and solution orientated selection procedure primarily used in the fields of land use planning, architecture and engineering, or data processing'*. Design contests are defined in the EU legal framework on public procurement (Directive 2014/24/EU), referring to the *'procedures which enable the contracting authority to acquire (...) a plan or design selected by a jury after being put out to competition with or without the award of prizes'*. Grounded in this legal framework, the Architects' Council of Europe puts forward nine rules to be respected, including equality of opportunity, transparency of the procedure, independence of the jury and citizen participation in preparing the contests and voicing opinions. Such a design competition was organised by the Office of the Architect of the city of Brno for its new main railway station, including the integration with public transport, parking, taxi, and cycling facilities, and ensuring pedestrian accessibility.

Involve residents in analysing options and expressing concerns about planned interventions. Whether organising design contests or not, citizens across the functional area can be involved in drafting the requirements and exploring potential alternatives and solutions, which has the added value of increasing awareness and ownership in projects with a cross-jurisdictional impact. Polls and surveys are useful tools that can be shared through social media to ensure a wide reach, as in the case of the Brno Main Railway station project. Prior to the design contest, the Office of the Architect of the City of Brno conducted a public opinion survey regarding the modernisation project. Moreover, the finalists of the jury of the architectural competition were presented in a public exhibition.

Partner with NGOs to enable co-investments and joint project implementation. Strategy implementation capacity can be enhanced by supporting projects aligned with the strategic directions of the area developed by non-governmental organisations. In the Jiu Valley functional area, a just transition region implementing the ITI mechanism, a coalition of NGOs (*'Involved Jiu Valley'*) developed street art projects to strengthen the



area's collective identity and initiate its rebranding process at the functional area level. These undertakings were aligned with the strategic objectives of transitioning from a coal-based to a sustainable, green economy. A key success factor for the street art projects was the support provided by both public and private sectors for accommodation, technical assistance, and communication. After the realisation of the mural art works, the coalition also organised events centred on the area's identity and transition process, which were also endorsed and promoted by the Association for Integrated Development of the Jiu Valley (see *Chapter 3 - Governance*) and member municipalities.

Endorse applications for funding elaborated by NGOs. Municipalities or governance bodies of functional areas can encourage implementation of projects that align with the strategic objectives set out in the supra-municipal strategy, by providing an official endorsement for applications for national or EU funding submitted by other actors. This endorsement can increase their chances of receiving funding by highlighting their contribution to implementing the strategy. In some cases, a letter from a political representative may be required as part of the application process. Even when it is not the case, the application can state the endorsement received from the public body and highlight its contribution to the objectives set out in the strategy.

Collaborate with academia and research and development institutions to accelerate local innovation. Partnering with academia and R&D institutions is a crucial step to accelerate innovation at local level, leveraging the local knowledge to develop tailored solutions aligned with the strategic directions. Some of these local innovative solutions also have the potential to be scaled at EU or global level. For instance, the partnership between the Ministry of Education, the government of Catalunya and the Universitat Politècnica de Catalunya resulted in the creation of a National Supercomputing Centre in Barcelona. The driving force behind this collaboration was the shared interest in science, innovation, and education. This partnership provided the opportunity for the City Council to work with the Barcelona Supercomputing Centre in advancing the city's strategic goals to fight climate change, improve the quality of life and develop a city for children. The result of the partnership is a digital twin for testing project ideas and advancing data-based planning. A specific utilisation of the digital twin, aligned with the above-mentioned strategic directions, was to assess if Barcelona is a 15-minute city, as well as improving decision-making processes for better urban planning. To enable knowledge transfer, a digital twin tool that can be employed by other cities will be developed.

Offer financial and technical support to enhance residents' capacity to contribute to achieving identified strategic goals. A relevant example is offered by the Barcelona Metropolitan Area and its Metropolitan Housing Consortium, which developed a Metropolitan Plan for Housing Rehabilitation, including financial and technical assistance to support residents in implementing energy efficiency renovations. Property owners can access loans for a period of 20 years, with favourable financing terms (financed through a EUR 50 million loan secured from the European

Investment Bank). This funding supports a large-scale renovation of 10 000 homes in disadvantaged districts. Simultaneously, the implementation of proximity offices further contributes to increasing local capacity to achieve rehabilitation goals. These neighbourhood offices are situated near rehabilitation areas and serve as hubs for accessing technical guidance and support, empowering communities to navigate the complexities of energy refurbishments.

Complementing large-scale interventions, smaller, targeted initiatives for supporting bottom-up transformation can go a long way. A source of inspiration is offered by the city of Antwerp, through a greening project that can easily be scaled up to the supra-local level. As one of the objectives identified in the urban development strategy of Antwerp is becoming greener and healthier, the city encourages residents and NGOs to become a partner in greening initiatives. To this end, the local government provides comprehensive tools and guidance for the community to create façade gardens (*'a narrow strip of greenery against a façade that connects directly to the footpath'*, as defined within the project). The city's website serves as a primary communication tool, informing about regulations, showcasing good examples, offering landscaping guidance, and explaining how to reach district-level representatives. While the process does not require an urban permit, community proposals must align with the established rules. The application process is fully digital, requesting a clear description, a photo of the area, agreement from neighbours, and a commitment to maintaining the facade garden after its implementation. Once approved, the city supplies the requested plants, garlands, and trees, and even allocates a budget for the residents interested in acquiring a rainwater collection barrel to water their gardens.

A similar approach to strengthen the capacity of the local community to contribute to climate goals is currently planned by the City of Zagreb, including a commitment to share learning and support replications across the urban agglomeration and beyond. As part of the *Functional areas in the EU* project, Zagreb received technical support for conceptualising an innovative project which was successfully selected for funding through the Net Zero Cities Call for Pilot Cities Cohort 2 (2023). The project is centred on converting private and semi-public courtyards into carbon sinks, based on a comprehensive analysis of potential interventions and landscaping guidelines. A major strength of the project is the establishment of a climate-neutral greening division- a novel governance model for climate neutrality, which will enable structured involvement of local stakeholders (citizens, students, NGO and business leaders, representatives of local authorities, and public institutions). Such participatory frameworks reinforce the understanding that achieving climate neutrality targets requires collective efforts across the whole of society, marking a shift away from traditional top-down approaches.

Partner with private actors and promote opportunities for mobilising private finances. Governance bodies of functional areas can explore options of implementing public-private partnerships for key strategic priorities at the functional area level. For example, Kraków Metropolitan Area, is

currently exploring bundling public-private partnerships projects at the functional area level to achieve economies of scale for constructing public facilities and infrastructure, under the coordination of the supra-municipal governance body (see *Chapter 6 - Funding and finance*). Partnerships can be established for a wide range of topics, including the regeneration of public spaces, public lighting, smart city interventions, public parking or expanding green infrastructure and achieving climate goals. Businesses can also actively participate in the implementation of the strategy by conforming to regulations or adhering to promoting the supra-local brand, as well as organising large events that can strengthen the identity of the functional area and promote long-term cooperation. Another possibility for involving private actors in the implementation of the strategy is related to projects that can be supported financially through corporate social responsibility initiatives. Many such initiatives can be scaled up by reaching out to companies and offering opportunities for involvement at the supra-local scale. For instance, a solution piloted at municipal level is the ‘adoption’ of green spaces by private companies (entailing that they provide for their maintenance), which can be easily scaled up at the functional area level.

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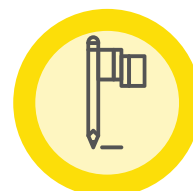
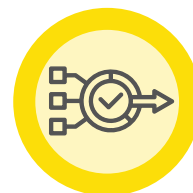
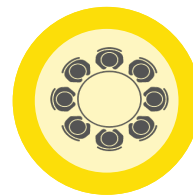
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RECOMMENDATIONS

- 1. Build a strong foundation for supra-municipal strategic planning through celebrating quick wins.** Particularly in the initial phases of cooperation, focusing on quick wins establishes a foundation for success, preventing stakeholder demotivation. This progressive approach allows governance practices to mature, ensuring the robustness of delivery mechanisms over time.
- 2. Explore opportunities to improve access to data and build capacity for evidence-based strategic planning.** Develop practical mechanisms and indicators for elaborating the strategy, monitoring progress, and transparently communicating the evaluation process and its outcomes.
- 3. Make sure that the strategy is an actionable document based on territorial needs.** This involves formulating a shared vision for the functional area, conducting a thorough diagnosis of challenges and opportunities, and defining strategic objectives. Ensure that the document includes clear actions, timelines, responsibilities, and priority projects for achieving the objectives.
- 4. Enable meaningful participation across the strategic planning cycle.** Engage citizens, academia and experts, civil society and the private sector in open debates and working groups. This continuous involvement aligns with the partnership principle outlined in the Common Provisions Regulation 2021-2027 and contributes to shared commitment and support for supra-municipal projects.
- 5. Identify flagship (high priority) projects that can mobilise support from a broad range of stakeholders across the functional area.** The power of flagship projects lies not only in their physical or financial magnitude but also in their role in fostering collaboration. By offering tangible, ambitious goals, these projects serve as practical examples of how collective action can address supra-municipal challenges effectively. The identification of flagship projects should be rooted in participatory processes and a transparent prioritisation methodology.
- 6. Actively engage the community in the implementation process.** Co-implementation may involve scaling up or initiating participatory budgeting aligned with the identified strategic objectives, organising design contests for high-quality solutions, partnering with NGOs and academia, or endorsing their applications for funding, or exploring opportunities for public-private partnerships and corporate social responsibility initiatives. Lastly, identify ways to strengthen the community's capacity for co-implementing the strategy, including programmes for financial and technical support.
- 7. Use monitoring and evaluation as opportunities for communicating progress towards shared goals.** Establishing a Monitoring and Evaluation system is a core part of strategy formulation, and it can serve as a tool for ensuring transparency, celebrating progress, and adapting the course of action, when necessary. M&E should not be confined to an administrative requirement but has the potential to become a powerful engagement tool through participatory practices.



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2

TERRITORIAL FOCUS

Our everyday lives often take place beyond the administrative boundaries of a city, town, or village. We may work in a city, but live in another municipality nearby, and visit friends or relatives in the countryside over the weekend. People in the European Union travel, on average, 34.8 kilometres every day (DG MOVE, 2022), frequently involving trips to nearby municipalities. Moreover, current day challenges are increasingly complex and intertwined, and often cannot be optimally addressed at the local, county, or regional level. These include climate change, the green and digital transition, demographic decline, mobility, spatial planning, optimising the delivery of public services to redirect resources towards investment needs.

To respond to this reality, the functional approach enables planning development processes at geographic scales that are not artificially delineated by administrative boundaries but reflect the growing interconnections between places. More specifically, it *'requires the coordination of resources for cost-effective solutions (e.g., for transport, service provision, green and blue infrastructure), and the avoidance of one territory creating negative externalities for others and moving problems around (e.g., congestion, pollution, retail, crime)'* (European Commission, 2023).

A functional area is defined by one or more **territorial interdependencies** related to economic, social, cultural, or geographical functions, which often overlap (CEMAT, 2020). It may capture how people move by looking at commuting flows (**functional urban area**), or broader travel patterns to access services such as schools, hospitals, shops, sport and cultural facilities, friends, and family (**functional non-urban area**). While the definition of functional urban areas was included in Eurostat regulation, additional types of functional areas may reflect ties between local economies (clusters and innovative regions, areas under industrial restructuring, free economic zones, tourist areas), common natural characteristics (areas with significant natural heritage, mountain areas, island areas, coastal areas, delta areas, river catchment areas), cultural links (areas with significant cultural heritage, areas with complex cultural heritage) or may reflect shared demographic challenges (depopulated areas). Another ongoing research initiative by ESPON focuses on 'non-standard geographies', including water management areas, biodiversity preservation areas, areas undergoing industrial or energy transition, or areas focused on health and ageing.

At both the EU and international levels, it is increasingly acknowledged that functional approaches are critical for sustainable territorial development. Highlighting that *'citizens often interact at different spatial scales in their everyday life'*, the New Leipzig Charter envisages the functional area level

as the third level of intervention, along with the neighbourhood and local levels, in efforts to design measures at the appropriate spatial scale, while the Territorial Agenda 2030 highlights the *'many different types of places'* across the EU and that they come with different challenges and development potential (see *Introduction*).

The introduction of Policy Objective 5 (PO5) - *A Europe closer to citizens* in the 2021-2027 cohesion policy underscores the heightened significance of the functional area approach. Within this objective, addressing the interdependent relationships and challenges in both urban and non-urban areas is strongly recommended. In particular, support for sustainable urban development was reinforced in the 2021-2027 programming period with an increased share of European Regional Development Fund (ERDF) resources targeting **sustainable urban development** (from 5 % to 8 %). Notably, Member States exceeded this target, earmarking 12 % of their ERDF allocation to *'investment projects based on sustainable integrated strategies that are placed-based and have multilevel, participatory governance arrangements.'* (European Commission, 2023).

Across the EU, functional areas are highly diverse in terms of their composition. For instance, the twelve functional areas involved in the *Functional areas in the EU* project showcase a high variety in the number of municipalities that constitute a functional area: the Brno Metropolitan Area consists of a high number of administrative units (184), while Oradea Metropolitan Area or Jiu Valley Functional Area are more compact, made up of twelve and six administrative units, respectively. The areas selected to participate in the project also vary in their **degree of urbanisation**. The percentage of population living in cities, towns or suburbs ranges from less than 20 % in the West Ialomița functional area, to about 70 % in the Trenčín functional area and above 90 % (e.g., Kraków, Zagreb, or Cluj Metropolitan Areas), according to 2022 Eurostat data.

While analysis of functional approaches has mostly focused on functional urban areas, namely cities and their commuting zones, OECD highlights the need for more research in delineating functional areas in all types of territories, including rural areas and areas remote from major cities, as *'the concept of functional areas is not exclusive to urban areas but can cover the entire inhabited territory of a country'* (OECD, 2020). Social and economic linkages may also be identified between villages, small towns or within a remote area, yielding more effective public policies.

The **Territorial Agenda 2030** highlights the opportunities presented by functional areas in promoting harmonious and polycentric development by harnessing linkages – such as urban-rural linkages: *'cooperation and networking within and between cities, towns and their surrounding areas in the same functional region create development perspectives for all places taking into account the need to promote urban-rural linkages.'* The benefits include *'a healthy and affordable living environment, avoiding further urban sprawl and reducing land take'*. As such, the functional approach is intrinsically connected to the concept of urban-rural linkages. The identified linkages are the foundation for partnerships for the mutual benefit of rural and urban areas.

CHALLENGE 1

This Chapter delves into two challenges: **delineating the optimal territorial scale** to drive and accelerate sustainable development and **harnessing urban-rural linkages**. Tools and practical insights are sourced from functional areas participating in the *Functional areas in the EU* project, aiming to bring these topics to the forefront of the agenda of national, supra-municipal and local level decision-makers.

How to identify the optimal territorial scale for a functional area approach?

The delineation of a functional area entails analysing the **functional relations** between different areas. It aims to understand the patterns in which people move and access services, and what are their implications for planning and collaborative governance. The genesis of functional area delineation and collaborative approaches vary. Not all are informed by data, as some may be the result of political will to collaborate, based on an appreciation and understanding of common challenges and opportunities. However, the use of data can support evidence-based decision making in all stages of the development of functional approaches. The analysis for delineating functional areas can be undertaken at both the national and subnational levels. This may be undertaken by a city, national entity, or other institutions like universities or research centres.

A **data-informed approach** to delineation should ideally precede the formulation of an integrated strategy. This would ensure an informed understanding of the key challenges to be tackled and the ideal spatial extent necessary to effectively address those challenges. Data on existing functional relations can also be used to inform the formulation of strategies and associated development objectives. In this sense, the Common Provisions Regulation specifically requires that **territorial strategies** (developed pursuant to the use of ITI or other territorial tools) and **community-led local development strategies** include the geographical area covered by the strategy (CPR, Art. 29, Art. 32).

Data analysis can also support the design of governance bodies and their operation. Starting from the identification of municipalities that form a functional area, the founding act may include membership fees based on population or economic output. In the case of voluntary associations, municipalities may choose to associate based on both objective indicators and subjective factors (such as political willingness to cooperate and historical relations). Therefore, a governance body may already exist before (or without) conducting data-based analysis of functional relations. At the same time, the analysis of interlinkages provides a solid basis for initiating joint projects and may boost motivation for new member municipalities to join the association. When undertaken at national level, this analysis may also lead to the creation of new tiers of government, entailing a legal obligation to take part in the new governance body.

National level delineations aim to identify the municipalities part of a functional area, based on studies covering the entire national territory

(e.g., Czech Republic, Hungary, Greece, Romania, Croatia), when there is a shared understanding at the national level that such territorial analysis can help with better targeting investments. This analysis is usually conducted by the ministry working on regional development and may result in the creation of new tiers of government (i.e., Communautés d'Agglomération in France or Città Metropolitane in Italy). Alternatively, the analysis may be undertaken for the application of territorial tools (i.e., Brno Metropolitan Area, Zagreb Urban Agglomeration), or simply to understand the functional relations in the territory that may inform policy without creating a new tier of government.

The data analysis to delineate functional areas may inform the introduction of **dedicated legislation**. In some cases, this legislation may strengthen existing interjurisdictional associative structures (e.g., Romanian Law on Metropolitan Areas), while in others, it may kickstart formalised cooperation. For instance, while collaborative practices have a long track record in the Lake Balaton Functional Region, the establishment of governance structures (the Lake Balaton Development Council and the Lake Balaton Coordination Agency) was decided through a national legislative act on Regional Development and Spatial Planning adopted in 1996, recognising that the region would benefit from more coordinated action.

When a national-level delineation is lacking, such analysis may be proactively driven by municipal authorities, academic institutions, or research centres. Local administrations may partner with universities or other research institutions or use already existing data produced by them to highlight challenges or opportunities that are best responded to collaboratively and across jurisdictions, promote cooperation and establish governance structures for the functional area.

Whether undertaken at a national or local level, **identifying appropriate indicators** (either internally, or through partnerships with academic institutions and research centres) supports evidence-based delineation that reflects real territorial needs. Carefully selected indicators offer a baseline and can be used to set clear targets and support the elaboration, monitoring, and evaluation of the integrated strategy.

PROCESS AND INDICATORS FOR DELINEATING FUNCTIONAL AREAS

A major step forward in advancing the functional approach was the inclusion of a common definition of Functional Urban Areas in the Eurostat territorial typologies, offering statistical data on these territories that can inform national and local policymaking. Criteria for defining a Functional Urban Area are commonly agreed at EU level (the EU-OECD methodology is based on commuting flows and sets a minimum threshold of 15 % of the population commuting to an urban centre). However, an analysis of existing functional urban areas shows that adapting the EU-OECD methodology by adding indicators or adapting the minimum commuting threshold is not uncommon.



Moreover, other types of functional areas (based, for example, on natural linkages or economic restructuring processes- see *Annex. Classification of functional areas*), require different layers of analysis, such as the population living within a certain distance from a coastline, or employment data and composition of the local economy. Therefore, a variety of indicators can be considered when delineating an urban or non-urban functional area.

A selection of possible indicators, based on the delineation process of Polish metropolitan areas is summarised below:

- ▶ **Labour dynamics:** commuting to work, the percentage of non-agricultural occupations, the ratio of the number of enterprises to the population, the share of all economic entities engaged in higher value services.
- ▶ **Population and density:** population density, migration (entailing a change of the registered residence) out of a core city, ageing patterns.
- ▶ **Accessibility and education:** labour and migration patterns, public transport accessibility, individual transport accessibility and commuting to school, infrastructure connectivity.
- ▶ **Geographic indicators:** in the case of natural functional areas, geographic indicators such as proximity to a coastline or to a shore, overlapping with the watershed or delta area, topographic mountain area coverage (see *Annex 1. Classification of functional areas*).
- ▶ **Other economic, cultural, or social indicators** may also be used, keeping in mind the wide range of functional areas that may be defined (see *Annex 1. Classification of functional areas*).

At the same time, it is key to understand that delineating functional areas is not a fixed, one-time process, but is dynamic and continually evolving. Driven by factors such as economic shifts, political changes and social transformations, the delineation of functional areas is subject to change, and requires robust, granular data.

Evidence-based approaches to delineating functional areas and improving their development strongly benefit from the involvement of experts and academia. As shown by the example below of Brno Metropolitan Area, academic studies can support territorial delineations and inform dialogue and cooperation, while participation in research projects can further strengthen advocacy efforts and the substantiation of supra-municipal challenges and opportunities.



EVIDENCE-BASED APPROACH TO TERRITORIAL COOPERATION

(BRNO METROPOLITAN AREA, CZECH REPUBLIC)

The Brno Metropolitan Area provides valuable insights into the importance of leveraging strategic partnerships with academic institutions and using available data to support the functional approach. An analysis for delineating the functional area was conducted in 2013, before the cooperation was formalised through a memorandum. In the first implementation of ITI (2014-2020), the Brno Metropolitan Area was delineated based on a research study of a local university, while a national-level delineation was conducted for the current programming period.

Partner with academia / research centres or use existing studies to inform cooperation practices.

In 2013, a study was conducted by a research team of the Brno Masaryk University, identifying linkages between the core city and the localities around it, and paving the way for cooperation. The factors analysed for delineating the metropolitan area included commuting to work, commuting to schools, migration flows and public transport accessibility. The data provided by the academic study backed the metropolitan agenda and the necessity of integrated approaches created the basis for voluntary cooperation between localities near the city of Brno. Cooperation was stimulated by the implementation of the Integrated Territorial Investment instrument in 2014-2020, which continues into 2021-2027. Data deriving from the research informed the integrated development strategy at the level of the metropolitan area. For the implementation of the ITI in the 2021-2027 period, the Ministry for Regional Development of the Czech Republic developed a unitary methodology for the territorial delineation, based on statistical and mobile operator data. The new delineation of the territory of the Brno Metropolitan Area, points to a strengthened position of Brno within the South Moravian Region, resulting in an expansion from 167 to 184 localities.

Seek opportunities for ongoing partnerships with academia / research centres to promote evidence-based policies.

At the same time, the Brno Metropolitan Area continues to seek collaborations with academia to address current limitations, in the absence of national legislation for metropolitan cooperation. A noteworthy project is the TAČR METROSPOL ('Institutionalization of Metropolitan Cooperation as a Factor of Increasing the Motivation of Municipalities to Cooperate in Metropolitan Areas') project. The Brno Metropolitan Area has been actively engaged as one of the application guarantors for the project, led by the Faculty of Economics and Administration of Masaryk University. The project was implemented between 2020-2022 and financed by the Technology Agency of the Czech Republic. Starting from the observation that 'although metropolitan areas and agglomerations occupy only 26 % of the territory of the Czech Republic, they generate more than 70 % of the total GDP' and that there is a legislative vacuum around metropolitan planning as part of the public administration system, the project's outcomes include a comprehensive methodology for the establishment of metropolitan unions. The methodology for institutionalising metropolitan cooperation provides procedural guidance for both a long-term scenario (requiring legislative changes) and a short-term scenario that could be implemented without such requirements. Moreover, the city of Brno is currently the lead partner in implementing an Interreg project on 'Strengthening metropolitan cooperation and governance in Central Europe', continuing to involve local universities in workshops to co-cooperate on the preparation of project activities and policy recommendations.

For more information

Brno Metropolitan Area. Delimitation of the territory of the Brno Metropolitan Area. Available at: <https://metropolitni.brno.cz/en/zakladni-informace/integrovana-strategie-rozvoje-bmo/vymezeni-bmo/>

Brno Metropolitan Area. Delimitation of territory for ITI in the Czech Republic. Available at: https://metropolitni.brno.cz/wp-content/2020/06/PrF_200120_ZAVERECNY-DOKUMENT_FINAL_02042020.pdf



Brno Metropolitan Area. TAČR METROSPOL project. Available at: <https://metropolitni.brno.cz/tacr-metrospol/>

Interreg. Strengthening metropolitan cooperation and governance in central Europe. Available at: <https://www.interreg-central.eu/projects/mecog-ce/>

As mentioned earlier, national legislation can institutionalise cooperation between administrative units. Such dedicated legislation can establish criteria for the delineation of functional areas and outline their corresponding governance bodies, including their goal, functioning and competencies. They may also include provisions for financial support, and may confer planning, fiscal, regulatory, or service provision authority to the governance body of the functional area.

NATIONAL LEGISLATIVE FRAMEWORK FOR METROPOLITAN AREAS (ROMANIA)

While metropolitan intercommunity development associations have been emerging since as early as 2005, the lack of dedicated legislation was a limiting factor. Having the status of non-governmental organisations, they required a clearer status to improve their financial and organisational sustainability. The recently adopted law on metropolitan areas in Romania (Law 246/2022) details the operation, powers, and financing mechanisms of existing intercommunity development associations. The metropolitan territory is defined as *'the surface located around the municipalities, delimited by specific legislation, within which mutual relations of influence are created in the field of communication, economic, social, cultural and urban infrastructure.'* The law regulates the territorial scale at which localities can associate to form a metropolitan area, as follows:

Delineation. According to the law on metropolitan areas adopted in 2022, potential associations of municipalities other than the capital based on the concept of urban crowns. The first crown refers to the territory of administrative-territorial units in the immediate vicinity of a municipality, with which it has at least one common boundary, while the second crown is understood as the territory of the administrative-territorial units in the immediate vicinity of the first urban crown. The capital of Romania can associate with the localities of Ilfov county, county seat municipalities can associate with neighbouring localities in the first and second urban crowns, and municipalities that are not the seat of a county can only associate with localities in the first urban ring. In all scenarios, associations cannot exceed the limit of the county of which the municipality is part.

Competencies. The administrative-territorial units can mandate the metropolitan areas to exercise some attributions within their competence. The law therefore defines the duties that can fit within this mandate, including the elaboration, adoption, monitoring and evaluation of the integrated metropolitan development strategy, the sustainable urban mobility plan of the metropolitan area and the general urban plan of the metropolitan area as well as other strategies and planning documents, providing technical assistance to member localities, preparing projects financed from national, EU or international funds, and the application of common fiscal policies.

Financial transfers. The law also entails a financial component: besides the contributions from member local administrations, the law introduces a share of 5 % of the income tax to be transferred by the Ministry of Finance to the metropolitan area entity. The amounts transferred can be used by the metropolitan area exclusively for investments and cannot cover operational costs.

How to strengthen urban-rural linkages at the functional area level?

The functional area approach is a key instrument for harnessing urban-rural linkages that support polycentric development, pointing to the role of cities in making urbanisation sustainable (European Commission, 2023). Faced with the dual challenge of balancing concentration and depopulation, functional urban areas are ideally positioned to harness urban-rural linkages. DG REGIO notes that these linkages can be identified at the level of a core city and its adjacent rural area but can also connect *‘geographically distant places through functional links (e.g., linking agricultural production areas to urban markets)’* (European Commission, 2023).

While traditionally approached as separate areas of intervention with clear conceptual boundaries, urban and rural areas are increasingly interconnected through various functional relations (See Introduction) and should be considered in an integrated manner. As highlighted by OECD, *‘territorial relations have changed profoundly in recent decades’*, and it is becoming increasingly difficult to draw a clear line between urban and rural territories. The functions and characteristics of cities and rural localities are also changing: *‘cities no longer correspond to the simple notion of clusters of compact settlements with high densities of population and employment’*, while *‘agriculture is no longer the sole or the principal economic activity of rural areas’* (OECD, 2006). Therefore, overcoming the polarisation between urban and rural areas and developing frameworks for collaboration is as *‘policy imperative’* (Eurocities, 2023).

As a result of suburbanisation, rural localities in the proximity of dynamic cities are growing in population, increasing the pressure on public infrastructure and services. At the same time, depopulation and negative demographic trends affect remote rural localities, and new business models are required to preserve cultural heritage and support rural producers. Residents often migrate to cities in search of better job prospects and higher wages, while urban areas may experience out-migration to rural areas due to factors like retirement, lifestyle preferences, or access to affordable housing.

Urban areas serve as hubs for infrastructure, services, and facilities such as health and educational institutions, transportation networks, cultural venues, government offices, and commercial centres that are often accessed by rural populations. As centres of knowledge, urban areas can share technology and expertise with rural areas. Conversely, rural areas may provide urban centres with natural resources, including energy, and food production, contributing to environmental conservation and the development of urban farming, short food supply chains, or nature-based solutions. Moreover, challenges related to climate change require joint

CHALLENGE 2

action from urban and rural actors, and synergies may be identified in the area of circular economy.

As one of the territorial typologies included in Eurostat's *Methodology manual on territorial typologies*, the urban-rural typology was developed building on previous work of OECD and identifies types of regions based on the share of rural population (at NUTS level 3), namely predominantly rural, intermediate, and predominantly urban regions.

The urban-rural typology map identifies predominantly urban regions, intermediate regions (close to a city), remote intermediate regions, predominantly rural regions (close to a city), and remote predominantly rural regions. It also includes the dimension of remoteness, *'based on the criterion that less than half of the local population can drive to the centre of a city with at least 50,000 inhabitants within 45 minutes'* (Eurostat).

The classification offers insights into the importance of applying an urban-rural lens to development policies. With a large share of predominantly rural regions (close to a city), 87 % of Romania's territory is rural and home to approximately nine million people amounting to 46 % of the total population (ESPON, 2023). Similarly, Poland has various intermediate regions and predominantly rural regions that are close to a city. According to the Eurostat degree of urbanisation (DEGURBA) methodology, 75 % of municipalities within a functional urban area in Poland are rural (OECD, 2022). These examples are not isolated in the EU, therefore, there is a strong need to leverage urban-rural linkages for reducing socio-economic disparities and improving the quality of life for both urban and rural populations.

Building on existing linkages, rural-urban partnerships may take many forms and have *'great variety in formal status, structures, composition, size, spatial levels and scope'* (Armann et al., 2012). Both formulations 'urban-rural' and 'rural-urban' are used in the literature dedicated to the subject of cooperation between the two types of areas. Semantically, the term 'rural-urban partnership' aims to bring the focus to the rural dimension, as opposed to their representation of an 'appendix being pulled by the cities', and it may also secure a stronger buy-in of rural actors. Another clarification regards the use of the 'rural-urban partnership' term, which conceptually overlaps with the terms 'functional area' or 'functional approaches'. While it does not reflect the concept of inherent flows or linkages ('functional area' aligns better with the idea of interconnected spaces), it is, however, preferred, as it has a more positive connotation, particularly outside the fields of spatial planning (DG REGIO, 2012).

As centres of knowledge and education, urban areas can mobilise actors such as educational institutions and businesses to support the development of rural areas, as well as the transfer of best practices. Leveraging an existing governance framework at the functional area level, rural-urban partnerships can accelerate the transfer of best practices across member municipalities, particularly to address disparities in socio-economic development and public infrastructure, as seen in the example from Cluj Metropolitan Area.



RURAL-URBAN PARTNERSHIPS

(CLUJ METROPOLITAN AREA, ROMANIA)

The Cluj Metropolitan Area is involved in two initiatives aimed to increasing quality of life in rural areas and developing synergies between rural and urban actors. The key takeaways are distilled below:

Develop a form of partnership bringing together urban and rural actors. A form of a rural-urban partnership was piloted in the Cluj Metropolitan Area through the Rural-Urban Hub initiative. In alignment with the Long-Term Vision for Rural Areas and the Rural Pact, the Rural-Urban Hub initiative aims to bridge the gap between rural and urban areas. It involves the city of Cluj-Napoca, and two rural localities in the metropolitan area, as well as the education cluster bringing together major educational institutions, the governance body of the metropolitan area (Cluj Metropolitan Area Association), the Babeş-Bolyai University, and the Romanian Business Leaders Association. This multi-stakeholder partnership focuses on addressing disparities in socio-economic development between urban and rural areas.

Identify potential areas of rural-urban cooperation. The research studies conducted as part of the Rural-Urban hub offered insights into the potential areas of rural-urban cooperation, including economic collaboration, infrastructure and urban planning, education partnerships, community cooperation, and cultural collaboration. For instance, creating a framework for economic collaboration between Cluj-Napoca business clusters and rural associations can lead to direct business partnerships, rural investments, local product promotion in urban areas, and technology transfer to rural spaces. Moreover, the pilot project conclusions point that cooperation must be supported by real mechanisms, such as partnerships, formal structures, and functional collective bodies, to translate ideas into concrete rural-urban connectivity projects.

Endorse the replication of best practices to raise the quality of public infrastructure in rural areas. Well-designed, attractive, and cohesive public spaces can significantly improve quality of life in suburban areas, which often lack quality public spaces and services. A separate initiative for the transfer of best practices in the regeneration of public spaces was developed in the Cluj Metropolitan Area, based on a partnership between the representatives of the core city, the metropolitan area governance body, the county council and rural localities. The project involved a participatory co-design process for the development of the architectural concept studies through public debates organised by the Cluj Metropolitan Area. The result was the elaboration of regeneration concepts for public spaces in eight out of the 15 rural localities in the metropolitan area. The main criteria guiding the selection of the localities were the implementation capacity and replicability of the proposed solutions. The functional area governance body plays an important part in the partnership, by providing support and guidance in the implementation of the concepts.

Support rural localities in elaborating feasibility studies and technical projects and identifying funding sources for their implementation. The initiative developed in the Cluj-Metropolitan Area aims to provide local governments with coherent concepts for the regeneration of public

spaces, aiming to improve quality of life, safety, and attractiveness. Other envisioned phases include the development of necessary documentation, such as feasibility study and technical projects for each locality. Moreover, the Cluj Metropolitan Area governance body will support local administrations in identifying funding sources for the implementation of the proposed interventions.

For more information

Stănică V., Rural–Urban Hub Cluj. Proiectul pilot de conectare rural–urban în zona metropolitană Cluj-Napoca. *Revista Transilvană de Științe Administrative* 2(51) / 2022. Available at: <https://rtsa.ro/rtsa/index.php/rtsa/article/download/627/624>

Functional areas in the EU. Transferring best practices for the regeneration of public spaces in the Cluj Metropolitan Area. 2023. Available at: <https://functionalareas.eu/urban-rural-linkages-regeneration-of-public-spaces-in-the-cluj-metropolitan-area/>

Cluj Metropolitan Area. The regeneration concepts for rural localities in the Cluj Metropolitan Area. Available at: <https://www.clujmet.ro/wp-content/uploads/2023/04/Centru-de-sat-ca-spatiu-public-brosura-a3-1.pdf>

As mentioned earlier, national legislation can institutionalise cooperation between administrative units. Such dedicated legislation can establish criteria for the delineation of functional areas and outline their corresponding governance bodies, including their goal, functioning and competencies. They may also include provisions for financial support, and may confer planning, fiscal, regulatory, or service provision authority to the governance body of the functional area.



BALANCING RURAL AND URBAN DEVELOPMENT

(LAKE BALATON FUNCTIONAL REGION, HUNGARY)

The Lake Balaton functional region is a predominantly rural natural functional area, spanning three counties around the lake. Delineated as a result of a top-down approach (through a national legislative act). The governance structure of the area is ensured by the Lake Balaton Development Council, composed of ministry representatives (with 60 % of voting rights, nine representatives), and county representatives (six representatives from the three counties around the lake). The eight ministries represented are responsible for regional development, the use of EU funds, supporting the development of government strategies, town and country planning, the environment, water management, tourism, and nature conservation.

Develop an institutional mechanism for achieving balanced urban-rural development. The Lake Balaton Development Council has various responsibilities, including the preparation of development plans and strategies, allocation of development funds, and coordination of development initiatives. Lake Balaton Development Council provides a platform for dialogue among stakeholders across the three counties, aimed to supporting balanced urban-rural development, while protecting natural assets. The region is highly fragmented in terms of its administrative structure, with smaller towns and villages predominating. 84 out of 180 municipalities have less than 500 inhabitants, and an additional 34

settlements range between 500 and 1 000 inhabitants (ESPON, 2021). From these, less than a quarter are located on the shore of Lake Balaton. Together with local actors, Lake Balaton Development Council aims to reduce the pressure on the lakeshore area and develop sustainable tourism through diversification and reducing seasonality (i.e., cultural, gastronomic, health tourism). Achieving this requires developing and promoting the tourist offer in rural localities situated further away from the shore, along with economic diversification measures.

Establish a recurrent channel for amplifying rural voices and development needs. The Lake Balaton functional area's governance body (Lake Balaton Development Council) enables the engagement of a variety of stakeholders from both urban and rural areas, including local administrations, regional organisations, non-governmental organisations, and businesses. Lake Balaton has a long history of civil society organisations, with the Lake Balaton Association founded in 1904. These also include the Association of Balaton Civil Organizations, with 34 member NGOs, Balaton Circle focusing on preserving regional values, and the Women for the Balaton Association, working on environmental and cultural conservation (ESPON, 2021). Monthly council meetings offer an opportunity for engagement with civil society and business organisations. Through these meetings, the governance body offers a platform to raise concerns related to the development of the area, ensuring that urban and rural challenges are addressed in coordination.

For more information

ESPON. Lake Balaton: Towards an integrated development? October 2021. Available at: https://www.espon.eu/sites/default/files/attachments/LAKES%20Annex2a_Regional_report%20Balaton.pdf

Urban and rural areas rely on each other economically. Urban areas may serve as markets for rural agricultural products, providing farmers with income and livelihood opportunities. In return, rural areas supply quality food, raw materials, and other resources to urban centres. Along with strategic planning and service provision, a key area of intervention for functional area governance bodies is the *'production and distribution of resources'* (Eurocities, 2023). This may involve measures to link local food producers, other actors in the supply chain and consumers, while promoting food security and resilience.

SHORT FOOD SUPPLY CHAIN MODEL TO HARNESS URBAN-RURAL LINKAGES AT FUNCTIONAL AREA LEVEL

(TĂUȚII MĂGHERĂUȘ, ROMANIA)

The 'Roade de Oraș' ('City Harvest') is a grassroots initiative developed in the town of Tăuții Măgherăuș (Romania), bringing together local producers from twenty urban and rural municipalities across three counties (Maramureș, Satu Mare, and Sălaj). Collectively, they provide an array of products, from food to handmade items and craft beer. The initiative facilitates their access to local markets by providing a platform and offering support in creating a unified branding and competitive edge. By enabling local producers to increase their revenues and capacity and connecting them to consumers, the initiative facilitates the integration of urban and rural agendas towards common long-term development goals.



The ‘City Harvest’ initiative is based on a social media group providing a convenient channel for individuals to place orders for local products. Orders are accepted weekly, from Monday to Thursday. Purchases can be collected every Friday during a specified one-hour time slot at one of two designated locations. Detailed instructions are available in the group description section. Additionally, in 2023, the team behind ‘City Harvest’ implemented a new feature for group members, providing home delivery facilitated by bicycle couriers. This enhancement ensures that customers can receive their orders, even if they cannot pick them up in person, while also alleviating local producers from the need to transport products back to their homes. With an active online community boasting over 11 000 members, this streamlined system enables producers to assess demand accurately, ensuring they bring the right quantity of goods to the weekly meetups. This demonstrates how a community-driven platform can foster economic growth and a sense of unity, serving as a model for harnessing urban-rural linkages at the functional area level with a focus on developing short food supply chains.

Create a supportive environment for existing initiatives in the realm of food distribution networks. Local or family businesses may receive assistance through designated selling spaces, resources, or incentives to enhance and sustain the platform. Additionally, workshops can be organised to train local producers in marketing their products. Implement quality control measures and help them establish internal rules to avoid competition and price drops, encourage community participation, and promote the platform to ensure its success.

Ensure proper communication through a digital hub. Encourage the development or create a dedicated online platform, like a social media group, for local producers and consumers to connect, place orders, and promote products conveniently. This can involve promoting best practices, offering technical support, or a combination of both, tailored to the community’s requirements.

Develop large-scale projects to create mutual benefits for urban and rural areas. Functional area governance bodies may strengthen existing initiatives and the development of a resilient food system by providing financial resources and visibility. At the same time, they may facilitate a partnership between public bodies, producers, regional actors, partners from civil society and research institutes. This is the case of Grenoble-Alpes Métropole (France), where the 49 municipalities of the metropolitan area were brought together in projects dedicated to building food distribution networks, financed through ERDF and Horizon 2020. A similar project was implemented by the Bordeaux Metropolitan Area (Eurocities, 2023).

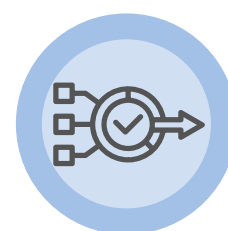
For more information

Functional areas in the EU. Urban-rural linkages: Exploring urban-rural interdependencies for cohesion and economic growth. 2023. Available at: <https://functionalareas.eu/wp-content/uploads/2023/09/Urban-Rural-Linkage-V2.pdf>

Eurocities. Connecting urban territories. Urban-rural cooperation at metropolitan level. 2023. Available at: https://eurocities.eu/wp-content/uploads/2023/06/Connecting-Territories_Urban-rural_Eurocities.pdf

RECOMMENDATIONS

- 1. Apply a data-based approach in delineating the functional area to identify shared needs, trends, and linkages.** Evidence-based indicators are critical not only for the delineation process but also for the subsequent elaboration, monitoring, and evaluation of an integrated strategy. Collaborate closely with academia and research centres to develop and refine indicators that accurately capture the complex dynamics of the area, even when a national delineation is already produced. By relying on empirical evidence, this data-driven delineation ensures a comprehensive understanding of territorial needs and facilitates strategic decision-making based on reliable insights.
- 2. Consult and ensure representation of urban and rural areas in governance bodies to promote the rural agenda.** Functional area governance bodies may act as a platform for voicing rural concerns and promoting a balanced territorial development. Focus on addressing shared challenges, capitalising on synergies, and planning and implementing initiatives that promote mutual benefits for both rural and urban areas. Through a joint decision-making structure and a joint strategy, urban and rural areas can overcome polarities and collectively address their interests.
- 3. Develop a form of partnership based on existing linkages and encourage the exchange and replication of best practices between urban and rural areas.** Leverage the role of cities as hubs of knowledge, research, and innovation for the benefit of rural areas. This may involve conducting research and connecting educational and business actors across the functional area, as well as enabling the transfer of best practices. Simultaneously, acknowledge the valuable contributions of rural areas to resilience and sustainable development, including natural resources, including energy and food production, or nature-based solutions.



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3

GOVERNANCE AND ADMINISTRATIVE CAPACITY

An efficient governance model at functional area level may enhance integrated planning, financing, and implementation of projects with supra-municipal impact. The key concepts addressed in this chapter are **governance** - referring to the structures and processes by which decisions are made and implemented, encompassing both formal and informal mechanisms - and **administrative capacity**, which reflects the ability of institutions and key stakeholders to efficiently carry out their functions and responsibilities.

In the 2021-2027 programming period, the new Policy Objective 5 ('A Europe closer to citizens') incentivises collaborative working and decision-making. Integrated territorial development under Policy Objective 5 builds on **three major principles**:

1. multi-sectoral strategic approach,
2. multi-level governance approach,
3. multi-stakeholder approach.

While *Chapter 4 - Cross-sectoral integration* of this Toolkit focuses on the first principle, this chapter offers insights into applying the last two. These principles are also stipulated in the New Leipzig Charter and the Territorial Agenda 2030, adopted in 2020 (see *Introduction* chapter).

In a **multi-level governance framework**, management authorities, functional area governance bodies, and local administrations have well-defined roles. As defined by the CPR, multi-level governance framework are arrangements between different levels of governance- local, regional, national, supranational: *'interventions shall be coordinated and aligned between the different levels of governance concerned in the given territory, from programming to implementation and monitoring, with special attention to the involvement of relevant territorial authorities or bodies in project selection to ensure strategic consistency with local needs and challenges'* (CPR, Art. 29). Management authorities set at national or regional level the policy framework in which integrated strategies will be designed and implemented, while functional area governance bodies are responsible for drafting, implementing, monitoring, and evaluating the joint strategy and reporting back to managing authorities on their progress. Moreover, the involvement of relevant territorial authorities or bodies in project selection (CPR, Art. 29) ensures strategic consistency with local needs and challenges. This process also offers functional area governance bodies opportunities to provide recommendations for further **policy improvements at the regional, national and EU level**, to better align with territorial needs.

Effective governance also requires the capacity to coordinate with various stakeholders. A **multi-stakeholder approach** enables public authorities to leverage capacity and resources from a wider pool. To achieve this, the conceptualisation, implementation, and monitoring of interventions needs to involve all relevant actors, including citizens, civil society organisations and private enterprises together in the planning, implementation and monitoring of integrated territorial and local development strategies (CPR, Art. 29).

To effectively drive functional approaches, **targeted capacity building** is necessary for both technical staff and political representatives within governance bodies. The need for targeted capacity building is underscored by the specific technical expertise required for joint strategic and spatial planning, identifying projects with functional area level impact, designing, and implementing interjurisdictional projects, coordinating, and engaging stakeholders across the functional area, designing the right financing mix, or bundling packages of projects to achieve economies of scale.



GOVERNANCE CHALLENGES SHARED BY FUNCTIONAL AREAS

Even though the governance of functional areas in the EU takes a variety of forms, it is nonetheless faced with similar challenges. Several governance challenges were shared by the 50 functional areas participating in the call for application for targeted support under the *Functional areas in the EU* project. One of the most recurring challenges is the difficulty in gaining the **buy-in of local administrations and lack of political support for joint project planning and implementation**. This highlights the importance of building 'coalitions of the willing' and strengthening and sustaining cooperation practices beyond impulsive responses to financial incentives provided by EU funding frameworks. Other challenges cited by respondents are lack of tools and established approaches to enable **reconciliation of political differences** and facilitating reaching common ground and limited experience in developing partnerships.

Functional area representatives further pointed out limitations in the **administrative or financial capacity** to respond to supra-municipal needs. This is particularly relevant for recent or yet-to-be-established functional area governance bodies, and smaller municipalities.

Why set up a governance body for a functional area?

Having in place an efficient governance arrangement can support the institutionalisation of territorial cooperation, the strengthening of joint strategic planning and the optimization of investment processes for the benefit of the entire functional area. A governance body can coordinate integrated planning at the functional area level and serve as a robust platform for collaboration among diverse stakeholders.

In the case of Functional Urban Areas, the benefits of establishing governance bodies at the metropolitan level are well documented, particularly regarding their role in promoting integrated and sustainable development and addressing negative externalities of urbanisation such as

urban sprawl. The OECD *Metropolitan Governance Survey: a quantitative description of governance structures in large urban agglomerations (2014)* highlights that ‘metropolitan areas with governance bodies perform better on several dimensions’. Most notably, positive correlations were identified between the existence of metropolitan governance structures and decreased urban sprawl (measured as the change in population density in built-up areas), lower air pollution (as a result of metropolitan public transport), higher citizen satisfaction with services, as well as a higher per capita GDP (OECD, 2014). Ongoing research initiatives, such as the MECOG-CE Interreg project (*Strengthening metropolitan cooperation and governance in central Europe*), are actively identifying, testing, and disseminating best practices in metropolitan governance.

While less documented, functional area governance and inter-jurisdictional cooperation in rural areas (including remote rural areas) has the potential to reduce vulnerabilities caused by geographical isolation, lower capacity, limited access to resources, and administrative fragmentation. Similarly, functional natural areas require cooperation to balance the pursuit of economic development and environmental sustainability.

How can local leadership support supra-municipal governance?

Political will often plays a critical role in establishing a supra-municipal governance body. **Local leadership** can consolidate cross-jurisdictional cooperation by bringing together different communities and stakeholders to establish a common vision and build consensus around shared goals. Committed and entrepreneurial local leaders can help create ‘*coalitions of the willing*’ or ‘*growth coalitions*’ that bring together actors from different sectors and jurisdictions to work towards shared objectives.

To this end, both vertical and horizontal coordination is needed, with the participation of actors from different policy areas and departments (such as transport, land use, and waste management) and between different levels of government (local, regional, national, and supra-national). To ensure continuity and implementation orientation, these efforts should be channelled into long-term strategic planning (see *Chapter 1* for more guidance on functional area strategic planning).

In addition to local leadership, neutral players such as international development organisations, academia or research institutes may also have a positive impact through their **convening power**. Convening power refers to the ability of an organisation or individuals to bring together stakeholders from different sectors, jurisdictions, and backgrounds to work towards a common goal. If convenors are perceived as impartial and unbiased, and proposals are backed by sound analysis and expertise, this can help build trust among stakeholders who may have competing interests.

What is the typical composition of a supra-municipal governance body?

Supra-municipal governance bodies may include elected representatives like mayors, as well as other political representatives (deputy mayors, and representatives at the county, regional or federal, or even national level (e.g., ministries, in the case of the Lake Balaton Development Council)). The

responsibilities of these governance structures vary but would typically include preparing and approving the integrated supra-municipal strategy, deciding on project prioritisation, representing the functional area in interactions with other institutions, imposing membership fees, appointing committees, or expert groups, or concluding contracts on behalf of the functional area.

The day-to-day operations of the functional area are managed by a team of technical experts located either in the administration of the core city of the functional area (e.g., Brno Metropolitan Area), or a dedicated office established for this purpose. The technical teams are usually responsible for the operational tasks such as project management or monitoring the implementation of the integrated supra-municipal strategy and require targeted knowledge and capacity building. In addition to these, functional area governance bodies may also include representatives of civil society, academia, or other stakeholders as in the case of Jiu Valley Functional Area, a Just Transition region in Romania.

How to establish a functional area governance body?

In exploring the diverse landscape of governance bodies of functional areas in the EU, various models can be identified, ranging from informal and soft coordination (primarily aimed at information exchange and consultation) to more formal arrangements (OECD, 2014). Selecting the appropriate governance model involves assessing existing cooperation practices, the national administrative authorising environment and of course the challenges that the governance body will be seized with. The spectrum of options ranges from **informal, soft coordination mechanisms** to **fully institutionalised entities**, such as supra-local authorities, or metropolitan cities established as recognised tiers of government often formed by merging multiple administrative units. The powers and functions of these governance bodies also vary, with some having limited mandates while others have a broad remit which may even include authority to impose certain types of taxes.

Interjurisdictional governance bodies are not an end in and of themselves but exist to support collaborative practices and tackle challenges that cannot be adequately addressed by single authorities. Moreover, governance models are not static but rather dynamic, evolving over time. They may commence with informal coordination arrangements and gradually transform into more formalised and institutionalised structures based on the evolving needs of the constituting members or changing nature of challenges to be addressed. While informal cooperation is often the starting point for developing long-term cooperation models, a higher level of **institutionalisation of cooperation** offers the authority the requisite authority and institutional stability to plan, regulate and implement measures that promote sustainable development across jurisdictions.

The OECD typologies of metropolitan governance offer an overview of the functions and mandates of governance bodies, ranging from soft coordination mechanisms to forming new tiers of administration through

CHALLENGE 1



consolidation of existing units. While they are informative for research and policy purposes, it is worth highlighting that they should not be understood as a rigid framework in which all governance models must fit, but rather as a tool for navigating the diversity of existing governance bodies at metropolitan level.

OECD: METROPOLITAN GOVERNANCE MODELS

The OECD *Metropolitan governance survey* (2014) focused on gathering data on governance structures in large urban agglomerations and is one of the most extensive studies on supra-municipal governance, covering 263 metropolitan areas around the world. The typologies below offer a broad overview of their governance models, from purely consultative ones to those that have extensive legal powers.

Informal/soft coordination. Platforms that facilitate informal or soft coordination are characterised by their ease of establishment and dissolution. They also tend to have narrow mandates, focusing mainly on sharing information and consultation. This corresponds to 52 % of OECD metropolitan areas that have a metropolitan governance body (according to the *Metropolitan governance survey*). However, they usually lack enforcement mechanisms and have limited interactions with citizens and other government levels.

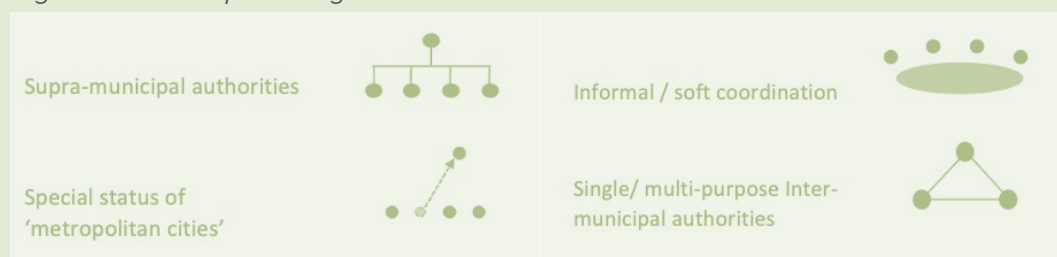
Single/multi-purpose inter-municipal authorities. These inter-municipal authorities do not require administrative reform but are primarily voluntary forms of association, created to tackle issues on a larger territorial scale (24 % of metropolitan areas involved in the global study). As opposed to informal/soft coordination arrangements, such authorities go beyond information sharing and consultation to define strategic priorities and implement joint projects. According to OECD, inter-municipal authorities established for a single purpose aim to ‘share costs and responsibilities across member municipalities’, sometimes involving collaboration with other government tiers and sector-specific organisations concerned with the defined purposes. Multi-purpose authorities have the same goal, but cover more than one sector, dealing with key urban development issues like land use, transportation, and infrastructure. However, without strong leadership and the will to cooperate, these governance models often lack the ability to sustain themselves in the long term.

Supra-municipal authorities. They can take the form of a directly elected or appointed metropolitan government and can be found in 16 % of metropolitan areas, according to OECD. Supra-municipal authorities can optimise the distribution of competencies, by adapting the rules of the game without changing players in the public field (Eurocities, 2013). The specific delegated powers are usually outlined in the statute of the governance body.

Special status of ‘metropolitan cities’. Cities surpassing a certain population threshold may be granted a special status of ‘metropolitan cities’, as observed by the OECD, and account for 8 % of surveyed metropolitan areas.

Metropolitan cities are consolidated local governments that incorporate administrative units into larger conformations. This requires changing the Constitution of the state to accommodate the new consolidated local governments, with broader competencies and a more significant role in governance and imposing regulations. It is worth noting that the decision to establish supra-municipal authorities or consolidate local administrative units into metropolitan cities is highly political, given their role in assuming strategic responsibilities in key areas of neighbouring municipalities (Council of Europe, 2010).

Figure 3. Metropolitan governance models



Source: OECD (2015), *Governing the City*

Some functional area governance bodies may be defined as a hybrid between two or more categories (i.e., an area may not have an established authority, but may develop informal multi-purpose coordination for defining strategic priorities). An institutional setup that is finetuned to the local and national context and can effectively drive cooperation is what defines successful functional approaches. The practical insights below aim to show the variety of such bodies that may not fit perfectly into specific categories.

For example, many functional area governance arrangements are developed because of applying **integrated territorial investments**. These associations typically oversee the preparation of an ITI strategy and the implementation of projects from ITI allocations but are not delegated responsibilities from member municipalities (rather ITI associations deal with additional tasks). On the continuum from the 'lightest' to the most 'stringent' governance models described by the OECD typology, these ITI associations may be placed in the space between soft coordination approaches and inter-municipal authorities.

The role of the governance body is to provide a flexible space to create **tailored approaches** to meet identified needs and capitalise on coordination opportunities. Within the same functional area, diverse arrangements for cooperation may be established - while all local units may collaborate in strategic planning, only select municipalities will work closely together for specific projects (e.g., for public transport or flood risk mitigation). Regardless of their typology, the key elements of a functional area governance body are a political decision-making body that is responsible for the adoption of an integrated strategy, a team of technical staff, and a stakeholder engagement framework.

The practical insights below demonstrate that governance of functional areas may be carried out in many forms, from voluntary coordination that goes beyond information sharing and consultation (Polish functional urban



areas, Caraş-Timiş functional area in Romania), a local authority taking the lead in the implementation of metropolitan cooperation (e.g., the city of Brno in the case of Brno Metropolitan Area), to full-scale, dedicated supra-municipal structures, collecting their own taxes (e.g., Barcelona Metropolitan Area) or ‘metropolitan cities’ (Italy). These examples showcase the diversity of governance models, as well as the incremental development of cooperation practices.

SOFT COORDINATION THROUGH SHARED METROPOLITAN STANDARDS

(POLAND)

Soft governance models rely on continual dialogue between municipalities around development issues and the voluntary application of shared solutions. In this sense, coordination between municipalities in a functional area may take the form of voluntary adoption of shared standards to ensure coherent development and reduced disparities. Such an approach was implemented by several functional areas in Poland, through the joint formulation and application of common standards for the design of public infrastructure and spatial planning. The voluntary application of shared standards represents a soft form of inter-municipal cooperation that can be further developed.

They take the form of recommendations and include the following: metropolitan landscape standards (Gdańsk-Gdynia-Sopot functional urban area), metropolitan bicycle standards (Upper Silesian Metropolitan Association), metropolitan minimum standard for persons with disabilities (Gdańsk-Gdynia-Sopot functional urban area), safe road to school- standards for the design of pedestrian and bicycle infrastructure (Szczecin functional urban area). The decision to apply the developed metropolitan standards is fully voluntary.

This approach has two main benefits: **increasing the capacity of individual local governments** to implement high-quality investments (in particular, for smaller municipalities), and **developing the functional area as a ‘coherent space’** that offers a comparable standard of living. The development and implementation of common standards for planning and investment processes can foster the achievement of the functional area development goals through the joint development, promotion, and implementation of a certain quality of solutions by local governments and other stakeholders within the framework of the existing legal conditions.

For more information

Gdańsk-Gdynia-Sopot functional urban area. Metropolitan Landscape Standards. Available at: <https://www.metropoliagdansk.pl/metropolitalne-wiadomosci/koniec-reklamowych-smieci-w-metropolii/>

Upper Silesian Metropolitan Association. Metropolitan Bicycle Standards. Available at: <https://bip.metropoliagzm.pl/artyku/34552/125426/standardy-i-wytyczne-kszaltowania-infrastruktury-rowerow>

Gdańsk-Gdynia-Sopot functional urban area. Metropolitan Minimum Standard for Persons with Disabilities. Available at: <https://www.metropoliagdansk.pl/metropolitalne-wiadomosci/pierwsza-metropolia-w-kraju-ze-standardem-dla-osob-z-niepelnosprawnosciami/>

Szczecin functional urban area. Safe Road to School - standards for the design of pedestrian and bicycle infrastructure. Available at: <http://som.szczecin.pl/category/projekty/>



VOLUNTARY COOPERATION FOR IMPROVED MOBILITY ACROSS TWO COUNTIES (CARAŞ-TIMIŞ FUNCTIONAL AREA, ROMANIA)

The lack of a governance body does not impede the implementation of joint initiatives, including major infrastructure projects. In some cases, partnership agreements for specific purposes may be signed to provide the necessary legal basis for cooperation. The Caraş-Timiş functional area in Romania, one of the areas participating in the *Functional areas in the EU* project, may be considered a mix between informal coordination and a single-purpose authority, focused on mobility infrastructure development. The existing governance arrangements are centred on improving green mobility between two county-capital municipalities. However, the functional area does not have a formal governance arrangement. It represents an informal cooperation structure based on partnership agreements between two municipalities, two county councils, and the national railway authority, leveraging existing legislation to accelerate development projects for the area.

The case of the Caraş-Timiş functional area points to the importance of strong political leadership for initiating functional approaches. The cooperation for improving mobility at the supra-municipal level started in 2020 on a voluntary basis, with the Mayor of Reşiţa Municipality playing a leading role in the process of bringing together two municipalities and two county councils, as well as national stakeholders.

Functional approaches may also enable multi-level partnerships. To accelerate the development of green mobility, a partnership agreement was signed between Reşiţa Municipality, Timişoara Municipality, Timiş County Council, and Caraş-Severin County Council. The focus of the partnership was the modernization of the railway infrastructure between Reşiţa and Timişoara, with a link to the international airport in Timişoara, and the implementation of a 'train-tram'. A subsequent agreement was signed to comply with legal requirements for the joint procurement of necessary documentation and accessing funding for the project. An additional partnership agreement was signed with the Romanian Railway Company, which provided support for the further development and implementation of the project, as well as with the National Railway Reform Authority, to carry out an investment assessment.

For more information

Functional areas in the EU. Partnership between Caraş Severin and Timiş County Councils and Reşiţa and Timişoara Municipalities for investments in railroad infrastructure in the region. Available at: <https://functionalareas.eu/investments-in-railroad-infrastructure/>

Functional areas in the EU. Tram-Train network between Reşiţa – Timişoara. Available at: <https://functionalareas.eu/tram-train-network/>



As highlighted earlier, functional area governance is highly diverse across the EU, and shows that there is no ‘one-size-fits-all’ model for effective cooperation. Although there is no dedicated governance body with decision-making powers and delegated responsibilities at the metropolitan level, the city of Brno has leveraged the use of integrated territorial investments to strengthen cooperation across the Brno Metropolitan Area.

LEVERAGING ITI FOR PROMOTING METROPOLITAN GOVERNANCE

(BRNO METROPOLITAN AREA, CZECH REPUBLIC)

Cooperation efforts may take place outside of a dedicated legal governance body. Although the Brno Metropolitan Area lacks a legal status and decision-making powers and competencies over the territory, it has a strong track record of joint project financing and implementation through the ITI instrument. While the implementation of ITI was entrusted to the city of Brno, the governance of the metropolitan area focuses on the coordination of activities in the delimited metropolitan territory based on a voluntary partnership between the city of Brno, municipalities in its hinterland and other stakeholders.

Local governance structures may serve as an incubator for more institutionalised metropolitan governance. Metropolitan governance is embedded within the Brno City Hall, through the Department of ITI management and metropolitan cooperation, which coordinates the implementation of the integrated strategy of Brno Metropolitan Area. This department is led by the ITI Manager, who works with his unit. The Steering Committee, which is an advisory political platform without legal rights over the metropolitan territory, issues recommendations to the ITI Intermediate Body (the city of Brno), local authorities, and statutory bodies of partners involved. The ITI management office plays an executive role in metropolitan cooperation and implementation of ITI. While cooperation was incentivised through the ITI framework and priorities, the current objective of Brno Metropolitan Area is to promote a metropolitan mindset in all development areas.

The Brno Metropolitan Area has established working groups involving a multi-stakeholder and multi-level approach, dedicated to themes such as sustainable mobility, environment, social issues, education, and horizontal issues. These working groups analyse and design solutions for supra-local challenges. For example, the working group’s metropolitan approach to mobility and transportation is materialised in the jointly developed Sustainable Urban Mobility Plan and the 2021+ Integrated Development Strategy and projects like transfer terminals, information systems or cycling paths, as well as an integrated project including the modernisation of a bus station, the construction of a tram lines and the replacement of underground utility infrastructure.

Moreover, the Brno Metropolitan Area is the main promoter of metropolitan development in the Czech Republic and is currently the lead partner in implementing an Interreg project on strengthening metropolitan cooperation and governance in Central Europe (MECOG-CE).

For more information

Brno Metropolitan Area. ITI Management Structure. Available at: <https://metropolitni.brno.cz/en/zakladni-informace/ridici-struktura/>

Interreg. Strengthening metropolitan cooperation and governance in central Europe. Available at: <https://www.interreg-central.eu/projects/mecog-ce/>

EVOLUTION AND STRUCTURE OF THE BARCELONA METROPOLITAN AREA GOVERNANCE MODEL

(BARCELONA METROPOLITAN AREA, SPAIN)

The Barcelona Metropolitan Area is recognised as one of the most advanced metropolitan governance models in the EU. The Barcelona Metropolitan Area comprises the city of Barcelona and 35 surrounding municipalities, with a population of over 3.2 million people. The key takeaways from the evolution of the governance of Barcelona Metropolitan Area are presented briefly below.

The current governance model of the Barcelona Metropolitan Area evolved gradually based on an existing history of cooperation. Although the Barcelona Metropolitan Area was legally set up as a metropolitan authority in 2011, metropolitan cooperation has a longer track record, with a regional urban development plan approved in 1953 by Barcelona's Urban Planning Committee (the first metropolitan body, bringing together 27 municipalities), and a General Metropolitan Plan approved in 1976. The current governance body consolidated three sectoral inter-municipal metropolitan authorities created in 1987: the Union of Municipalities of the Metropolitan Area of Barcelona, the Environmental Agency, and the Metropolitan Transport Agency.

The governance framework of Barcelona Metropolitan Area comprises the Metropolitan Council, the Board of Governors, the Council of Mayors, and the Special Commission of Accounts. The Metropolitan Council is the highest governing body, with mayors and local councillors from each municipality, acting as metropolitan councillors, representing citizens at the metropolitan-level governance structure. This Council oversees key functions like appointing the Barcelona Metropolitan Area president, approving the Metropolitan Action Plan, passing ordinances and regulations, and setting rates for metropolitan services such as taxi or metropolitan transport.

The Board of Governors, comprising 13 metropolitan councillors along with the president of Barcelona Metropolitan Area was created to facilitate efficient decision-making and its responsibilities are delegated by the Metropolitan Council and the president. This body convenes at least twice a month and includes councillors appointed by the president upon proposal by the Metropolitan Council. The Council of Mayors includes only the mayors from the 36 metropolitan municipalities, and the Special Commission of Accounts is responsible for overseeing the Barcelona Metropolitan Area's economic management.

A functional area governance body may be established to coordinate integrated strategic planning and gradually expand its competencies.





In this sense, the mandate of the Barcelona Metropolitan Area has expanded over time from strategic and spatial planning to encompass water management, waste treatment, sustainability, mobility and transport, urban planning, housing policies and development of public spaces, social policies, supporting economic growth and attracting investors, and international relations and cooperation. The Barcelona Metropolitan Area has the legal authority to implement policies, plans, regulations, and projects across these domains, and its budget is composed of subsidies and transfers, fees, and user charges, as well as its own taxes.

For more information

Functional areas in the EU. Takeaways from the Knowledge Exchange on Approaches to Strengthening Functional areas Governance. Available at: <https://functionalareas.eu/the-knowledge-exchange-on-approaches-to-strengthening-functional-area-governance/>

ADMINISTRATIVE REFORM TO ESTABLISH METROPOLITAN CITIES (ITALY)

In Italy, metropolitan areas were institutionalised through the Law no. 56/2014, which established ten metropolitan cities: Turin, Milan, Venice, Genoa, Bologna, Florence, Bari, Naples, Reggio Calabria, in addition to the metropolitan city of Rome. The area covered by the metropolitan city is the same as that of the corresponding province. According to OECD (2015), the reform in Italy *'must be seen in the context of a wider trend towards stronger forms of metropolitan co-ordination'* identified globally.

The law defined the metropolitan areas' institutional purposes, including strategic development of their territory, integrated management of services and infrastructure, and fostering institutional relations at their level, including with other European metropolitan areas. These metropolitan cities have various functions, including those inherited from provinces, roles within the reorganisation process, and specific functions like strategic planning, territorial planning, public service management, mobility, economic and social development, and digitalization. Additional functions may be assigned based on principles of subsidiarity, differentiation, and adequacy by the State or regions.

The metropolitan city governance body has three main organs: the metropolitan mayor, the metropolitan council, and a metropolitan board (*'conferenza metropolitana'*). The metropolitan mayor represents the entity and presides over the metropolitan council. The metropolitan council is elected by the mayors and councillors of the municipalities forming part of 'metropolitan city', serving as the directing and supervisory body. The board consists of the metropolitan mayor and mayors from constituent municipalities and has powers related to the adoption of statutes and advisory functions regarding budget approval.

Understanding the limitations and challenges inherent in large-scale administrative reforms is crucial for developing more adaptable and responsive governance models. The decision to designate certain provinces

as ‘metropolitan cities’ aimed to institutionalise metropolitan cooperation. However, this led to complex territorial issues, particularly where provincial boundaries do not have a functional dimension, as in the case of functional urban areas. Additionally, the failure of the 2016 constitutional referendum to abolish provinces, coupled with subsequent budget cuts, significantly impacted their institutional and financial structures. To address these challenges, a new financial structure for provinces and metropolitan cities was established, enabling direct allocation from the state budget to finance fundamental functions, in a model similar to the one applied to municipalities.

In terms of financing, Italy also implemented dedicated programmes to support metropolitan cities, both in 2014-2020 (Multi-fund National Operational Programme Metropolitan Cities) and 2021-2027 (Italian National Programme Metro Plus and Southern Medium-sized Cities 2021-2027, with a substantial budget of EUR 3 billion).

For more information

Italian Parliament. Metropolitan cities in Italy. Available at: <https://temi.camera.it/leg19DIL/post/le-citt-metropolitane.html>

Italian Parliament. Tax policies of metropolitan cities and provinces. Available at: https://temi.camera.it/leg19DIL/temi/19_t118_province-1.html

Presidency of the Council of Ministers. Law no. 56/2014 - Provisions on metropolitan cities, provinces, unions and mergers of municipalities. Available at: <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:2014;56>

OECD. Governing the Metropolitan City of Venice. 2015. Available at: https://www.oecd-ilibrary.org/urban-rural-and-regional-development/governing-the-metropolitan-city-of-venice_9789264223592-en

These diverse governance arrangements with differing degrees of formalisation demonstrate the importance of committed leadership in building coalitions of the willing involving multiple stakeholders and levels of government, including municipalities, county councils and national stakeholders for achieving common goals in the development of functional areas.

How to build and maintain partnerships at the functional area level?

Partnerships are the highest level of engagement between public representatives and various groups of stakeholders, building on the complementary processes of informing, consulting, and dialogue. Many EU-level documents and policies, including the Common Provisions Regulation 2021-2027, the Pact of Amsterdam, the New Urban Agenda, the New Leipzig Charter, and the ‘European code of conduct on partnership in the framework of the European Structural and Investment Funds’ emphasise their value. The European code of conduct on partnership recognises that partnerships go beyond information, consultation and dialogue and involve close cooperation with various stakeholders. The document also called for the formation of a **European Community of Practice on Partnership** with a

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mission to enable exchanges of experience and stimulate capacity building, which was launched in 2022.

A well-designed participatory mechanism ensures the long-term maintenance of partnerships with citizens, NGOs, academia, and the private sector, for achieving shared objectives at the functional area level. This involves establishing a governance model that keeps public representatives and other stakeholders regularly engaged. To ensure continuity of the partnerships, the model should ensure that different agendas and interests are considered in decision making processes and inputs are followed up on.

This section highlights **tools for partnership building** across the full cycle of decision making, as well as partnership models implemented at the functional area level. For instance, the city of Cluj-Napoca and the Cluj Metropolitan Area created an innovative stakeholder engagement platform and partnered with local universities, research institutes, NGOs, and various clusters to implement a Net Zero City Action Plan. The Jiu Valley Functional Area, established a partnership through a protocol of collaboration between all members of the area's ITI association, including mayors, the County Council, the local university, the private sector and four local NGOs. An Interreg project piloted in several cities and functional areas in the EU created a model for partnering with citizens in mapping climate issues and planning joint actions. Lastly, the private sector is a key partner for improving quality of services, as highlighted by the pilot project for transforming secondary vocational training in several areas in Slovakia and Poland.



PHASES OF CIVIC PARTICIPATION AND PARTNERSHIP BUILDING

Various actions can support stakeholder engagement across all phases of decision making, from priority setting to policy tuning. The framework below outlines these actions considering the four levels of civic participation (information, consultation, dialogue, and partnership).

In terms of **information**, a functional area body requires a comprehensive communication plan for transparent and accessible communication at every stage of the decision-making process. **Consultations** involve methods for collecting feedback such as opinion polls and focus groups for the purpose of gathering diverse perspectives from key stakeholders, including experts. Follow-up meetings are essential to ensure ongoing communication, clarification of doubts, and the exchange of ideas. To **facilitate dialogue** and involve citizens in the design of solutions and project proposals at functional area level, various formats such as public hearings and events, and engaging citizens in public spending decisions through participatory budgeting, working groups, participatory seminars, and co-creation methods are available. **Partnerships**, as the highest level of engagement, involve collaborative drafting of strategies and plans, joint decision making and implementation, as well as participatory monitoring and evaluation and policy adjustments.

When applied at the functional area level, these tools contribute to reducing the risk of ‘democratic deficit’ of supra-municipal decisions and increased awareness of the advantages of cooperation across administrative boundaries among citizens, civil society, the private sector or academia. The Institute of International Sociology of Gorizia in Italy points out that a partnership framework should include citizens’ representatives in permanent committees or governance bodies and ensure adequate financing for partnering with civil society in the different phases of decision making.

Figure 4. Partnership framework

Phases of decision-making					
Priority Setting	Drafting	Decision making	Implementation	Monitoring	Policy Tuning
Information					
Ensuring access to knowledge	Providing information	Informing stakeholders on decisions taken	Transparency in management	Monitoring information sharing	Communicating decisions
Consultation					
Seeking and allowing input sharing	Gathering feedback	Engaging stakeholders	Establishing solutions together	Gathering feedback	Seeking improvements
Dialogue					
Exchanging diverse perspectives	Co-evaluating drafts	Collaborating for decisions	Citizen engagement	In-progress assessment	Exploring modifications
Partnership					
Encouraging partnerships	Collaborative drafting	Joint decision making	Joint implementation efforts	Collaborative assessment	Collaborative adjustments

Source: Centre of Expertise for Good Governance, Institute of International Sociology Gorizia

For more information

Centre of Expertise for Good Governance, Institute of International Sociology Gorizia. Civil participation in decision-making toolkit. April 2020. Available at: <https://rm.coe.int/civil-participation-in-decision-making-toolkit-/168075c1a5>

Functional areas in the EU. Beyond Governance. Towards partnership building. Available at: <https://functionalareas.eu/wp-content/uploads/2024/04/Beyond-Governance.-Towards-Building-Partnerships.pdf>

ENABLING CONSULTATION, DIALOGUE, AND PARTNERSHIP BUILDING (CLUJ METROPOLITAN AREA, ROMANIA)

Cluj-Napoca and its metropolitan area established mechanisms to include stakeholders in the decision-making process for major projects and initiatives aimed to meeting its climate ambitions. The city has been organising participatory budgeting since 2013 when citizens contributed ideas for revitalising and improving the quality of life in the largest neighbourhood of the core city. In 2017, it established the Centre for Civic Innovation and Imagination, a social innovation initiative that serves as the local lab for co-designing projects. The centre has no permanent location and is funded by the municipal budget, costing the city EUR 10 000- 15 000 in a month. The centre enables citizens, civil society, experts, and representatives of the public administration to discuss solutions for the city and its metropolitan



area. The value of the initiative lies in going beyond ad-hoc consultations to embed regular engagements with citizens, the private sector, academia, and experts into decision making,

Stakeholder engagement initiatives established at the local level may be leveraged for the benefit of the functional area. The Centre for Civic Innovation and Imagination has evolved into an impactful metropolitan tool, serving to empower the civic community by providing a public space for sharing and debating ideas and large-scale projects within Cluj-Napoca and the Cluj Metropolitan Area. For example, numerous NGOs in Cluj-Napoca and its metropolitan area have been advocating for the reintegration of the Someş River into the urban fabric and creating a metropolitan blue-green corridor through an independent initiative named Someş Delivery.

Local authorities further developed the idea, turning it into a flagship project for the metropolitan area. In this context, the Centre for Civic Innovation and Imagination organised five debates throughout the metropolitan area, extending the centre's impact and engagement beyond the boundaries of the city. The investment, totalling EUR 35 million, aims to enhance citizens' quality of life along the Someş River through a shared space concept. This includes improving 16 km of pedestrian areas, expanding bike lanes by over 10 km, and increasing green spaces with the planting of over 2 000 trees (112 000 m²). The project also focuses on environmental sustainability, incorporating 68 charging points for electric scooters and bicycles, eight charging stations for electric cars, intelligent lighting, and remote management. Most of the funding comes from the 2014-2020 Regional Operational Programme.

Partnerships centred on climate change can be established to bring positive change at the city and functional area levels. Building on the strong legacy of consultation and dialogue, a partnership to implement the Net Zero City Action Plan at the functional area level was established in the form of a coalition, as part of the 100 Net Zero Cities Mission. As part of the Net Zero City planning process, local ecosystem actors such as representatives of industrial clusters, universities, and NGOs signed a commitment document for the implementation of the action plan. In addition to its own projects or investments, the coalition committed to support the climate objectives by participating in projects in partnerships with the municipality.

For more information

Functional areas in the EU. Someş Metropolitan Blue-Green Corridor – Cluj Metropolitan Area. Available at: <https://functionalareas.eu/somes-metropolitan-blue-green-corridor/>

EBRD. Co-designing and co-creating urban solutions: Cluj-Napoca. Available at: <https://www.ebrdgreencities.com/policy-tool/co-designing-and-co-creating-urban-solutions-cluj-napoca-romania/#results-and-lessons-learned>

Cluj-Napoca City Hall. Centre for Civic Innovation and Imagination. Available at: <https://primariaclujnapoca.ro/cetateni/centrul-de-inovare-si-imaginatie-civica/>

Collaborative agreements between public representatives and stakeholders from civil society, academia, NGOs, and the private sector can delineate responsibilities and build trust. Similarly to establishing a coalition or a ‘*civic innovation and imagination centre*’, such agreements may ensure continuity.



FORMALISING COLLABORATIVE GOVERNANCE ARRANGEMENTS TO DRIVE JUST TRANSITION

(JIU VALLEY FUNCTIONAL AREA, ROMANIA)

The Association for Integrated Territorial Development of the Jiu Valley, a Just Transition region in Romania is responsible for the implementation of the ITI instrument and the Strategy for the Socio-Economic Development of the Jiu Valley. A collaborative agreement was signed to establish the association, including a wide range of stakeholders in the governance process.

Formalise partnerships to ensure continuity and strengthen a shared identity. The Association for Integrated Territorial Development of the Jiu Valley was established by signing a formal protocol of collaboration between the mayors of six towns, the County Council, the local university, the private sector and four local NGOs, selected through a transparent process. This approach set the basis for strengthening the culture of partnership and building a shared identity centred on the area’s development directions as it moves away from a coal-based economy. Civil society is continually involved and supports the association’s work with feedback, ideas, and projects.

Support the community in implementing projects aligned with the strategic objectives of the functional area. Aligned with the area’s priorities identified in its integrated strategy, local civil society coordinated cultural events and street art interventions for the regeneration of former coal mines and the rebranding of the area. Recurring events centred around street art interventions (‘Vibrant Jiu Valley’) were organised by a coalition of NGOs (‘Involved Jiu Valley’) in collaboration with three local administrations and the private sector (see Chapter 1- Strategic focus). Street art provided a platform for exploratory discussions around the future of the Jiu Valley area and offered an opportunity for NGOs, citizens, businesses, and public officials to develop a stronger partnership. The projects also enabled the community to take the first steps toward a new shared identity of the functional area and successfully transformed three neglected areas into vibrant gathering spots and places of significance. Hence, they not only prevented the degradation and destruction of industrial heritage buildings, but also promoted the broader strategic goals identified for the functional area.

Develop coordinated actions to attract investors. Based on the protocol of collaboration and the active involvement of the local coalition of NGOs, the area created a dedicated online platform to attract investors, providing practical information on available investment plots, local workforce, and other socio-economic data. In addition, local actors also facilitated business visits from potential investors represented by foreign commerce chambers.



For more information

Association for Integrated Territorial Development of the Jiu Valley. Integrated Territorial Investments in the Jiului Valley. Available at: <https://www.valeajiului.eu/>

Invest in Jiu Valley. Jiu Valley Investor attraction platform. Available at: www.investinjiuvalley.com

The Territorial Responsible Research and Innovation Fostering Innovative Climate Action (TeRRIFICA) tool presented below focuses on bringing in the perspectives and experiences of citizens related to climate change and building their competencies and interest in this topic. Specifically, this tool enables local authorities to collect citizens' inputs on climate change issues and incorporate them into the decision-making process.

INVOLVING CITIZENS IN MAPPING CLIMATE ISSUES

(TERRIFICA PROJECT)

The Territorial RRI Fostering Innovative Climate Action (TeRRIFICA) is a crowd mapping tool to involve citizens in the process of identifying local climate issues and climate actions, which can be applied at the functional scale. Citizens are invited to mark places on the map based on climate indicators (temperature, water, wind, air, and soil), designating positive examples and areas affected by climate change. Recommendations for improvement and optional comments/photos are encouraged.

Funded by Horizon 2020, the project focuses on bringing in the perspectives and experiences of people from various age groups related to climate change and building their competencies and interest in this area. The target public includes scientists, citizens, politicians, entrepreneurs, and teachers, with the aim to co-create solutions for the global issue of climate change. The project involved six pilot regions: 1) Barcelona Metropolitan Area, 2) Belgrade, 3) Brittany, Normandy, and Pays de la Loire, 4) the Poznan Agglomeration, 5) Minsk and 6) Oldenburger Muensterland. The crowd mapping tool was designed at a global scale and is open to inputs on an ongoing basis. The results of the crowd-mapping action within the project (mainly for the six pilots) can be downloaded as a dataset from the project website.

This tool was applied by Kalisz-Ostrów Agglomeration (Poland) to support the formulation of Climate Change Adaptation Plan for the Kalisz-Ostrów Agglomeration. A geo-survey was conducted using TeRRIFICA tool to identify how the impact of climate change is perceived by the local community. It led to better understanding of the public's perception of the most significant problems related to climate change, opportunities for solving them, as well as barriers. This tool was utilised during the diagnostic phase of the plan to provide a thorough view on the region's main challenges but also to receive solutions from the community.

The users mapped the areas with and without thermal comfort during hot weather, offering suggestions such as planting trees and expanding green areas, natural water bodies, nature-based solutions or air flows and the

presence of fresh air. They also assessed the level of threat from the water element, providing suggestions like natural reservoirs and watercourses, or devices/installations for collecting and storing water. The map covered areas with high risk of strong winds and those with good and bad air quality. For the latter category, suggestions included planting trees and extending green areas, presence of air pollution emitters, eliminating heavy transport beyond the city limits or inadequate policies and infrastructure restricting vehicular traffic. The challenges and proposed solutions, outlined on the map, are accessible as crowd mapping results (<http://climatemapping.terrifica.eu/>). These outcomes were considered during both the diagnosis and solution development phases to ensure comprehensive coverage of available and pertinent inputs.

For more information

TeRRIFICA project. Available at: <http://climatemapping.terrifica.eu/>

PARTNERING WITH THE PRIVATE SECTOR FOR STRENGTHENING ECONOMIC DEVELOPMENT THROUGH VOCATIONAL TRAINING

(KOŠICE, PREŠOV, AND BANSKÁ BYSTRICA SELF-GOVERNING REGIONS, SLOVAKIA AND BIAŁYSTOK FUNCTIONAL AREA, POLAND)

Regional administrations in Slovakia partnered with municipalities, educational colleges, and private companies to enhance the performance of Vocational Education and Training in the Košice, Prešov, and Banská Bystrica self-governing regions in Slovakia. This resulted in the co-creation of comprehensive investment packages that addressed the needs of educational institutions and businesses.

Partnerships with the private sector should be informed by a sound diagnosis of needs and challenges. The process started with an analysis of secondary vocational education across the regions. Based on the findings, the partnership co-created solutions such as co-design of the curriculum, placing equipment in Vocational Education and Training colleges that is like that used in workplaces and establishing open communication channels between colleges, municipalities, the regional authorities, and employers. These measures were intended to enhance the quality of vocational education. The project serves as a model of coordinated efforts among all stakeholders at the functional area level, aimed to boosting local economic development in regions that are falling behind.

Partnerships at the supra-local level are successful when involving all relevant stakeholders in designing investments. In practice, the pilot project in the Košice region started with the analysis phase, comprising surveys with employers and schools. The following activity was to select the Vocational Education and Training schools based on readiness, potential impact, and representativeness. Finally, the phase of developing the investment packages for each school was based on the strong collaboration between all stakeholders established at the beginning of the process, which was followed by the approval phase. All three regions implemented



the same methodology of analysis, selection, development, and approval, resulting in 23 integrated investment packages, ranging from infrastructure to increasing capacity within Vocational Education and Training schools.

Another example of successful partnership building to address the challenges of vocational education development at a functional area level is the Competence Centre project in Białystok Functional Area (Poland). Implemented between 2017-2021 with ESF financing, this project was conceived to coordinate the process of modernisation and adjustment of vocational education to the needs of the local labour market. During project implementation, cyclical surveys of demand for competencies in 600 companies operating in the Białystok Functional Area were conducted to identify competency gaps that needed to be addressed through adequate changes in the educational offer of vocational schools in the area. 13 vocational schools from across Białystok Functional Area were supported in preparing new educational programmes corresponding to the diagnosed competence gaps, including new curricula of specialised courses, internships, and apprenticeships. In collaboration with employers from the functional area, a novel system of validation and certification of professional skills was created and implemented.

An additional outcome of the project is the development and application of an innovative model of demand-oriented competence counselling. The model is integrated with the process of diagnosing the competence needs and gaps at company level. Roughly 3 000 students benefited from the project, through participation in specialised vocational training or qualifying vocational courses, competency-based internships at enterprises in the functional area, demand-oriented competence counselling. Teachers and vocational counsellors (ca. 130) took part in training in the field of competence counselling offered within the framework of the project.

As a spin-off to the Competence Centre project, the ESF-financed **Eco-Competence Centre project** (2021-2023) focused on diagnosing and addressing the competence needs of 200 companies operating in the functional area specifically in the area related to energy and resource management. Apart from designing and implementing a targeted counselling system for students, introducing an eco-competence certification and new educational programmes, strengthening eco-competence of teachers, the project was also instrumental in initiating collaboration with universities and creating two Eco-Competence Laboratories. 14 vocational schools from the functional area took part in the project that benefitted ca. 500 students.

For more information

World Bank. Slovakia Catching-up Regions Initiative. 2018. Available at: <https://www.worldbank.org/en/region/eca/publication/slovakia-catching-up-regions>

How to foster knowledge development and administrative capacity building at the functional area level?

A wide range of EU knowledge and capacity-building opportunities are open to functional areas, and these are intended to contribute to improved supra-municipal governance and optimising the use of EU funds. In particular, knowledge exchanges and peer learning facilitated at EU level (e.g., European Urban Initiative - EUI or TAIEX REGIO Peer2Peer) have an important role in transferring best practices and strengthening functional approaches.

In preparation for a knowledge exchange event dedicated to capacity building tools and formats within the framework of the *Functional areas in the EU* project, a survey was conducted in January 2024 by the World Bank team to better understand specific needs that functional areas identify in this area. Based on responses submitted by 39 functional areas it was determined that all respondents unequivocally voiced the need for EU-level **peer-to-peer networking** between functional areas to exchange knowledge and design new solutions to be applied in functional area-level planning and implementation of development endeavours.

Specific topics where the functional areas' representatives most evidently see the need for enhanced capacity include identification and application of financing options for functional areas, transport and mobility, climate adaptation, accessibility and quality of public services, functional area governance models and tools, as well as spatial planning. All these domains require a specific set of skills and competences to design and implement successful initiatives at functional area-scale. **Workshops, study visits and thematic networks** of practitioners and experts were identified as preferred formats for effective capacity building.

At the same time, **systemic capacity building** efforts targeting functional areas are needed at the sub-national, national, and EU levels to equip functional areas with the necessary tools and knowledge for strategic planning and the implementation of integrated investments. Even in the absence of systemic approaches to supra-local capacity building, such efforts may be initiated at the municipal or functional area level in partnership with local universities or research centres, as in the case of Polish functional areas.

Functional areas are also faced with major **disparities in capacity between larger and smaller municipalities** of the functional area, which limit the opportunity for joint investments and ensuring a balanced territorial development. To respond to this stringent need, Oradea Metropolitan Area consistently supported smaller member municipalities in filling capacity gaps, by sharing existing expertise in EU funding or strategic planning.

Moreover, networks focused on capacity building and peer learning may also strengthen the channels of communication that can enable functional areas to **voice the needs, concerns, and insights to national and EU levels**

of policymaking. Over the course of two years, the *Functional areas in the EU* project also established an informal network of functional areas, through regular knowledge exchange events, which also supported direct engagement of functional area representatives with EU institutions. Building on the network created within the project, establishing a **Peer2Peer Community of functional areas** can significantly improve the visibility and scale-up of functional approaches, allowing them to engage with EU institutions. Such a formalised community can support EU wide networking and joint problem solving and ensure that diverse regional needs and perspectives are effectively integrated into EU policymaking.

The section below provides a selection of **knowledge networks and capacity-building programmes** that are highly relevant for strengthening functional approaches across the EU. Public representatives are encouraged to access these opportunities to gain insights that can inform policy making, transfer know-how, and showcase lessons learned and challenges with their peers across different functional areas. Functional area development may be a thematic focus chosen by participants when setting the agenda for the exchange opportunities below.

➤ **European Urban Initiative (EUI)** aims to support cities by building their capacity and knowledge, fostering innovation, and developing scalable and transferable solutions to urban challenges of EU relevance.

Peer-learning activities provide targeted, short-term support and facilitate the exchange of knowledge, good practices, and solutions.

- ◇ City2City Exchanges: arrangements between a ‘host city’ and a ‘requesting city’, where civil servants visit and learn on new working methods and innovative approaches on a specific topic linked to sustainable urban development. Eligibility criteria are detailed in the Guidance for Applicants: <https://www.urban-initiative.eu/capacity-building/pilot-call-c2c-exchanges>
- ◇ Peer reviews: workshops in which cities will be peer reviewed by other cities and relevant stakeholders. Workshops can be organised for cities if the content is specific to a local needs and challenges of cities or can be transnational with cities from different member states). Eligibility criteria are detailed in the Guidance for Applicants: <https://www.urban-initiative.eu/capacity-building/call-peers-2>

Capacity building events are a follow-up of the Urban Development Network, enable cities to improve their capacity to design and implement sustainable urban development strategies.

For more information: <https://www.urban-initiative.eu/capacity-building>.

➤ **Portico (European Urban Initiative knowledge platform)** is a tool launched in 2023, aiming to support better policy and strategy design, implementation, and mainstreaming of sustainable urban development. Serving as a gateway to urban learning, it connects

urban actors with knowledge, individuals, and initiatives aimed to achieving sustainable urban development in Europe. The platform is built on three pillars: Knowledge Hub, Urban Panorama and Community. For more information: <https://www.urban-initiative.eu/portico/>.

➤ **TAIEX-REGIO Peer2Peer (Technical Assistance and Information Exchange)** facilitates short-term knowledge exchanges between cohesion policy experts and administrations involved in the management of the European Regional Development Fund and Cohesion Fund in all Member States. Managing authorities and intermediate bodies implementing territorial instruments and other relevant stakeholders may participate in TAIEX. The website also features a searchable database of past exchanges and their thematic focus. For more information: https://neighbourhood-enlargement.ec.europa.eu/funding-and-technical-assistance/taiaex_en.

➤ **ESPON (European Spatial Planning Observation Network)** was established in 2002 and is an EU-funded programme that provides territorial analysis for policymaking. It has developed several targeted analyses and tools dedicated to functional approaches. For more information: <https://www.espon.eu/>.

➤ **METREX (Network of European Metropolitan Regions and Areas)** connects 50 metropolitan regions in Europe and organises regular events, including bi-annual conferences. It emphasises the role of metropolitan regions in addressing increasingly critical challenges like climate change and migration. A ‘Manifesto for Metropolitan Partnerships’ was launched in November 2023 calling for a greater say on metropolitan areas in EU policy design, a dedicated ‘metropolitan programme’, as well as for capacity building for metropolitan governance. For more information: <https://www.eurometrex.org/>.

➤ **METROPOLIS (World Association of the Major Metropolises)** is a global network that includes 141 local and metropolitan governments and focuses on strengthening metropolitan governance. The Metropolis Observatory tracks global data on metropolitan development, researching emerging concerns and best practices. For more information: <https://www.metropolis.org/>.

➤ **Policy Learning Platform of Interreg Europe** provides access to knowledge and expertise generated by Interreg projects, from thematic publications, an online good practice database to an interactive community of peers and individualised expert services. It offers peer review and matchmaking activities. For more information: <https://www.interregeurope.eu/peer-review/>.

➤ **Just Transition Platform Groundwork** provides tailored capacity building and advisory support to regions with approved Territorial Just Transition Plans. For more information: https://ec.europa.eu/regional_policy/whats-new/newsroom/02-06-2023-apply-for-just-transition-platform-groundwork-new-technical-assistance-for-just-transition-fund-regions_en.



➤ **Scalable Cities Peer-to-Peer Learning Programme** is a network of 120 cities that enables them to share knowledge, and experiences and provide expert support to overcome barriers and challenges related to the implementation of smart city solutions. It offers expert reviews, expert missions, and site visits. For more information: <https://smart-cities-marketplace.ec.europa.eu/p2plearningprogramme/>.

These platforms and programmes offer a range of services from policy analysis to peer-to-peer learning and technical assistance, serving as vital resources to improve functional area governance and administrative capacity. Awards and networks across the EU are another valuable opportunity to accelerate learning and acknowledge achievements across various policy areas.

Networks such as the **Covenant of Mayors for Climate and Energy, Creative Cities, Eurocities, UNESCO Global Network of Learning Cities, or the European Healthy Cities Network** offer valuable opportunities for peer learning. To acknowledge achievements and support continual learning, a variety of awards and titles are open to cities across the EU, including the European Capital of Culture, European Green Capital Award, European Youth Capital, European Capital of Smart Tourism or the European Capital of Innovation. For more information: <https://functionalareas.eusolutions>.

SYSTEMIC CAPACITY BUILDING INITIATIVE FOR FUNCTIONAL URBAN AREAS

(POLAND)

Several initiatives for developing the capacity of functional area governance bodies were launched in Poland. For instance, the Rzeszów functional area's Academy of Spatial Planning aims to strengthen the competences of municipal administration in the domain of spatial planning. It included one edition of post-graduate studies programme for spatial planners from the municipalities of Rzeszów functional urban area offered by the Warsaw University of Technology, as well as dedicated training on the QGIS GIS software to support spatial planning processes. Similarly, the Kraków Metropolitan Area employs thematic forums supported by external experts to enhance municipal knowledge. Another noteworthy example is the Kalisz-Ostrów Agglomeration, which, in partnership with Kalisz University, has launched an MBA programme tailored to the needs of municipal representatives, focusing on strategic planning and integrated investments within the functional area.

Recognising the need for targeted, systemic capacity building, several functional urban areas in Poland partnered for designing a comprehensive multi-annual capacity building programme for a larger group of functional areas. A group of functional urban areas of regional capitals in Poland (Warsaw, Białystok, Wrocław, Kraków, Rzeszów, Lublin Functional Areas) has been working on a proposal for a joint project to be financed from the national Technical Assistance programme 2021-2027. It aims to create a learning platform to support and stimulate the exchange of knowledge and good practices among the functional urban areas in Poland, which will contribute to increasing their institutional capacity to plan and implement

effective and impactful interventions financed from the EU cohesion policy funds and beyond. Through this initiative, functional urban areas also aim to strengthen the dialogue with central and regional administration and enable mutual learning across levels of government. The provision of expert advisory support within the defined thematic areas of key interest to functional urban areas (e.g., energy efficiency, spatial planning, transport and mobility, management, and data collection) will allow for designing and testing model solutions to be adopted by the broader community of functional urban areas.

Local administrations with higher capacity may also provide direct support to other municipalities in the functional area. For instance, the city of Oradea and the governance body of the Oradea Metropolitan Area took the role of sharing expertise and providing technical support to smaller municipalities. Offering this type of technical support has become a common practice within the metropolitan association, contributing to increased administrative efficiency.

SUPPORTING MUNICIPALITIES WITH CONSTRAINED ADMINISTRATIVE AND TECHNICAL CAPACITY

(ORADEA METROPOLITAN AREA, ROMANIA)

The Oradea Metropolitan Area has been proactive in extending its mandate even in the absence of dedicated legislation on metropolitan areas. The Association supports member localities in their planning, preparation, and implementation efforts, showcasing the benefits of strong leadership and a metropolitan vision.

Addressing disparities in administrative capacity across member municipalities may benefit from expertise already formed within a larger municipality (or core city, in the case of functional urban areas). The active involvement to share expertise derives from a common understanding that the development of Oradea is intrinsically linked with the development of its metropolitan area, and vice versa. Therefore, the metropolitan area addressed the lower administrative and technical capacity at the local level through various forms of partnerships and associations, with the aim of generating a visible impact and supporting the sustainable development of the area.

The Oradea Metropolitan Area offered technical support to increase the capacity of smaller municipalities to prepare and implement EU-funded projects. Technical support provided to member localities covered needs analysis, funding identification, and project execution, significantly improving the success rate of European funding applications.

Smaller municipalities often lack the resources and expertise needed to navigate the complexities of EU funding applications. With technical support from the metropolitan association, they gain access to professionals who can provide guidance and assistance throughout the process. The Oradea Metropolitan Area supports smaller municipalities with identifying their specific needs and prioritise projects that are most aligned with their development goals. This ensures that limited resources are allocated

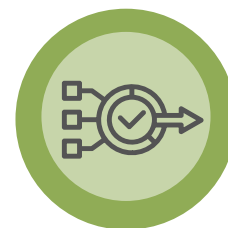


efficiently towards initiatives with the highest potential impact. The metropolitan area is also encouraging member municipalities to apply for EU funding with ongoing and initiated projects rather than entirely new investment proposals, which has largely improved the success of the applications. Member municipalities may sign partnership agreements with the metropolitan association, through which municipalities may delegate project preparation responsibilities to the association. Besides the technical expertise offered, the Oradea Metropolitan Area association periodically organises trainings for employees of the 12 local administrations (mainly on project management and public procurement, as well as IT).

RECOMMENDATIONS

- 1. Develop an integrated strategy for the functional area, gradually expanding the governance body's realm of competencies to areas such as mobility, spatial planning, public service provision, or economic development.**

Functional area governance models range from informal coordination to new tiers of government with legal powers. When establishing a governance body, the aim is to provide a working framework for continual cooperation that responds to specific needs and is fine tuned to the current stage of collaboration and national administrative context.



- 2. Establish stakeholder engagement frameworks that provide a structured basis for cooperation with diverse stakeholders (citizens, civil society, academia, NGOs, and the private sector).**

Strengthen the shared identity among functional area representatives and stakeholders through regular dialogue and joint initiatives. By institutionalising partnerships, you create a foundation for sustained collaboration, ensuring that diverse perspectives feed into decision-making processes. Engagement tools should be used across the decision-making and planning cycle- from identifying priorities and the formulation of the integrated strategy, to its implementation, monitoring, and evaluation.



- 3. Make use of available knowledge and capacity-building instruments and networks to strengthen functional approaches and optimise the use of EU funds, while also addressing disparities in administrative capacity and development levels of municipalities part of the functional area.**

Access programmes and initiatives that enable peer to peer learning and exchanges between municipalities or groupings of municipalities. Explore opportunities for increasing technical and administrative capacity of smaller municipalities of the functional area, setting up a framework for exchanging best practices and providing technical support.



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4

CROSS-SECTORAL INTEGRATION

Cross-sectoral integration is grounded in the fact that analysing the broader picture and working together across different sectors can better address challenges than taking a unilateral approach. In the framework of cohesion policy, integration is defined by three dimensions that contribute to higher efficiency, cooperation, and resource optimisation: integration between policy areas, levels of government and stakeholders, and across territorial scales.

This chapter focuses on the first dimension of integration, aiming to break the silos between policy areas to ensure more effective and impactful interventions. It provides tools and practical insights to inform **integrated planning processes** and the **design of integrated projects**. Moreover, several complementary tools, and insights into how to overcome fragmentation in decision-making and funding are showcased in *Chapter 3 - Governance* and administrative capacity and *Chapter 5 - Funding and finance*.



DIMENSIONS OF INTEGRATION IN THE FRAMEWORK OF EU COHESION POLICY



Integration across different territorial scales and areas (*territorial integration*): Territorial integration ensures that policies are tailored to these specific contexts, enabling them to effectively address local needs while contributing to broader cross-jurisdictional goals. It ensures the complementarity of actions of various administrative units and enhances their effectiveness and efficiency (e.g. by identifying synergies and eliminating duplicative investments).



Integration between different levels of government and stakeholders (multi-level governance, also referred to as *vertical integration*, and multi-stakeholder governance): This refers to the alignment and cooperation between different levels of government (local, regional, national, and European). Such integration ensures that policies are coherent and consistent across these levels, facilitating effective implementation and avoiding conflicts or duplication of efforts.



Integration between policy areas (*cross-sectoral integration*, also referred to as horizontal integration): This involves the coordination between various policy areas and cooperation between institutional departments, beyond their sectoral responsibilities. It ensures that policies in different sectors are not developed in isolation but are aligned and mutually supportive. This coordination is crucial for addressing multi-dimensional challenges that cut across multiple sectors (climate change or just energy transition).

The benefits of cross-sectoral integration include the coherence of objectives, alignment in priorities and timeframes, fostering collaboration among different departments and across various levels for the co-design and implementation of policies (*Handbook of Sustainable Urban Development Strategies*).

At the functional area scale, cross-sectoral integration is the driver for solving multi-dimensional issues that span administrative boundaries in a comprehensive manner, extending beyond the responsibility of a sectoral department or the jurisdiction of a local authority. For instance, in the context of climate change, effective strategies and projects increasingly require coordination between departments such as urban planning, mobility, public services, housing. Moreover, cross-sectoral integration serves as a proactive mechanism to anticipate and address potential impact of negative externalities caused by the development of one territory (e.g., a large city) over the others.

Integrated strategies supporting the functional approach should identify interlinkages that may not be evident or possible to address at the level of single administrative territorial units (see *Chapter 1 - Strategic focus*). While *Chapter 1 - Strategic focus* of this toolkit offers practical insights and tools for preparing an integrated strategy, including the identification of synergies between projects, this chapter focuses on how cross-sectoral integration can be further facilitated in specific policy areas, focusing on the potential of spatial planning, and planning for climate change to mobilise actors across multiple sectors, in alignment with the integrated strategy of the functional area.

It then dives into the design of cross-sectoral, integrated projects, showcasing the values of the **New European Bauhaus initiative**, which aims to combine the values of sustainability, aesthetics, and inclusion in the context of the Green Deal.

Finally, the chapter provides insights into **integrated approaches at the neighbourhood scale**, as regenerating apartment-block neighbourhoods is increasingly relevant in functional urban areas dealing with urban sprawl.

CHALLENGE 1

How to support a cross-sectoral approach at functional area level?

The consultation with the participants in the *Functional areas in the EU* project identified three major opportunities of supporting cross-sectoral integration at the functional area level: **spatial planning** (aligned with integrated strategic planning), **planning for climate change**, and **sustainable urban mobility planning**. The tools and practical insights detailed below were selected for their relevance in enabling cross-sectoral integration and strengthening the functional area approach, and reflect the targeted support offered within the project.

Spatial planning

Spatial planning is one of the areas where the functional area approach yields significant benefits. It enables functional areas to coordinate sectoral policies on land use beyond administrative boundaries, setting the foundation for sustainable development and limiting urban sprawl (e.g., improvement of metropolitan mobility and access to services, strategic location of investments, development of green-blue infrastructure, identification of areas exposed to natural risks). The **Spatial Development Strategy** prepared by the Rzeszów Functional Urban Area, Poland, is a good example in this sense.



INTEGRATED SPATIAL DEVELOPMENT STRATEGY AT THE FUNCTIONAL URBAN AREA LEVEL

(RZESZÓW FUNCTIONAL URBAN AREA, POLAND)

In collaboration with the Rzeszów functional urban area association established in the context of implementing the ITI strategy, 13 municipalities that made up Rzeszów functional urban area in 2021 (almost 400 000 inhabitants, 1 000 km², since then the Rzeszów functional urban area has grown by two more municipalities, and it is currently composed of 15 municipalities), and under the lead of the Podkarpackie Region Marshal's Office (regional authority) decided to prepare the **first ever Spatial Development Strategy for the entire functional urban area**.

The key premise of this endeavour was that a well-planned territory attracts talent and investments through higher quality of life (affordable housing, natural capital, social cohesion, quality of public services- transport, health, and education, leisure activities and local cultural offerings) and thus contribute to socio-economic growth of the entire area.

The Rzeszów Functional Urban Area partners approached the spatial planning effort in a comprehensive manner that rest on four pillars:

- participatory process of Spatial Development Strategy preparation based on detailed spatial analytics and municipal development objectives,
- capacity building of Rzeszów functional urban area staff through

a dedicated study programme on urban development and spatial planning,

- establishment of a permanent body (expert team) made of all Rzeszów functional urban area partners to implement the Spatial Development Strategy, and
- upgrading Rzeszów functional urban area municipalities' IT infrastructure related to spatial planning.

As a result of a two-year project involving ESF financing provided under the national operational Knowledge, Education, Development Programme 2014-2020, the Rzeszów Functional Urban Area trained more than 30 staff, replaced outdated IT and printing equipment, created the most detailed GIS database of functional urban area that exists in Poland, conducted a number of plot-level analyses for the entire Rzeszów functional urban area, many of which were prepared for the first time for the entire area. This led to the Spatial Development Strategy that was formally adopted by all municipal councils and the regional parliament in early 2023. Even though the Spatial Development Strategy is not legally binding, it was the first step to develop the functional urban area-level collaboration in spatial planning.

The Spatial Development Strategy formulates a joint vision and objectives for the spatial development of the Rzeszów functional urban area, based on the following elements:

- the Spatial Development Strategy identifies Rzeszów functional urban area's strategic development areas agreed upon as the most important for the sustainable development of the area,
- it promotes key spatial development priorities, for instance the development of a blue-green axis along the Wislok river that cuts across the Rzeszów functional urban area or the protection of ecological corridors,
- it promotes sustainable and low-carbon spatial development (densification, brownfield redevelopment, low-emission transport corridors, development along railroads),
- it institutionalises the expert team that is responsible for the spatial development process and final output.

For more information

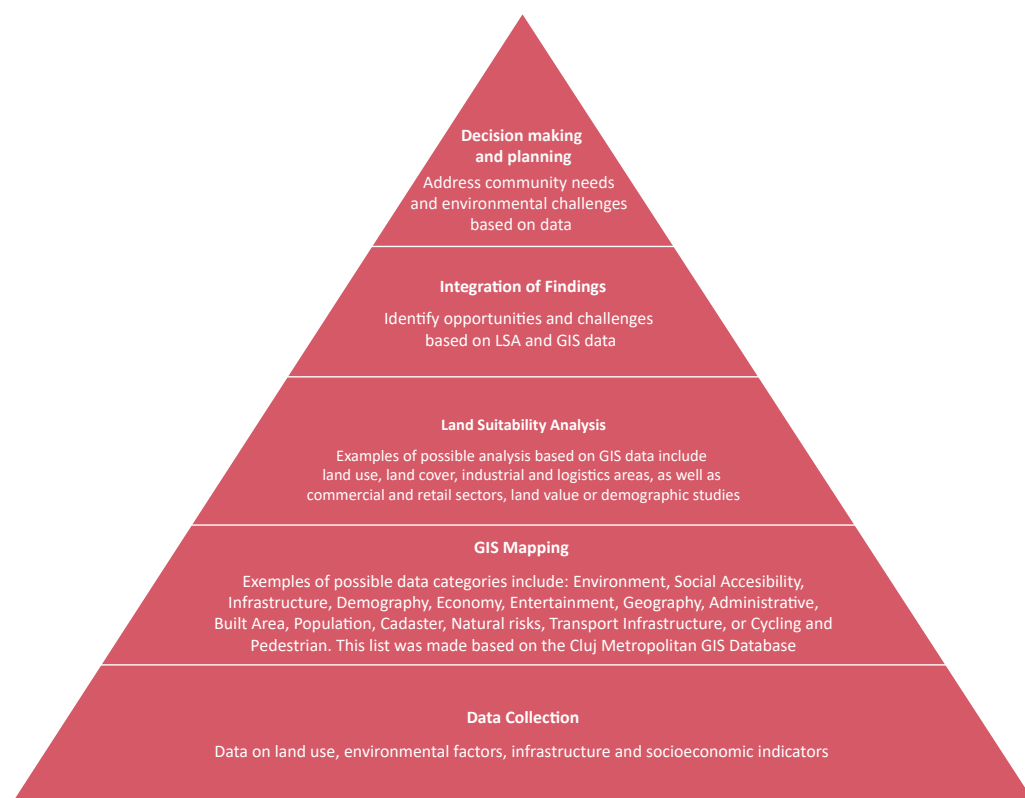
Rzeszów Functional Urban Area. Spatial development strategy. Available at: https://rof.org.pl/wp-content/uploads/2024/01/SP-ROF-zasady-uchwalona-na-zarz%C4%85dzie-WP-w-dniu-20-09-23._Optimized.pdf

Presentation of the Rzeszów Functional Urban Area: https://www.geoportalsk.sk/home/wp-content/uploads/2023/12/4_Spatial_development_strategy_of_Rzeszow_FUA.pdf

Geographic information systems (GIS) databases can help visualise and analyse complex spatial data and can support alignment between spatial and strategic planning.

Based on available GIS data, **Land Suitability Analysis** is a practical tool to guide investment decisions.

Figure 5. Integrated spatial analysis framework: from data collection to decision making



GIS DATABASES AND PLATFORMS

GIS can help streamline the planning process by integrating data from different sources and thematic areas thus supporting cross-sectoral decisions-making. It enables layering and visualisation of data that cover social, environmental, economic, or territorial issues. A GIS database allows planners and decision-makers to **access and analyse extensive spatial data**, which can help understand how different trends impact on each other, such as population density, land use, and environmental factors (e.g., areas prone to flooding or landslides).

For example, overlapping the layer of school accessibility with the layer of public transport catchment areas can help identify the areas where new public transport stops are needed. Similarly, overlapping the network of supermarkets or health care centres with the network of public transport infrastructure can help identify areas with limited access to affordable and nutritious food or areas with poor accessibility to health services.

Most major cities in the EU (e.g., Vienna, Prague, Amsterdam, Berlin, Torino, Helsinki, etc.) have developed GIS databases to inform strategic and spatial planning, with increasing examples of such databases at functional area scale. The Barcelona Metropolitan Area developed a Cartography Geoportal with various layers, including land use delimitations, street maps and territorial 3D models that can be accessed by all interested users.

GIS databases can also support sustainable development by providing data and tools for analysing environmental factors such as water quality, air pollution, and habitat fragmentation to identify areas that require protection and conservation through cross-sectoral cooperation. For example, a natural area, such as Lake Balaton is highly exposed to environmental risks, demographic decline and ageing, and tourism seasonality. Therefore, such areas require coordinated action across several sectors such as waste management, shoreline regulation, economic development, and tourism to promote a high quality of life and preservation of biodiversity.

Finally, GIS can enhance stakeholder engagement in the planning process (citizens and all actors involved in urban and regional planning) by offering a common platform for accessing, analysing, and visualising data and providing feedback. For instance, users of the map can identify where the metro route intersects with the metropolitan beltway or check if their rural property is situated within a protected area or not.

For more information

Amsterdam City. City data. Available at: <https://www.iamsterdam.com/en/business/startupamsterdam/insights-interviews/city-data>

Barcelona Metropolitan Area. Cartography geoportal. Available at: <https://geoportalcartografia.amb.cat/AppGeoportalCartografia2/index.html?locale=en>

Berlin City. Geoportal. Available at: <https://www.berlin.de/sen/sbw/stadt-daten/geoportal/>

Helsinki City. City maps and GIS. Available at: <https://www.hel.fi/en/decision-making/information-on-helsinki/city-maps-and-gis>

Prague City. Geographical data and maps of the city of Prague. Available at: <https://www.geoportalpraha.cz/en>

Torino City. Geoportal Maps for the territory. Available at: <http://geoportale.comune.torino.it/web/>

Vienna City. Geographical Information System (ViennaGIS). Available at: <https://www.wien.gv.at/english/viennagis/>

GIS DATABASES FOR INTEGRATED FUNCTIONAL AREA PLANNING

(ZAGREB URBAN AGGLOMERATION, CROATIA; CLUJ METROPOLITAN AREA, ROMANIA; CONSTANȚA METROPOLITAN AREA, ROMANIA)

During the *Functional areas in the EU* project, two GIS databases were created to support functional area approaches, allowing planners from Zagreb Urban Agglomeration and Cluj Metropolitan Area to visualise and analyse complex spatial data. The example from Constanța Metropolitan Area showcases how having a GIS database supported planning and investments attraction.

In the case of the **Zagreb Urban Agglomeration**, established in 2016 in the framework of ITI, the GIS database and platform allowed for informed



decision-making during the preparation of the new Zagreb Urban Agglomeration Development Strategy for the period up to 2027.

The metropolitan GIS database includes several standardised analytical maps that cover:

- environment (e.g., protected areas, surface temperature, forest cover)
- social accessibility (e.g., walking distance to education, health, or social amenities)
- infrastructure (e.g., public transport and population density, road network, walkability)
- demography and economy (e.g., population density, retail and commercial amenities)
- entertainment (e.g., cultural amenities)
- geography (e.g., elevation, slope).



Cross-sectoral integration was enabled through the analysis of several layers concerning different sectors, feeding directly into the planning process. For example, the Zagreb Urban Agglomeration was able to analyse needs related to public transport by overlaying public transport accessibility with population density as well as the location of educational and health services. The GIS platform also informed the dialogue with member municipalities on investment projects of metropolitan significance.

The GIS database and platform developed for the **Cluj Metropolitan Area** allows decision makers to visualise and analyse complex spatial data, structured in the following categories:

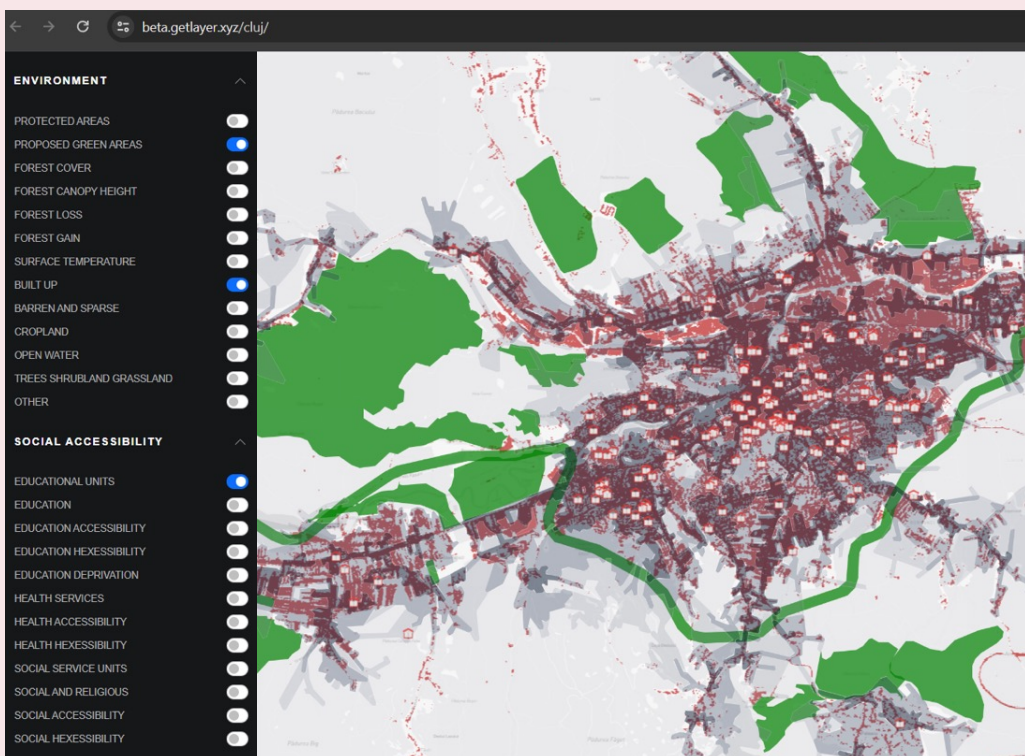
- environment (e.g., protected areas, surface temperature, forest cover, cropland)
- social accessibility (e.g., walking distance to education, health, or social amenities)
- infrastructure (e.g., public transport and population density, road network, walkability, electric charging stations)
- demography & economy (e.g., population density, retail and commercial amenities, urban marginalised areas)
- entertainment (e.g., cultural amenities, sports, and leisure)
- geography (e.g., elevation, slope)
- administrative (e.g., local administrative units, metropolitan area boundary)
- built area & population (e.g., population density scenarios), cadastre (e.g., built/buildable areas)
- natural risks (e.g., landslides, significant flood potential)



- land suitability analysis (e.g., development potential for industrial and logistics activities, commercial and retail spaces)
- transport (e.g., rail infrastructure, bypass belts, traffic forecast for 2030), cycling & pedestrian infrastructure.

These categories are then subdivided into more specific subdomains and the GIS database includes both existing and proposed infrastructure. The launch of the platform triggered a high interest from users, with over 100 000 maps generated within 48 hours. Moreover, local universities have provided additional layers of data to be integrated into the platform.

Figure 6. Proposed green spaces, built up areas and educational units (Cluj Metropolitan Area)



Source: Cluj Metropolitan Area

The GIS database was used to facilitate the dialogue initiated by the metropolitan area governance body with the Cluj County Council, the city of Cluj-Napoca and the member municipalities, to advance the works for developing a metropolitan green belt. In this case, the database offered a visual basis for meaningful discussions with municipalities impacted by the project. The spatial representation of this metropolitan project informed, on the one hand, the preparation of General Urban Plans for the peri-urban localities impacted by the project (two of the localities have the General Urban Plans under preparation), and they also inspired complementary public interventions in individual localities (e.g., new parks, new bike paths, new areas proposed for urban regeneration). The GIS platform goes beyond generic discussions and is also used to guide metropolitan development, showing all major projects proposed, from a blue-green corridor to the metropolitan train and subway.

Constanța Metropolitan Area developed its metropolitan GIS database and its metropolitan integrated urban development strategy in parallel. This has allowed the team in the Constanța City Hall to identify the strategic development areas in the metropolitan area, as well as needed public infrastructure and utilities to make these areas attractive for potential investors. With this information at hand, the team in Constanța was much more efficient in prioritising public infrastructure investments (including those from EU funds), and it provided a basis for concrete discussions on potential projects by the private sector. This approach allowed the city hall to attract a large retailer in Constanța during its participation at ExpoReal in Munich (the largest trade fair for real estate and investment in Europe) and it has recently finalised negotiations with a large developer for a massive brownfield redevelopment project, located close to the city centre. The redevelopment project is estimated to mobilise around EUR 850 million. The database has been used internally and is not yet transposed into an interactive model, due to its complexity.

For more information

Cluj Metropolitan Area. GIS database. Available at: <https://beta.getlayer.xyz/cluj>

Zagreb Urban Agglomeration. GIS database. Available at: <https://beta.getlayer.xyz/zagreb/>

GIS databases may be used for more advanced analytical processes, such as the **Land Suitability Analysis**. The following section provides practical insights for functional areas interested in applying this analysis to inform cross-sectoral decisions related to land use (e.g., retail, logistics, industrial, office, housing).

The Land Suitability Analysis is a tool that supports the **alignment between spatial and strategic planning**, by identifying areas that are suitable for particular types of development and enables cross-sectoral integration by offering data-based insights for development needs that impact several sectors. A key benefit of applying Land Suitability Analysis resides in the identification of strategic development areas that can enhance the competitiveness and sustainability of a functional area. It also facilitates the visualisation of spatial data encompassing multiple variables, which is critical for informed strategic planning decisions. For example, a land suitability analysis might identify areas that are fit for commercial development based on factors such as proximity to transportation infrastructure, population density, and access to resources like water and energy. Moreover, the Land Suitability Analysis helps identify floodable areas or areas with landslides, which are not suitable for residential or certain economic uses.

LAND SUITABILITY ANALYSIS METHODOLOGY

The Land Suitability Analysis is a practical tool for informed strategic and spatial planning decisions, enabling a cross-sectoral approach to development needs and potential of a functional area. A **methodology for Land Suitability Analysis** developed by the World Bank and scaled up as part of the *Functional areas in the EU* project.

The methodology requires access to comprehensive cadastre data, knowledge of geographic information system tools, basic programming skills and computing power to analyse large volumes of data. The methodology relies on several layers of data, such as:

- **cadastre data**, which provides information on delineation of land plots, including developable areas. Therefore, having a complete and up-to-date cadastre database is necessary for accurate analysis.
- data on **public land plots** (areas owned by local or regional public administrations). This information helps identify strategic investment opportunities.
- **undevelopable plots** or plots with development restrictions, such as flood-prone areas, natural preserves, or agricultural lands. This data is essential for considering constraints and limitations in development planning.

Further important datasets may also include transport infrastructure (road, railway, airport), utilities (water, wastewater, electricity, gas, district heating networks), social and health care facilities. The richer and more exact the dataset is, the more specific the results of Land Suitability Analysis will be.

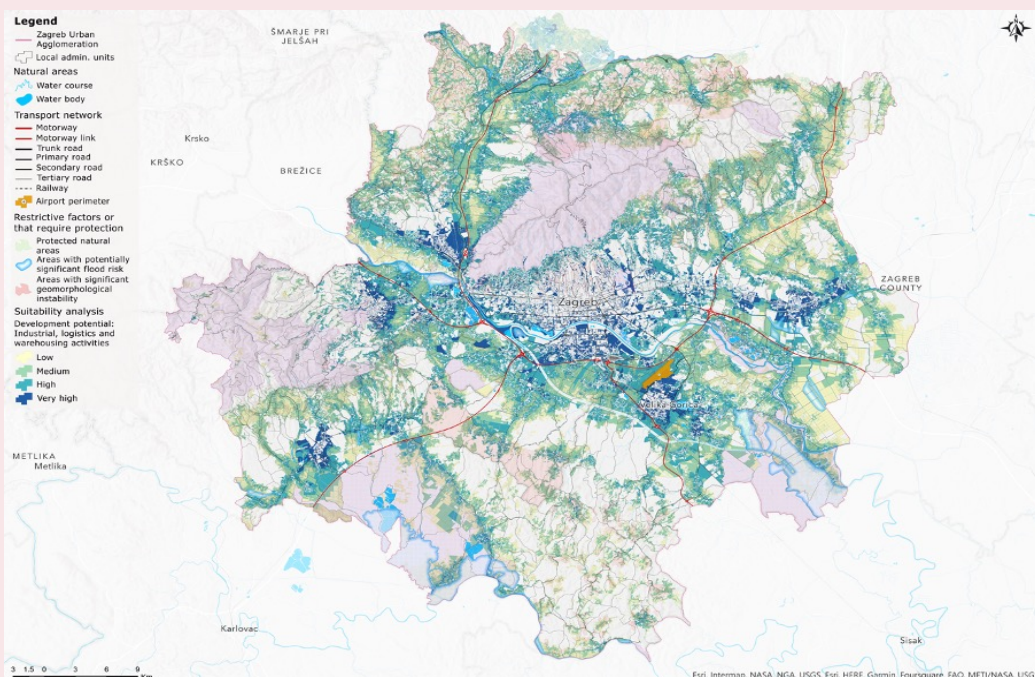
Parameters for analysis can include factors like proximity to existing roads or urban centres, plot size, and shape. These parameters can be refined based on specific development types, such as industrial, retail, office, housing, environmental, tourism, and recreation. Additional filters can be introduced to further customise the analysis. As more data becomes available or more detailed analyses are required, additional parameters can be introduced or adjusted.

As part of the *Functional areas in the EU* project, a Land Suitability Analysis was applied in the **Brno Metropolitan Area**, to identify strategically located land and match this to appropriate land uses to support the objectives of the integrated development strategy for 2021+. Several GIS data layers were required to perform the analysis, including cadastre data, building footprints, land use and land cover (existing and proposed), protected and risk areas, general urban spatial plan, existing and proposed transport infrastructure, technical infrastructure (water, wastewater, electricity, gas), public facilities (education, healthcare, public transportation), as well as geolocated data of main economic actors. As a result, the analysis summarised and visualised all the data collected, processed, and integrated in a centralised geodatabase. It is important to note that access to granular data is a key requirement for Land Suitability Analysis, and cooperation with regional and national authorities and statistical offices, as well as local universities and research centres is needed.



Land Suitability Analysis was also performed for the **Zagreb Urban Agglomeration**. The Zagreb City Hall was particularly interested in identifying additional land parcels that could be used to develop social housing within the Zagreb Urban Agglomeration. Moreover, an analysis was undertaken to determine the potential population that could be accommodated by the land parcels with the highest suitability for residential development. Following the analysis, it was determined that between 4.8 million to 19.2 million additional people could potentially be accommodated in the areas with the highest suitability.

Figure 7. Land Suitability Analysis for residential developments (Zagreb Urban Agglomeration)



Source: Zagreb Urban Agglomeration

For more information

Functional areas in the EU. Methodology on land suitability analysis. Available at: <https://functionalareas.eu/wp-content/uploads/2023/01/Methodology-on-Land-Suitability-Analysis.pdf>

Planning for climate change

Cross-sectoral integration is a prerequisite of climate related planning. Addressing climate change requires environmental, social, and economic integration, emphasising the importance of coordinated action across various sectors and administrative boundaries. The challenges posed by climate change, from urban heat island effect and extreme weather events, to implementing strategies for a just energy transition among others, require a supra-municipal approach to maximise the efficiency of operations and optimise resource allocation. The following insights gathered from the Cluj Metropolitan Area, Kalisz-Ostrów Agglomeration, West Athens functional area, Lake Balaton functional region, and Brussels Capital Region are focused on various aspects of climate planning and highlight the importance of cross-sectoral approaches.

NET ZERO CITY ACTION PLAN

(CLUJ METROPOLITAN AREA, ROMANIA)

Developed as part of the '100 Climate Neutral Cities by 2030' Mission, the Net Zero City Action Plan for Cluj-Napoca and the wider Cluj Metropolitan Area exemplifies a forward-thinking approach to climate change, particularly through its metropolitan focus. It underscores the necessity for integrated, data-driven approaches that transcend administrative boundaries to accelerate the transition to climate neutrality.

Apply the functional area scale for planning efficient climate actions.

Benefitting from support from the *Functional areas in the EU* project, Cluj-Napoca developed its Climate Neutrality Action Plan with a metropolitan focus, including soft measures (such as compact metropolitan planning and improved regulations and fiscal improvement initiatives related to climate neutrality), and large infrastructure projects (a metropolitan green belt, a blue-green corridor along the Someş river, sustainable transportation including metropolitan train and metro line, integrated urban regeneration of apartment block neighbourhoods, and the development of a network of electric car charging stations across the metropolitan area). The 2030 Climate Neutrality Action Plan is accompanied by an Investment Plan and the formal commitments of local stakeholders to implement it.

Build on the integrated development strategy and existing plans at the functional area level.

The Action Plan was drafted starting from the existing Integrated Urban Development Strategy of the Cluj-Napoca and Cluj Metropolitan Area for 2021-2030 and the Sustainable Energy and Climate Action Plan for 2030. Aligning joint climate action with already established goals and planned investments contributes to accelerated implementation and can ensure continuity, resource efficiency, and a stronger foundation for climate commitments. The Net Zero City Action Plan preparation process also involved collating and analysing comprehensive datasets to understand emission sources better and to identify the most impactful interventions. Existing estimations in the Sustainable Energy and Climate Action Plan were complemented by open-source data such as Google Environmental Insights and the NASA Earth Data Platform.

Integrating emission data across different sectors, namely Buildings, Transport, Waste, Industrial Process and Product Use and Agriculture, Forestry, and Land Use, the plan pulls together the key relevant interventions for reducing emissions by at least 80 % until 2030. It includes measures, across the following fields of action: energy systems; mobility & transport; waste & circular economy; green infrastructure & nature-based solutions; built environment; organisational and governance innovation; social and other innovation. Cross-sectoral coordination of the climate agenda was achieved through the Net Zero City Coalition.

Integrate climate action across sectors and stakeholders towards a common goal.

The Municipality of Cluj-Napoca established a 'Net Zero City Coalition', composed of relevant local and metropolitan stakeholders that will further be responsible for implementing and monitoring the interventions included in the action plan. The coalition includes public



institutions, representatives of the academia, industrial clusters, various organisations of civil society and the Cluj Metropolitan Area Intercommunity Development Association. The added-value of the coalition resides in a cross-sectoral working framework, through regular meetings, and shared ownership, as all stakeholders assume responsibility for planned interventions.

Along with interventions implemented by the local administration, the plan includes interventions to be undertaken by other stakeholders such as housing associations responsible for energy efficiency rehabilitation. As such, the Cluj Net Zero Coalition acts as a strategic task force, co-designing and co-producing local climate neutrality solutions. The coalition's collaborative leadership model involves stakeholders across different sectors and areas of expertise in decision-making and implementation.

Engage citizens in meaningful dialogue and partnership building activities. The Action Plan also includes behavioural studies to support citizen engagement and awareness measures across the metropolitan area, leading to the development of a strong culture of partnership in achieving climate goals. The Centre for Civic Innovation and Imagination Centre in Cluj served as a valuable platform to debate climate-related projects spanning multiple jurisdictions and encouraged meaningful citizen participation (see *Chapter 3 - Governance and administrative capacity*).

Based on the Action Plan, Cluj-Napoca already mobilised funding as one of the Pilot Cities within the Net Zero City initiative through the first Net Zero City call for applications, for a project focused on net-zero apartment-block neighbourhoods.

For more information

Cluj-Napoca City Hall. Climate Neutrality Action Plan of Cluj-Napoca and Cluj Metropolitan Area. Available at: https://files.primariaclujnapoca.ro/2023/07/26/Cluj-Napoca_NZC-ACTION-PLAN.pdf



PLAN OF ADAPTATION TO CLIMATE CHANGE

(KALISZ-OSTRÓW AGGLOMERATION, POLAND)

The 2022 **Climate Change Adaptation Plan** for the Kalisz-Ostrów Agglomeration is a strategic document, determining, among other things, the vulnerability and threat levels of individual climate phenomena for each municipality in the Kalisz-Ostrów Agglomeration and the agglomeration as a whole, potential consequences associated with them, and risk levels in various sectors.

The document helps shape local development policies that consider possible climate risks and identifies joint cross-sectoral actions to address climate risks. Specific climate change adaptation and mitigation measures are proposed for several sectors, including agriculture, transport and mobility, environmental protection, water management, energy efficiency and

renewable energy sources, as well as education.

Apply a multi-stakeholder approach, bringing together different sectors.

The implementation of the Plan involves the engagement of a wide range of stakeholders (municipal administration, Kalisz-Ostrów Agglomeration Association and Office, regional authorities, relevant executive agencies, NGOs, private sector, academia), working together to strengthen the effectiveness of their actions. A participatory tool was applied to gather feedback and insights from residents on their perceptions of climate change in their local environment.

Identify projects with supra-local impact and access technical assistance.

Kalisz-Ostrów Agglomeration sought support from the Mission Implementation Platform (MIP4Adapt) financed from Horizon 2020 to strengthen the process of operationalizing the Kalisz-Ostrów Agglomeration Climate Adaptation Plan, including the identification of integrated, cross-sectoral projects with supra-local impact, adequate funding, and activities of an educational nature. MIP4Adapt supports regional and local authorities in the EU to prepare and plan their adaptation pathways to climate resilience. The implementation of the plan will enhance the safety of Kalisz-Ostrów Agglomeration residents and provide greater protection against the impacts of climate-related phenomena across various sectors.

Based on the comprehensive diagnosis, the following actions were formulated for Kalisz-Ostrów Agglomeration with regard to climate adaptation: improvement of the quality of existing green areas by applying nature-based solutions and establishing new ones; protection of habitats of native species of animals, plants and fungi; protection and development of blue-green infrastructure; support of investments in the development of renewable energy; thermal modernization of buildings; construction of water retention facilities; development and integration of a low-carbon transport system; launch of a geoportal of the agglomeration; development of supra-local urban planning standards; environmental education for residents.

For more information

Functional areas in the EU. Plan of Adaptation to Climate Change of Kalisz-Ostrów Agglomeration. Available at: <https://functionalareas.eu/plan-of-adaptation-to-climate-change/>

Mission Implementation Platform (MIP4Adapt): <https://climate-adapt.eea.europa.eu/en/mission/the-mission/about-mip4adapt>

The **Urban Heat Island** effect represents a growing climate change concern, particularly impacting vulnerable populations. This reality underscores the importance of understanding and addressing Urban Heat Islands as part of integrated, cross-sectoral approaches in urban planning and environmental management.



ANALYSIS OF URBAN HEAT ISLANDS

The **Urban Heat Island effect** refers to the phenomenon where urban areas experience higher temperatures than their rural surroundings due to human activities and modifications in land surfaces. This effect is increasingly concerning as it disproportionately affects vulnerable populations (marginalised groups, elderly, children, outdoor workers) and small enterprises (farms, businesses that depend on tourism revenue) and has negative effects on urban economies more broadly.

Understanding and analysing the Urban Heat Island effect is crucial for urban planning and climate change adaptation strategies. It helps identify areas where the Urban Heat Island effect is significant and mitigate the adverse effects of heat stress on urban populations. Cross-sectoral coordination through collaborative, multi-disciplinary approaches support the development of plans that address both the immediate and long-term impacts of Urban Heat Islands and consider their environmental, social, and economic implications.

As part of the *Functional areas in the EU* project, two comprehensive analyses of Urban Heat Islands were conducted for **West Athens** and **Lake Balaton** functional areas. In both analyses, advanced spatial tools were used to map Urban Heat Islands (e.g. Landsat imagery, GIS databases, and Google Earth Engine), highlighting the critical role of green spaces in reducing surface temperatures. This allowed for the creation of detailed Land Surface Temperature maps, providing insights into temperature disparities within these regions. The studies identified key urban areas affected by the Urban Heat Island effect and helped formulate targeted interventions, such as green infrastructure development, climate shelters (urban infrastructures where people can seek shelter during periods of extreme temperatures) and urban planning adjustments.

The study on *'Extreme heat in West Athens: impacts and mitigation options'* developed as part of the *Functional areas in the EU* project presents the disparities in temperature across different urban areas, especially between industrial zones and green spaces. This highlights the urgency for urban redevelopment prioritising the integration of green spaces not only for environmental and aesthetic purposes but also as a critical public health measure. The study on **West Athens** underscores the consequences of extreme heat, particularly the impact of very hot nights on vulnerable populations such as the elderly, children, and those with pre-existing health conditions. The projected doubling in the number of nights with temperatures above 25°C under a high climate change scenario, calls for action.

In the **Lake Balaton** functional region, the urban heat island analysis emphasised the importance of regulations across the functional area and shared understanding and management of the Urban Heat Island effect. The analysis identified the areas most affected by heat islands (including fallow agricultural lands) and developed climate projection scenarios based on historical data. The analysis highlights that the Urban Heat Island effect

one sector unilaterally, so it requires coordinated action. Even in the milder scenarios, the Urban Heat Island had a severe impact on the socio-economic performance of the region, on livelihoods, water balance, and the natural hinterland. For example, the increased evaporation of water in Lake Balaton can affect the tourism sector and the marine environment (e.g., the fish and algae population), which will in turn have a cascading effect on other businesses (e.g., supermarkets, restaurants, bike rental shops).

The transition towards climate-neutrality requires an economy that aligns with climate goals while ensuring a high quality of life, employment opportunities and social inclusion. The Brussels-Capital Region developed a comprehensive plan for supporting the transition of its economy towards a model that prioritises environmental protection and social equity.

SHIFTING THE ECONOMY TOWARDS AN ECOLOGICAL AND EQUITABLE TRANSITION (BRUSSELS CAPITAL REGION, BELGIUM)

The Brussels-Capital Region prepared a *Regional Strategy for Economic Transition (2022-2030)*, also referred to as the *Shifting economy strategy*. The document draws inspiration from the renowned ‘doughnut model’, devised by British economist Kate Raworth. This model illustrates sustainable development by delineating a ‘safe and just space for humanity’, which aims to provide guidance to policymakers and communities in their pursuit of ecological sustainability and social equity. The strategy establishes objectives to develop opportunities for entrepreneurs, protect natural resources, encourage fair economic distribution, and foster quality local employment opportunities. To this end, the *Shifting economy strategy* identifies four transversal policies, namely access to warehouses, local production and logistics, trade, digitalisation, and international trade.

Establish an ‘exemplary business model’ that prioritises social and environmental considerations to raise awareness and encourage the adoption of sustainable practices within the private sector. In 2023, the regional government implemented laws that outlined specific criteria businesses must meet to qualify for government assistance, such as financing, support services, and business accommodations. These criteria are based on two main principles: environmental excellence and social responsibility. To support this transition, the Brussels-Capital Region has developed the *Shifting economy strategy* with a clear goal: by 2030, economic support measures will only be accessible to businesses that adhere to these high standards of excellence.

Engage relevant entities from different sectors that can support a fair and green economic transition. The Brussels-Capital Region’s strategy is driven by four regional public agencies (Bruxelles Environnement, Bruxelles Economie Emploi, Hub.brussels, Innoviris), in collaboration with municipalities and other public actors in the fields of investment promotion and attraction, mobility, real estate development, and the administration of the Port of Brussels.



Back up the transition strategy with adequate financial support from both public and private sources. In the case of the Brussels Region, the strategy envisages the expansion and redirection of regional financial resources to support all economic actors in their transition. A wide range of financial instruments were employed, such as research and innovation grants for economic purposes, grants awarded through thematic calls for economic projects, loans, and equity investments, guarantees, and economic development assistance for businesses. These instruments sum up approximately EUR 200 million and assist 7 000 businesses annually. The aim is for regional financing instruments to amplify or supplement private investment, especially by addressing sectors that currently lack or have inadequate private funding.

For more information

Shifting Economy Brussels. Executive Summary of the Regional Strategy for Economic Transition 2022- 2030. Available at: https://shiftingeconomy.brussels/wp-content/uploads/2022/10/ExecutiveSummary_ShiftingEconomy_EN.pdf

European Commission. The Brussels Donut: Shifting the economy towards an ecological and fair transition. Available at: <https://eu-mayors.ec.europa.eu/en/The-Brussels-Donut-Shifting-the-economy-towards-an-ecological-transition>

To support climate planning efforts, two practical resources were developed as part of the *Functional areas in the EU* project. The '*GRIDLab*' document offers a comprehensive collection of innovative solutions for green, resilient, and inclusive development at a functional scale, and relevant funding opportunities at EU level. The '*Resilient Functional areas*' guide aims to inspire the development of resilience plans at the functional area level, mainly with regard to the resilience of urban governance, environmental resilience, infrastructure resilience, societal resilience, and economic resilience.

Sustainable urban mobility planning

As one of the main areas of interjurisdictional cooperation (OECD, 2014), mobility is also a key enabler for adopting the cross-sectoral approach. Sustainable Urban Mobility Plans are an effective instrument to address mobility in an integrated manner at the functional area level. The European Commission defines the Sustainable Urban Mobility Plan as '*a strategic plan designed to satisfy the mobility needs of people and businesses in cities and their surroundings for a better quality of life.*' By integrating multiple transport modes and considering the needs of all urban dwellers, Sustainable Urban Mobility Plans work towards developing safer, more accessible, and more sustainable urban transport systems.

As highlighted by the European Platform on Sustainable Urban Mobility Plans, they are designed to tackle urban mobility challenges in a cross-sectoral way, from enhancing accessibility to services and jobs, improving safety and security, reducing air and noise pollution, greenhouse gases, and

energy consumption, to improving the efficiency and cost-effectiveness of the transport of people and goods. Moreover, Sustainable Urban Mobility Plans should be designed to closely align with land-use planning. This approach ensures that new land developments are accompanied by adequate transport solutions, thus promoting urban sustainability.

Sustainable urban mobility planning and implementation also involves a multi-stakeholder approach and should balance immediate needs with future scenarios. This ensures that urban mobility systems are adaptable and resilient, capable of meeting evolving demands and circumstances. The example below from Oradea Metropolitan Area showcases how functional area level coordination can support sustainable mobility, while promoting cross-sectoral and vertical integration.

SUSTAINABLE URBAN MOBILITY PROJECTS AT THE FUNCTIONAL AREA LEVEL

(ORADEA METROPOLITAN AREA, ROMANIA)

The Oradea Metropolitan Area inter-community development association was established voluntarily in 2005 and is one of the most advanced metropolitan areas in Romania, with a strong track record of joint investments, including metropolitan connective infrastructure. As the metropolitan area hosts approximately 68 % of the total employees at the county level and more than 15 % of the employed population of the 11 surrounding localities commute to Oradea, there is a growing pressure on the main access roads around the core city. Therefore, a joint approach is needed to ensure high-quality public transport services (including railway transport), minimise commuting times, reduce pollution and promote alternative mobility. To this end, a metropolitan association for public transport services was established, and the Sustainable Urban Mobility Plan includes major interventions undertaken at metropolitan level, such as the development of a new metropolitan train-tram line, ring roads and cycling lanes.

Establish joint public transport services at the level of the functional area. The association of metropolitan municipalities spearheaded the development of an association for public transport services. Six of the twelve associated municipalities are part of the TRANSREGIO Intercommunity Development Association, created in 2012. The public transport service in the six municipalities is ensured by the Oradea Local Transport regional operator, on the basis of delegation contracts. The amount of compensation paid by each local administration to the operator is proportional to the number of kilometres travelled, and routes, stations, transport schedule and fares are approved by their local councils. EU funds have supported the modernisation of the public transport fleet, with over 100 electric, hybrid and hydrogen buses to be financed in the 2021-2027 programming period.

Develop railway transport infrastructure and prioritise the urban regeneration of railway assets. A new train-tram project included in the Sustainable Urban Mobility Plans is expected to promote a significant shift to sustainable mobility for a large proportion of the population



which commutes to the core city of Oradea. Complementarily, the Oradea Metropolitan Area is also coordinating the urban regeneration of multi-modal transit hubs, railway stations, and railway assets in Oradea and the peri-urban area, contributing to an efficient and attractive metropolitan public transport system. An urban regeneration concept produced within the *Functional areas in the EU* project was used by the Oradea City Hall to prepare a detailed masterplan for the Oradea Railway Area and a feasibility study for the public area in front of the railway station. As a result of having a mature proposal for the regeneration and expansion of its metropolitan railway system, the city secured financing of EUR 150 million from the Transport 2021-2027 Programme.

Figure 8. Urban Regeneration Concept for the Oradea Railway Area



Source: Oradea Metropolitan Area

Establish partnerships and involve relevant stakeholders to accelerate project implementation. Other major metropolitan projects included in the Sustainable Urban Mobility Plans are the development of a network of ring roads and adjacent cycling lanes at metropolitan level, which are completed or at an advanced stage of maturity. To ensure swift implementation, the Oradea Metropolitan Area established partnership agreements with municipalities in which the new projects are planned, Bihor County and the National Company for Road Infrastructure Management. The partnership with the National Road authority is part of a proactive approach to accelerate the preparation and implementation of key infrastructure projects, which has set a positive model for other metropolitan areas in Romania.

For more information

Public investments for metropolitan connective infrastructure – Oradea Metropolitan Area: <https://functionalareas.eu/preparing-of-public-investments-for-metropolitan-connective-infrastructure/>

Metropolitan public transport in Oradea Metropolitan Area: <https://functionalareas.eu/metropolitan-public-transport/>

How to enhance cross-sectoral integration in project design?

Cross-sectoral integration at the project level involves embedding coordination during both project design and implementation. **Integrated projects** are characterised by their holistic approach, going beyond the primary objectives within a sector, territory, or group of stakeholders. At the functional area level, such projects also consider the potential impact on adjoining municipalities, involving multiple sectors and stakeholders.

According to the new output indicators introduced under Policy Objective 5 of the 2021-2027 cohesion policy (RCO76 Integrated projects for territorial development - see *Glossary*), for a project to be considered integrated, it needs to fulfil at least one of the following conditions:

- 1. the project involves different sectors** (such as social, economic, and environmental sectors)
- 2. the project involves different administrative territories** (e.g. municipalities)
- 3. the project involves several types of stakeholders** (public authorities, private actors, NGOs)

When selecting and prioritising projects as part of the strategic planning process, it is key to consider how they support cross-sectoral integration, as well as cooperation between different administrative units and stakeholders. Integrated projects should demonstrate value added compared to what would be achieved if different components would have been implemented separately, or if they would be addressed by single administrative units.

In the 2021–2027 programming period of the EU cohesion policy, the **New European Bauhaus** (NEB) initiative provides a guiding framework for integrated projects, emphasising the integration of sustainability, inclusiveness, and aesthetics. Through its transdisciplinary approach, it can serve as an inspiration for going beyond siloed interventions, which can be applied to both larger and smaller-scale projects. In particular, the NEB movement is centred on initiatives led by citizens and local communities and brings a focus on the neighbourhood scale, within the overarching goal to bring the Green Deal closer to citizens.

In the first of this section, the presentation of the NEB initiative and its focus on integrated projects is followed by a project in Trenčín that aligns with these values. The second part of this section is dedicated to **neighbourhood-level planning**, including an example of co-developing a low traffic neighbourhood in Brussels, a transit-oriented development project in Brno, and presents two guides on neighbourhood regeneration developed as part of the *Functional areas in the EU* project: *Neighbourhood-level integrated approaches for regeneration* and *Transforming transit spaces to destination places*.



NEW EUROPEAN BAUHAUS AS AN ENABLER OF PROJECT LEVEL INTEGRATION

The New European Bauhaus initiative, in the spirit of the original Bauhaus movement, builds on the ideas of a unified approach combining beauty and function as well as a smart use of resources. It also prioritises affordability and accessibility to ensure that these principles benefit everyone. From a cross-sectoral point of view, the initiative strongly emphasises the connection between the green, social, and cultural transitions and the importance of designing integrated projects that involve several sectors, areas of expertise and diverse stakeholders.

The NEB also adopts a multilevel approach to transformation, recognising that addressing global challenges requires actions at various levels, from the global scale down to the local level. Finally, the initiative recognises the importance of engaging the local level through place-based approaches and the active participation of citizens and grassroots organisations. To help and support the development of integrated projects with NEB values, two important tools were created:

The NEB Compass is a tool that can be applied to facilitate cross-sectoral integration at the local and functional area level. The framework guides decision-makers in applying the three NEB values to their projects as part of an integrated project design process. It is structured on three values: beautiful (aesthetics), sustainable (sustainability), together (inclusion) and three working principles: participatory processes, multi-level engagement, and a transdisciplinary approach. The Compass is a supportive tool that indicates key characteristics of a NEB project, as well as of exemplary projects for different levels of ambition. Building on the power of examples, the NEB Compass provides several case studies that embody concrete advice for integrated project design. An example of a project that reaches the highest levels of ambition across all NEB values and working principles is a mixed-use neighbourhood project implemented in Leuven (p. 26-27). The project is focused on redevelopment of a former railway hall and was initiated by the local community, offering affordable spaces, fostering collaboration among the local government, social organisations, entrepreneurs, and residents.

The NEB Toolbox is a collection of tools that can be used by public and private authorities and other project owners to kickstart NEB projects. The NEB toolbox was created as part of the ‘Support to the New European Bauhaus Local Initiatives’ action which provided technical assistance to 20 small and medium-sized municipalities, supported by the European Regional Development Fund. The toolbox is developed around three levels of interventions (identification, exploration, and refinement), offering practical tools, approaches, and examples of best practices.

For more information

European Union. NEB Compass. Available at: https://new-european-bauhaus.europa.eu/get-involved/use-compass_en

European Union. NEB Toolbox. Available at: https://new-european-bauhaus.europa.eu/get-involved/use-toolbox_en

Applying NEB values to cultural regeneration projects

The **Fiesta Bridge project in Trenčín**, which received the title of the 2026 European Capital of Culture, incorporates New European Bauhaus values. The project aims to create quality public spaces, address environmental challenges, and bring the community together, reflecting the NEB ambition to create **beautiful, sustainable, and inclusive** places, products, and ways of living.

As a cultural-led regeneration project included in Trenčín's European Capital of Culture programme, it has a cross-sectoral focus by integrating the dimensions of natural and historical heritage, the development of creative industries and social transformation.

INTEGRATED CULTURAL PROJECTS

(TRENČÍN FUNCTIONAL AREA, SLOVAKIA)

The Fiesta Bridge project, a flagship project of the European Capital of Culture Trenčín 2026 programme, incorporates the values of the New European Bauhaus, transforming a former railway bridge into a dynamic hub of cultural and community engagement. The EUR 15 million budget for the reconstruction of the old railway bridge will be covered by EU funds, with 8 % co-financing by the city.

The Fiesta Bridge project began in 2021, aiming to repurpose an old railway bridge into a dynamic, multifunctional cultural space. This new community space facilitates social activation, where the bridge acts as a canvas for cultural expression. It encourages out-of-the-box activities, filling public spaces with site-specific events and performances, such as local concerts or acrobatic and dance performances. This approach activates the bridge not just as a physical structure but as a social catalyst.

While this project is implemented within the core city, it benefits the residents of the functional urban area. By implementing the European Capital of Culture programme, Trenčín becomes a central point of attraction for residents within and outside its administrative boundaries. The cultural regeneration projects in Trenčín drive physical changes to public spaces and redefine their role within the community, stimulating the cultural vitality of the wider functional area.

Prioritise architectural quality. The Fiesta Bridge project aims to become one of the city's architectural landmarks and create a high-quality public space. The inclusion of artworks, such as interactive sound installations and light shows, will enhance its visual appeal.

Integrate green spaces and sustainable materials. Sustainability is at the core of the Fiesta Bridge's design. Plans include the integration of new green spaces and the use of sustainable materials. The project redefines the riverfront's role in urban living, fostering a harmonious coexistence with nature. The bridge will not only be a cultural spot but also a place for relaxation and sports, promoting a sustainable lifestyle.



Include the activation of public spaces in the project design through community engagement. The Fiesta Bridge project embodies the NEB value of ‘together’ through its inclusive and participatory approach. The project revitalises unused spaces, actively engaging with the city’s residents to uncover Trenčín’s potential in public spaces. The envisaged activities go beyond artistic interventions to include public debates, conferences, and events focusing on the utilisation of urban spaces, inviting participation from all city residents and visitors.

Cultural, and creative industries can create positive ripple effects in other sectors, generating new employment opportunities and driving innovation, while addressing social inequality and promoting inclusion. Brownfield areas offer a valuable opportunity for reconversion into cultural facilities, such as multi-functional cultural centres. For example, the Zagreb Urban Agglomeration and Brno Metropolitan Area identified the rehabilitation of a brownfield into multifunctional cultural centres as one of their major ITI projects, while the ITI Strategy of Jiu Valley (a just transition region) includes the reconversion of former industrial sites into cultural hubs.

As part of the *Functional areas in EU* project, a guide on ‘*Management models for multifunctional cultural centres*’ was developed, providing successful examples of cultural centre management in terms of development, purpose, offerings, organisational structure, and financial sustainability. The guide also provides a brief overview of the European Capitals of Culture initiative and the benefits it offers to the cities awarded the title. Additionally, the guide outlines various funding opportunities available for cultural and creative projects.

For more information

Functional areas in the EU. Management models for multifunctional cultural centres guide. Available at: <https://functionalareas.eu/solutions-for-functional-areas/>

Trenčín 2026. Bid Book Candidate for European Capital of Culture-Cultivating Curiosity. Available at: https://www.trencin2026.sk/_files/ugd/70c014_29c2ccd4ca21475eadcbc5fcca4153a9.pdf

Neighbourhood-level planning

A neighbourhood is a community where people live, meet, work, and access basic services, resulting in the territorial scale where challenges and solutions are directly visible. In the current context, climate change, digitalisation, and inclusion are transversal sectors that must be integrated with housing, mobility, services, amenities, and public spaces at the neighbourhood level. Therefore, neighbourhood-level planning is cross-sectoral, and the solutions must be designed through an integrated approach. Multiple aspects must be taken into consideration for neighbourhood regeneration, including affordability, energy efficiency, accessibility, inclusion, and aesthetics.

The section below explores **integrated approaches that can inform projects at the neighbourhood level**, focusing on urban regeneration, and the interplay between housing, social inclusion, mobility, and economic development. Urban regeneration is inherently cross-sectoral because by definition, urban regeneration implies *‘a comprehensive and integrated vision and action which leads to the resolution of urban problems, and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change.’* (Peters, 2008). Moreover, the neighbourhood scale serves as an enabler of integrated territorial development, as outlined by the New Leipzig Charter. The document positions the neighbourhood as one of the key spatial scales at which local authorities should plan development measures, aligning it to the functional area’s vision and objectives. Additionally, it advocates for the neighbourhood’s role as a laboratory of innovation for the wider area, enabling tangible results to be achieved faster and scaled up.

For example, the Brussels Region has developed the Good Move Regional Mobility Plan, facilitating **the identification of 50 neighbourhoods across the region to become low traffic**. Part of these neighbourhoods have developed their plan and implemented the measures, such as the Pentagon neighbourhood. The Pentagon’s plan, developed together with the community, aims to eliminate through-traffic, and improve public spaces. This approach creates neighbourhoods with an increased quality of life where pedestrians, public transport, and cyclists are prioritised by incorporating multiple sectors: urban planning, economy, mobility, and community engagement.

CO-DEVELOPING A LOW-TRAFFIC NEIGHBOURHOOD

(BRUSSELS, BELGIUM)

The process of transforming the Pentagon neighbourhood in Brussels started with a participatory process in 2021. This collaborative effort progressed into a co-drafting process, where proposed circulation measures were debated and subsequently put into action. In 2022, the implementation phase of the new measures started. Feedback in relation to introduced changes was gathered to improve the plan. Stakeholder involvement was ensured throughout the process and institutionalised through the multi-stakeholder Steering Committee set up to oversee progress.

Start the process with a participatory framework to engage all stakeholders. This phase enabled the local authorities in Brussels to organise a participatory diagnosis which collected and incorporated the stakeholders’ demands, concerns, and ideas. To facilitate this, a platform was developed, bringing together 600 participants. Additionally, neighbourhood-level meetings were organised, attracting 300 attendees, along with tailored meetings involving representatives from the private and the public transport sectors. Through the participatory diagnosis, the neighbourhood identified six key areas to guide its transformation: *‘road safety, noise disturbances - enhancing public spaces, cycling lanes and bike parking, transit traffic, improved signage and utilisation of parking facilities, and delivery zones’.*



Develop an action plan based on the outcomes of the participatory diagnosis phase. The second part of the elaboration process focused on establishing the framework for specific traffic measures. In the case of the Pentagon, the action plan comprised the following measures:

- redirect transit traffic outside the neighbourhood by diverting automobiles through the inner ring road (Petite Ceinture),
- construct the infrastructure for active and sustainable mobility, including walking, cycling, and public transport,
- ensure accessibility for emergency, delivery and service vehicles,
- map areas for inserting new green spaces,
- design and construct intergenerational public spaces for play and leisure opportunities, establish local amenities, and enhance the quality of life.

In addition, this phase incorporated measures to improve signalling of parking lots and commercial zones, develop logistic areas, improve the public transport, promote car-sharing, and improve general infrastructure in the neighbourhood.

Identify and implement ‘low-hanging fruit’ interventions. The implementation process began with short term initiatives, such as outdoor events and community gatherings, to encourage people to spend time in these new public spaces that were temporarily opened for pedestrians.

Develop a comprehensive communication plan to ensure meaningful participation. The communication plan of the project was organised in three targeted audiences, each group with its dedicated tools and channels:

- *‘The general public: distribution of information leaflets to households, information meetings, videos explaining the project, local community radio announcements, website with frequently asked questions, interactive map and route planner on the website, call centre for inquiries and assistance, two communication waves throughout the project.’*
- *Stakeholders: bilateral meetings with various stakeholders (residents, local businesses, visitors).*
- *The Good Move Community: newsletter updates were sent to those who joined the online community’.*

Implement co-evaluation and co-monitoring initiatives for continuous improvement. The local authority involved stakeholders to monitor the progress of the new circulation plan and used tools for gathering traffic data (e.g. Telraam, a locally developed solution). In addition, one year after the measures were implemented, a survey was developed to gather input from stakeholders.

For more information

Brussels City. Good Move Pentagon: all about the new circulation plan. Available at: <https://www.brussels.be/goodmove>

Mobilite Brussels. The Regional Mobility Plan 2020-2030. Available at: <https://mobilite-mobiliteit.brussels/en/good-move>

Good Move Brussels. What is a low-traffic neighbourhood? Available at: <https://lowtrafficneighbourhoods.brussels>

Another practical insight into the potential of neighbourhood-level interventions to drive sustainable development of the wider functional area is offered by the new Trinita District in the city of Brno. The project enhances sustainable mobility in the functional area, while also increasing the attractiveness of the core city through quality architectural design interventions and mixed functions.

ENHANCING TRANSPORT-ORIENTED DEVELOPMENT IN TRINITA DISTRICT

(BRNO METROPOLITAN AREA, CZECH REPUBLIC)

The construction of a new neighbourhood in the south of the historic centre of Brno adjacent to the city's new main railway station is aligned with the principles of transit-oriented development (see *Glossary*). This example covers the development of a new and modern transport hub with various means of transportation, along with the development of residential buildings, offices, and public spaces within the new district, as well as the revitalisation of the riverfront near the new railway station.

The Brno new central station project is directly linked with the transformation of the Trinita District by being the entrance and exit point of the area. The project comprises the following core elements: the design of the station was established through an international architectural competition, it includes solar-based solutions for energy efficiency, and continually informed the community about the development process. For example, an exhibition showcasing the design solutions was developed to engage the community and raise awareness on the benefits of the project and a dedicated section was developed on the Brno City Chief Architect's Office online platform.

The project relocates the central station in Brno and serves as an example of how interventions to regenerate railway assets in a cross-sectoral approach contribute to the development of the wider metropolitan area.

Apply a cross-sectoral lens to drive sustainable growth at the functional area and district level. The location of the new central transportation hub will improve mobility throughout the metropolitan area. As a key transport hub aligned with future transport projects, the project reduces traffic congestion by curbing urban sprawl and facilitates swift transfers between various public transport options within the metropolitan area.

As the point of entrance into the new district, the hub will positively impact its development. The district will provide sustainable means of transport, housing, jobs, and leisure opportunities for 30 000 inhabitants. The project includes the development of new public infrastructure (e.g., public spaces,



systems for rainwater management, cycling infrastructure) and creates new opportunities for private investors (e.g., apartment buildings, commercial activities, entertainment). It also creates a new residential neighbourhood in proximity to the city centre, designed according to the 15-minute concept (see *Glossary*), i.e., offering services and amenities within a 15-minute walk from residents' homes, along with accessible public transportation options for longer trips outside the district.

Integrate ecological and sustainable design solutions. The new central station is the gateway to the new district and is located near the Svatka river. The location and design of the new station and its surrounding area will provide access to new green spaces and leisure opportunities, making it highly suitable for residential development. The winning design includes a park that will connect the river with the city centre and the new transport hub. The planned green solutions will integrate the banks of the river with the urban fabric and install retention tanks to enhance the quality of the rainwater entering the Svatka river. Moreover, the station itself incorporates solar panels generating electrical energy and other technologies that reduce the station's carbon footprint.

Ensure that local, regional, and national strategic directions are aligned in the project preparation phase. The Brno Metropolitan Area governance body is actively involved in the design of public spaces around the station, showcasing a strong cooperation between the City of Brno and the representatives of the municipalities in the larger functional area. Moreover, the Ministry of Transport, together with the Railway Administration, the South Moravian Region, and the City of Brno, used the feasibility study results to approve the development of an integrated solution and implement a transport-oriented development project. The solution was developed through an architectural and urban planning competition that focused both on the station and the surrounding public spaces, such as the banks of the river.

As part of the *Functional areas in the EU* project, support was provided for urban regeneration projects around railway stations, other railway assets, and areas surrounding transit stops in eight functional areas in Romania, as they have a major impact on strengthening the functional area approach. The functional areas that received support are:

- Caraş-Timiş Functional Area,
- Cluj Metropolitan Area,
- Oradea Metropolitan Area,
- Valea Jiului Functional Area,
- Bucharest Metropolitan Area,
- Constanţa Metropolitan Area,
- West Ialomiţa Functional Area.

The level of support varied depending on the area, but overall, it involved identifying regeneration areas that contribute equitably to the development of the functional area, developing urban regeneration concepts, and identifying potential sources of financing for implementation. These concepts and approaches benefit the functional area as a whole, with the responsibility for turning them into financeable and implementable projects lying with individual local administrations.

For more information

Brno City Chief Architect's Office. New Central Station. Available at: <https://kambrno.cz/novenadrazi/>

Brno City Chief Architect's Office. Territorial study of the new district of Trnitá. Available at: <https://kambrno.cz/novactvrt/uzemni-studie-nova-ctvrt-trnita/>

Europoint Brno. The feasibility study. Available at: <https://europointbrno.cz/studie-proveditelnosti/>

As part of the *Functional areas in the EU* project, two guiding documents focusing on neighbourhood regeneration were developed: The 'Sustainable Regeneration of Apartment Block Neighbourhoods' guide and the 'Transforming Transit Spaces to Destination Places' guide. Neighbourhood-scale interventions can be included in a scale-up model at the level of the functional area, with the aim of achieving shared standards of living and reducing the pressure on infrastructure and services of more developed areas. At the same time, investing in creating compact, affordable, and quality neighbourhoods is an efficient measure to limit urban sprawl and increase the attractiveness of the urban core.

THE 'SUSTAINABLE REGENERATION OF APARTMENT BLOCK NEIGHBOURHOODS' GUIDE

The 'Sustainable Regeneration of Apartment Block Neighbourhoods' guide showcases **how neighbourhoods can be regenerated to achieve net-zero emissions, enhance urban resilience, and improve quality of life.** This guide serves as a roadmap for functional areas aiming to transform their built environment. It focuses on upgrading public spaces, enhancing active and sustainable mobility, fostering community engagement, and improving energy efficiency, contributing to global climate targets by starting at the neighbourhood level.

The guide has four sections: Motivation, Guidance, Action, and Implementation. The 'Motivation' and 'Guidance' sections provide guiding principles and a framework for interventions, highlighting the importance of adopting a cross-sectoral approach in designing integrated solutions. The four principles for guiding interventions at the neighbourhood level are universal design, sustainability, carbon neutrality, and resilience, covering the built environment, public spaces, and mobility. The 'Action' section lists the necessary initiatives to regenerate a neighbourhood, as follows:

- **Retrofit the built space.** This section provides guidance on how to refurbish buildings to be aesthetically appealing, energy efficient, universally accessible, and resilient. Additionally, it covers measures to improve public spaces and build space for economic and community activities.
- **Enhance neighbourhood amenities.** Two important aspects are highlighted and explained within this section: how to offer equitable access to amenities and enable community based circular economy



as a response to improve amenities at neighbourhood level.

- **Reorganise urban mobility.** Movement is an important aspect of urban life, as such this section guides readers on how to reclaim space for pedestrians and cyclists by rethinking street hierarchy to support active mobility and public life. Moreover, it highlights how to improve access to public transit, ride sharing and electric vehicles, and incorporate basic design principles for safe and aesthetical streets.
- **Transform the urban realm.** Within this section, several measures to improve public space are listed, such as creating lively public spaces between buildings, creating a network of green areas, implementing ecological landscaping practices and basic landscape design principles, and integrating water bodies.

For each initiative, the guide provides several solutions, to accelerate the green and digital transition and achieve a net-zero neighbourhood. Finally, the 'Implementation' section of the guide provides examples of condominium management models for implementing large-scale regeneration projects.

For more information

Functional areas in the EU. Sustainable Regeneration of Apartment Block Neighbourhoods. Available at: https://drive.google.com/file/d/1ulWz9xyXLLUhWFFxVEffJWk_O84SD8Mf/view

Sustainable urban mobility at neighbourhood level enables a cross-sectoral approach, requiring measures that range from mobility and built environment, to social inclusion, culture and economy. This approach leads to regeneration, reduced pollution, and increasing quality of life. Additionally, it focuses on community-based planning to change the hierarchy of street users, improve the design and attractiveness of public spaces, and increase accessibility and inclusion. Walkable neighbourhoods invite people outdoors to spend time in safe, accessible, and aesthetic public spaces that enable social contacts, playing and other community activities. Therefore, the attractiveness of basic services and amenities at neighbourhood level are strongly linked to walkability and cycling, fostering a vibrant and engaged community and a mixed-use development.

The following guide, '*Transforming Transit Spaces to Destination Places*', showcases ways to reshape the role and functionality of streets within neighbourhoods. This topic inherently involves collaboration across multiple sectors. For example, initiatives aimed to transform a street from a transit corridor into a vibrant destination require coordinated efforts spanning various disciplines and sectors, such as public space design, mobility and transportation, community engagement, and measures to support a balanced establishment of various services and amenities at the neighbourhood level.

THE 'TRANSFORMING TRANSIT SPACES TO DESTINATION PLACES' GUIDE

The '*Transforming Transit Spaces to Destination Places*' guide provides guidelines for rethinking movement at neighbourhood level and activating streets together with the community.

This document lists and explains the principles for rethinking the hierarchy of street users and enforcing urban movement at human speed. Moreover, it provides ideas on how to change people's behaviour and their perception of streets from transit corridors to community hubs.

The document uses the concept of **slow streets as an enabler to enhance the overall liveability of neighbourhoods**, support climate change goals, and promote sustainable modes of transport. To this end, the guide lists the principles of slow streets and community hubs, offers multiple case studies from around the globe, and provides a practical list of funds that enable the transformation of streets within neighbourhoods. There are three principles for implementing the slow street concept and each comprise different measures:

Reprioritisation. This principle explains and provides measures on reorganising urban mobility, creating safe community hubs, and ensuring accessibility for all users.

Transit. Streets should function as transit corridors for all types of street users, providing access to vehicles but not prioritising them. Therefore, this principle is about coordinating all envisaged measures to reduce speed and encourage activities on streets with other changes in street infrastructure, provide access to necessary vehicular transit (e.g., ambulance), align with bike infrastructure and coordinate with pedestrian zones.

Destination. For public spaces to invite pedestrians and cyclists, they must be friendly for people (e.g., safe, aesthetic), have multiple seating and green areas, and be developed together with the local community. Hence, this principle focuses on measures that enable a compact and attractive neighbourhood developed by the community.

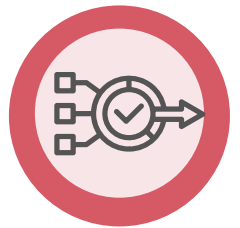
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Functional areas in the EU. Transforming Transit Spaces to Destination Places Guide. Available at: <https://functionalareas.eu/wp-content/uploads/2024/Transforming-Transit-Spaces-into-Destination-Places-.pdf>



RECOMMENDATIONS

- 1. Leverage spatial planning tools and analyses to ensure coordination across various sectors.** Use Geographic Information Systems databases and Land Suitability Analysis to inform strategic planning and policymaking at the functional area level. Ensure that spatial planning tools are central to the decision-making process, enabling a comprehensive understanding of the functional area's dynamics and the cross-sectoral impact of planned interventions.
- 2. Promote the need for a supra-municipal approach to climate challenges and prepare climate planning documents at the functional area scale.** Build on existing strategic documents and plans to ensure efficiency of resources and alignment with strategic priorities. Develop a multi-stakeholder task force including diverse actors such as public representatives, academia, civil society organisations, housing associations and the private sector to accelerate climate action and enhance interventions through a cross-sectoral lens.
- 3. Develop integrated projects and scale up neighbourhood-level approaches for regeneration.** Draw inspiration from the New European Bauhaus and best practices in neighbourhood-level integrated approaches for regeneration to promote cross-sectoral integration at the project level. Ensure that project design and implementation consider the impacts on various sectors and involve a transdisciplinary team. Scale up successful neighbourhood-level projects to ensure that everyone enjoys similar standards of living across the functional area.



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5

FUNDING AND FINANCE

Securing funding for integrated projects at a functional area scale requires a strategic blend of funding and financing sources, as well as financial, technical, and administrative capacity. To respond to these challenges, the chapter focuses on public, private and alternative funding sources, emphasising the need to diversify funding and financing sources to meet investment needs.

Functional area governance bodies often struggle with ensuring adequate and appropriate operational and financial resources to meet investment needs. Barriers identified by functional areas participating in the *Functional areas in the EU* include (according to a survey with 51 functional areas at the beginning of the project):

- **maximising the impact of funds by mixing funds for integrated investments** and blending various funding sources,
- **limited knowledge of and experience with mobilising private sector financing** and fostering collaboration with different stakeholders, and
- **meeting eligibility requirements for EU initiatives** with direct application for funding.

These challenges pertain to diverse factors including the maturity and size of functional areas, and availability and accessibility of technical and financial resources. Not all functional areas governance bodies possess the requisite expertise and, notably, the experience in executing integrated projects and mobilising the necessary resources.

This chapter is focused on understanding the landscape of EU funds available for financing functional approaches and blending funding and finance from various sources, structured around two challenges:

Mobilising and optimising the use of EU funds at the level of functional areas, covering:

- European Structural and Investment Funds that involve application via national or regional authorities (funds for delivering the cohesion policy, synergies with other funds) and integrated territorial investments (ITI, CLLD, OTT)
- EU initiatives with direct application, involving competitive calls at EU level (e.g., Horizon Europe, LIFE, CERV, Interreg Europe).

Mobilising additional financial resources:

- complementarity with other sources of funding than EU funds (financial instruments, local resources, public-private partnerships, attracting private investments).

How to optimise the use of EU funds at the functional area level and where to look for funding?

This section offers an overview of available EU funding opportunities for functional area approaches and implementing integrated strategies. EU funding may be accessed either through national or regional authorities (as is the case of funds for implementing EU cohesion policy), or directly, through competitive EU-wide calls on various topics.

EU initiatives with application via national or regional authorities

National or regional authorities share the management of certain cohesion policy funds with the European Commission and publish calls for applications that functional area bodies should monitor. These funds include:



European Union
European Regional
Development Fund

The **European Regional Development Fund** (ERDF), to invest in the social and economic development of all EU regions and cities.



European Union
Cohesion Fund

The **Cohesion Fund** (CF), to invest in environment and transport in the less prosperous EU countries.



European Union
European
Social Fund

The **European Social Fund Plus** (ESF+), to support jobs and create a fair and socially inclusive society in EU countries.



The **Just Transition Fund** (JTF) to support the regions most affected by the transition towards climate neutrality.'



EUROPEAN UNION
European Maritime
and Fisheries Fund

Another fund that is accessed through national authorities and is relevant for functional areas (in particular coastal areas) is the **European Maritime, Fisheries and Aquaculture Fund** (EMFAF). Public authorities, universities, economic operators and their associations and non-governmental organisations are eligible to apply.

Source: https://ec.europa.eu/regional_policy/funding/available-budget

To optimise the use of EU funds, this section offers insights into how integrated development can be supported by combining different funds. A mix of the above-mentioned funds can be used to encompass both the tangible (primarily infrastructure) and intangible (such as human capital development) components of investments. Brief illustrations in this regard are outlined in the following practical insights.



DEDICATED MULTI-FUND PROGRAMMES FOR FUNCTIONAL AREAS

(ERDF, ESF+): ITALY'S METROPOLITAN PROGRAMMES

National authorities can play a big role in supporting functional area approaches. As shown by the example of Italy, Member States can earmark funding for functional areas at the beginning of a new programming period by creating dedicated multi-fund programmes for functional / metropolitan areas.

The Italian National Programme Metro Plus and Medium-sized Southern Cities 2021-2027 (National Programme Metro Plus), with a substantial budget of EUR 3 billion, builds upon the success of the Multi-fund National Operational Programme Metropolitan Cities 2014-2020. The new programme was approved for joint support under the ERDF and ESF+ and is built on three thematic pillars: digital agenda, sustainability, social inclusion.

Support the functional approach beyond large metropolitan cities. The National Programme Metro Plus extends its reach beyond metropolitan cities, including suburbs and marginalised areas in medium-sized cities in less developed regions. This approach ensures a more equitable and efficient distribution of resources and opportunities and supports balanced territorial development. The programme reflects a holistic approach to urban development and the diversity of development needs in cities of different sizes. Mobilising funds from both ERDF and ESF+, the National Programme Metro Plus covers areas such as urban regeneration, housing, green mobility, social inclusion and innovation, sustainable tourism, natural heritage, or circular economy.

Decentralise funding programme management and empower sub-national structures. A key feature of the programme is the delegation of responsibilities to 14 capital municipalities, serving as Intermediate Bodies. This decentralised governance model facilitated more targeted and efficient interventions.

For more information

Italy Metropolitan Programme. Available at: <http://www.ponmetro.it/home-2/pon-metro-plus-21-27/pn-metro-21-27-2/>

Integrated investments are facilitated by instruments such as integrated territorial investments and community-led local development (CLLD), and other territorial tools (OTT) employed to support integrated territorial development under EU cohesion policy. Integrated strategies developed for this purpose allow a mix of funds such as ERDF, ESF+ or EAFRD, CF or JTF, where available, to finance identified projects at the functional area level.

To ensure a mix of funds fit for territorial needs, involving functional area governance bodies in the programme design phase is crucial- this embodies the partnership principle outlined in the governance chapter (see *Chapter 3 - Governance*).



INTEGRATED TERRITORIAL DEVELOPMENT IN THE 2021-2027 PROGRAMMING PERIOD

EU cohesion policy for 2021-2027 enables functional approaches by fostering sustainable and integrated development of all types of territories and local initiatives (Policy Objective 5). With regard to integrated territorial development, the Common Provisions Regulation clarifies that *'where a Member State supports integrated territorial development, it shall do so through territorial or local development strategies in any of the following forms: (a) integrated territorial investments; (b) community-led local development; or (c) another territorial tool supporting initiatives designed by the Member State.'*

Integrated Territorial Investments were introduced under the Common Provisions Regulation in 2013 (Reg. (EU) N° 1303/2013, CPR, Art. 36) as a tool for delivering cohesion policy in a more effective way by combining different sources of EU Funds to support the implementation of territorial strategies. The main advantage of the tool is that it allows integrated territorial strategies to receive EU support by combining funding from various priorities of other policy objectives, Programmes and funds, while ensuring the integrated and place-based nature of the investments. Moreover, ITI is proved to be able to link thematic enabling conditions, thematic concentration and urban earmarking. The ITI remains in 2021 –2027 programming period as an optional programming tool for integrated territorial development to link at least two programme priorities, and possibly multiple policy objectives, programmes, or funds. All ITI interventions must respect the minimum requirements, be based on territorial strategies, and governance arrangements to involve the relevant territorial authorities or bodies in the selection of operations supported from the programmes.

The ITI instrument is increasingly deployed in the EU. ITI has served as a compelling incentive to initiate and execute collaborative projects among public administrations at the functional area level. ITI strategies are, on average, more integrated, and promote cooperation and coordination, as many of them are targeting functional areas covering multiple administrative units.

Where Member States consider it appropriate, they may also apply Community-Led Local Development (CLLD) as an integrated territorial development tool. CLLD aims to involve local communities in the design and implementation of community-led local development strategies, with local action groups such as community organisations, businesses, and local authorities working together to identify local development needs, set priorities, and implement solutions. The approach emphasises the importance of community participation and ownership in the territorial development process, and it aims to ensure that EU Funds are used effectively in accordance with locally identified needs.

Member States also have the option to use other territorial tools for promoting sustainable and integrated development in the programming period 2021-2027, as highlighted by the CPR.



FINANCING INTEGRATED TERRITORIAL DEVELOPMENT

(KRAKÓW METROPOLITAN AREA AND WALBRZYCH SUBREGION, POLAND)

Identify the necessary funding mix for implementing the functional area's integrated strategy. The ITI strategy of Kraków Metropolitan Area for 2021-2027 comprises a total of nearly EUR 254 million and includes the following sources of EU funding: ERDF, ESF+ and Cohesion Fund. This multi-fund approach supports the planning and implementation of integrated investments by comprehensively addressing the needs and challenges identified in the functional urban area.

The strategic objectives of the ITI Strategy include six core areas: environmental protection (e.g. development and modernization of water and sewage infrastructure, energy efficiency of public buildings), development of low-carbon mobility, strengthening of economic potential (increasing the availability of investment areas), leisure culture (improving the quality and availability of infrastructure and leisure offerings, protection and development of cultural heritage sites), education (increasing the availability and quality of pre-school, general and vocational education), and social and health services (elderly care, dependent and disabled and respite services, mental health services).

Estimate investment gaps beyond current allocations and identify additional sources of funding. The ITI Strategy of Kraków Metropolitan Area is de facto an action plan (executive document) for the supra-local development strategy of the Kraków Metropolitan Area 2030, implementing its objectives in selected areas of cooperation.

Adopted in 2021, the *Kraków Metropolitan Area 2030* strategy integrates social, economic, environmental dimensions and is underpinned by a spatial policy for the functional urban area. The supra-local development strategy sets seven strategic goals, corresponding to seven areas of metropolitan cooperation, such as partnership and committed staff, climate neutrality and increased quality of life, sustainable urban mobility, economic growth, improved education, and equality and social solidarity.

The investment needs identified in the supra-local strategy for each of the seven strategic areas were estimated at ca. EUR 1.7 billion by 2030, by far exceeding the value of the functional urban area's ITI allocation for 2021-2027, of EUR 254 million. For this reason, the strategy's financing mechanism considers a wide range of funding sources to support the achievement of ambitious development objectives, that include own funds, state budget, EU funds such as ERDF and ESF+ under Regional Programme and national programme for infrastructure, climate, and environment (FENiKS), and private funds.

JUST TRANSITION MECHANISM

The Just Transition Fund is one of the three pillars of the Just Transition Mechanism (JTM), serving as an instrument to guarantee an equitable transition towards a climate-neutral economy. The mechanism offers specific assistance to facilitate the mobilisation of funds from 2021 to 2027 in regions most significantly affected by the climate transition, aiming to mitigate its socio-economic repercussions. JTM incorporates three funding pillars: the Just Transition Fund (JTF), the just transition scheme under InvestEU, and the Public Sector Loan Facility backed by the EU budget.

The **Just Transition Fund** concentrates on supporting regions most profoundly impacted by the transition toward climate neutrality. Its objective is to alleviate the socio-economic costs triggered by climate transition by supporting the economic diversification and reconversion of the territories concerned. The JTF covers tangible (e.g., productive investments, local mobility, and the transformation of existing carbon-intensive installations) and intangible investments (e.g., upskilling and reskilling of workers). Funds are accessed based on the approval of the Territorial Just Transition Plans (TJTJs) by the Commission as part of cohesion policy. The second pillar of the JTM involves a specialised **InvestEU initiative** designed to crowd in private investment. InvestEU can be used to endorse investments within the scope of TJTJ across a wide range of integrated projects which encompass both tangible and intangible components.

The third pillar of the JTM is the **Public Sector Loan Facility**, a blending facility which combines grants from the EC (up to EUR 1.5 billion) and loans from the European Investment Bank (up to EUR 10 billion) to mobilise additional investments for public sector entities in the regions most affected by the climate transition, as identified in the Territorial Just Transition Plans. The blending of European Investment Bank loans and Commission grants will facilitate the financing of projects that do not generate sufficient streams of revenues to cover their investment costs to meet the development needs of most affected territories in the transition towards a climate-neutral economy.

JTF funding may be combined with other funds to achieve regional objectives. While the Kraków Metropolitan Area finances integrated territorial development through ERDF and ESF+, regions undergoing energy transition may also include JTF funding in their strategies. The **Lower Silesia region** in Poland combines funding from ERDF, ESF+ and JTF in its regional development strategy, and the managing authority of its Regional Programme includes JTF interventions as a dedicated priority axis. The region includes the broader subregion (NUTS3) of Wałbrzych which receives assistance within the scope of the Just Transition Mechanism, as well as Wałbrzych functional urban area has its own ITI allocation. Wałbrzych subregion located in Lower Silesia region (Poland) is one of the territories affected by the transition out of coal and therefore eligible for support under the Just Transition Fund. Whereas the JTF is a key financing instrument to address objectives of the TJTJ, Wałbrzych subregion can also take advantage of ERDF and ESF+ funding available from the Regional Programme.





This creates a critical mass of financing that can help effectively and comprehensively tackle a broad array of social, economic, and environmental challenges as well as opportunities facing the subregion.

For more information

European Commission. EU Funds for Lower Silesia region 2021-2027. Available at: https://ec.europa.eu/regional_policy/in-your-country/programmes/2021-2027/pl/2021pl16ffpr001_en

CAPACITY BUILDING FOR JUST TRANSITION

(JIU CONURBATION AND JIU VALLEY FUNCTIONAL AREA, ROMANIA)

The Romanian Just Transition Programme is directed towards six counties significantly impacted by measures aimed to fulfilling Romania's commitment to climate neutrality, with a specific focus on the Jiu Valley sub-region, which implements the ITI instrument. Three of the six counties in Romania supported through the Just Transition Programme counties have partnered to develop joint projects, amplify their influence in the just transition process, and exchange best practices. They have formalised their collaboration through a memorandum of cooperation, with the Intercommunity Development Association 'Jiu Conurbation' serving as the governing body since its establishment in 2021.

Capacity building is essential for a green and equitable transition. As part of the *Functional areas in the EU* project, the Jiu Conurbation and Jiu Valley governance bodies submitted a joint application and secured technical assistance through a dedicated instrument for Just Transition Fund regions (JTP Groundwork). The assistance covered:

- stakeholder mapping and working sessions to identify challenges and proposed solutions in each county;
- enhancing the capacity of civil society to support the just transition process and the collaboration with public authorities;
- involving the private sector in projects targeting workforce transition;
- reinforcing citizen engagement in just transition projects (including a guide for community engagement in just transition regions)

Prepare the scale-up and transfer of best practices. Considering that the Jiu Valley has more extensive experience in the just transition process compared to the Jiu Conurbation, additional technical assistance was sought to facilitate the transfer of best practices and the exchange of experiences on specific topics.

As all the other territories covered by the Romanian Territorial Just Transition Plans, the Jiu Valley sub-region will also benefit from technical assistance provided by the **InvestEU Advisory Hub**, including a needs assessment and identification of potential applications for the Public Sector Loan Facility of the Just Transition Mechanism.

EU initiatives with direct application relevant for functional area financing

To complement funds that require application via national or regional authorities (shared management funds), functional areas may seek additional funding where they can apply directly through open calls at the EU level. While there are several funding opportunities in which cities or partnerships between cities or non-governmental organisations qualify for financial support, most of the available funds tend to prioritise local initiatives. Therefore, individual member localities may also contribute to advancing the functional area approach by mobilising resources independently, provided that their efforts align the goals defined in the integrated development strategy of the functional area.

Two major categories of eligible entities eligible for direct financing are:

Groupings / aggregating entities



- **groupings of municipalities** (formal or informal)
- **local public entities aggregating several municipalities** (officially recognised as a tier of local government, with obligation for municipalities to join the supra-municipal organisation).

Single entities



- **local public authorities** (an individual municipality may apply for funding to implement projects included in the integrated strategy that have a supra-municipal impact)
- **legal entities other than public authorities** (a voluntary association of municipalities may have a legal status in the form of an NGO, universities, or small and medium-sized enterprises (SMEs))

The following section presents financing opportunities for single entities, namely public authorities, or other local actors with a legal status. While the list below is not comprehensive, the examples cover the following sectors: **environment and climate action; research and innovation; climate neutrality; social rights and justice; cooperation; culture; digitalisation; mobility; and economy**. They were selected as they offer individual municipalities or local actors the opportunity to access financing that can yield benefits for the larger functional area. At the same time, scalability, knowledge transfer, and replication of best practices beyond administrative boundaries often increase the chances of accessing funding through these programmes.

Environmental
and climate
action

LIFE PROGRAMME: The LIFE Programme is the EU's funding instrument for the environment and climate action and has four sub-programmes:

- **Nature and Biodiversity sub-programme** that aims to fund project for the protection and restoration of Europe's nature and halting and reversing biodiversity loss, nature conservation projects, in particular in the areas of biodiversity, habitats and species;
- **Circular economy and quality of life sub-programme** - aims at facilitating the transition toward a sustainable, circular, toxic-free, energy-efficient and climate-resilient economy and at protecting, restoring and improving the quality of the environment, either through direct interventions or by supporting the integration of those objectives in other policies;
- **Climate Change Mitigation and Adaptation sub-programme** -contribute to the shift towards a sustainable, energy-efficient, renewable energy-based, climate-neutral and resilient economy, thereby contributing to sustainable development);
- **LIFE Clean Energy Transition sub-programme** - aims at facilitating the transition towards an energy-efficient, renewable energy-based, climate-neutral and -resilient economy by funding coordination and support actions (Other Action Grants) across Europe.

Who can apply: Any public, private or not for profit organisation with a legal personality established in an EU Member State, an overseas country or territory associated with the EU (OCTs), or a third country associated with the programme.

Functional area governance bodies may apply, as long as they have a legal entity.

For more information

LIFE Programme: https://cinea.ec.europa.eu/programmes/life_en

HORIZON EUROPE: EU's research and innovation programme, it finances interventions in the following areas: climate science, energy supply, energy use, and transport and mobility. Research projects span from developing strategies to fight climate change to supporting the shift from traditional energy resources to reliable and competitive energy systems.

Who can apply: Legal entities from the EU and associated countries (eligible entities may vary depending on the topic of the call)

Functional area governance bodies may apply, as long as they have a legal entity.

For more information

HORIZON Europe Programme: https://cinea.ec.europa.eu/programmes/horizon-europe_en

https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en

Research and
innovation

Two initiatives funded through the Horizon Europe programme are particularly relevant for urban authorities and Functional Urban Area governance bodies:

DRIVING URBAN TRANSITIONS TO A SUSTAINABLE FUTURE (DUT) PARTNERSHIP:

Through research, innovation, and capacity building, the Driving Urban Transitions Partnership (co-funded under Horizon Europe) empowers local authorities, municipalities, service and infrastructure providers, as well as citizens to transform global strategies into actionable initiatives at the local level. It finances actions aimed to fostering sustainable, resilient, and climate-neutral urban development through a participatory research and innovation (R&I) strategy, such as projects that support urban authorities together with the relevant stakeholders to shift the local economy towards a more sustainable one, improve energy efficiency of districts or rethink urban mobility to reduce pollution and expand public spaces for active mobility.

For more information: DUT Partnership:

<https://dutpartnership.eu/>

NETZERO CITIES:

NetZeroCities is a project funded through European Union's Horizon 2020 and Horizon Europe research and innovation programmes, in support of the EU Green Deal. The project supports European cities in reducing greenhouse gas emissions, aiming to attain climate neutrality by 2030. While not directly offering funding, NetZeroCities developed a finance guidance tool to help urban authorities identify funding for climate neutrality projects. The tool provides five categories for funding opportunities: built environment, green infrastructure and nature-based solutions, waste and circular economy, transportation, and energy systems.

For more information: NetZeroCities finance guidance tool: <https://netzerocities.app/financeGuidanceTool>

CITIZENS, EQUALITY, RIGHTS AND VALUES (CERV): The objective of this programme is to safeguard and advance the rights and values outlined in the EU Treaties and the Charter of Fundamental Rights. It contributes to the maintenance and ongoing development of societies that are open, rights-oriented, democratic, equitable, and inclusive, grounded in the principles of the rule of law. As such, the CERV programme allocates funding to activities centred around four main pillars: promoting equality, rights, and gender equality; enhancing citizen engagement and participation in Union democracy; combating violence, including gender-based and against children; and safeguarding and promoting the fundamental values of the Union.

Who can apply: Organisations; Public authorities; Local authorities; Towns / municipalities; Federations / associations of local authorities; Universities; National Human Rights Institutions, Equality bodies, Ombuds Institutions; International organisations; sometimes private companies if applying in

Climate
neutrality

Social rights
and justice

Cooperation

consortium with non-profit organisations; National Roma Contact Points; Data protection authorities; Memorial and heritage sites, Museums and archives, Survivors' associations, and Cultural, youth, educational and research organisations.

Functional area governance bodies may apply as associations of local authorities.

For more information

CERV Programme: https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/justice-and-consumers/justice-and-consumers-funding-tenders/funding-programmes/citizens-equality-rights-and-values-programme_en

INTERREG EUROPE: Interreg Europe aims to improve the implementation of regional development policies, including investment-oriented programmes for job creation and economic expansion. This will be achieved by promoting the exchange of expertise, pioneering strategies, and improving capacities to identify, disseminate and adopt best practices among regional policy stakeholders. In the 2021-2027 period, Interreg funding is focused on challenges like climate change, digital transformation, and social inclusion.

Interreg is structured on six strands of cooperation: Cross-border cooperation, Transnational cooperation, Interregional cooperation, the Instrument for Pre-accession Assistance Cross - Border Cooperation, Interreg NEXT Cooperation, Outermost Regions.

Who can apply: Public authorities, public bodies, NGOs, associations, academic institutions, business organisations (in some cases also individual enterprises)

Functional area governance bodies can apply, depending on their status, either as public authorities or bodies, or as associations or NGOs.

For more information:

Interreg Programme: <https://interreg.eu/about-interreg/>

Interreg Europe 2021-2027 Programme Manual:

https://www.interregeurope.eu/sites/default/files/2023-02/IR-E_programme_manual_annexes.pdf

CREATIVE EUROPE: This programme provides support to the culture and audio-visual sectors. The focus initiatives within this programme are: the culture sector (e.g., architecture, cultural heritage, or design), the audio-visual sector (e.g., encourage cooperation, nurture talents, or support innovative solutions) and a cross sectoral strand (e.g., policy cooperation, innovative approaches to content creation, or promoting media literacy).

Who can apply: Legal entities, both public and private, established in EU Member States as well as EEA countries (Norway, Iceland, Liechtenstein) and other third countries.

Functional area governance bodies may apply, as long as they have a legal entity.

For more information: Creative Europe Programme: <https://culture.ec.europa.eu/creative-europe>, https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/crea/wp-call/2024/call-fiche-crea-cult-2024-lit_en.pdf, CultureEU Funding Guide: <https://culture.ec.europa.eu/funding/cultureeu-funding-guide/booklet>

Culture

DIGITAL EUROPE: This programme is dedicated to the digital transformation of Europe. The funded projects aim to address critical areas such as supercomputing, artificial intelligence, cybersecurity, advanced digital skills, and ensuring a wide use of digital technologies across the economy and society, including through Digital Innovation Hubs.

Who can apply: legal entities (public or private bodies) established in EU Member States, including overseas countries and territories associated with the EU (OCTs), as well as EEA countries (Norway, Iceland, Liechtenstein).

Functional area governance bodies may apply, as long as they have a legal entity.

For more information: Digital Europe Programme: <https://digital-strategy.ec.europa.eu/en/activities/digital-programme>

CONNECTING EUROPE FACILITY FOR TRANSPORT: The Connecting Europe Facility (CEF) for Transport is a funding instrument for implementing European transport infrastructure policies. It's dedicated to supporting investments in constructing new transportation infrastructure in Europe, as well as upgrading and improving existing infrastructure. CEF Transport finances projects that address cross-border challenges, remove transportation bottlenecks, and bridge gaps in both the Core and Comprehensive Networks. Additionally, it funds initiatives focused on horizontal priorities like traffic management systems. Moreover, CEF Transport fosters innovation in transportation, aiming to enhance infrastructure use, reduce environmental impact, boost energy efficiency and enhance safety measures.

Who can apply: Legal entities, whether public or private bodies, established in one of the eligible countries, which include EU Member States (including overseas countries and territories and third countries associated with the CEF Programme (see participating countries).

Functional area governance bodies may apply, as long as they have a legal entity.

For more information Connecting Europe Facility for Transport: https://cinea.ec.europa.eu/programmes/connecting-europe-facility/transport-infrastructure_en

SINGLE MARKET PROGRAMME: The Single Market Programme (SMP) aims to facilitate single market integration and facilitate the EU's post-coronavirus recovery. Succeeding the COSME programme (2014-2020), SMP offers diverse support mechanisms, specifically targeting small and medium-sized enterprises (SMEs) to enhance their competitiveness and sustainability. The initiative aims to streamline market access, foster entrepreneurship, cultivate entrepreneurial skills, and propel industrial modernization while addressing global and societal challenges.

Who can apply: Businesses, providers of support services to business, technology organisations, development agencies, chambers of commerce, training organisations, sectoral organisations, including social economy businesses and stakeholders.

While not directly eligible, functional area governance bodies can disseminate information to SMEs, agencies and other actors at the functional area level.

For more information: Single Market Programme: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/single-market-programme/overview_en

Capacity building and innovation

Specific European funding programmes and initiatives with direct application also explicitly mention groupings of municipalities or local public entities aggregating several municipalities as eligible to apply in their funding calls, supporting joint investments and capacity building. Initiatives focused on capacity building, innovation, and sustainable energy transition are outlined below.

EUROPEAN URBAN INITIATIVE: The European Urban Initiative financed by ERDF resources provides direct support to innovative projects through competitive calls for proposals submitted by EU urban authorities. The EUI allows cities and groupings of cities to experiment and develop transferable and scalable solutions to challenges related to sustainable urban development. EUI serves as a platform for EU cities of various sizes in enhancing their capacities to design and implement sustainable urban development strategies, policies and practices in an integrated and participative way, while fostering a more effective use of EU funds.

In addition to knowledge and capacity building opportunities offered through EUI, i.e., City2City exchanges and peer reviews (see Chapter 3 - Governance), EUI also funds innovative projects through calls for proposals on one or more topics proposed by the European Commission. The terms of reference for the second call for EUI Innovative Actions (EUI-IA) refer to innovative solutions that require a functional area approach.

Who can apply: EU urban authorities, defined as local administrative units categorised as cities, towns, suburbs, or functional urban areas, with a minimum population of 50 000 inhabitants.

Associations or groupings of urban authorities are eligible. Functional urban area governance bodies are encouraged to follow the EUI calls for proposals and consult eligibility criteria in their terms of reference.

For more information

Functional areas in the EU. Takeaways from the Knowledge Exchange on Capacity Building for Functional areas: <https://functionalareas.eu/the-knowledge-exchange-on-capacity-building-for-functional-areas/>

Terms of Reference European Urban Initiative – Innovative Actions: https://www.urban-initiative.eu/sites/default/files/2023-05/EN_ToR_2nd%20EUI-IA%20Call%20for%20Proposals_31V2023_0.pdf

Capacity building

URBACT IV: The URBACT IV Programme addresses the capacity needs of urban authorities in designing and implementing sustainable urban development strategies and plans according to an integrated, participatory and place-based approach, replicating good practices and designing investment plans for innovative urban actions. URBACT will build up the institutional capacity of cities needed to implement territorial strategies.

URBACT IV has three main actions: Transnational networks- Enhance the ability of European cities to collaboratively design and execute Integrated Action Plans aligned with shared sustainable urban development objectives. This includes transferring proven urban best practices and formulating investment strategies for replicating successful elements of Urban Innovative Actions. Capacity building- Enhance the capability of urban stakeholders to develop and execute sustainable urban development policies, practices, and innovations through an integrated, participatory, and locally contextualised

approach. Knowledge Hub- Ensure that URBACT knowledge and practice is made accessible to urban practitioners and policymakers to feed into local, regional, national, and European urban policies, in particular through the European Urban Initiative; and contributing to the Urban Agenda for the EU.

Who can apply: Cities, municipalities, towns; Local agencies defined as public or semi-public organisations set up by a city, partially or fully owned by the city authority, responsible for the design and implementation of specific policies (economic development, energy supply, health services, transport, etc.); Infra-municipal tiers of government such as city districts and boroughs in cases where they are represented by a politico-administrative institution having competences for policy-making and implementation in the policy area covered by the URBACT network concerned in which they are willing to get involved; Metropolitan authorities and organised agglomerations in cases where they are represented by a politico-administrative institution having delegated competences for policymaking and implementation in the policy area covered by the URBACT network concerned. Other eligible beneficiaries: Provincial, regional, and national authorities, as far as urban issues are concerned; Universities and research centres, as far as urban issues are concerned, Managing Authorities of cohesion policy and EU Solidarity Funds

Functional area governance bodies may apply if they are 'represented by a politico-administrative institution having delegated competences for policy-making and implementation in the policy area covered by the URBACT network concerned'.

For more information

URBACT IV Programme Manual November 2023: <https://urbact.eu/sites/default/files/2023-10/URBACT%20IV%20Programme%20Manual%20November%202023.pdf>

EUROPEAN CITY FACILITY (EUCF): The EUCF is a European initiative designed to assist municipalities / local authorities, groupings of municipalities/local authorities, or a local public entity aggregating municipalities/local authorities across Europe in formulating investment concepts to accelerate the transition to sustainable energy. Specifically, it covers services like feasibility studies, market analyses, stakeholder assessments, and legal and financial analyses. While not directly financing investments, the grant may help functional area bodies access the necessary services and expertise to create concepts that may attract follow-up investments.

Whocanapply: Municipalities/local authorities; Groupings of municipalities/local authorities; Local public entities aggregating municipalities/local authorities

Functional area governance bodies may apply as groupings of municipalities/local authorities or local public entities aggregating municipalities/local authorities.

For more information

EU City Facility: <https://www.eucityfacility.eu/home.html>

Guidelines for Applicants: <https://www.eucityfacility.eu/apply-for-eucf-support/guidelines-for-applicants.html>

Sustainable
energy
transition



A practical resource for accessing EU funding is the '*Guide to EU Funding*' published by the European Parliamentary Research Service. Tailored for regional and local authorities, NGOs, businesses, professionals, and citizens, it offers concise information organised by funding area. With structured sections, embedded hyperlinks, and eligible beneficiary lists, this guide simplifies the navigation and comprehension of EU funding opportunities.

Consistently monitoring opportunities for financing projects envisaged to implement the integrated strategy of the functional area is advisable. Creating a database with funding programmes and initiatives that can potentially fund planned investments may increase the chances of accessing funding and can support discussions with member municipalities of the functional area.

DATABASE OF EU SOURCES OF FUNDING WITH DIRECT APPLICATION

Considering the above challenges, each functional area may create and implement processes, responsibilities, and mechanisms/tools to facilitate access to non-reimbursable funds, enabling the initiation and management of collaborative projects at the functional area level.

The primary objective should be to systematically monitor the available funding opportunities and select those suitable for the functional area (based on eligibility criteria and alignment with the specific needs, challenges, long-term priorities, and medium-term objectives identified at the functional area level). Subsequently, the identified opportunities should be disseminated within the functional area, to ensure widespread awareness among all constituent localities.

Functional areas bodies should include technical staff specialised in EU funding, responsible for continuous monitoring, identification, and dissemination of existing opportunities for non-reimbursable financing.

A user-friendly database should encompass all relevant financing opportunities relevant for the functional area body and be updated on a regular basis (e.g., monthly). Such a database was developed within the Functional areas in the EU project and can serve as a model for replication (see a template below).

For more information

Functional areas in the EU. EU funding sources database. Available at: https://docs.google.com/spreadsheets/d/1_YwS1cnxDg7kjMl61K_-57n-YmjstZus/edit?usp=sharing&oid=114845077696385364642&rtpof=true&sd=true

Functional areas in the EU. Template for EU funding database. Available at: <https://functionalareas.eu/wp-content/uploads/2024/03/Template-for-Monitoring-EU-Funding-Sources.xlsx>

Besides monitoring opportunities for financing, functional area governance bodies should also consider the risk of smaller municipalities not having the financial resources to cover co-financing or project preparation costs when applying for EU funds independently or as a grouping. Therefore, mechanisms such as revolving funds for offering short-term loans may prove highly efficient.



ESTABLISHING A REVOLVING FUND TO SUPPORT CO-FINANCING AND PROJECT PREPARATION NEEDS

(ORADEA METROPOLITAN AREA, ROMANIA)

A key challenge highlighted by the participants of the *Functional areas in the EU* project is that smaller urban or rural localities that are part of a functional area often lack the financial capacity to meet co-financing requirements. This can be a significant barrier to accessing EU funds or participating in projects. The Oradea Metropolitan Area offers a good practice example of how to ensure co-financing of investment projects through short-term loans from a revolving fund. The fund is established with proportional contributions from all member localities, with the core city making the largest contributions by virtue of its size and resource base.

The Metropolitan Area is made up of many rural settlements and a large share of these communes do not have the necessary cash-flow to cover co-financing for EU projects, feasibility studies, technical projects. The management authority established a revolving fund to support the 11 member communes to meet co-financing obligations for integrated projects that contribute to the managing authority's development objectives.

Create a sustainable financial stream of own revenues for the functional area governance body. The budget of the Metropolitan Association is composed of contributions paid on a yearly basis by each associated local administrative unit. The municipality of Oradea, as the core city, has assumed the role of supporting metropolitan development and to reduce the disparities between the municipality and its neighbouring localities. While the largest financial contributor within the Association is the Oradea municipality, funds are directed to support other member localities. The annual contribution is EUR 1.5 per resident, a relatively high amount, compared to other metropolitan associations in Romania (often EUR 0.20 / resident).

Create additional financial mechanisms to support the financial capacity of smaller localities to access funding and participate in joint projects. The metropolitan fund was established through a partnership agreement. It supports investments that contribute to the improvement of the quality of basic public infrastructure and services. Initially set up to offer grants (non-reimbursable financial support), the metropolitan fund was turned into a revolving instrument offering interest-free loans, to respond to the high financing needs of member municipalities. The value of the revolving fund is EUR 200 000.

Loans can be used to cover expenses for feasibility studies or technical projects, project co-financing, cash flow for reimbursements, purchase of goods/equipment). While the sums are not large, the process of accessing the loan is much quicker than through a private bank loan.

To benefit from the loan, the localities must submit an application for an investment for which they wish to obtain the co-financing / financial support. The financial support is granted to members under the following conditions:

- The repayment period is four months and loans can be accessed only once a year by each member
- Loans are granted on a first-come, first-served basis, requiring a favourable vote from the Council of the Association made up of the mayors of the member municipalities
- Loans are available only to members who have paid their contribution up to date (at the time of filing the application for financial support)
- The support is formalised in the form of partnership agreements.

Examples of projects financed through the metropolitan fund include a road connecting the core city with a peri-urban commune, as well as a training centre in a neighbouring commune. The centre will host the organisation of counselling and training programmes to increase the employability of trainees. Other projects refer to: modernising an internal road within a ROHU project, arranging a park, acquisition of a dump truck with plough and salt spreader, conserving and protecting the natural heritage of Bihor (Romania) and Hajdu Bihar (Hungary) counties.

For additional costs that cannot be covered through the revolving fund, the municipality of Oradea can decide to pay a supplementary contribution to the budget of the intercommunity development agency to cover the costs of feasibility studies for projects in other localities. This decision is based on the jointly agreed investment objectives within the General Assembly of the Metropolitan Association. This procedure aims to contribute to a balanced territorial development.

For more information:

Oradea Metropolitan Area Intercommunity Development Association:
<https://zmo.ro/contact>

CHALLENGE 2

How to mobilise additional financial resources?

Relying solely on public funding is not an optimal approach for covering comprehensive investment needs at functional area level. Public funds are insufficient to meet all investment needs and should be augmented by private sector resources.

Leveraging EU funds can effectively create larger financial streams and enable more efficient use of these funds. This strategy not only diversifies the funding base but also potentially increases the overall investment, leading to more comprehensive, robust, and sustainable development projects.

An example of such an approach are public-private partnerships, which may also leverage EU funding to cover high investment needs, optimise the use of funds and increase efficiency and quality of services and infrastructure. Moreover, **financial instruments** (loans, guarantees, or equity) can be deployed to use EU funds as a leverage to attract additional financing, with the support of EIB. This section also presents innovative approaches to ensure financial resources for preparing and co-financing investments from own revenues through revolving fund mechanisms.

Moreover, mobilising private resources for economic competitiveness and development, particularly in functional urban areas can have a positive spill-over effect. To support the attraction of private investments, the tools and practical insights focus on establishing a supra-local development agency and developing joint approaches to investor targeting and promotion, and databases of available investments sites across the functional area. In addition, several other alternative financial streams can be explored, including the issuing of bonds, accessing loans, crowdfunding, or corporate social responsibility initiatives.



FINANCIAL INSTRUMENTS AND ADVISORY SUPPORT TO LEVERAGE EU FUNDS THROUGH THE EUROPEAN INVESTMENT BANK

Financial instruments (see *Glossary*) represent an optional form of complementary support, enabling Managing Authorities at either national or regional levels to provide support to end beneficiaries (such as SMEs or households) to attain policy objectives. These instruments can be overseen by National Promotional Banks or other Financial Institutions, such as the European Investment Bank.

EIB directly supports the objectives of the cohesion policy, recognising the need for specialised investments considering diverse economic growth and increasing disparities. This encompasses efforts to enhance the connection between rural and urban areas, tackle urban inequalities, promote growth in rural communities, as well as the development of sustainable and social infrastructure and economic restructuring to ensure a just transition.

According to the EIB, most EU municipalities consider there is a gap in investments for infrastructure, especially for digitalisation, and climate change mitigation and adaptation, but also urban transport, areas which are strongly linked to functional approaches. To support these sectors, functional areas can benefit from the three mechanisms offered by EIB: **lending, blending and advisory services.**

Firstly, **public sector lending** from EIB can be accessed by states, national agencies, departments, institutions, and ministries, regional or local authorities or public sector companies (e.g., utilities). Loans provided by the European Investment Bank are typically upwards of EUR 25 million, aimed to support large-scale investment project or a comprehensive investment programme. In addition, the EIB also offers framework loans for the public sector, designed to fund an investment programme composed of several smaller-scale projects. Both options need to align with one or more of the EIB's priorities (such as supporting climate and environmental sustainability, sustainable cities and regions, cohesion, social sustainability, innovation, digital and human capital, or SMEs).

Secondly, **blending** refers to the integration of financing from the European Investment Bank with additional EU funds under shared management, through financial instruments such as loans, guarantees or equity. To this end, the Common Provisions Regulation for the 2021-2027 period introduces notable enhancements in the synergy between financial instruments and grants. As

a result, member states also have an enhanced flexibility of using financial instruments for the implementation of programmes. These investments are aimed to projects that not only have the capacity for repayment but also possess the potential to yield significant non-financial benefits, such as economic, social, and environmental impacts. This is based on an ex-ante assessment that identifies market failures, suboptimal investment situations, and the corresponding investment needs.

To support the use of financial instruments, the **Fi-compass** was launched as a collaborative effort by the European Commission and the European Investment Bank, serving an advisory platform for financial instruments under EU shared management. It provides practical know-how through resources such as 'how-to' manuals, factsheets, case studies, training seminars, networking events, and informational videos.

Thirdly, the EIB also offers a comprehensive array of **advisory services**, with the **InvestEU Advisory Hub** as the first point of contact. In the realm of project development, the ELENA (European Local ENergy Assistance) facility can support interventions for energy efficiency at the functional area scale, including the following eligible activities: technical studies, energy audits, business plans and financial advisory, legal advice, tendering procedure preparation, project bundling and project management.

Another opportunity for advisory services is offered by the EIB Project Advisory Support Service Agreement (PASSA), a strategic initiative aimed to facilitating EU-funded projects by providing technical assistance to enhance public sector investments. Through collaboration with experts, local partners, and external consultants, PASSA accelerates project execution and facilitates the absorption of EU structural and investment funds. These flexible agreements offer tailored advisory services to project teams and local administrations, ensuring efficient and effective use of resources for public sector investments.

Also, in the realm of project development, JASPERS is a technical assistance facility funded by the European Commission and EIB that has been assisting the Member States in preparing large, complex investments, extending to the preparation of background strategies. Some examples of areas of JASPERS support which are relevant for functional areas are the development of Sustainable Urban Mobility Plans in six Member States (PL, RO, EL, PT, ES and CY) and the review of Integrated Urban Development strategies in Romania.

For more information

European Commission. InvestEU Advisory Hub.

Available at: https://investeu.europa.eu/investeu-programme/investeu-advisory-hub/about-investeu-advisory-hub_en

European Investment Bank. fi-compass platform: Financial instruments under EU shared management. Available at: <https://www.fi-compass.eu>

European Investment Bank. EIB financial and advisory support.

Available at: <https://www.eib.org/en/products/index.htm>

European Investment Bank. JASPERS facility.

Available at: <https://jaspers.eib.org/>



MOBILISING EIB FUNDING FOR PREPARING ENERGY EFFICIENCY INVESTMENTS (UPPER SILESIAN AND ZAGŁĘBIE METROPOLIS)

The Upper Silesian and Zagłębie Metropolis (Górnośląsko-Zagłębiowska Metropolia - GZM) functional area accessed the European Local Energy Assistance (ELENA) facility to improve the energy efficiency of municipal multi-family buildings. The metropolitan office has undertaken integrated measures to implement investments using funds from the European Investment Bank.

Bundle investments in energy efficiency at the functional area level to meet minimum investment thresholds. In the case of the ELENA programme, a minimum required target value of the investment is EUR 30 million, which is hard to meet for a single municipality. Measures taken at the metropolitan level to include a total of 18 municipalities in a joint package helped to meet this requirement for accessing the support programme. The metropolitan governance office of the Upper Silesian and Zagłębie Metropolis took on the coordination of the process of preparing and implementing this project, in close collaboration with participating municipalities. This also served to strengthen the institutional capacity of the metropolitan office itself and to enhance cooperation within the functional area. Moreover, the bundling of the projects enables economies of scale and of shared standards of quality in implementation.

Access funding and advisory services for preparing quality projects. The funds from the European Local Assistance Facility ELENA programme will be used to prepare the technical documentation necessary to launch investments in 18 municipalities of the Upper Silesian and Zagłębie Metropolis. Their implementation is expected to improve energy efficiency in multi-family municipal buildings and reduce CO₂ emissions by at least 60 % from the baseline.

The metropolitan office is the leader of the project consortium and coordinates cooperation between municipalities, technical advisors, and the EIB. The municipalities will receive support in the formulation of technical studies and in preparing applications for funding from external sources. It is expected that as a result of the project, documentation with an estimated value of more than EUR 2.1 million will be produced for 185 multi-family buildings in the metropolitan area. The municipalities' own contribution will be 10 % of the project's value, while the remaining 90 % will be grant funding from the EIB.

For more information

European Investment Bank. ELENA project factsheet.

Available at: <https://www.eib.org/attachments/documents/147-project-factsheet-improving-energy-efficiency-in-multi-family-residential-buildings-in-the-gzm-metropolis.pdf>



PUBLIC-PRIVATE PARTNERSHIPS (PPP)

By definition, **public-private partnerships (PPPs)** involve public bodies and the private sector and aim to deliver public services through risk sharing, pooling of private sector expertise or additional sources of capital (Common Provisions Regulation, 2021). For a PPP to be established, it must demonstrate superior value-for-money compared to traditional public procurement, based on reliable comparative analysis.

While commonly structured at the national level for large infrastructure projects, public-private partnership projects can be implemented at a functional area scale across a wide range of sectors, such as transportation, power and energy, water and wastewater, solid waste management, telecommunications, street lighting, healthcare, education, social infrastructure. Besides bringing in financial resources secured from local budgets or EU funds, public authorities possessing strategically located land can attract private sector interest for commercial development, enhancing infrastructure and services.

Blended PPPs are increasingly developed at the EU level, to leverage public funds more effectively, for instance, by combining European funds with private finance in PPP projects. This involves securing a portion of public funding as a grant from EU funds. The European PPP Expertise Centre notes that blending brings additional discipline in fund deployment, improving value for money and may offer several advantages, like efficiency gains from private sector involvement and enabling investment in otherwise unprofitable high-cost projects, partially covered by EU funds.

For more information

UNECE. Economic cooperation and integration. Public-private partnerships case studies. Available at: <https://unece.org/ppp/casestudies>

European PPP Expertise Centre (EPEC). Blending EU Structural and Investment Funds and PPPs in the 2014-2020 Programming Period - Guidance Note. 2016

Functional areas in the EU. Opportunities for public-private partnerships at the functional area level. Available at: <https://functionalareas.eu/wp-content/uploads/2024/05/Public-private-partnerships-for-developing-functional-areas.pdf>.



BUNDLING PPP PROJECTS IN FUNCTIONAL URBAN AREAS

(KRAKÓW METROPOLITAN AREA, POLAND)

PPP bundling involves combining several similar investments (e.g., thermal modernisation of school buildings in a functional area, replacement of street lighting in several neighbouring towns, modernisation of roads, construction and modernisation of school and kindergarten infrastructure) and proceeding as if they were one project. The advantages of PPP bundling include increasing the negotiating power of local governments in talks with a potential private partner, spreading the costs of preparing investments

under the PPP formula among several entities, generating economies of scale by including in the proceedings smaller projects, usually too small for potential private partners to be interested in, attracting reputable private partners with experience in a given subject matter, reducing the cost of materials through large-scale purchasing.

Explore the possibility to bundle PPP projects at the functional area level to ensure economies of scale. Conceptual work is currently underway for the preparation of a bundle of PPP projects by six municipalities in the Kraków metropolitan association, involving the construction of several public facilities (a kindergarten/school, an administrative centre, a train station with a shopping area and a parking lot), supported by World Bank experts. The projects involve construction of infrastructure and its subsequent maintenance or management. The estimated financial potential of the entire package of projects is about EUR 50 million. The PPP package project aims not only to create new public facilities, but also to incorporate sustainability goals and achieve a positive impact on local communities within the functional urban area. The final decisions on the implementation of individual investments will be the result of an analysis of local conditions and the financial feasibility. The Kraków metropolitan association office will play a key role in coordinating the PPP bundle.

Launch a PPP pilot project to refine and expand a mechanism of cooperation at the functional area level. The implementation of the pilot will support the development of a mechanism for the preparation and implementation of bundles of PPP projects. It is also an opportunity for wider promotion and dissemination of PPP formula among smaller local governments, deepening inter-municipal cooperation within functional urban areas and increasing their investment potential and propensity to implement projects with supra-local impact.

INSTITUTIONAL RESPONSE TO ATTRACT, RETAIN AND EXPAND PRIVATE INVESTMENTS (ORADEA METROPOLITAN AREA, ROMANIA)

Creating a dedicated agency for attracting private investments at a supra-local level can be an effective solution for developing local economies and increasing job opportunities. Oradea and its metropolitan area have been increasingly attractive to residents, tourists, and investors due to its ongoing development, high absorption of EU funds, and administrative performance. However, the key challenges at the metropolitan and county level relate to economic diversification, creating new jobs, increasing the median salary level, and increasing the resources available for public investments within the local budgets. The solution to these challenges lies in attracting, retaining, and expanding private investments.

Establish a one-stop-shop for private investors. The Oradea Local Development Agency has been a driving force behind the efforts to attract private investments since the 2008 economic crisis, establishing and managing four industrial parks of the city. The agency has evolved to manage the entire network of industrial parks at the county level, comprising 11



units in seven localities and acts as a single point of contact for potential investors. The main advantage of this setup is that the chances of making an investment increase significantly. Investors do not need to initiate separate discussions with different entities to compare offers, and the agency can help them choose the right fit from the available parcels across the county. To this end, a collaboration protocol was signed between the agency, the county council, and the local councils of the municipalities hosting the industrial parks.

Creating a dedicated agency for attracting private investments can be an effective solution for developing local economies and creating new jobs. Only in Oradea, the agency has attracted a total of EUR 580 million and supported the creation of 10 000 new jobs. For optimum efficacy and efficiency, a dedicated agency should:

- Serve as a one-stop-shop for investors, covering the entire cycle of an investment attraction, retention, and expansion, by supporting companies in selecting locations, acting as a partner and mediator for local and foreign investors in their relationship with public institutions, and administering common spaces and assets.
- Ensure that the area can also attract and retain a skilled workforce. The Oradea Development Agency engages in joint projects with educational institutions and NGOs, seeking to match skills development in the area with needs of local companies. It also invests in the quality of life through the extension of public transport, business infrastructure, and support for local start-ups.
- Have sufficient authority and remit to remove barriers to investment—such the ability to provide land at concessional terms for investments. All of these to be done within appropriate legal prescripts.
- Maintain collaboration between public institutions and local councils as this is essential for effective management of industrial parks and attracting investors to less developed areas.

Expand the role of the one-stop-shop to cover the full cycle of investment, beyond investor attraction. While investor attraction may be the most resource-intensive activity for dedicated teams or agencies, the signing of a contract between public authorities and private investors is only the first step and should be followed by efforts for business retention and expansion. Business retention focuses on supporting and strengthening existing businesses, including the facilitation of interactions with public authorities and educational institutions, recognising their role in providing jobs and their contribution to the local economy. Finally, business expansion involves working with existing businesses to identify growth opportunities and facilitate their expansion. In this sense, the role of the Oradea Local Development Agency goes beyond the promotion and attraction phase and covers the entire cycle of an investment, offering support to potential and existing investors alike.

Align the service offer with the demands and preferences of the market and potential investors. The agency offers various services, including assistance in selecting the location for investment, assistance for making the

investment and preparing the location, and assistance after the investment, throughout the activity. It also engages in joint projects with educational institutions and NGOs to ensure the availability of a skilled workforce for investors.

For more information

Functional areas in the EU. Attracting private investments in Oradea Metropolitan Area, Romania.

Available at: <https://functionalareas.eu/attracting-private-investments/>
Oradea Local Development Agency: <https://adlo.ro/>

COMPETITIVE PROFILES AND DATABASE OF INVESTMENTS PLOTS AT THE FUNCTIONAL AREA LEVEL (KALISZ-OSTRÓW AGGLOMERATION, POLAND)

Investor attraction depends on factors like availability of land plots and skilled labour, tax incentives, access to markets, utilities infrastructure and other factors, including quality of life. Creating a profile and joint database of available resources such as land plots at the functional area scale requires strong collaboration between administrative units, pursuing joint development and going beyond competition to collaboration.

Develop an investor-friendly profile (a document or online platform for investor promotion) based on sound data analysis at the functional scale to enhance competitiveness: The importance of data in attracting investors lies in its role in creating a comprehensive profile for the area. This profile may help target and attract potential investors and may include detailed information on various aspects such as available investment plots, a database of major companies, profile and availability of labour force and educational data, mapping of infrastructure, quality of life, cost of living, and commuting patterns. This process will also inform the identification of the desired profile of future investors, matching existing local skills and resources, as well as the vision for the area's development.

Create joint databases of available investment sites. The Kalisz-Ostrów Agglomeration and Kraków Metropolitan Area provide an example of efforts to promote the economy of the entire area of the functional urban areas and attract new domestic and foreign investment through joint databases of available investment sites. The databases contain information on the location of land plots, their purpose, development, ownership, contact person. By accessing these databases, potential investors can obtain information on investment plots available across the functional urban area in one place.

Identify opportunities to finance joint business promotion and market analysis. The Kraków Metropolitan Area also implemented a project called Kraków Metropolitan Area for Business (KMA4Business) in 2019-2023, financed by the Regional Operational Programme 2014-2020. Its objectives were to increase the internationalisation of SMEs (through economic promotion, access to information on foreign markets and trends, promotional activities) and to maintain the favourable dynamics of foreign



direct investment in the Kraków Metropolitan Area and the entire Lesser Poland region (through the promotion of the economic offer of the Kraków Metropolitan Area on foreign markets, diversification and strengthening of the foreign expansion of SMEs and the acquisition of investments with high added value, located in the Kraków Metropolitan Area).

As part of the Kraków Metropolitan Area for Business project, a detailed analysis of several foreign markets was carried out to assess their export potential for regional companies. An important result of the project was to integrate the efforts of public partners and business support organisations to create a common narrative about attractive and competitive conditions for locating new investments available in the Kraków Metropolitan Area.

Establish multi-stakeholder governance mechanisms to attract private investments. In the case of the Kraków Metropolitan Area, the project was implemented in partnership of four entities that carry out activities for economic development and entrepreneurship (a private company involved in the promotion of Kraków, the Kraków Metropolitan Association, the Chamber of Commerce and Industry, and the City of Kraków).

For more information

Kraków Metropolitan Area for Business. Joint database of available investment sites. Available at: <https://kma4business.metropoliaKrakowska.pl/tereny-inwestycyjne>



SUB-NATIONAL SECTOR SCAN METHODOLOGY

Investor targeting, understood as proactively reaching out to desirable and likely to invest companies and presenting them with a tailored value proposition to help them select an investment location is a core element of an area's promotion strategy. The **World Bank's Foreign Direct Investment (FDI) Sector Scan** can be a useful tool for developing well-targeted investor promotion strategies at subnational level, including the level of functional areas.

The Sector Scan assesses the potential of sectors and subsectors to attract FDI, by determining their:

- (a) 'feasibility', or readiness for investment promotion,
- (b) 'desirability', or potential contribution toward achieving a region's overarching policy goals.

Feasibility criteria consider a region's attractiveness and competitiveness as a location for investment relative to alternative locations based on cost, quality, and other competitiveness criteria.

Desirability criteria consider whether foreign direct investment (FDI) in the sector or subsector has the potential to meet a region's long-term economic and social development objectives. It examines potential contributions to job creation, productivity, export growth and economic diversification and

other factors. The third dimension the scan assesses is the FDI demand—the extent of existing or potential future global or regional FDI flows in identified priority sectors and subsectors.

Sector Scan assessment leads to the identification of a short list of priority sectors for FDI attraction and presents sector profiles (e.g., software & IT services, food processing, agriculture) outlining the key strengths of the area's value proposition to investors in each of these sectors. The results of the sector scan can be used to develop regional or functional area-level investor promotion strategies.

The WB's Sector Scan was recently applied in the region of Pomerania in Poland. In 2022 the World Bank evaluated the achievements of the Invest in Pomerania agency in supporting and promoting regional investments and prepared a substantive contribution to the new strategy for 2022-2027 based on the findings.

For more information

World Bank. Boosting Foreign Direct Investment. November 2021. Available at: <https://documents1.worldbank.org/curated/en/099135001212235481/pdf/P1719510f6c46503909d230883e7a7ca5da.pdf>

World Bank. Invest in Pomerania: Impact Evaluation and Inputs to New FDI Strategy for 2022-2027. January 2023. Available at: <https://www.worldbank.org/en/country/poland/publication/invest-in-pomerania-impact-evaluation-and-inputs-to-new-fdi-strategy-for-2022-2027>

LIVING LAB APPROACH TO SUPPORT ENTREPRENEURIAL DEVELOPMENT

(KALISZ-OSTRÓW AGGLOMERATION, POLAND)

The entrepreneurial ecosystem in the Kalisz-Ostrów Agglomeration identified the need to consolidate economic activities at the agglomeration level to create an entrepreneurial value chain. The main goals were to effectively attract investors and support the development of companies in sectors relevant to the development of the Kalisz-Ostrów Agglomeration (e.g., food and aviation industries), identified in the regional smart specialisation strategy (see *Glossary*).

To this end, the **Living Lab participatory approach** provided the reference framework within which the priorities for entrepreneurship development in the Kalisz-Ostrów Agglomeration were established. This approach was applied with a view to creating sustainable open innovation ecosystems based on co-creation, rapid prototyping, and testing, as well as scaling-up innovations and businesses, to provide joint-value to the involved stakeholders. Living Labs operate as intermediaries among citizens, research organisations, companies and government levels bringing them together in a participatory manner. Engaging citizens, NGOs, organisations, private companies, local authorities offer a governance framework and a platform for testing solutions identified in the ideation process. After prototyping, the living lab methodology involves the calibration of the solutions and



implementation in the real environment. While living labs can be established in various fields (education, infrastructure, or health), it can be very useful for boosting entrepreneurship in a region or functional area.

As a result of applying the Living Lab methodology, the Kalisz-Ostrów Agglomeration entrepreneurship support system will provide a one-stop-shop for entrepreneurial support, access to advanced services in innovation through partner networks, digitisation and business greening, a tailor-made set of measures that support leading regional industries, promotion of Kalisz-Ostrów Agglomeration's investment offer through consistent branding, public e-services for business, economies of scale in the investment process (e.g., access to a larger pool of available workers and a coherent education system matching the demand from enterprises). It also aims to enable the exchange of knowledge and resources (e.g., FDI services, local market assessments and reports), the reduction of costs and duplication of services or resources for business support, the inclusion of stakeholders in policy making for entrepreneurship, and the establishment of new value-added businesses.

The entrepreneurial potential of v may be further strengthened by the development of a joint investment offer of Kalisz-Ostrów Agglomeration, followed by measures supporting networking and cooperation of business support institutions with more advanced entities in the broader region and beyond.

For more information

European Network of Living Labs: <https://enoll.org/>

In addition to the examples previously mentioned, a range of complementary innovative financial strategies can be employed. These include the issuance of green bonds, and the exploration of crowdfunding and venture capital attraction. This strategy could provide a significant boost in funding, leveraging the collective strength and resources, contributing to meeting high investment needs that cannot be solely covered through public funding.

- **Green bonds** can be issued by governments, municipalities, public utility companies or corporations to raise funds for projects with environmental benefits. These bonds are specifically earmarked for projects aimed to mitigating or adapting to climate change, promoting renewable energy, enhancing energy efficiency, or improving sustainable infrastructure. By issuing green bonds, public authorities can access additional capital beyond traditional public or EU funding sources to finance sustainable projects. A key point to explore is the potential opportunity of issuing bonds by metropolitan or functional area governance bodies.
- **Crowdfunding** is a method of raising capital through the collective efforts of many individuals, typically via online platforms. It involves asking small contributions from a large pool of investors or donors to fund a particular project, business venture, or cause. In the context of functional area bodies, crowdfunding can be used to finance smaller

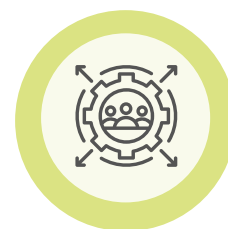
community projects, or infrastructure developments. Unlike traditional financing methods, crowdfunding allows functional area bodies to tap into a diverse pool of investors, including residents, businesses, and supporters, thereby democratising the funding process, and fostering community engagement in local initiatives.

- **Venture capital** can be directed towards specific projects, providing a crucial source of funding for innovative and high-growth initiatives. Another noteworthy approach is the involvement of local companies through Corporate Social Responsibility initiatives, that can be directed to achieving strategic goals defined in the integrated development strategy at the functional area level.

These diverse funding opportunities provide a comprehensive framework for financing functional area level investments aligned with objectives identified through integrated development strategies and with larger objectives at EU level.

RECOMMENDATIONS

- 1. Diversify funding sources for integrated investments:** To meet financing needs at the functional area level, identifying a mix of public funding sources is needed. The process of identifying funding opportunities should be guided by the strategic objective outlined in the integrated development strategy. This approach ensures that financial resources are directed towards goals that contribute meaningfully to the overall development vision.
- 2. Improve capacity for implementation:** Mobilising public financial resources requires enhancing technical capacity at the functional area level. Identifying opportunities for technical assistance is essential to effectively implement the integrated territorial strategy and other plans. Strengthening technical capacity and governance creates a foundation for successful and sustainable use of public financial resources.
- 3. Create sustainable financial mechanisms to support smaller localities:** There are significant disparities in the financial capacity to participate in joint projects between larger and smaller localities in a functional area (co-financing, project preparation costs). To address this, a revolving fund composed of own revenues of the functional area governance body can be set up to offer short-term loans. By creating a sustainable financial mechanism, the functional area can maximise access to public financial resources and accelerate joint investments.
- 4. Develop a joint competitive profile and database of investment plots:** Developing comprehensive competitive profiles and joint databases for available sites should be based on meticulous data analysis, offering a detailed overview of the functional area's strengths and investment potential.
- 5. Develop opportunities to support the functional approach beyond large metropolitan cities at the national level** (i.e., suburbs and marginalised areas in medium-sized cities, as well non-urban types of functional areas). This inclusive approach can ensure a more equitable and efficient distribution of resources and opportunities and supports a balanced territorial development. Decentralising funding programme management and empowering sub-national structures as Intermediate Bodies can support more effective and accelerated decision-making and optimise the use of resources.



6. Explore public-private partnership opportunities and financial instruments for implementing projects at functional area level:

Consider the innovative approach of bundling Public-Private Partnership projects at the functional area level to ensure economies of scale. By combining similar investments such as thermal modernisation, street lighting replacement, and infrastructure modernisation, this strategy streamlines project management and attracts private investment more efficiently. Blended Public-Private Partnership, leveraging EU funding and enabling risk-sharing, are another option to attract private investment. Moreover, financial instruments can be used to complement EU grants for key investment areas.



7. Establish a one-stop-shop agency for attracting targeted private investments:

To effectively attract private investments, the whole investment process should be simplified. This can be achieved by setting up a supra-local agency to cover the full investment cycle, matching market demands with the investment offer. By doing so, investors can explore a wider range of business opportunities across the functional area through a single point of contact. At the same time, a supra-local agency can ensure that potential investments meet the area's long-term development objectives.



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6

MONITORING AND EVALUATION

Monitoring and evaluation (M&E) are key pillars in the design and implementation of integrated strategies. However, this process is often reduced to a formal requirement and, therefore, it lacks the capacity to track performance in achieving the objectives of cooperation, manage uncertainty, adapt the action to changing circumstances, and support impactful stakeholder engagement. This chapter offers practical insights and tools for ensuring meaningful monitoring and evaluation at the functional area level.

In strategic planning, achievement of objectives and results initiatives within a strategy should be measured within a specific M&E framework. This includes deciding who will be responsible for the M&E system (e.g., a monitoring committee), the necessary funding and human resources, and establishing the set of indicators to be monitored.

Both handbooks developed with the support of the Joint Research Centre (see *Introduction*) offer comprehensive guidance on the M&E process of integrated strategies in urban and non-urban areas and are highly relevant for functional areas setting up M&E systems.

With regards to indicators, the '*Handbook of Territorial and Local Development Strategies*' notes that the M&E systems should not be '*overly complex and unworkable in practice, or too simplistic, delivering the wrong information*'. At the same time, the '*Handbook for Sustainable Urban Development Strategies*' highlights that monitoring should not be perceived solely as an obligation, but rather as a reflection of the evidence supporting results-oriented frameworks. When coupled with stakeholder engagement, monitoring also creates a shared ownership of successes and challenges.

Monitoring supports the data needed for the evaluation of an integrated strategy, which informs the necessary adjustments for enhancing the impact of interventions. While actual monitoring begins with the implementation of planned actions, the evaluation process covers the entire strategic planning cycle, starting with an **ex-ante evaluation** of the effectiveness and efficiency of strategy implementation, reflecting on past experiences and potential risks. **Mid-term evaluation** during implementation aims to adjust the strategy to changing circumstances. Finally, **ex-post evaluation** takes place after the implementation of the strategy, assessing the achievement of the objectives and its impact (see *Glossary*).

Robust M&E contributes to joint investment accountability and transparency while building stakeholders' trust. It should answer the recurrent question 'What's in it for me?' by demonstrating the advantages that make stakeholders eager to work together at the functional area level. The assumption is that what gets monitored, is achieved, and what is achieved, builds confidence in cooperation. Considering that overcoming competition among administrative units and demonstrating the positive impact of joint investments was a common challenge cited by representatives of functional areas part of the *Functional areas in the EU* project, this chapter aims to inspire decision-makers at the functional area and national level to coordinate efforts in the monitoring and evaluation of integrated supra-municipal strategies.

The chapter starts with practical insights and resources relating to data access that allows to establish a baseline and measure progress towards shared objectives set in the integrated strategy. It then offers examples of how to formulate an M&E system of indicators and how to ensure transparency and easy access for citizens and other stakeholders to statistical data and information about joint projects. Finally, the chapter presents the application of participatory M&E for integrated strategies and projects that aim to ensure a sense of ownership.

How to build data availability at the functional area level for monitoring and evaluation?

CHALLENGE 1

Availability of data at the functional area level allows for a more precise understanding of supra-municipal dynamics, needs, and opportunities, leading to more targeted and effective policy interventions. Having common and standardised indicators throughout the functional area is essential to measure the effectiveness and advancement of functional area strategies.

To achieve this, functional area governance bodies may start with **assessing available data** sourced from city, regional, national, or EU statistical sources, **identify gaps, and proactively seek to address them**. In the case of functional areas with a higher technical and financial capacity, addressing this gap in data collection may involve partnerships with universities, research institutions or private actors.

Available data can be stored and published in various online formats. **Interactive platforms** allow users to manipulate stored data, enabling them to generate customised maps or graphics. Examples of such platforms are Geographic Information Systems (GIS- see *Chapter 4 - Cross-sectoral integration*) and Open Data platforms, as they allow users to interact with the data, customise visualisations and perform analyses. On the contrary, static platforms present data in fixed formats that limit interaction, merely informing users that they only have access to published maps and graphics without customization options.

Such platforms can help authorities and citizens in monitoring the implementation of the integrated strategy, displaying the progress towards target values across various indicators. Several functional areas across the

EU developed such dedicated platforms to aggregate territorial data and support planning and M&E processes, including Brno Metropolitan Area, Brussels Capital Region, Metropole de Lille, and the Polish Górnóśląsko-Zagłębiowska Metropolia or which created a metropolitan socio-economic observatory compiling relevant data to support M&E efforts at a supra-municipal scale (see practical insight below).

Considering the relatively high costs that creating a territorial data platform may involve, functional areas may initially set up a static platform to present key M&E data and identify possible funding opportunities to expand it. However, to support a standardised approach and ensure all functional areas have access to relevant data, functional area representatives can also advocate for functional area-level data collection at the national level. For instance, the Kraków Metropolitan Area organised discussions with the National Statistical Office about the possibility to collect and aggregate data aggregated at the functional area level. The end goal is ensuring the availability of data relevant for monitoring and evaluating the socio-economic impact of joint planning and investments, which may further shape policymaking.



DATA OBSERVATORIES TO SUPPORT MONITORING AND EVALUATION OF SUPRA-MUNICIPAL STRATEGIES IN POLISH FUNCTIONAL AREAS

INFOGZM PORTAL, SILESIA, POLAND

InfoGZM portal is run by the Metropolitan Socio-Economic Observatory established by the assembly of Górnóśląsko-Zagłębiowska Metropolia (GZM) in 2018. The metropolis is composed of 41 contiguous municipalities in Silesia, Poland. The Observatory's goal is to collect, process and analyse public data and monitor changes and processes observed at the metropolitan level. The data obtained supports the planning and monitoring of the social and economic development of the metropolis.

Establish a one-stop shop for open data on key thematic areas at the functional area level. InfoGZM is not only a tool for presenting data, but more importantly a 'one-stop info shop' for preparing and performing analyses of the developments in the metropolis. More than 200 datasets have been collected in five thematic groups: demography, finance, economy, infrastructure, and environment. Compiled data are presented on maps, cartograms, charts, reports, and infographics. InfoGZM also contains a list of materials prepared for and about the GZM, as well as in-house studies, such as interactive maps on labour mobility, spatial development patterns and trends of the GZM municipalities (based on spatial development studies), and information on urban regeneration programmes.

Identify all relevant data sources besides national statistics. In the case of the InfoGZM portal, the main source of data is the Central Statistical Office, but information from other sources is also used, such as municipal public information bulletins, Regional Audit Office, Ministry of Finance and municipal budgets, Central Office of Geodesy and Cartography, Central Inspectorate of Environmental Protection, National Geological Institute.

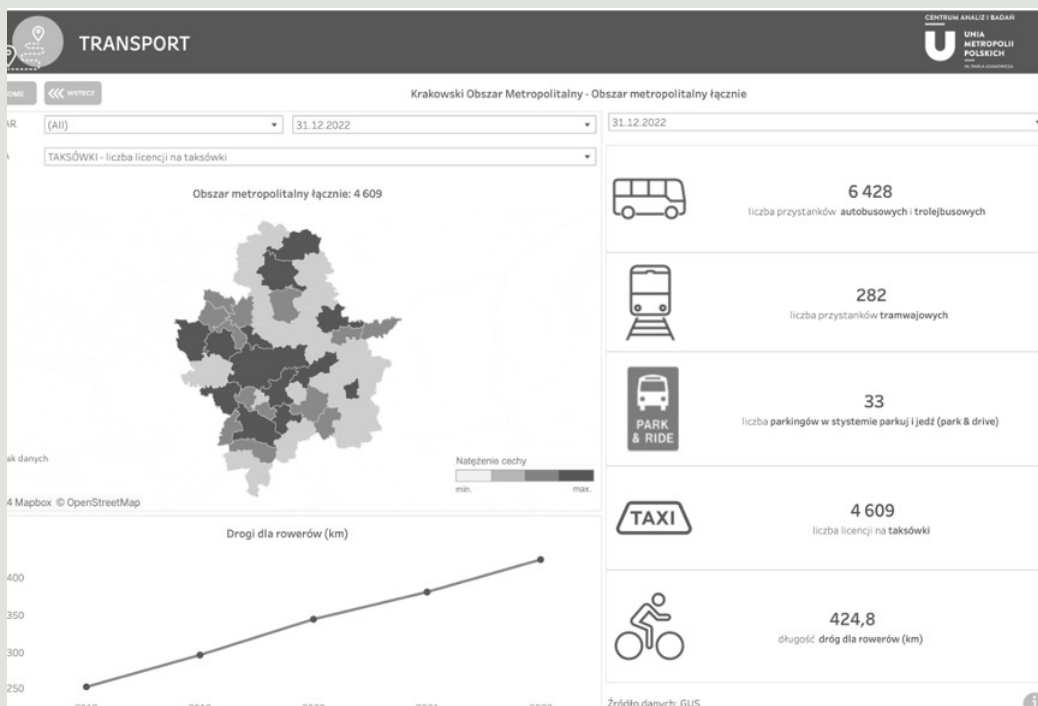
Ensure that data is presented in a user-friendly mode and can be used by all interested stakeholders, including residents. InfoGZM portal is the largest database of knowledge on the Silesian Metropolis. Thanks to its attractive form and constant enrichment with new information, it is used by the offices of municipalities and public administration, academics, businesses, as well as residents, students, or NGOs and is open to all who want to know more about the metropolis and monitor its development.

‘METROPOLISES IN NUMBERS’ PLATFORM, UNION OF POLISH METROPOLISES

Another example is the ‘Metropolises in numbers’ platform, implemented by the Centre for Analysis and Research of the Union of Polish Metropolises – an association of 12 core cities of Poland’s largest metropolitan areas (Kraków, Białystok, Bydgoszcz, Gdańsk, Katowice, Lublin, Łódź, Poznań, Rzeszów, Szczecin, Warsaw and Wrocław).

Share regular updates on the data gathered at the functional area level to monitor strategy implementation. The interactive data enables users to select a functional area and presents data through various graphics, with a 2018 baseline, offering accessible data useful for both the diagnosis and monitoring phases of the strategy. It publishes data on key indicators such as demography, labour market, entrepreneurship, education and childcare, construction and real estate, transport, health and social care, culture, environment, and tourism. The source of data is the Local Data Bank of the Central Statistical Office in Poland. In addition, the platform also sends a semi-annual statistical bulletin with the most important demographic and socio-economic data on the 12 metropolitan areas.

Figure 9. Monitoring metropolitan transport data: Kraków Metropolitan Area



Source: Metropolis in numbers (<https://metropolie.pl/>)

For more information:

InfoGZM Portal: <https://infogzm.metropoliagzm.pl>



Open data can complement statistical data for monitoring and evaluation purposes, enriching the ability to observe, analyse, and respond to various spatial and environmental challenges. By integrating them into the monitoring and evaluation process, these tools enable the tracking of changes over time, support the assessment of impacts, and help predict and mitigate risks.

GEOSPATIAL AND GEO-STATISTICAL OPEN DATA MONITORING RESOURCES

To support data-based planning and monitoring, a practical guide prepared under the *Functional areas in the EU* project presents a vast list of resources for geospatial and geo-statistical open-data sources that functional areas can access. These include comprehensive databases like the World Bank GeoData, EU Open Data Portal, Eurostat, ESA's Copernicus Open Access Hub, USGS Earth Explorer, NASA Earth Observation Data, and ESRI Open Data Hub. These platforms provide a wealth of data on various topics, including environmental data, demographic statistics, and spatial data. Their relevance to monitoring is evident in their ability to offer real-time and historical data, crucial for tracking changes, predicting trends, and making informed decisions.

Tailored to more specific needs in land use, environmental monitoring, climate adaptation, and urban development, the guide also presents other resources like EC INSPIRE GeoPortal, EEA Copernicus, European Environmental Agency Geodata, E-PRTR, Climate-ADAPT, EC GHSL, ESDAC, and Google Environmental Insights Explorer.

For more information

Functional areas in the EU. Geospatial and geo-statistical open-data sources guide. Available at: <https://functionalareas.eu/wp-content/uploads/2023/06/Geo-spatial-Geo-statistical-open-data-sources.pdf>

CHALLENGE 2

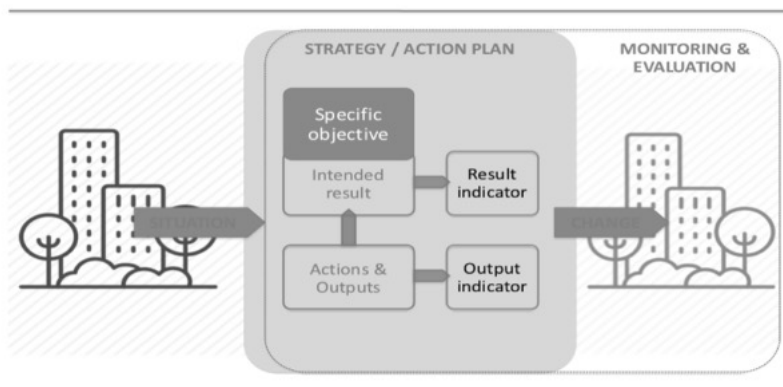
How to monitor and evaluate integrated strategies?

The M&E framework of a strategy builds upon the shared vision, objectives, and priorities. This implies selecting and defining suitable output, results, and impact indicators (see *Glossary*) to track progress:

- **output indicators** refer to the actual things that happen because of a specific intervention (e.g., the length of newly built cycling lanes). As defined by OECD, they are *'the products, capital goods and services which result from development interventions'*.
- **result indicators** refer to the short-term and medium-term changes (also referred to as 'outcomes') brought by specific interventions, as an effect of the outputs. They may reference beneficiaries, population targeted or users (e.g., the number of beneficiaries or users of a new facility or infrastructure).

- **impact indicators** are about the broader, long-term changes we expect to see as a result of the intervention. These changes go beyond the direct effects of strategy implementation (e.g., the proportion of people using different modes of transportation, the overall health of the population, or the satisfaction of citizens with available job opportunities in the area).

Figure 10. Measuring results, outputs and impact of strategies



Source: *URBACT, Setting up efficient indicators & monitoring systems to measure performance (urbact.eu/sites/default/files/measuring_performance_implementation_0_1_0.pdf)*

At EU level, data from all programmes is gathered to monitor performance and report to various EU bodies and citizens on how cohesion policy funds are used, their performance, and benefits. This is done using common output and result indicators defined at the level of the Specific Objectives (SO) of each Policy Objectives. In the 2021-2027 cohesion policy, functional area approaches are monitored through **common output indicators under PO5 ‘A Europe closer to citizens’** (see *Glossary*).

A selection of the key indicators that capture territorial integration is briefly presented below. The full list of common output and result indicators can be consulted for additional guidance by functional areas that are in the process of setting up their monitoring and evaluation systems, for interventions related to all five policy objectives.

Table 1. Selection of common output indicators for ERDF/CF/JTF (2021-2027) relevant for functional area approaches

RCO74	Population covered by projects in the framework of strategies for integrated territorial development	persons	Number of persons covered by projects supported by the Funds in the framework of strategies for integrated territorial development.
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RCO75	Strategies for integrated territorial development supported	contributions to strategies	Number of contributions to strategies for integrated territorial development reported by each specific objective contributing from the Funds in line with CPR Article 28 (a) and (c).(…) This indicator does not cover CLLD strategies which are counted under RCO80.
RCO76	Integrated projects for territorial development	projects	Number of integrated projects supported under integrated territorial development which are integrated in themselves in line with CPR Article 28. A project is considered integrated in itself if it fulfils at least one of the following conditions: a) the project involves different sectors (such as social, economic and environmental sectors) the project integrates several types of stakeholders (public authorities, private actors, NGOs), b) the project involves different administrative territories (ex: municipalities), and c) the project involves several types of stakeholders (public authorities, private actors, NGOs).
RCO80	Community-led local development strategies supported	strategies	Number of contributions to Community-led local development strategies by each specific objective contributing from the Funds in line with CPR Article 28 (b) (...) Contributions to other integrated territorial development strategies should be counted under RCO75.
RCO112	Stakeholders involved in the preparation and implementation of strategies for integrated territorial development	participations of stakeholders	Number of citizens and institutional stakeholders involved in the preparation and implementation of strategies for integrated territorial development. Stakeholders participating in several meetings / events are to be counted multiple times. If two or more representatives from the same stakeholder organisation participate in the same meeting, the organisation is to be counted once. Stakeholder engagement activities limited only to inform and consult stakeholders are not to be counted

Source: European Commission (ec.europa.eu/regional_policy/sources/evaluation/performance2127/performance2127_swd.pdf)

INDICATORS FOR MEASURING THE IMPACT OF INTEGRATED INVESTMENTS

The European Observation Network for Territorial Development and Cohesion (ESPON) offers guidance on assessing the effectiveness of integrated investments, identifying a concise and clear set of territorial indicators, specifically designed for assessing the impact and added value of integrated investments. These indicators can be included in the monitoring framework of integrated territorial and local development strategies, going beyond indicators measuring the direct performance of programmes and projects.

The short list of seven indicators is informed by several ESPON projects, including Indicators of Territorial Cohesion (INTERCO), Key Indicators for Territorial Cohesion and Spatial Planning (KITCASP), and Spatial Indicators for the 'Europe 2020 Strategy' Territorial Analysis (SIESTA):

- **Net migration rate:** this indicator reflects the difference between immigration and emigration in a year. It captures the attractiveness of a territory, offering insights into investment impacts in terms of quality of life.
- **Population potential living within 50 km:** how compact a territory is, as well as service demand, market potential, and polycentricity.
- **Natural population change:** this indicator measures the disparity between live births and deaths, offering insights into socio-economic conditions and the attractiveness of a territory for families and younger individuals.
- **Newly completed private dwellings as a percentage of the total housing stock:** assesses if investment and economic development retain residents, as new housing and investments reflect the attractiveness of a territory.
- **Modal split of passenger transport:** this indicator is defined as the percentage share of each mode of transport in total transport and can capture the impact of integrated investments on vibrancy and activity.
- **Access to public services (hospitals and schools):** this indicator assesses if public services and investments are effectively distributed geographically, providing transportation options and ensuring well-functioning transport networks
- **Long-term unemployed persons as a proportion of total unemployed people:** this indicator reveals economic development and ongoing structural issues. Prolonged unemployment suggests social exclusion and highlights the inclusivity of economic growth and integrated investments.

Specific guidance for using these indicators is offered in a policy brief, noting that if there are no changes in these indicators despite the implementation of integrated territorial investments, 'the impact of integrated investments might be questionable' (ESPON, 2018).

For more information

ESPON. Indicators for integrated territorial and urban development.

Available at: <https://www.espon.eu/integrated-indicators>





Effective monitoring and evaluation approaches are exemplified by the Cluj Metropolitan Area, where the Integrated Urban Development Strategy includes a comprehensive list of indicators, formulated in alignment with the common output and result indicators defined for ERDF/CF/JTF for the 2021-2027 programme period. A second practical insight shows how Brno Metropolitan Area supports stakeholders to keep track of socio-economic progress and cooperation at supra-municipal level through various data visualisation platforms.

MONITORING THE IMPACT OF STRATEGIES AT THE FUNCTIONAL AREA LEVEL BY INTEGRATING QUANTITATIVE INDICATORS AND QUALITATIVE INSTRUMENTS

CLUJ METROPOLITAN AREA, ROMANIA

The Integrated Urban Development Strategy establishes a long-term vision for the Cluj-Napoca municipality and the Cluj Metropolitan Area. The strategy defines general objectives, specific objectives, and development priorities for each specific objective. For example, for the specific objective of a 'Well connected city', the strategy defines development priorities, such as encouraging green public transport and non-motorised travel, traffic decongestion, and multi-modality. Its action plan identifies priority projects funded from diverse sources and details the implementation, monitoring, and evaluation phases of the strategy.

Establish a framework for monitoring the integrated strategy. The strategy includes a set of indicators and the establishment of a Monitoring Committee of implementation of both the Integrated Urban Development Strategy and the Sustainable Urban Mobility Plan at the metropolitan level. The committee serves not only as a monitoring but also aims to strengthen cooperation and collaboration among all members of the functional area and other stakeholders. The technical and administrative support of the Committee is intended to be provided by the metropolitan governing body, which develops an annual report regarding the monitoring and evaluation of the implementation of Integrated Urban Development Strategy and Sustainable Urban Mobility Plan and organises annual meetings of the committee.

Set output, result, and impact indicators. The indicators of the Integrated Urban Development Strategy are aligned with the EU-level approach to performance, monitoring and evaluation of programmes and are defined for development priorities, objectives, and the overall strategy.

- **Output indicators.** These indicators are set for all **development priorities** defined under each specific objective, with intermediary and final target values (for 2024 and 2030). For instance, the indicators for the development priorities 'Well connected city' include the length of the new cycling lanes, the length of rebuilt or modernised railway, the surface of newly developed green infrastructure, the surface of open spaces created or rehabilitated in urban areas.
- **Result indicators.** These indicators are defined for each **specific objective** of the strategy. For the SO3 'Green, resilient and carbon

neutral city', the indicators are decreasing annual emissions of NOx, population connected to new/improved water supply networks, additional annual amount of selectively collected waste, population benefiting from additional protection measures against disasters caused by climate change (other than flood or fire). The SO4 'No one left behind' is monitored through the following indicators: the annual number of children using childcare infrastructure, number of occupants of new/improved public housing, social services for homeless persons in operation.

- **Impact indicators.** These indicators are defined at the **strategic level** and are both quantitative (e.g., modal share of public and non-motorized transport, the value of local GDP, the value of CO2 emissions, number of people living in marginalised communities) and qualitative (e.g., share of population satisfied with the financial situation of their household, share of population satisfied with the response time to a request submitted to the local administration, share of population satisfied with the quality of public spaces). These indicators aim to capture the long-term, larger changes within society, which are not directly linked with the implementation of the Integrated Urban Development Strategy.

For more information

Cluj-Napoca City Hall. Integrated Urban Development Strategy of Cluj-Napoca and Cluj Metropolitan Area. Available at: https://files.primariaclujnapoca.ro/2022/10/04/SIDU-Cluj_RO_Sep28.pdf

SUPPORTING THE MONITORING AND EVALUATION OF THE INTEGRATED STRATEGY THROUGH DATA COLLECTION AND VISUALISATION

(BRNO METROPOLITAN AREA, CZECH REPUBLIC)

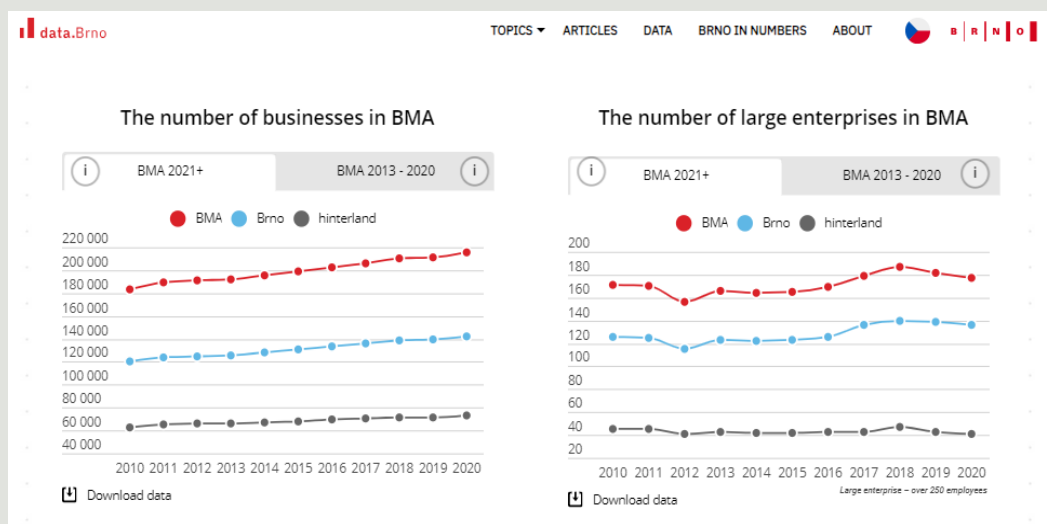
Brno Metropolitan Area provides a replicable model for monitoring the impact of cooperation at the functional area level and solutions for its improvement, which is also an objective of the Integrated Urban Development Strategy for 2021+. This model involves a **datahub offering insights on the metropolitan area**, a comprehensive **questionnaire for mayors** developed by the City of Brno in collaboration with Masaryk University conducted every three years (2017, 2020, and 2023), an **interactive map of geo-located ITI projects**. Moreover, the Integrated Development Strategy of the metropolitan area requires consistent tracking of the number of integrated investments at the supra-municipal level. The city of Brno also developed an interactive platform for keeping track of major projects.

Monitor and publish existing data at the functional area level. Statistical data gathered at the level of the Brno Metropolitan Area offers key insights into socio-economic dynamics and directly supports the monitoring of the supra-municipal strategy. For easy visualisation, a web data hub can provide the general public access to data interactively. To this end, a dedicated page with data on the Brno Metropolitan Area sourced from the Czech Statistical Office



was created. The page includes indicators such as population, the number of residential buildings under construction and completed, the number of registered job seekers and unemployed, as well as the number of businesses and large enterprises in the Brno Metropolitan Area, applications and patents granted, and the value of foreign direct investments. The data portal is developed by the Data and GIS departments within the City Hall of Brno.

Figure 11. Brno City data hub, including data on Brno Metropolitan Area



Source: Brno data hub (<https://datahub.brno.cz/pages/1ece38d1a9ba4119b549bbf4d257e6d8>)

Track the number of joint applications, as well as ongoing and implemented integrated projects. The Brno Metropolitan Area uses indicators for monitoring the implementation of the integrated strategy, distinct from those linked to operational programmes. Responsibility for ensuring the update of the indicator data lies with the ITI Department within the City Hall of Brno. The indicators include submitted applications for support for integrated projects, integrated projects with a legal act, integrated projects in progress, and completed integrated projects.

Establish a regular practice for monitoring the willingness to cooperate of municipalities making up the functional area. The Brno Metropolitan Area regularly sends a questionnaire to the mayors of municipalities part of the metropolitan area to monitor their willingness to cooperate. The survey also aims to gather information on challenges faced by municipalities and topics they consider relevant at a metropolitan level. Participation in the survey registered high rates, ranging from 88 % in 2017 and 96 % in 2020. In 2023, 95 % of municipalities that participated in the survey (174 out of 183) shared their thoughts on the current cooperation, the extent of their municipality's participation, elements influencing this collaboration, and prospects for formalisation of metropolitan cooperation.

The willingness to cooperate is measured through questions like:

- 'Are you willing to participate in metropolitan cooperation with your municipality? If so, how?'
- 'Do you think it is expedient to solve selected topics of strategic and territorial planning within the Brno metropolitan area together at the metropolitan level in the future?'

- *‘Do you identify with the fact that your municipality is part of the metropolitan area?’*

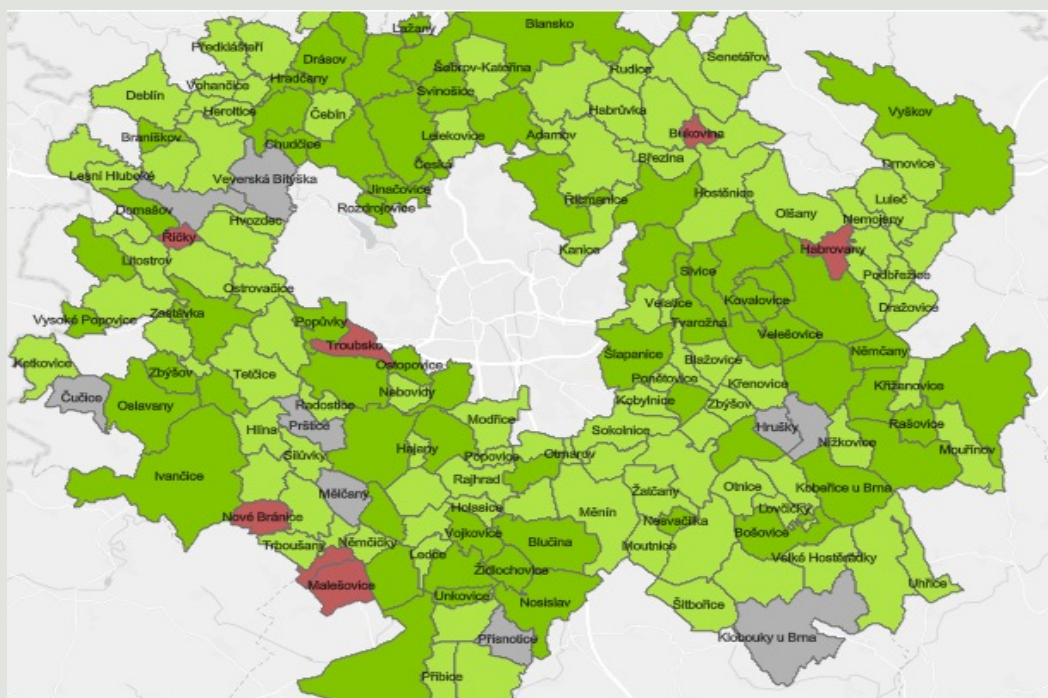
The results of the 2023 survey showed a strong interest in metropolitan cooperation, with 91 % of mayors recognising its value. It also indicated that cooperation is not primarily driven by financial incentives despite about 60 % of municipalities being aware of funding opportunities through the ITI instrument.

To gather insights on challenges faced by municipalities, topics to address at the metropolitan level and their inputs on improving metropolitan cooperation, the survey includes the following questions:

- *‘How do you expect your municipality to develop over the next five years compared to the current state?’*
- *‘What do you perceive as an obstacle to the further development and functioning of the municipality?’*
- *‘From your point of view, what topics would be expedient to solve uniformly at the metropolitan level in the future?’*
- *‘In your opinion, what factors are the most important for maintaining long-term functioning cooperation within the Brno metropolitan area?’*
- *‘What factors do you think most threaten the development of metropolitan cooperation in the Brno metropolitan area?’*

Based on the survey results, the most important areas of cooperation at the metropolitan level, namely transport and mobility, energy, education, waste management, population ageing, tourism and sport, culture, revitalisation measures, residential development, and commercial building.

Figure 12. Mayor’s willingness to cooperate in Brno Metropolitan Area

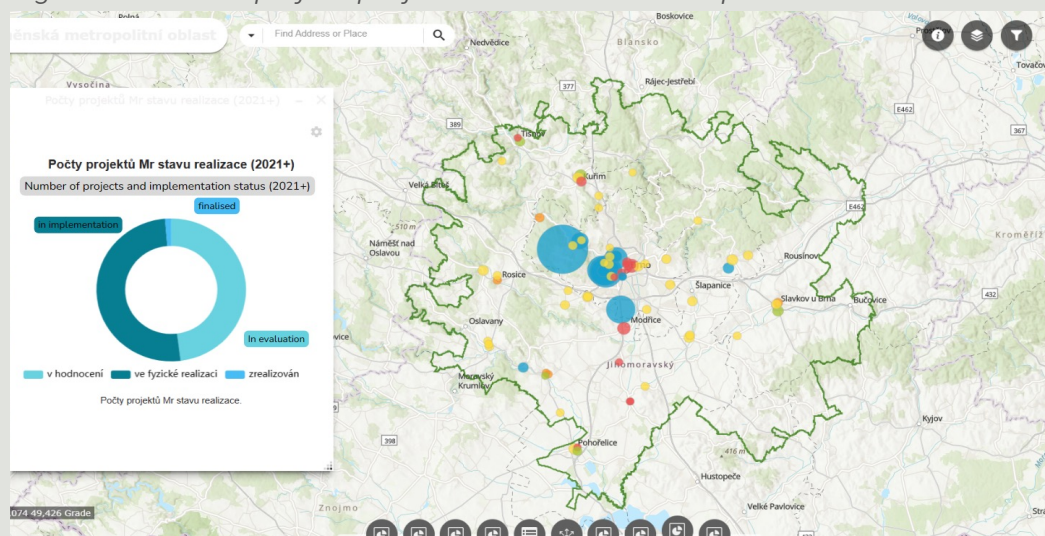


Source: <https://storymaps.arcgis.com/stories/1524a/227ca148a8aa246e7f3fdf1317>

The insights collected support the M&E process of implementing the Integrated Urban Development Strategy at metropolitan level and serve as a foundation for potential future institutionalisation of such collaborations, strengthening the dialogue and understanding among municipalities. Moreover, data collected through the survey was further used in scientific research on the topic of metropolitan cooperation.

Provide easily accessible information on completed and ongoing projects at the city and functional area level to support a transparent M&E process. A **GIS map of ITI projects** is hosted on the website of the Brno Metropolitan Area, offering the possibility for citizens to visualise projects financed through the ITI and improve their awareness of the impact of joint investments.

Figure 13. GIS map of ITI projects in the Brno Metropolitan Area

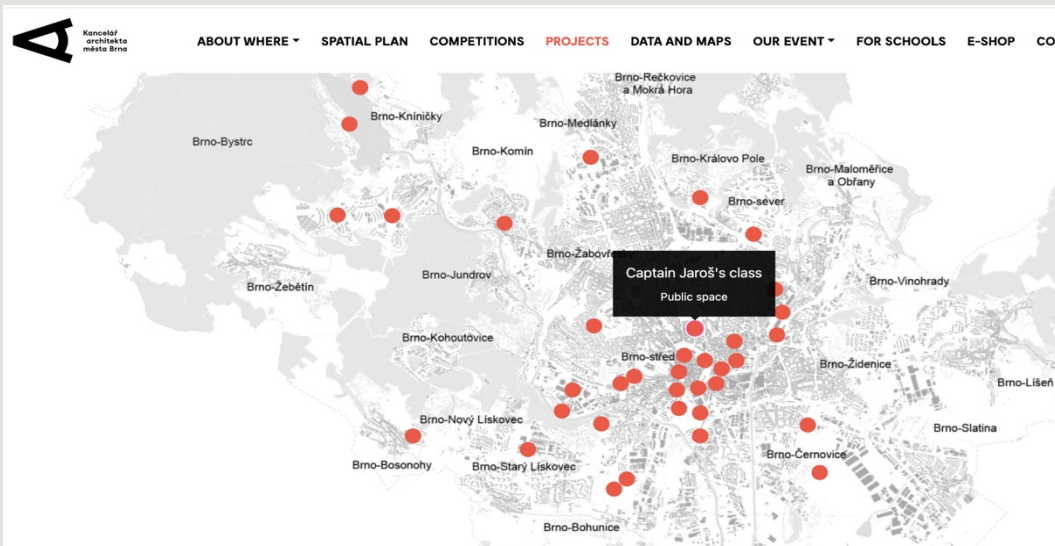


Source: <https://mestobrna.maps.arcgis.com/apps/webappviewer/index.html?id=d07af7a9178c4b48853fecfd6306d946d>, accessed March 2024

At the city level, the Office of the City Architect of Brno developed a **digital platform** that allows users to access information on various topics. These include territorial planning documents and the portal for the spatial plan, architectural and urban planning competitions, project statuses, data and maps, upcoming events, school activities focused on architecture, urbanism, public space and spatial planning, and an online store offering branded materials. For example, the project section provides insights on proposed city-wide concepts, allowing citizens to monitor the status of projects. It lists six categories- public spaces, architecture, transport, water and landscape, development, and conception (documents and input analysis) - allowing users to track specific projects or gain an overview. In addition, the section presents the number of ongoing projects, concepts, and locations as well as an interactive map for visualising the distribution of implemented projects across the city.

As opposed to sharing merely documents and data sets, the data hub, map of ITI projects, and project presentation platform enable interaction and easy visualisation and promote a more transparent process of monitoring the implementation of the Integrated Urban Development Strategy and achieving shared goals. Developing such instruments also contributes to higher awareness of a shared metropolitan identity.

Figure 14. Interactive map of projects in Brno



Source: Office of the City Architect of Brno (<https://kambrno.cz/projekty/>)

For more information

Brno Metropolitan Area. Questionnaire to mayors in the Brno Metropolitan Area (Czech). Available at: <https://storymaps.arcgis.com/stories/f1524a227ca148a8aa246e7f3fdf1317/print>

Brno Metropolitan Area datahub: <https://datahub.brno.cz/pages/1ece38d1a9ba4119b549bbf4d257e6d8>

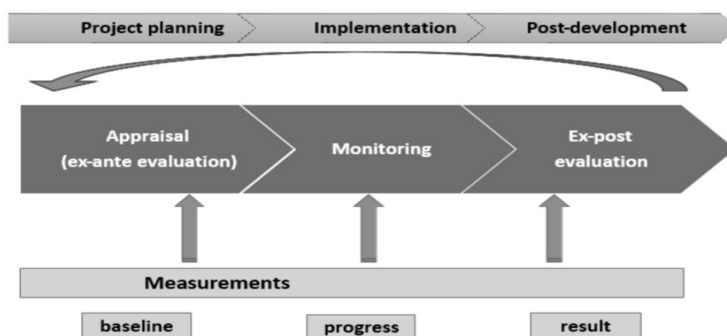
Brno Metropolitan Area GIS Map of ITI projects: <https://mestobrna.maps.arcgis.com/apps/webappviewer/index.html?id=d07af7a9178c4b48853fecfd6306d946d>

Brno City presentation of major projects: <https://kambrno.cz/projekty/>

Brno Metropolitan Area. Integrated Development Strategy 2021+. Available at: https://metropolitni.brno.cz/wp-content/uploads/2022/05/ISR-BMO-21_duben-2022.pdf

A M&E framework should also be designed at the project level, including the specific data required at various stages of the project life cycle, the roles and responsibilities, frequency of data collection and analysis. The figure below presents the key phases of the M&E process.

Figure 15. Project level monitoring and evaluation



Source: Interreg North-West Europe (<https://cyclehighways.eu/evaluate/why-do-you-monitor-and-evaluate.html>)

CHALLENGE 3

Establishing a baseline before the implementation provides a point of comparison against which the project can be evaluated. This might include pre-project surveys, assessments of existing conditions, or analysis of statistical data. Without a baseline, it becomes challenging to assess whether and to what extent the project has achieved its intended outcomes and impact.

How to facilitate participatory monitoring and evaluation?

Participatory M&E shifts the focus from external control to community involvement and ownership. It is characterised by the active involvement of stakeholders (citizens, organisations, policymakers) in defining success criteria, measuring progress, making decisions, and acting upon the results (Guijt & Gaventa, 1998). With regards to functional areas, it yields the additional benefit of an enhanced awareness of the supra-municipal initiatives among stakeholders.

Participatory M&E can be carried out for different reasons, including more accurate and timely information, empowering beneficiaries, increasing accountability, or upholding the right of stakeholders to be involved in decisions that affect them (Intrac, 2020).

Participatory M&E involves targeted beneficiaries who have direct experience and knowledge of local conditions. They can provide relevant questions, identify changes in their communities, and assess how interventions impact them.

Implementing participatory M&E processes also requires targeted capacity-building support for local actors. Adopting innovative methods and technologies can further streamline and encourage participatory monitoring. Technical assistance for capacity building from the European Commission, including opportunities under EUI and TAIEX (see *Chapter 3 - Governance*) can be accessed to increase the capacity of administrative staff working on monitoring.

The *Handbook on Territorial and Local Development Strategies* emphasises the need for consensus among stakeholders on strategic priorities for effective participatory monitoring. It stresses the importance of capacity building for meaningful involvement and the involvement of the community in setting objectives, indicators, and corrective actions. It is important to co-create monitoring systems with strategy owners, local communities, and citizens to share control over the monitoring process and outcomes (European Commission, 2022).

This section aims to guide the implementation of participatory M&E practices of strategies and projects, supported by digital tools.

GUIDANCE FOR ESTABLISHING A PARTICIPATORY MONITORING AND EVALUATION PROCESS



The degree of participation in M&E may vary, along the following spectrum:

- passive participation (responding to requests for information),
- involvement (stakeholders volunteer information and show interest in how it is used),
- active participation (stakeholders participate in determining which information to gather, selecting appropriate methods for data collection, and deciding on the approach for data analysis.
- ownership / empowerment (stakeholders contribute to selecting the criteria and indicators for measuring progress and hold staff accountable).

Participatory monitoring requires a detailed planning process, outlining who should participate and when, across the following stages: methodology design, data collection, data collation, analysis of findings, and dissemination. Planning an indicator-based approach to participatory monitoring involves several key steps (Guijt, 1998) that are summarised below:

- Decision to start: recognise the complexity and potential cost involved in initiating a participatory monitoring process, considering the involvement of various groups.
- Identify participants: determine who has essential perspectives or knowledge and who would benefit from capacity-building in sustained monitoring. Invite all stakeholders to be partners, ensuring that all steps are negotiated collectively.
- Identify monitoring objectives: clarify each group's motives for monitoring to specify their willingness and capability to participate in different tasks.
- Clarify objectives of monitored work: clarify and agree upon these objectives, particularly in contexts involving multiple groups.
- Select indicators: choose indicators for each objective, ensuring they are 'SMART': Specific, Measurable, Attainable, Relevant, Timely. The final choice of indicators also depends on the feasibility of the available methods. In some cases, preferred indicators may need to be adapted or replaced due to constraints like cost and time.
- Select methods: choose methods based on available time, skills, technology, and resources. Consider methods that can assess several indicators simultaneously.
- Decide monitoring frequency and timing: determine the best times for measuring indicators and establish a monitoring schedule, possibly as an annual calendar.
- Prepare and fine-tune methods: test the chosen methods and tools for feasibility and reliability. Train involved individuals to ensure competence in their roles.



- Implement monitoring systematically: collect data consistently to gain an objective understanding of changes. Be prepared to adjust methods or indicators if they prove inadequate or if external factors change.

Discussing these questions and steps can clarify roles, responsibilities, and the timing of participation. This approach helps in identifying the right stakeholders for each phase of the monitoring and evaluation process, ensuring effective participation and meaningful contributions.

For more information

Abbot J., Guijt I. Changing views on change: participatory approaches to monitoring the environment. SARL Discussion Paper No.2. July 1998. IIED. London. Available at: https://www.betterevaluation.org/sites/default/files/Changing_views_on_change_Participatory_approaches_to_monitoring_the_environment.pdf

DIGITAL TOOLS FOR PARTICIPATORY MONITORING OF PROJECTS (BARCELONA, SPAIN)

The case of Barcelona exemplifies how citizens can be empowered to actively participate in monitoring co-designed interventions using a digital platform. This practical insight pertains to the Decidim platform, offering specifics on one of the participatory processes involved in the development of superblocks within the city. Additionally, it highlights the platform's role as a monitoring tool.

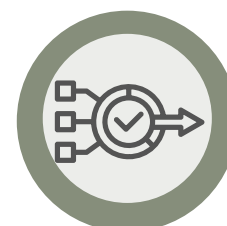
Develop a comprehensive participatory platform that can also serve as a monitoring tool. The city of Barcelona uses an online platform ('Decidim') for engaging stakeholders in the decision-making process and solution design, as well as monitoring the progress of their proposals and observing the decisions made by the governing body. For example, the platform was used for the preparation of interventions within the city's 'superblocks' to reduce traffic and activate public spaces. The platform provides access to information referring to consultations and other materials, while also offering insights into the state of ongoing projects (see For more information). It includes multiple features, including digital consultation, debates, submission of proposals, and monitoring the status of offline and online proposals. Citizens gain access to all discussions and materials and can monitor progress and results.

For more information

Decidim.Barcelona. The consultation process for Superblock Barcelona in the Eixample neighbourhood 2021-2022. Available at: <https://www.decidim.barcelona/processes/SuperillaBarcelona/steps?locale=es>

RECOMMENDATIONS

- 1. Leverage existing data and advocate for systemic, long-lasting partnerships for data collection:** Assess the extent to which existing data from various levels (city, regional, national, or EU) can be used for M&E purposes. Explore partnerships with research institutes or universities to support data collection and analysis at the functional area scale. Complement official data with geospatial and statistical open-data resources and engage in discussions for developing statistical data for functional areas at the national level.
- 2. Integrate effective monitoring and evaluation in strategic planning processes to effectively steer the implementation process and optimise the use of resources.** Establish a robust set of indicators that encompasses social, economic, and environmental dimensions, aligning with the strategic objectives. Develop a clear M&E system based on output, results, and impact indicators. Indicators for assessing intangible effects of integrated investments such as willingness to cooperate, social cohesion, and perceived quality of life should also be defined. A balance between complexity and simplicity is crucial to avoid creating systems that are either unworkable or overly simplistic.
- 3. Access technical guidance and capacity-building resources for improved monitoring and evaluation.** Ensure that administrative staff involved in monitoring and evaluation and other engaged stakeholders have the required capacity to collect and analyse data and if they can effectively implement the monitoring and evaluation system.
- 4. Create a digital platform for visualising data on the implementation of the integrated strategy and progress towards targets.** Such a platform can start by offering information on the status of realisation of major projects, and can be further developed into an interactive dashboard, including GIS maps. These can facilitate the sharing and monitoring of strategy implementation, providing a visual overview of key interventions and progress towards targets. The goal is to encourage stakeholder participation in monitoring, which can inform adjustments and create higher awareness of joint investments at the functional area level.
- 5. Engage diverse stakeholders in the design and monitoring of projects.** Consider incorporating features like surveys, interactive mapping tools and participatory platforms to gather qualitative and quantitative data for major projects at the functional area level. This allows us to tap into a broad range of perspectives and can maximise project outcomes and enable innovative thinking and problem-solving.



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A

ANNEX. CLASSIFICATION OF FUNCTIONAL AREAS

The aim of the *Annex* is to ensure a common understanding of functional areas and showcase their variety. This section pulls together the key defining elements of functional areas, as identified by the Council of Europe- CEMAT, ESPON, OECD, and the World Bank.

Functional Urban Areas

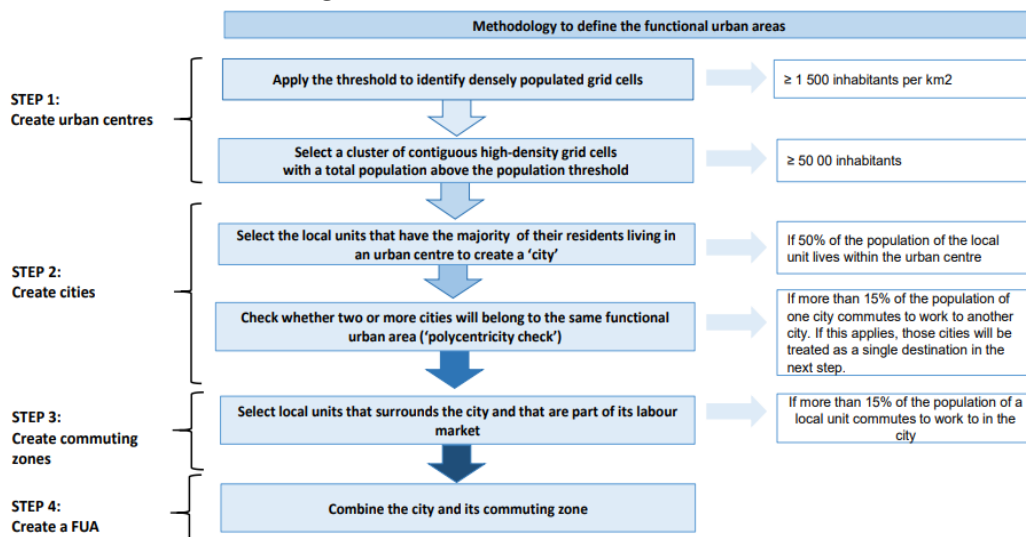
Functional urban areas are the most prevalent type of functional areas, among a diversity of other typologies. A major step in the direction of mainstreaming the concept of functional urban areas into EU policies was made in 2012, when the European Union and OECD put forward a common framework for the concept of functional urban areas, based on the following definition: *'a functional urban area consists of a city and its commuting zone. Functional urban areas, therefore, consist of a densely inhabited city and a less densely populated commuting zone whose labour market is highly integrated with the city'* (EU-OECD).

Subsequently, a commuting zone contains the surrounding travel-to-work areas of a city where at least 15 % of employed residents are working in a city (*'a local administrative unit where most of the population lives in an urban centre of at least 50 000 inhabitants'* - Eurostat). Therefore, the population threshold for selecting clusters of contiguous high-density grid cells is above 50 000 inhabitants.

For practical purposes, commuting flows are defined in connection with employment, but may also reflect flows to access education, health, culture, sports, or commercial facilities.

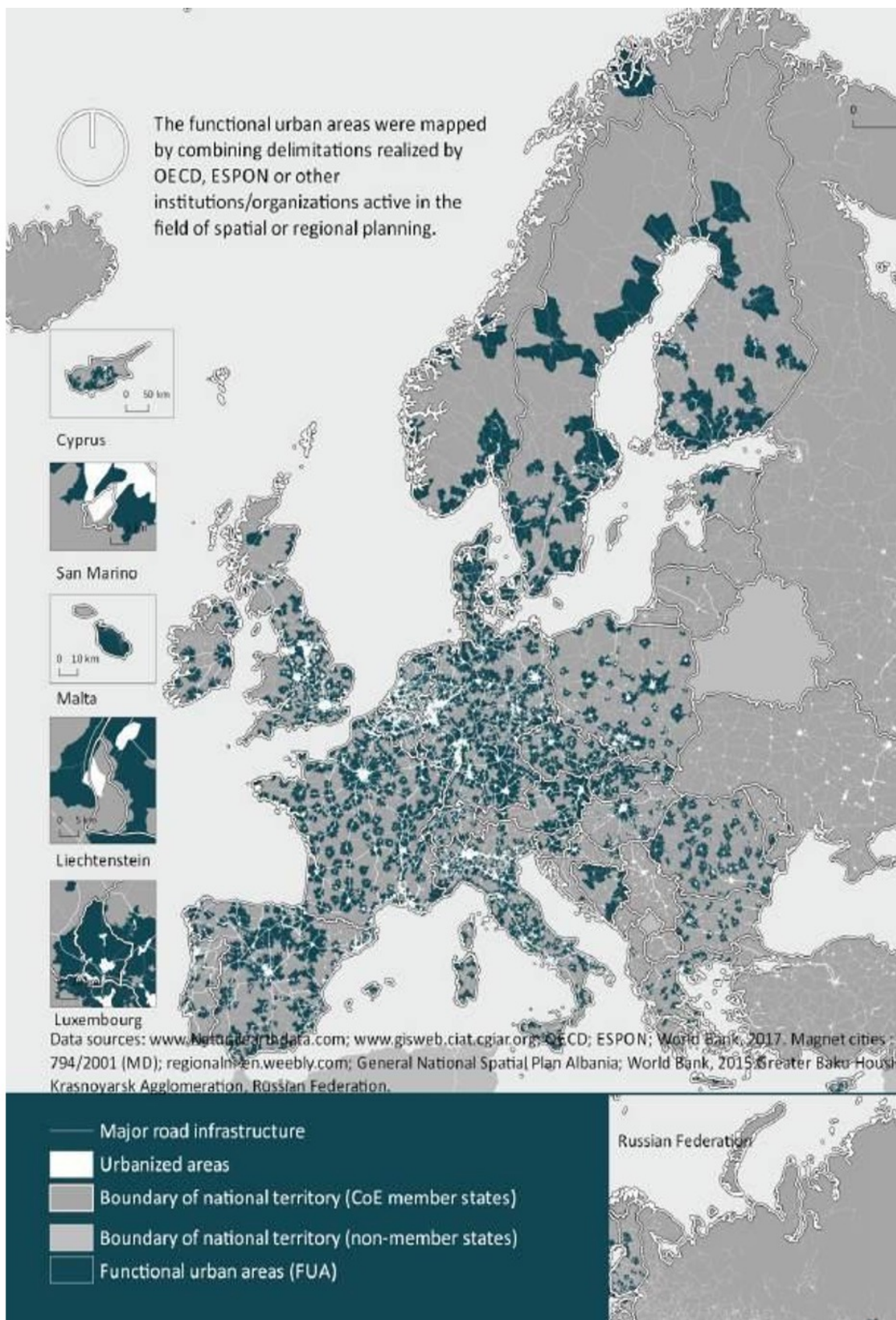
Figure 16. The EU-OECD algorithm to identify a functional urban area

The delimitation of functional urban areas according to the EU-OECD methodology is based on commuting flows and implies a minimum threshold of 15 % of the population commuting to an urban centre. This entails that the delineation of a functional urban area is constantly evolving.



Source: The EU-OECD definition of a functional urban area (2012)

Defining statistical units that describe functional dependencies is essential for informing policy-making processes at the appropriate scale. Reflecting the maturity of the concept, in 2017, the typology of functional urban area was included in a legislative initiative by Eurostat for a harmonised territorial classification for statistical purposes and has replaced the former term of larger urban zone.



Metropolitan areas and regions

Home to 60 % of the EU's population, metropolitan regions are key drivers of development and were responsible for generating 69 % of the GDP and 63 % of the employment in the EU in 2019, according to the *Ninth Report on Economic, Social and Territorial Cohesion* (2024). As highlighted by the report, real GDP per capita in metropolitan areas outpaced that of non-metropolitan regions across the EU from 2001 to 2021, largely driven by above-average growth rates in capital city regions.

At its core, a metropolitan area is conceptualised as a '*social, economic, geographical, and political space characterised by shape, size, and nature and by the interactions between individuals and organisations*' (OECD, 2013). As spatial units, following the EU-OECD methodology, metropolitan regions are functional urban areas (understood as cities and their commuting zones) of 250 000 or more inhabitants. While functional urban areas are defined at the local administrative units level, metropolitan regions are NUTS 3 regions or a combination of NUTS 3 regions and have a higher population threshold.

The terms metropolitan 'area' or 'region' are often used interchangeably, however they may have different meanings, as theoretical concepts, governance forms or spatial units. For instance, metropolitan forms of governance created by voluntary association do not necessarily overlap with the spatial concept of the functional area (although local administrative units forming part of the functional urban area may be eligible to join such an association, they may choose not to). Moreover, while territorial typologies in the EU are increasingly formalised, there are notable differences across Member States in the population thresholds above which a settlement is considered urban, the rights and responsibilities of urban governments and their areas of influence, as well as the forms of association between administrations.

Functional natural areas

The specific challenges and potential of areas defined by geographic criteria are increasingly recognised at the EU level. Natural areas such as mountain areas, island areas, coastal areas, river catchment areas, delta areas, or lake areas are often confronted with shared barriers stemming from geographical isolation, low demographic density, depopulation, ageing, as well as climate-related challenges requiring coordination between local administrative units. At the same time, their development potential and capitalisation on natural assets can be elevated through functional approaches to planning, which need to be balanced with environmental protection and landscape management measures.

A part of these geographic typologies identified by the Preparatory Study for the 17th Session of the Council of Europe Conference of Ministers Responsible for Spatial Planning (CEMAT) are also officially defined by the *Methodological manual on territorial typologies* published by Eurostat in 2018.

Island areas

Island areas (regions) are defined as NUTS level 3 regions that are entirely composed of one or more islands (Eurostat 2018, *Territorial typologies manual*).

Mountain areas

Mountain regions are home to around 12 % of the EU population and are rich in natural assets and biodiversity but have been declining on average by 3 % annually since 2010, mainly due to limited access to key services. While predominantly overlapping with rural areas and predominantly rural regions, three capital regions are classified as mountain regions: Ljubljana, Oslo, and Bern. Eurostat defines mountain areas at the NUTS3 level and identifies three types of regions: *‘where more than 50 % of the surface is covered by topographic mountain areas; in which more than 50 % of the regional population lives in topographic mountain areas; where more than 50 % of the surface is covered by topographic mountain areas and where more than 50 % of the regional population lives in these mountain areas.’*

Coastal areas

Coastal areas are defined as local administrative Unit that border a coastline (morphologic contiguity) or are close to one, with at least 50% of their surface within 10 km from the coastline. (Eurostat- TERCET). Except for Czechia, Hungary, Luxembourg, Austria and Slovakia, all EU member states have coastal areas.

Coastal regions

Coastal regions delineated at the NUTS level 3 are defined as *‘having a border with a coastline, having more than half their population within 50 km of the coastline, or having a strong maritime influence’*.

River catchment areas

‘River catchment areas develop along natural corridors that cross different territories regardless of their administrative boundaries. However, the existence of rivers is not the only condition for defining these areas, as factors such as population density and economic activities also reflect their influence.’ (CEMAT, 2017)

Delta areas

‘Deltas are landforms of variable sizes that were formed at the mouth of the rivers, where several conditions are met: the rivers carry a large volume of alluvium and the flow has low speeds, the riverbed is expanded and has low slope, no tides occur, there are no littoral currents or there are remote littoral currents.’ (CEMAT, 2017)

Lake areas

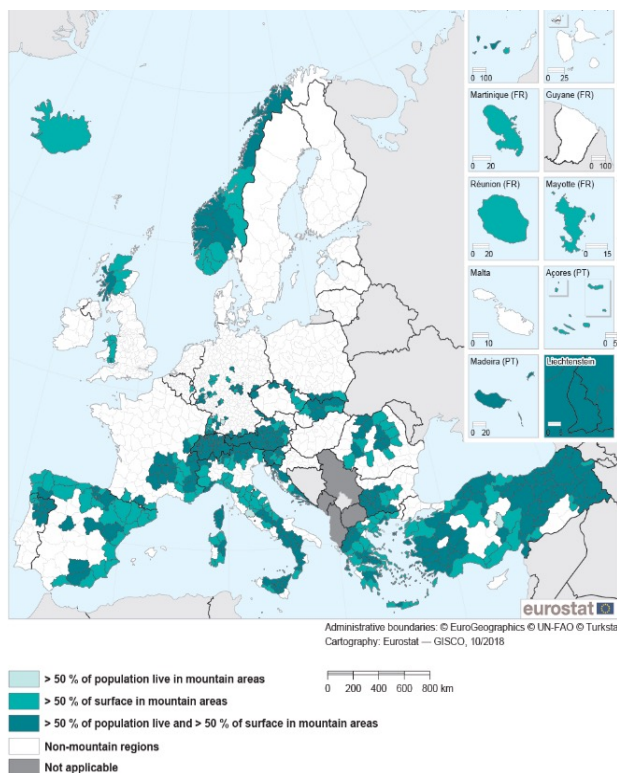
To reduce disparities between various regions’ development levels, particular attention was given to specific areas like rural regions, industrial transition areas, and regions with natural or demographic challenges, mountain regions, islands, and sparsely populated areas. Several recent papers developed by ESPON also highlight the specificities of lake regions as territorial units that require place-based, integrated policies. Instead of specifying quantitative criteria, according to ESPON, *‘a lake region is interpreted as a region around a lake in which a regional development approach may be meaningfully elaborated.’*¹

Territorial characteristics primarily pertain to four key policy areas: management of water resources; conservation of ecosystems; advancement of tourism, recreational activities, and residential utilities; transportation and ease of access.²

1. ESPON, Policy Brief. Integrated territorial development in lake regions in Europe, 2020

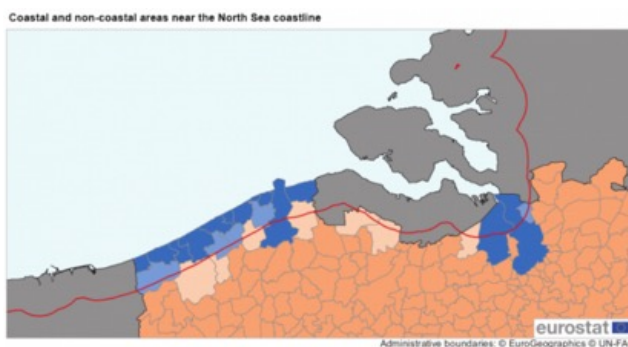
2. idem

Figure 17. Mountain regions in the EU



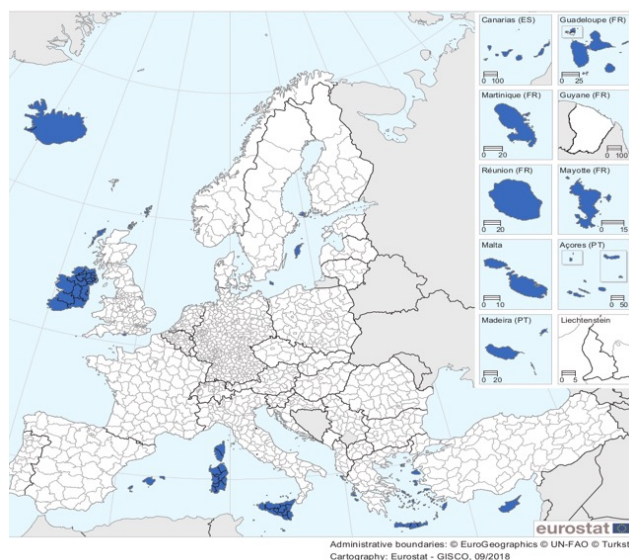
Source: Eurostat, JRC and European Commission

Figure 19. Coastal areas near the North Sea



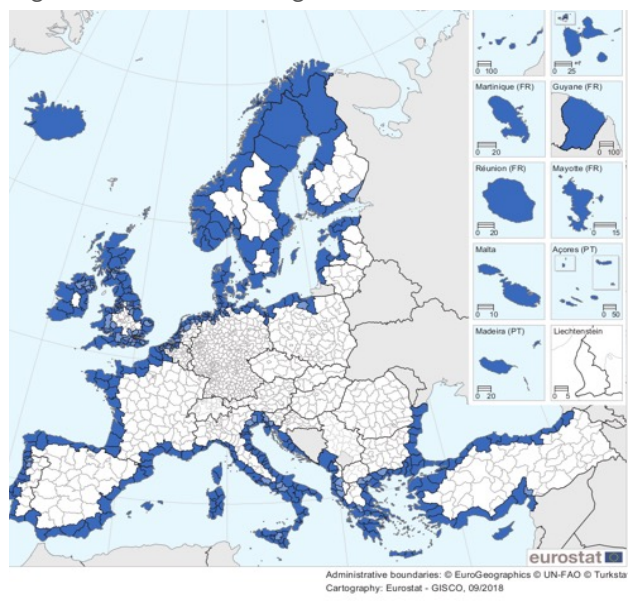
Source: Eurostat

Figure 18. Island regions in the EU



Source: Eurostat, JRC and European Commission

Figure 20. Coastal regions in the EU



Source: Eurostat, JRC and European Commission

Cross-border and trans-national cooperation areas

Cross-border and trans-national cooperation are key pillars of the EU cohesion policy. This specific type of functional area has been benefiting from increased support for development and analysis through programmes such as Interreg or ESPON. As highlighted in the Council of Europe study cited above, they correspond to ‘communities located in different territories, from two or more states, transforming the potential or common border issues into developmental resources.’ (CEMAT, 2017)

EGTCs (European grouping of territorial cooperation) are a particular form of transnational cooperation, with a full legal personality granted by EU law, since 2006. EGTC members can be Member States, regional or local authorities, associations, or any other public body. EGTC members can be Member States, regional or local authorities, associations, or any other

public body. EGTCs allow public authorities from different Member States to set up ‘a joint structure to implement projects, investments or policies in a specific territory, whether co-financed by the EU budget or not’.³

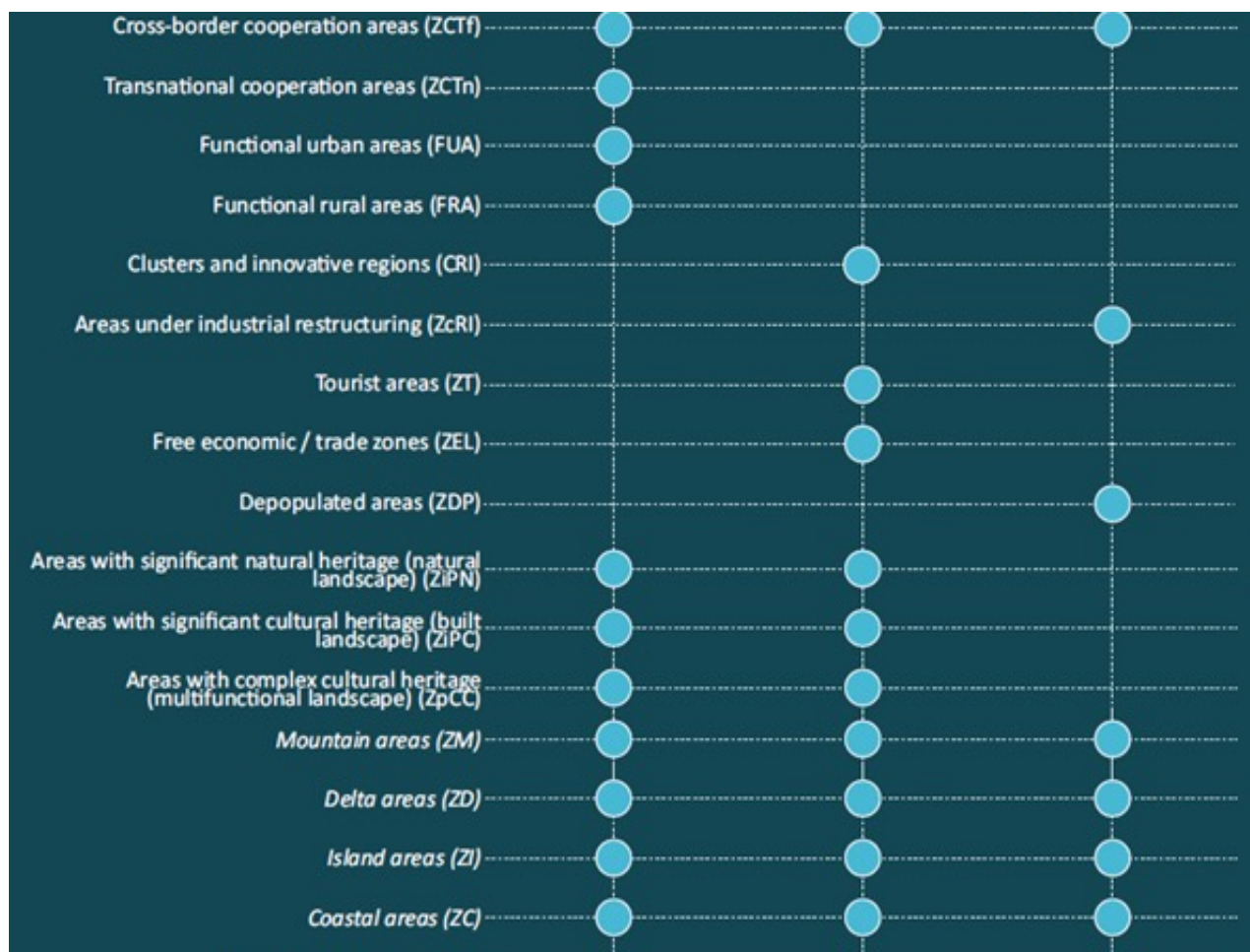
Other typologies

Several other typologies of functional areas were identified in the Preparatory Study for the 17th Session of the Council of Europe Conference of Ministers Responsible for Spatial Planning by applying different lenses, as described below:

- **economic lens**- clusters and innovative regions, free economic / trade zone, tourist areas, areas under industrial restructuring
- **cultural lens**: cultural heritage areas (built/complex)
- **social lens**: sparsely populated areas, areas with population at risk of poverty.
- **complex functional areas** that have more than one characteristic

The concept of functional areas covers a rich diversity of typologies, as reflected in the figure below. The figure shows the different types of functional areas identified in the study conducted in preparation of the 17th session of the CEMAT.

Figure 21. Types of functional areas



Source: Council of Europe. 2020. Functional areas in Member States of the Council of Europe

3. European Commission

https://ec.europa.eu/regional_policy/policy/cooperation/european-territorial/european-grouping-territorial-cooperation_en

G GLOSSARY

TERM	DEFINITION/EXPLANATION	SOURCE
15-minute city	In a '15-minute city', everyone can meet most, if not all, of their needs within a short walk or bike ride from their home. It is a city composed of lived-in, people-friendly, 'complete' and connected neighbourhoods. It means reconnecting people with their local areas and decentralising city life and services.	C40, https://www.c40knowledgehub.org/s/article/How-to-build-back-better-with-a-15-minute-city?language=en_US
Community-led local development	Community-led local development (CLLD) is a tool for involving citizens at local level in developing responses to the social, environmental, and economic challenges we face today. CLLD is an approach that requires time and effort, but for relatively small financial investments, it can have a marked impact on people's lives and generate new ideas and the shared commitment for putting these into practice.	European Commission, https://ec.europa.eu/regional_policy/en/information/publications/guidelines/2014/guidance-on-community-led-local-development-in-european-structural-and-investment-funds
Community-led local development strategy	A coherent set of operations the purpose of which is to meet local objectives and needs. It contributes to achieving the Union strategy for smart, sustainable, and inclusive growth, and is designed and implemented by a local action group.'	JRC, Handbook of Sustainable Urban Development Strategies (Glossary), https://publications.jrc.ec.europa.eu/repository/handle/JRC118841
Common Provisions Regulation	The single rulebook of EU funds jointly delivered with member states and regions. A common provisions regulation is established to govern 8 EU funds whose delivery is shared with Member States and regions. Together, they represent a third of the EU budget. The 8 funds covered by this common regulation are: European Regional Development Fund (ERDF) European Social Fund Plus (ESF+) Cohesion Fund Just Transition Fund (JTF) European Maritime, Fisheries and Aquaculture Fund (EMFAF) Asylum and Migration Fund (AMIF) Internal Security Fund (ISF) Border Management and Visa Instrument (BMVI)	European Commission, https://commission.europa.eu/funding-tenders/find-funding/funding-management-mode/common-provisions-regulation_en
Cost-benefit analysis (CBA)	CBA is an analytical tool used to assess the economic advantages or disadvantages of an investment decision by quantifying the welfare changes attributable to its implementation. It aims to quantify all benefits and costs for society in monetary terms. These include economic, social, and environmental impacts. It was a compulsory tool in the 2014–2020 programming period for major projects financed by the European Regional Development Fund or the Cohesion Fund and is a voluntary tool in the 2021–2027 programming period with the necessary contextual adjustments.	2014 CBA Guide with the Economic Appraisal Vademecum 2021-2027 for evaluating major infrastructure investments. https://ec.europa.eu/regional_policy/en/information/publications/guides/2021/economic-appraisal-vademecum-2021-2027-general-principles-and-sector-applications
Climate neutrality	Becoming 'climate neutral' means reducing greenhouse gas emissions as much as possible, but it also means compensating for any remaining emissions.	EU Council, https://www.consilium.europa.eu/en/5-facts-eu-climate-neutrality/

TERM	DEFINITION/EXPLANATION	SOURCE
Data-based planning	The integration of data-driven tools with computational methods provides a powerful means to gain a comprehensive understanding of urban dynamics. Physical data gathered from urban environments plays a pivotal role in informing urban intervention decisions.	Medium, https://medium.com/noumena-data/data-driven-urban-planning-b4ae4a6a1848
Digital twin city	The digital twin city offers a model of urban planning and construction for future sustainable development that effectively combines innovations in digital technology with urban operational mechanisms and provides a feasible path for urban upgrading. Through the precise mapping, virtual-real integration, and intelligent feedback of physical and digital cities, it promotes safer, more efficient urban activities and more convenient and inclusive everyday services, as well as helps to create more low-carbon, sustainable environments.	WeForum, https://initiatives.weforum.org/digital-twin-city/home
Degree of urbanisation	The degree of urbanisation classifies local administrative units as cities, towns and suburbs or rural areas based on a combination of geographical contiguity and population density, measured by minimum population thresholds applied to 1 km ² population grid cells; each local administrative unit belongs exclusively to one of these three classes.	European Commission, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Degree_of_urbanisation
Design contests	'Design contests' means those procedures which enable the contracting authority to acquire, mainly in the fields of town and country planning, architecture and engineering or data processing, a plan or design selected by a jury after being put out to competition with or without the award of prizes.	EUR-LEX, https://eur-lex.europa.eu/legal-content/EN/TXT/
Doughnut Model	The Doughnut Model is a conceptual framework developed by developed by British economist Kate Raworth, that visualises sustainable development by representing a 'safe and just space for humanity' between planetary boundaries and social boundaries. This model aims to guide policymakers and communities towards achieving both ecological sustainability and social equity.	European Commission, https://eu-mayors.ec.europa.eu/sites/default/files/2023-12/2023_CoMo_CaseStudy_Brussels_EN.pdf
Ex-ante evaluation	The ex-ante evaluation is the inventory check and reflection on past experiences before setting out on your new journey.	European Commission, https://ec.europa.eu/enrd/evaluation/back-basics/ex-ante-evaluation_en.html
Ex-post evaluation	Evaluation of a development intervention after it has been completed. Note: It may be undertaken directly after or long after completion. The intention is to identify the factors of success or failure, to assess the sustainability of results and impacts, and to draw conclusions that may inform other interventions.'	OECD, https://www.oecd.org/development/evaluation/dcdndep/43184177.pdf
Effectiveness	Effectiveness analysis considers how successful action has been in achieving or progressing towards its objectives.	European Commission, https://ec.europa.eu/regional_policy/sources/evaluation/performance2127/performance2127_swd.pdf
Efficiency	Efficiency considers the relationship between the resources used by an intervention and the changes generated by the intervention.	European Commission, https://ec.europa.eu/regional_policy/sources/evaluation/performance2127/performance2127_swd.pdf

TERM	DEFINITION/EXPLANATION	SOURCE
Evaluation	'The systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation, and results. The aim is to determine the relevance and fulfilment of objectives, [...] efficiency, effectiveness, impact, and sustainability'	OECD, https://www.oecd.org/development/evaluation/dcdndep/43184177.pdf
Functional area	The functional area is the area or region that functions as a unitary system from a political and / or social and / or economic point of view. In other words, the FA is defined by the internal system of interactions and relationships and covers, in whole or in part, the territory of several administrative-territorial units that cooperate and are linked / united by economic, communications, transport activities.	CEMAT, https://archive.ectp-ceu.eu/ectp-ceu.eu/images/stories/PDF-docs/cemat/CEMAT%20Romania_%20report%20EN_rev%2001%202018.pdf
Functional urban area	A functional urban area consists of a city (i.e. an urban centre with a population of more than 50 000) and its commuting zone whose labour market is highly integrated with the city.	https://ec.europa.eu/eurostat/web/nuts/territorial-typologies#Functional%20urban%20areas%20(FUA)
Financial instrument	Union measures of financial support provided on a complementary basis from the budget to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with grants.' Financial instruments help to trigger investments on the ground for revenue-generating and cost-saving activities, while maximising private investment with minimum public support to deliver the cohesion policy objectives of economic, social, and territorial cohesion. Financial instruments represent a more efficient and sustainable alternative to complement traditional grant-based support. The European Regional and Development Fund and the Cohesion Fund support projects on the ground, transforming EU resources into financial products such as loans, guarantees and equity.'	Fi-compass, https://www.fi-compass.eu/info/glossary , based on Article 2(p) FR; Article 37(7) (8)(9) CPR JRC, Handbook of Sustainable Urban Development Strategies (Glossary), https://publications.jrc.ec.europa.eu/repository/handle/JRC118841
Integrated territorial investments	Where an urban development strategy or other territorial strategy, or a territorial pact referred to in Article 12(1) of the ESF Regulation, requires an integrated approach involving investments from the ESF, ERDF or Cohesion Fund under more than one priority axis of one or more operational programmes, actions may be carried out as an integrated territorial investment (an 'ITI'). Actions carried out as an ITI may be complemented with financial support from the EAFRD or the EMFAF.	JRC, Handbook of Sustainable Urban Development Strategies (Glossary), https://publications.jrc.ec.europa.eu/repository/handle/JRC118841
Joint planning	The joint planning of activities constitutes a form of positive co-ordination, where units not only seek to avoid overlaps and conflicts but also aim to find ways to co-operate on the delivery of services and policies. Through joint activities and interventions, two or several independent units can create synergies for the delivery of their own work, while contributing to the achievement of overall shared goals.	OECD, https://www.oecd-ilibrary.org/sites/9bd34ff4-en/index.html?itemId=/content/component/9bd34ff4-en
Mid-term evaluation	Evaluation performed towards the middle of the period of implementation of the intervention.'	OECD, https://www.oecd.org/development/evaluation/dcdndep/43184177.pdf

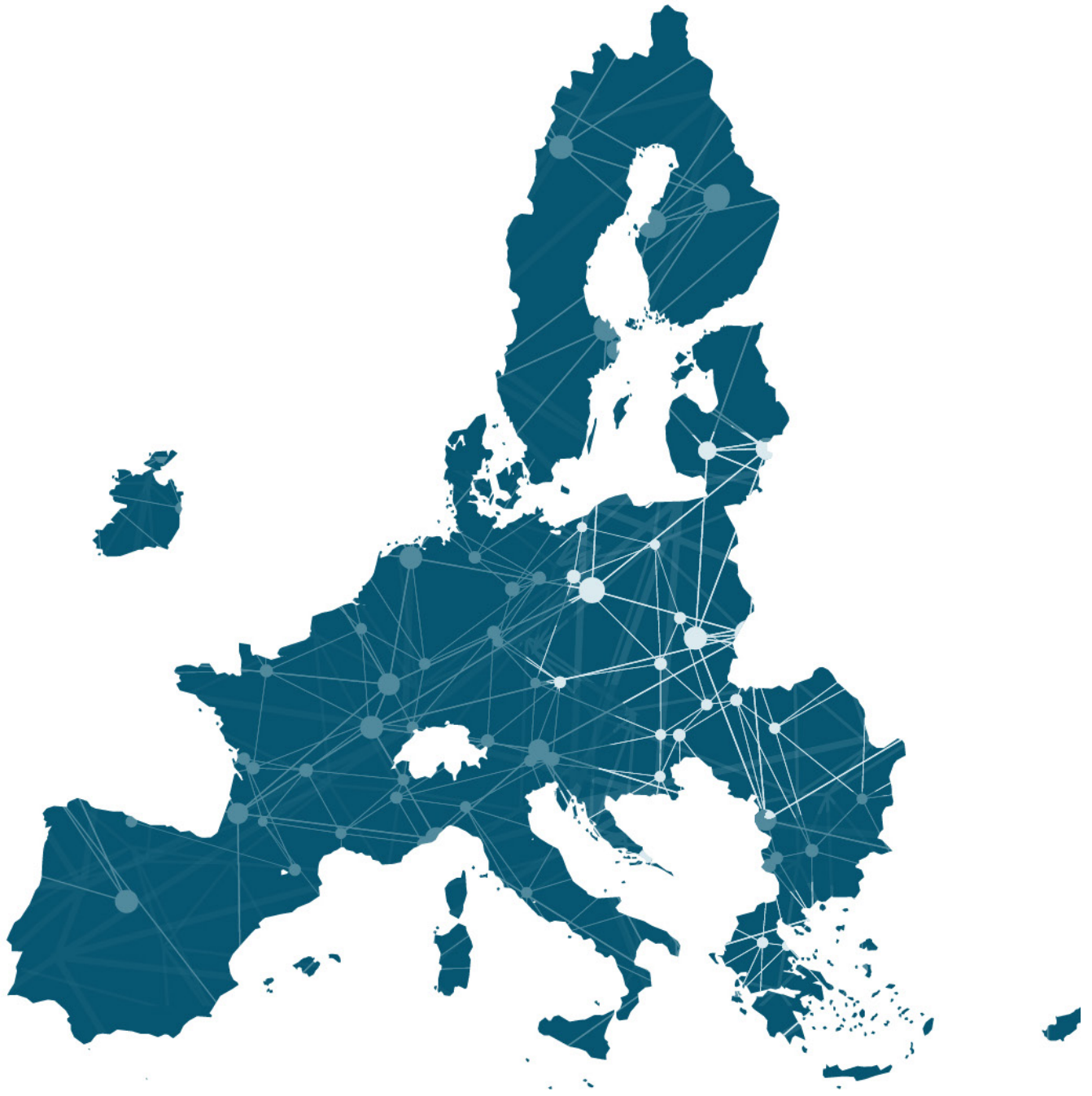
TERM	DEFINITION/EXPLANATION	SOURCE
Monitoring	'Systematic collection of data on specified indicators to provide the management and the main stakeholders of an ongoing intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds'	OECD, Glossary of Key Terms in Evaluation and Results-Based Management. 2009, https://www.oecd.org/development/evaluation/dcdndep/43184177.pdf
Multi-criteria analysis	Multi-criteria analysis (MCA) is a method to support decision-making, by exploring the balance between the pros and cons of different alternatives. The comparison of alternatives is based upon a set of explicitly formulated criteria, which represent aspects of the alternatives that need to be considered during decision-making. More specifically, MCA assists the decision-making process by framing decision problems, illustrating the performance of the alternatives across all criteria, exploring trade-offs, formulating a decision, and testing its robustness. All this while considering, on the one hand, the 'analytical' performance of the alternatives across all criteria, and, on the other hand, the preferences and opinions of the stakeholders involved in the process.	Principles of Multicriteria Analysis, https://www.cambridge.org/core/books/abs/multicriteria-analysis-for-environmental-decisionmaking/principles-of-multicriteria-analysis/22EB53BE4EFBD2674FEA098FD5EF0F98
Multi-level governance approach	Interventions shall be coordinated and aligned between the different levels of governance concerned in each territory, from programming to implementation and monitoring, with special attention to the involvement of relevant territorial authorities or bodies in project selection to ensure strategic consistency with local needs and challenges.	CPR Article 29(2) and (3), http://data.europa.eu/eli/reg/2021/1060/oj
Multi-stakeholder approach	Interventions shall involve throughout the whole policy cycle all relevant actors, including inhabitants, civil society networks, community organisations and private enterprises together in the planning, implementation and monitoring of integrated territorial and local development strategies.	CPR Article 29 (1)(d), http://data.europa.eu/eli/reg/2021/1060/oj
New European Bauhaus	The New European Bauhaus is an EU initiative that brings citizens, experts, businesses, and institutions together to reimagine sustainable living in Europe and beyond. In addition to creating a platform for experimentation and connection, the initiative supports positive change also by providing access to EU funding for beautiful, sustainable, and inclusive projects.	European Union, https://new-european-bauhaus.europa.eu/about/about-initiative_en
Non-standard geographies	Emerging 'non-standard geographies' are the focus of an ESPON study and refer to areas: 'Which do not belong to more 'standard-type' typologies, which are forming the geographical dimension of emerging and/or new territorial challenges related to, for instance, Covid-19 pandemic, transition towards carbon neutral economy, energy transition, migration, pollution, or environmental elements such as water basins, green areas etc. In this context, functional territories covered by ESIF's integrated development strategies within Cohesion Policy 2014-2020 may also be examined. That are characterised by the documented functional relations or networks or flows between people and/or places and that have existing governance mechanisms in place. That are not exclusively defined by administrative borders nor necessarily composed of contiguous spaces. Where data is fragmentary, or a lack of pan-European overview is evident.'	ESPON, https://www.espon.eu/espon-2030/thematic-actions-plans/governance-new-geographies/territorial-governance-non-standard

TERM	DEFINITION/EXPLANATION	SOURCE
Nomenclature of territorial units for statistics	It has been created by Eurostat to provide a standard classification of the EU territory. It is a geographical nomenclature subdividing the territory of the EU into regions at three different levels.	Eurostat, https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/CA-22-99-442-1F
Other territorial tools	One of three forms in which Member States can support integrated territorial development, in addition to ITI and CLLD.	CPR, http://data.europa.eu/eli/reg/2021/1060/oj
Outputs, outcomes, impact	<p>Outputs: The products, capital goods and services which result from development interventions.</p> <p>Outcomes: The likely or achieved short-term and medium-term change and effects of intervention outputs.</p> <p>Impact: Positive and negative, primary and secondary, long-term effects produced by development interventions</p>	OECD, https://www.oecd.org/dac/results-development/what-are-results.htm
Participatory process	Participatory processes are a series of meetings within a specific time frame to promote the debate and contrasting of arguments among the public or between the public and municipal authorities, to receive their opinions and proposals concerning a specific municipal action. A participatory process may be used to carry out an analysis of a specific question or subject, to search for creative and innovative ideas to put into practice and to suggest what types of intervention are most appropriate according to the characteristics of each initiative, context, and case.	Barcelona City Hall, https://ajuntament.barcelona.cat/participaciociudadana/en/how-can-you-promote-and-participate-participatory-process
Partnership principle	The partnership principle is fundamental to the implementation of European cohesion policy. It implies close cooperation between the Commission, the authorities at national, regional, and local level in the Member States and other governmental and non-governmental organisations and bodies during the different stages of the implementation cycle of the Structural Funds.	European Commission, https://ec.europa.eu/employment_social/esf/docs/tp_socialpartners_en.pdf
Policy Objective 5 (PO5)	A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories (one of the 5 policy objectives of the 2021-2027 cohesion policy)	European Commission, https://ec.europa.eu/regional_policy/policy/how/priorities_en
Project prioritisation	Governments must decide how to allocate limited resources for infrastructure development.	World Bank, https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/2022-03/WPS7674_Prioritizing_Infrastructure_Investment.pdf
Public-private partnerships	Public-private partnerships (PPPs) are a mechanism for the government to procure and implement public infrastructure and/or services using the resources and expertise of the private sector. Where governments are facing ageing or lack of infrastructure and require more efficient services, a partnership with the private sector can help foster new solutions and bring finance.	World Bank, https://ppp.worldbank.org/public-private-partnership/about-us/about-public-private-partnerships

TERM	DEFINITION/EXPLANATION	SOURCE
Rural-urban partnerships	<p>Urban and rural areas are increasingly integrated, and this integration covers a complex set of linkages (e.g., population and labour market flows, public service provision, transport network, environmental services). Improving these market and non-market connections enhances the development of both urban and rural populations. Rural-urban partnership is defined here as the mechanism of co-operation that manages these linkages to reach common goals and enhance urban-rural relationships. Depending on the purposes of the partnership, the actors involved will vary from public sector or private sector only to a mix of public, private and other actors. As employed here, the concept of rural-urban partnership has distinct features, involving a collaboration with: (1) an awareness of the interdependence of rural and urban areas in a given space (functional region), (2) a membership mix that includes the relevant rural and urban representatives, (3) a framework for action or objectives that represents mutual interests (urban and rural), (4) initiatives aimed to yielding collective benefits to urban and rural partners, (5) an organisational form that is fit for purpose to help realise the partnership's objectives.</p>	<p>OECD, https://read.oecd-ilibrary.org/urban-rural-and-regional-development/rural-urban-partnerships_9789264204812-en#page36</p>
Short supply chain	<p>A supply chain involving a limited number of economic operators, committed to cooperation, local economic development, and maintaining close geographical and social relations between food producers, processors, and consumers.</p>	<p>EUR-LEX, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1305</p>
Smart Specialisation Strategy	<p>A place-based innovation policy concept to support regional prioritisation in innovative sectors, fields, or technologies through the 'entrepreneurial discovery process', a bottom-up approach to reveal what a region does best in terms of its scientific and technological endowments'.</p>	<p>Interreg Europe, https://www.interregeurope.eu/sites/default/files/inline/Smart_Specialisation_Strategy__S3_-_Policy_Brief.pdf</p>
Territorial governance	<p>Territorial governance is not linked to any specific institutional setting. It encourages players to stretch beyond existing institutional frameworks. Given its flexible approach, territorial governance can work in all institutional systems of EU Member States. Territorial governance is important for the targeted and result-oriented implementation of EU Cohesion Policy, the Europe 2020 strategy, the Territorial Agenda 2020 (TA 2020) and the Urban Agenda. For Cohesion Policy particularly, the shared management system, the partnership principle, and territorial instruments such as Community-Led Local Development (CLLD) and Integrated Territorial Investment (ITI) are the basis of territorial governance.</p>	<p>European Parliament, https://www.europarl.europa.eu/RegData/etudes/STUD/2015/563382/IPOL_STU%282015%29563382_EN.pdf</p>
Territorial strategy	<p>Territorial strategies implemented pursuant to point (a) or (c) of Article 28 shall contain the following elements: (a) the geographical area covered by the strategy; (b) an analysis of the development needs and the potential of the area, including economic, social and environmental interlinkages; (c) a description of an integrated approach to address the identified development needs and the potential of the area; (d) a description of the involvement of partners in accordance with Article 8 in the preparation and in the implementation of the strategy. They may also contain a list of operations to be supported.</p>	<p>CPR, http://data.europa.eu/eli/reg/2021/1060/oj</p>

TERM	DEFINITION/EXPLANATION	SOURCE
Transit oriented development	Transit-oriented development means integrated urban places designed to bring people, activities, buildings, and public space together, with easy walking and cycling connection between them and near-excellent transit service to the rest of the city. It means inclusive access for all to local and citywide opportunities and resources by the most efficient and healthful combination of mobility modes, at the lowest financial and environmental cost, and with the highest resilience to disruptive events. Inclusive TOD is a necessary foundation for long-term sustainability, equity, shared prosperity, and civil peace in cities.	Institute for transportation and development policy, https://www.itdp.org/library/standards-and-guides/tod3-0/what-is-tod/
Urban-rural linkages	<p>Urban-rural linkages touch on a broad variety of thematic areas ranging from urban and territorial planning, strengthening small and intermediate towns, from enabling spatial flows of people, products, services, and information to fostering food security systems as well as touching mobility and migration, reducing the environmental impact in urban-rural convergences, developing legislation and governance structures and promoting inclusive financial investments among others.</p> <p>Fostering partnerships between urban and rural actors and areas at the local level are crucial for a transformative agenda. But also, global partnerships for an integrated territorial development are crucial for transforming towards sustainable and resilient societies. Through shared principles these levels of transformation can be better aligned.</p>	UN-Habitat, https://unhabitat.org/topic/urban-rural-linkages
Urban farming	Urban farming refers to growing food within city environments, utilising spaces such as rooftops, vacant lots, and even walls to cultivate plants. By incorporating sustainable agricultural practices into these unconventional settings, city dwellers can actively contribute to a greener future and address pressing issues like climate change and resource scarcity.	Sustainable Review, https://sustainablereview.com/urban-farming-and-sustainability/
Urban sprawl	Urban sprawl is a form of unplanned urban and suburban development that takes place over a large area and creates a low-density environment with a high segregation between residential and commercial areas with harmful impacts on the people living in these areas.	Yale, https://campuspress.yale.edu/ledger/urban-sprawl-a-growing-problem/
Horizontal integration	Horizontal integration is about organising and coordinating the policy fields in a specific area and normally refers to all the actors operating at that level, even if some of them may be the delivery function of a national (or regional) ministry—for example the local office of the job centre.	URBACT, https://urbact.eu/articles/combining-horizontal-and-vertical-integration
Vertical integration	Vertical integration is about bringing policies from different levels of government together for the people and places concerned.	URBACT, https://urbact.eu/articles/combining-horizontal-and-vertical-integration
Nature-based solutions	Solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social, and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes, and seascapes, through locally adapted, resource-efficient and systemic interventions.	European Commission,

TERM	DEFINITION/EXPLANATION	SOURCE
Climate adaptation	Actions to adapt to the impacts of climate change, like preventing flooding, preparing for heatwaves, and reducing other climate risks.	European Environmental Agency, https://www.eea.europa.eu/en/topics/at-a-glance/climate
Climate mitigation	Reducing the emission of greenhouse gases into the atmosphere and enhancing their sinks to slow down climate change.	European Environmental Agency, https://www.eea.europa.eu/en/topics/at-a-glance/climate
Public-private partnerships	Public-private partnerships (PPPs) are a mechanism for the government to procure and implement public infrastructure and/or services using the resources and expertise of the private sector.	World Bank, https://ppp.worldbank.org/public-private-partnership/about-us/about-public-private-partnerships
Lagging regions	Europe's 'lagging regions' include poor 'low-income' areas in central and eastern Europe, many of which are converging rapidly, as well as 'low growth' regions in southern Europe that are experiencing stagnant productivity and job destruction.	World Bank, https://www.worldbank.org/en/region/eca/publication/rethinking-lagging-regions
RCO76 Integrated projects for territorial development (Regio common output indicator)	Indicator for integrated projects defined in the 'Staff Working Document 'Performance, monitoring and evaluation of the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund in 2021-2027', as follows: 'A project is considered integrated in itself if it fulfils at least one of the following conditions: a) the project involves different sectors (such as social, economic and environmental sectors) the project integrates several types of stakeholders (public authorities, private actors, NGOs), b) the project involves different administrative territories (ex: municipalities), and c) the project involves several types of stakeholders (public authorities, private actors, NGOs).'	European Commission, https://cohesiondata.ec.europa.eu/2021-2027-Indicators/2021-2027-ERDF-CF-JTF-Common-Indicator-metadata/4t73-mihb/data_preview European Commission, https://ec.europa.eu/regional_policy/sources/evaluation/performance2127/performance2127_swd.pdf



FUNCTIONAL AREAS IN THE EU

<https://functionalareas.eu/>