ESPON

EUROPEAN UNION

Co-financed by the European Regional Development Fund

Inspire policy making by territorial evidence

PROFECY – Processes, Features and Cycles of Inner Peripheries in Europe

(Inner Peripheries: National territories facing challenges of access to basic services of general interest)

Applied Research

Final Report

Executive Summary

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PROFECY – Proceses, Features and Cycles of IP in Europe

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Abbreviations

CLLD	Community-Led Local Development
ESI	European Structural and Investment
ESPON	European Territorial Observatory Network
ESPON EGTC	ESPON European Grouping on Territorial Cooperation
EU	European Union
GDP	Gross Domestic Product
GIS	Geographic information system
GVA	Gross Value Added
IP	Inner Periphery
IT	Information Technology
ITI	Integrated Territorial Investments
LAU	Local Administrative Units
LEADER	Liaison Entre Actions de Développement de l'Économique Rurale
PROFECY	Processes, Features and Cycles of Inner Peripheries in Europe
SGI	Services of General Interests
SME	Small and medium-sized enterprises

Executive summary

Inner Peripherality represents a complex, multidimensional territorial phenomenon

Inner Peripherality can be defined as a differentiated territorial phenomenon, although, at the same time, it does not show a simple and unique expression. On the contrary, IPs exist as the result of multiple combinations of processes, features and evolutionary dynamics affecting all kinds of territories across Europe. IPs are present in almost all European countries. Therefore, Inner Peripherality needs political attention on the European and national/regional level in order to support the action of local stakeholders to deal with the challenges associated.

The PROFECY project focuses on the understanding and empirical characterisation of “inner peripherality”, covering the whole European space, and its objective is the identification, delineation and characterisation of IP in its multiple manifestations, answering to a set of key policy questions.

Understanding Inner Peripherality and its constituent elements

1. Inner peripherality is the effect of the combined action of several processes and features on one territory in a way that cause significant limitations in its development potential.
2. Given the multicausality of the processes and factors that intervene in each case, and the different manifestations of "peripherality" they provoke, the project has identified three theoretical concepts of Inner Peripherality: a) Enclaves of low economic potential; b) Areas with poor access to SGI; and c) Areas experiencing aspatial "Peripheralization" processes.
3. Each theoretical concept is characterised by its own drivers, impacts and intervention possibilities which have been presented by three descriptive models.
4. In the core of the concepts of IP there are aspects linked to the capacity of a territory to "connect" with its environment (regardless of its geographic location). Connectedness generate synergies, networks and other types of links that allow to be present in the places where relevant decisions are made, both in relation to public policy as well as in investment and private strategies. Consequently, the strength and quality of “relational proximity” or “connectedness” is one of the key elements explaining the impact of IP. Therefore, Inner Peripherality is not only determined by “geography” but also by non-spatial factors and processes, whose behaviour is not strictly associated to distance.
5. The way local actors interact, the level of insertion in relevant networks, or the capacity of local institutions, organizations and companies to establish links with other entities in contiguous territories and beyond, illustrate the relevance of being “connected”.
6. A well-connected territory offers more and better possibilities for development, better conditions of access to SGI, or a more dynamic labour market capable of retaining skilled population. All these advantages, in turn, generate opportunities for the establishment of new connections, generating virtuous circles that favour better-connected territories. Conversely, highly “disconnected” areas, whatever the combination of causal processes and factors, tend to reproduce that situation in time due to the evolutionary character of “disconnection” and its feedback effects.
7. Conceptually, areas-at-risk of becoming IP represent places that today are non-IP areas with, overall, good or fair access to services, but which already may lack access to few services or which may rely on just one single facility for some of the basic ones. These two approaches to identify areas-of-risk are valuable to assess the impact of policy decisions regarding changes in SGI provision.

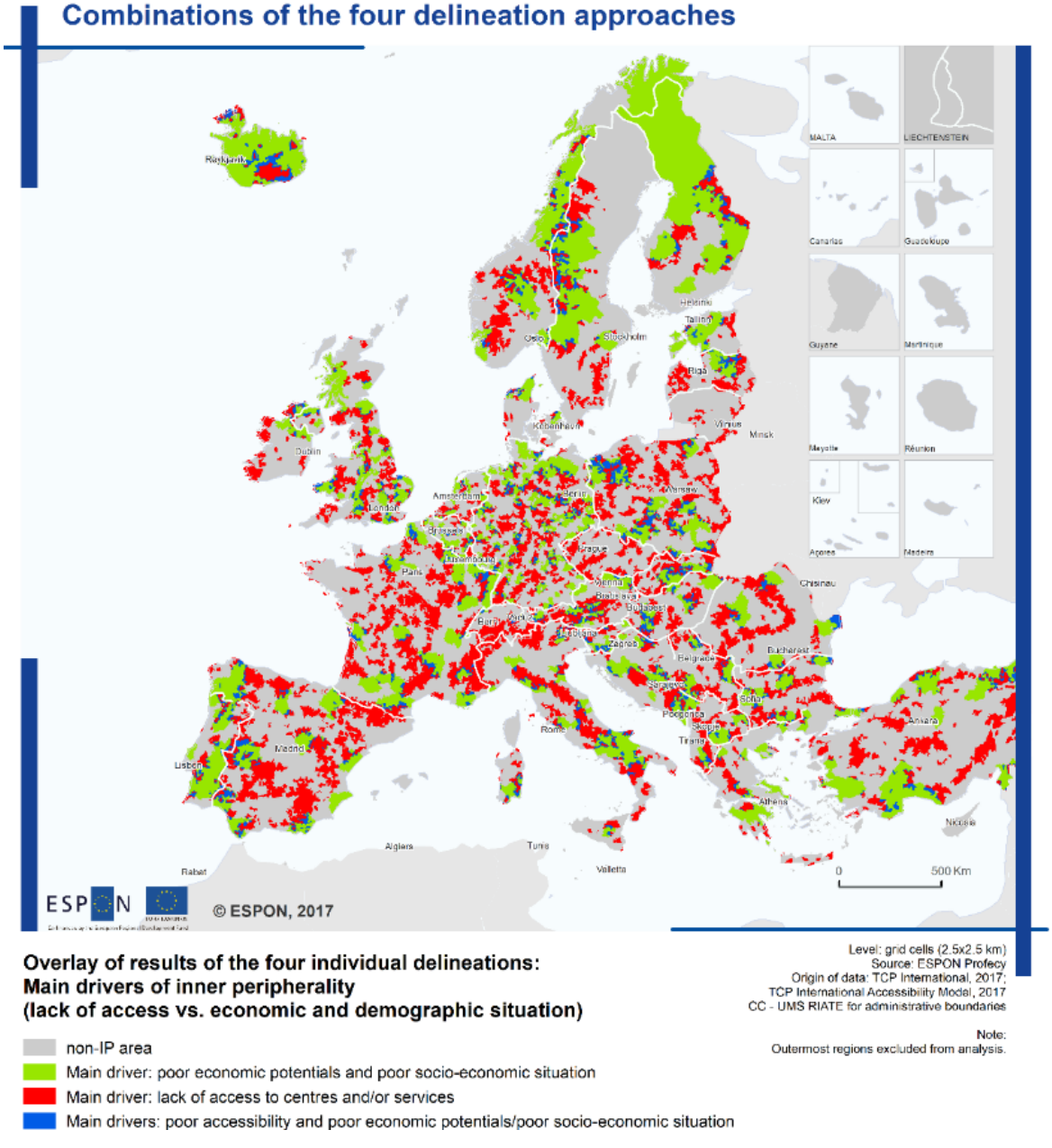
What is the current pattern of IP in the European territory?

8. Mapping IP requires decomposing its constituent elements and representing each one of them using the best available indicators. Four Operational Types of IP have been developed along with their corresponding delineations: Higher travel time to Regional Centres (delineation 1), Lower economic potential interstitial areas (delineation 2), Areas of poor access to SGIs (delineation 3) and Depleting areas (delineation 4).

9. Maps show that IP has wide presence across Europe. Map 1 shows the combination of the delineation results grouped according to the main driver causing IP: (1) areas where the main driver is a poor economic or demographic situation (46% of total); (2) areas whose main driver is poor access to services and/or to regional centres (46%); and (3) areas showing evidence of both drivers that constitute acute forms of IP, which affect 9% of total.

10. Territorial patterns for IP are dominated by the following features: (i) the most peripheral areas in geographical terms frequently appear as IPs; (ii) border regions, not only national but also regional, show a greater incidence of IP than their non-frontier counterparts.

Map 1. The 4 delineations of IP in Europe according to the main driver



Main characteristics of IP in Europe as compared to other types of regions

11. At the European level, results indicate significant overlap between different groups of IPs and other regional typologies. In general, IPs with poor accessibility tend to overlap with intermediate, rural and mountain areas. Besides, IPs identified as depleting areas (where the main driver is a poor socio-economic situation) also overlap significantly with urban and metropolitan areas, which imply that processes of peripheralisation could affect "enclaves" in these territories too.
12. Socio-economic position of IP regions vary regarding comparisons at the European level and national levels. These patters also vary between groups of regional typologies and within the group of four IP delineations identified.
13. At the European level, IPs tend to be demographically disadvantaged, showing ageing, lower ratios of child and working age population, and high age dependency rate. Outmigration of young and skilled population is perceived as specifically problematic.
14. Considering economic performance (GDP, GVA), IPs also seem to be more disadvantaged, while their positions are not clearly unfavourable regarding entrepreneurship and access-to-SGI indicators.
15. Regarding labour market (unemployment, inactivity rates) IPs are in moderate or even, in some cases, favourable positions.

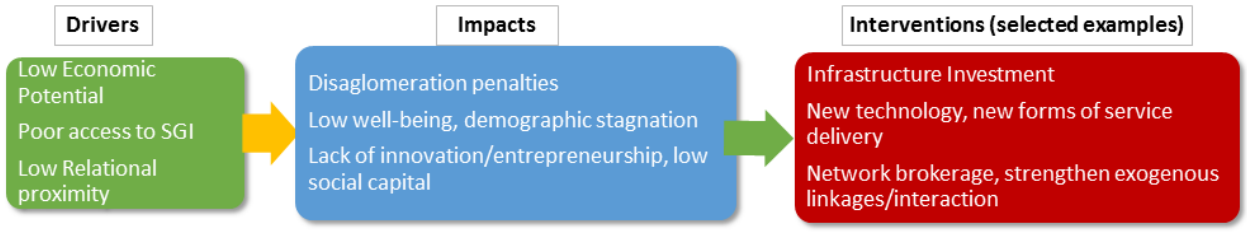
Processes of Inner Peripheries and key intervention considerations

16. Inner Peripherality does not always mean poor performance or marginalisation. However, this association happens, and it can be identified, characterised and overcome, if proper strategies are planned and implemented.
17. Much of the recent discourse on regional development emphasises the role of urban areas as "engines of growth", powered by agglomerative advantages, which radiate beneficial effects to their hinterlands through "spillover" and "spread" effects. In a general sense IPs are places "left behind", or excluded, from this process.
18. Processes and drivers explaining the dynamics of IPs have been identified using "Descriptive models" (Final Report, Chapter 5) that help to tease out and understand each combination of factors, and the type and intensity of role of each one. Therefore, it would be misleading to point to a single set of causal factors of IP because most of IP areas exhibit a combination of the peripheralization processes identified in the "descriptive models" (processes driven by distance from centres of economic activity, poor connectedness, and/or lack of interaction). These models graphically illustrate how primary peripheralization processes might typically link with a range of secondary marginalization processes to generate a cycle of decline.

Exploring and utilising the territorial potentials of IP for building IP strategies

19. Each of the three primary processes of peripheralization can form the basis of an intervention logic designed to address its specific challenges. Although each of these have distinctive characteristics, they have in common a focus on the need to enhance different forms of connectedness (Final Report, Chapter 7).

Figure 1: Outline Intervention Logic



20. In the first IP model “Enclaves of low economic potential”, the connectivity gap is the long travel time to centres of economic activity, leading to low “economic potential”. Responses need to consider improved connexion to main transport networks, through conventional infrastructure improvements, logistics systems, or travel cost reductions.

21. In the second IP model “Areas with poor access to Services of General Interest”, the emphasis is upon intra-regional service delivery/access, perhaps incorporating novel IT-based solutions. Restructuring of administrative areas, in search of scale economies may cause or worsen this type of IP.

22. In the third IP model “Areas experiencing aspatial "Peripheralization" processes”, the emphasis is upon relational proximity, suggesting interventions designed to strengthen interaction among local actors.

Strategies for IP

23. Designing and implementing effective strategies for IPs requires the understanding of the causal triggers and drivers of peripherality, and focusing in the cumulative effects of spatial and non-spatial factors in a gradual downward spiral, which is difficult to stop or break through unless there is ad hoc, specific policy action. Chapter 7 of the Final Report and the PROFECY Handbook provide full coverage of these aspects.

24. Strategies to ameliorate the challenges facing IPs should seek to enhance the connectivity of the full range of territorial capitals. Neo-endogenous development theory emphasises the need to combine local (place-based) assets with effective interaction with resources and agencies further afield. Therefore, such capacity for interaction (connectedness) is central for territorial capital.

25. Common findings of the case studies emphasize regional priorities and the need for policy coherence and stronger efforts to elaborate strategic concepts for IPs. The main dynamics influencing the emergence and development of IPs are: (i) Location-based triggers and drivers, (ii) gradual intensification of spatial problems over time, (iii) weak governance structures and lack of institutional support, and (iv) significant events that act as breaks to a steady development process and reinforce peripheralization. These drivers have to be understood in a highly complex system of interrelated factors contributing to the observed spatial dynamics driving peripheralisation.

26. Regional action in IPs requires a long-term perspective and integrative approach that transcends short-term constraints and (local) feelings of disadvantage. Only by achieving increased attractiveness, negative downturn trends might be reverted.

Inner Peripherality in the EU policy agenda and Cohesion Policy

27. Mainstream programmes are frequently territorially-blind, not targeted to IP areas, and lack a coordinated action of the different funds involved. As highlighted by case study work different forms of place-based approach are usually perceived as better fitted than territorially-blind mainstream programmes to achieve local development and social needs.

28. Decentralisation of design and implementation, cooperation between local communities and between different tiers of policy intervention, better guidance and training of local capabilities are the main ingredients of a stronger place-based approach. This requires new incentives for approaches based on decentralisation to local actors and a stronger support to build and develop capacity in project design and innovation.

29. This would not mean necessarily new policy tools, but it implies strengthening the role of those already existing (in particular ITI and CLLD) and simplifying the working rules of ESI funds. This

would ensure more coherent investment and simplify the life of beneficiaries, as well as stronger complementarity.

30. Strengthening coordination between EU programmes and national policies is necessary to ensure policy effectiveness in order to face peripheralisation.

Recommendations to policy stakeholders

31. As emphasised in the data analysis, path changes of regions defined as Inner Peripheries are rare - which is why political action is required in order to break a continuing downward cycle. In our understanding of IPs, a main reason for their relatively worse position is a lack of connectedness in terms of geographical and/or relational proximity. It is thus different aspects of connectedness that the following recommendations focus on.

- **Recommendations at local level**

32. *Articulating a pathway to change:* it is important to develop a clear "narrative" with regards to the intervention logics, based on understanding the specific place-based assets and limitations causing peripherality, based in stakeholder involvement processes.

33. *Developing strategic capacity:* Case study evidence points to a substantial lack in regional policy coordination, as well as in trans-sectoral policy development, and gaps in internal and external interactions in most cases. The development of strategic institutional capacity is a decisive factor for breaking downward cycles, changing routines and reversing trends.

34. *Connectedness of territorial capital:* Local policy makers could adopt an explicit focus on connectedness and interaction capacity when reflecting the localities' territorial capital. Examples for this are, related to the labour market, network brokerage to support the attraction of external labour force to the region, or joint initiatives for qualifying local labour force. In response to deficits in service provision, it might involve new ways and constellations incorporating novel IT-based solutions.

- **Recommendations at the regional level**

35. Supra-local action: In some cases, IPs are rather small in scale or they are very dispersed, so that it is difficult for local stakeholders to raise resources for an effective intervention strategy. A supra-local platform is important for connecting resources and developing action plans.

36. *The role of intermediary regional agencies:* A regional agency may have an important role as intermediary actor that ensures creating dynamics from coordinated efforts from below, and bundling and channelling relevant resources into the area from upper levels.

37. A comprehensive vision on synergies and complementarities: Regional co-operation might be specifically effective regarding locality branding and positive visibility of IPs; strategies for attracting skilled workforce; fostering innovation and SME development; and evaluation, etc.

- **Recommendations at the national level**

38. Paying political attention to Inner Peripheries: There is a common perception among stakeholders in IPs of "being forgotten" in the national political agendas in a two-fold sense: It was difficult to get support from higher political levels, and there was a feeling of being little connected to the decision-making policy arenas, and thus having little capacity to influence future agendas. It may now be the time for shifting political attention to the Inner Peripheries as locations with specific socio-cultural, but also economic assets.

39. Monitoring and supporting access to funding: The pathway to change rests upon an endogenous development process and the capacity to connect with exogenous resources and agencies.

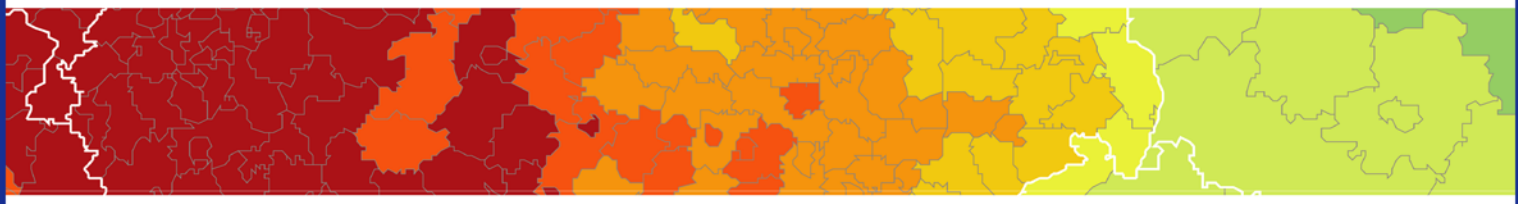
National/regional governments can support IPs. This is not necessarily a call for new funding programmes but implies political attention in the national context.

- **Recommendations at the European level**

40. *Integration of programmes and policies:* A lack of integration between different programmes and policies hampers the design and implementation of comprehensive territorial development. In this context, a greater territorialisation of both Cohesion and Rural development policies would strengthen interventions around the specific challenges of inner peripheral areas rather than following presupposed topics and sectoral intervention logics.

41. *Access and transparency:* For local stakeholders in inner peripheral areas it is important to access supra-local funds on the basis of locally defined priorities. This is closely linked to the sub-delegation of competencies and resources to the lowest possible regional/local level in contrast to the still often prevalent elaboration and management of programmes on a higher governance level, which might not be sensitive to local specifics.

42. *Implementation:* In some cases, local stakeholders criticised the administrative and accountability burden that goes along with the implementation of EU policies and programmes. It should be ensured that a necessary control of compliance to rules and legality does not overshadow the attention to the quality of interventions and to their impact with regards to overcoming or reversing peripheralization processes.



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