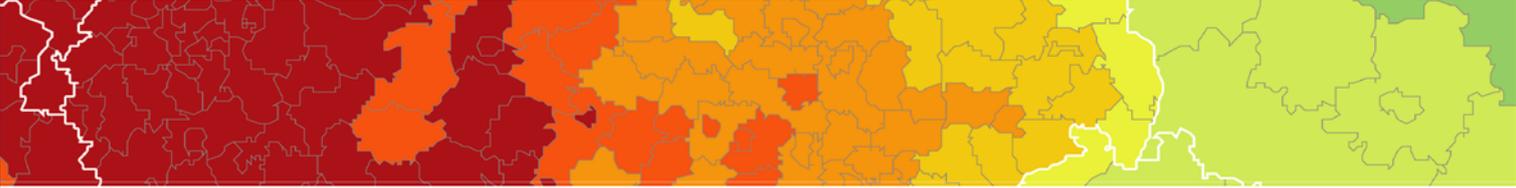


Inspire policy making by territorial evidence



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

Annex 19

Strategies for Inner Peripheries

Version 07/12/2017

This report is one of the deliverables of the PROFECY project. This Applied Research Project is conducted within the framework of the ESPON 2020 Cooperation Programme, partly financed by the European Regional Development Fund.

The ESPON EGTC is the Single Beneficiary of the ESPON 2020 Cooperation Programme. The Single Operation within the programme is implemented by the ESPON EGTC and co-financed by the European Regional Development Fund, the EU Member States and the Partner States, Iceland, Liechtenstein, Norway and Switzerland.

This delivery does not necessarily reflect the opinion of the members of the ESPON 2020 Monitoring Committee.

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

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Abbreviations

CAP	Common Agricultural Policy
CLLD	Community-Led Local Development
CMEF	Common Monitoring and Evaluation Framework
DG AGRI	Directorate-General for Agriculture and Rural Development
DG REGIO	Directorate-General for Regional and Urban Policy
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EFF	European Fisheries Fund
EMFF	European Maritime and Fisheries Fund
EP	European Parliament
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI	European Structural and Investment
ESPON	European Territorial Observatory Network
ETC	European Territorial Cooperation
EU	European Union
GDP	Gross Domestic Product
IDP	Integrated Development Programmes
IP	Inner Peripheries
IT	Information Technology
ITI	Integrated Territorial Investments
LAG	Local Action Group
LAU	Local Administrative Unit
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
MS	Member State
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
RDP	Rural Development Plan
SGI	Services of General Interest
SME	Small and Medium-Sized enterprise
SWOT	Strengths Weaknesses Opportunities Threats
ToC	Theory of Change
TVA	Tennessee Valley Authority
UNCRD	United Nations Centre for Regional Development

Executive Summary

A strategy to ameliorate or reverse the process of peripherisation requires a focused intervention logic, appropriate implementation structures developed within the local, regional and national governance system, and needs to be pragmatic, exploiting existing policy frameworks and available “levers” to achieve impact. This is described in the Chapter 1 of this Report.

Each of the three descriptive models of Inner Periphery processes, presented in Chapter 5 of the Final Report, can form the basis of an intervention logic. In each case, specific policy activities should tackle the issues associated with the primary process which are thought to be responsible for the development of the Inner Periphery. Other, more generally applicable measures, will be required to address the associated secondary marginalisation processes.

In the first IP model (a) the deficiency of connectivity is defined by the long travel time from the region to European centres of economic activity, leading to low “economic potential”. In this case, a rational response would be to consider how the locality might be better connected to European transport networks, through conventional infrastructure improvements, logistics systems, or travel cost reductions. Changes in infrastructure and travel cost reductions obviously cannot be dealt with at the local level only and call for a concerted effort across different policy scales. Interventions will profit from an integrated policy approach in order to limit “pump effects”

In the second model (b) the emphasis is upon intra-regional service delivery. In this case, a policy response would aim to improve the access to and the efficiency of services, perhaps incorporating novel IT-based solutions, or socially innovative forms. It is, however, important to remember that specifically in sparsely populated rural regions, this process may be initiated or exacerbated by restructuring of administrative areas, in search of scale economies. Obviously, there is no easy solution, but integrated policy action is needed.

In the third model (c) the emphasis is upon relational proximity – suggesting a range of interventions designed to strengthen and broaden the interaction space of the full range of actors within the local economy and society, one example being network brokerage to support the expansion of the business networks of local SMEs, or, establishing links to higher-policy levels in order to draw attention towards the specific challenges of Inner Peripheries in general, and support for dealing with these in the specific region.

In developing a policy rationale for inner periphery areas it is essential to be pragmatic. In the real world, two, or all three types of inner peripherality process may coexist, alongside other causes of underdevelopment, in complex hybrid cycles of decline that are unique to their place context.

In the Chapter 2 the concept of an integrated approach for regional development is discussed, with particular emphasis on its application to the situation of Inner Peripheries. Designing an integrated approach builds on the assessment of regional development potentials and aims at

conceiving strategic considerations how to overcome typical weaknesses of IPs and ineffective procedures to make use of place-specific regional assets.

The analysis in the project confirmed the assumption that IPs could emerge at different scales and at different geographical areas across Europe. They add a specific dimension of spatial challenges, in addition to large-scale “peripheral” situations of more “traditional” nature. Following the conceptualization, definition and delimitation of (different types of) IPs are essential for an approach which addresses the specificity of IPs and the uniqueness of each case.

The IP case studies carried out in the PROFECY project addressed different scales as peripheralization processes are experienced quite differently in the respective areas. They range from a group of LAU2 units in the Swedish and Italian case through LAU1 delineation in the case of the Polish, Hungarian and Spanish case studies to parts of NUTS-3 areas in the Austrian case and a whole NUTS-3 region for the German case study.

It seems important that, although there are important case by case differences, the common requirement of an integrated approach is shared widely (across all different types). In particular, the aspirations of the regional actors point to the necessity of overcoming the lack in cooperation and enhancing cooperative schemes that would increase interaction within the case study and with other spaces. The level of this out-side interaction is again very diversely referred in the case studies, but in all cases is seen as a highly influential domain.

To overcome fragmentation in action, “integrated” strategies need to address the various components that lead to IP processes. In general, no single indicator is responsible for IP processes (alone) and challenges extend to a number of interrelated aspects of socio-economic and cultural development. Hence, strategies should be conceived so that they address the most common features of IP processes by checking how the observed regions fare against the following indicators for those processes: high levels of outmigration, in particular of young people, a strong relation of the economic sector to traditional activities and/or mono-structural economic activity, a weak local and regional institutional basis that lacks experiences and understanding of cooperation, collaboration and cohesion targeting, a lack in the skill levels of the labour force and limited attractiveness for the external workforce; and a sense of being neglected by policy actors, objectives and programmes as well as national (or trans-regional) spatial perspectives.

In the Chapter 3 two aspects are analysed: the range of policies interesting IPs, the main characteristics of the place-based policies and some proposals for the future Cohesion policies.

At for the policy territorialisation IPs need to find specific resource allocation in Operational Programmes which are generally designed as «blind policies» with no peculiar territorial targeting, excepting for metropolitan areas and big cities. Some forms of specific earmarking of OPs’ financial plan for sub-regional territories facing challenges in demography, access to services and local development seems opportune and would guarantee the necessary resource

to develop integrated and multi-sectoral projects in these areas. In order to face the process of peripheralisation, the intervention promoted by EU programmes should be complemented by national programmes, as it already happens in some case studies, but without a comprehensive vision of synergies and complementarities of different policies.

The participation of IPs to the policy design and implementation, in the logic of multi-level governance, is quite diverse. 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 would require the introduction of incentives for approaches based on the decentralisation to local actors and a stronger support to build and develop capacity in project design and innovation.

A reform of the EU policy instruments would not mean necessarily to introduce new policy tools in the present regulative framework, but it implies to strengthen the role of those already existing (in particular ITI and CLLD) and simplify the working rules of ESI funds. This would ensure more coherent investment and simplify the life of beneficiaries and stronger complementarity, for example between cohesion policy and rural development measures.

Based on the findings of the PROFECY project, the final Chapter formulates and summarises some policy recommendations, with some of them targeting the local or regional level and others the national or European level. “Local” refers here to the Inner Periphery, and “regional” to a policy-level in-between the national and the local level, which has political steering capacity and powers to device policies. Local and regional might thus, depending on the national context, relate to different territorial levels across the countries. However, while separating the recommendations according to different policy levels here, it should also be kept in mind that effective policy interventions for overcoming or reversing peripheralization processes are dependent upon the challenges being recognised at all policy levels and being achieved in a multi-level policy framework.

1 Strategies for inner peripheries

A strategy to ameliorate or reverse the process of peripherisation requires a focused intervention logic, appropriate implementation structures developed within the local, regional and national governance system, and needs to be pragmatic, exploiting existing policy frameworks and available “levers” to achieve impact. It should also start from a clear understanding of the status of local territorial capital and assets, and their capacity to interact within a globalised social and economic context. In this chapter, we will consider each of these in turn.

1.1 Theories of Change and Intervention Logics

An intervention logic, or theory of change, provides an overarching rationale that can help to steer policy, ensuring that it addresses identified weaknesses and potentials.

The “theory of change” (ToC) approach^{1,2} has gained popularity within the Third Sector, and in the community development policy arena, and is essentially a strategy building and assessment process which works backwards from clarified goals, attempting to build a logic chain connecting interventions to intermediate outputs and final outcomes. As such, it has much in common with the “intervention logic” framework associated with the rural development programmes under the second pillar of the Common Agricultural Policy (CAP). What is important in the context of the discussion of strategies for Inner Peripheries is the emphasis upon clarity of cause and effect (or intervention - benefit) rationale.

According to the Centre for Theory of Change³ there are six steps to developing a ToC:

1. Identifying long-term goals
2. Backwards mapping and connecting the preconditions or requirements necessary to achieve that goal and explaining why these preconditions are necessary and sufficient.
3. Identifying basic assumptions about the context.
4. Identifying the interventions that the initiative will perform to create the desired change.
5. Developing indicators to measure the outcomes to assess the performance of the initiative.
6. Writing a narrative to explain the logic of the initiative.

A key benefit of this process of articulating the “pathway of change” is that it forces those planning a strategy to reconsider their assumptions. In this way, the ToC process confronts the risk associated with implicit (and perhaps unproven) assumptions about links between immediate/secondary impacts and more long-term outcomes. It forces the participants to assess whether the specific preconditions for success (including those of the wider context) are present. It also requires the proponents of a strategy to develop credible and specific impact/outcome targets, including realistic timescales. Ideally, all these elements are legitimised and validated through extensive stakeholder involvement and evidence gathering.

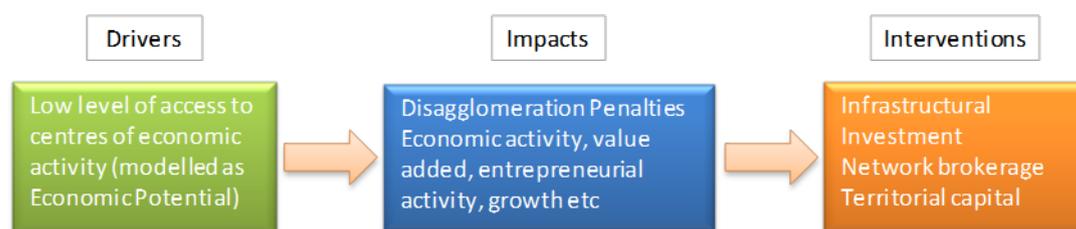
Within the context of Pillar 2 Rural Development Programmes (RDPs), intervention logics perform a role with respect to monitoring and evaluation. According to the Common Monitoring and Evaluation Framework (CMEF) glossary⁴, an intervention logic “...represents a methodological instrument which establishes the logical link between programme objectives and the envisaged operational actions. It shows the conceptual link from an intervention’s input to its output and, subsequently, to its results and impacts. Thus, an intervention logic allows an assessment of a measure’s contribution to achieving its objectives”. Although the CMEF framework accords specific meanings to the terms “outputs”, “results”, “impacts”, and “outcomes”, this added complexity does not disguise the broad equivalence between Intervention Logics and ToC.

1.1.1 Deriving Intervention Logics from the Three Descriptive Models

Each of the three descriptive models of Inner Periphery processes, presented in Chapter 5 of the Final Report, can form the basis of an intervention logic. In each case, specific policy activities should tackle the issues associated with the primary process which are thought to be responsible for the development of the Inner Periphery. Other, more generally applicable measures, will be required to address the associated secondary marginalisation processes. We will concentrate on the former.

1. The first type of inner periphery process is thought to occur in localities of low “economic potential” which are enclaves between core areas. The “theory of change” to address this kind of inner periphery process should be couched in terms of the “dis-agglomeration” penalties associated with (geographical) distance from centres of economic activity (i.e. longer travel times and thus higher travel costs to markets). These are assumed to affect the potential for entrepreneurship, innovation and growth of economic activity through the cost and quality of labour (job matching), attenuation of business linkages and networks, access to sources of information and innovation, and a weaker development of business services and institutions.

Figure 1.1: Outline Theory of Change for Economic Potential Enclave Areas



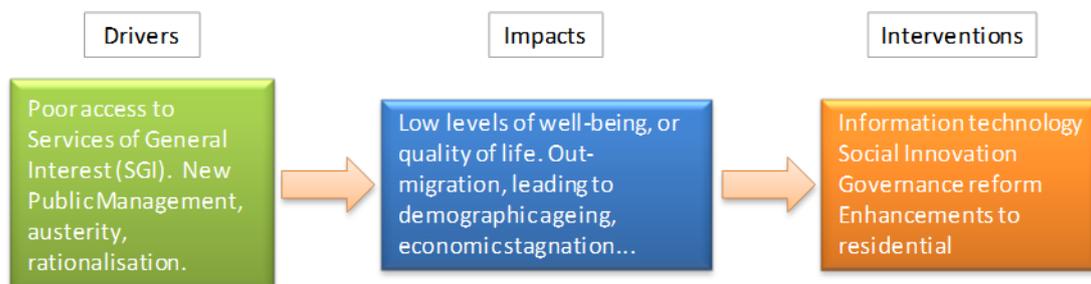
Potential policy responses might be of two kinds:

- a) Directly addressing accessibility through investments in physical infrastructure, especially roads, rail, airports and broadband communications, but also investments in new types of mobility.

b) Since infrastructure investments are known to result in negative “pump effects” whereby the improvements in connectivity benefit core areas more than the inner periphery, it will be necessary to consider accompanying measures to build human, social and institutional capital. These are intended to give the inner periphery capacity to respond to the opportunities provided by the increased access to markets and business networks. Specific examples of forms of intervention could include network brokerage, urban-rural partnerships, and a range of small business/entrepreneurship advisory and support services.

2. The second descriptive model describes the experience of rural areas which are particularly affected by poor access to services of general interest. Here the focus is primarily on levels of social well-being, rather than economic development, although the latter may be indirectly involved. Areas affected by such processes may have long suffered this deprivation, due to their remote location, or sparsity of population. Alternatively, they may be areas from which the population has drifted away in recent years, with concomitant effects upon age structure, levels of economic activity, tax raising potential, and old age dependency. In both of these, the recent quest for greater cost effectiveness, the introduction of New Public Management approaches in the local administration, or austerity, will likely have exacerbated the situation. At the same time, new expectations for services are raised by changing societal and cultural norms.

Figure 1.2: Outline Theory of Change for Areas with poor SGI Access



Forms of intervention to match this narrative of inner periphery formation would need to focus upon innovations in service delivery. These would be too various and issue specific to set out in detail here. However, most would feature one or more of the following:

- a) Use of new technology to overcome geographical distance (tele-medicine, online administration, etc.)
- b) Reconfiguration of the delivery responsibility for certain services, from the public to the third sector, social enterprise or to the community, often involving some form of social innovation.
- c) Attempts to encourage population retention through enhancing residential environments, local facilities, and general improvements designed to increase well-being.

- d) Restructuring of local governance to facilitate greater coherence between a range of providers, and greater responsiveness to the needs of inner peripheries.

3. The third descriptive model illustrates how an inner periphery may be formed by a less tangible process of “peripheralization”, a kind of “territorial exclusion” which does not necessarily reflect geographical remoteness. Although it is the role of “relational” rather than geographical proximity which defines the distinction of this model from the first one, it is also notable that “peripheralization” has a broader focus, encompassing social processes and governance in addition to economic development. The relative importance of economic development versus social well-being or governance is likely to vary from case to case. However, it seems probable that aspects of both recent, and more distant, cultural and institutional legacies of economic structures and structural change play a key role, inhibiting the development of the level of interaction and connectedness in various ways. Long established configurations of governance and power probably play a part. On the other hand relatively sudden discontinuities which are difficult to adjust to, such as the EU accession of the former socialist countries are widely acknowledged as part of the process of disempowerment of this kind of inner periphery.

The diversity and multi-faceted nature of this kind of inner periphery is reflected in the narrative of change, which we are able to represent in Figure 1.3. This underlines the importance of focused case study work to explore these kinds of inner peripheries.

Figure 1.3: Outline Theory of Change for areas suffering Peripheralization



Following the logic of the above narrative suggests that policy prescriptions for this kind of inner periphery are likely to address “softer” aspects of the socio-economic milieu. This implies interventions designed to strengthen all forms of exogenous interaction, strengthening networks which deliver greater capacity for economic development (overlapping with the first narrative above) and social/community wellbeing (as in the SGI narrative).

1.1.2 The Importance of Pragmatism and Integrated Approaches

In developing a policy rationale for inner periphery areas it is essential to be pragmatic. On the one hand certain logical propositions about the causes of primary peripheralization processes, and appropriate interventions, may be derived from the three descriptive models.

On the other hand, in the real world, two, or all three types of inner peripherality process may coexist, alongside other causes of underdevelopment, in complex hybrid cycles of decline which are unique to their place context. Furthermore, inner peripheralization processes (confusingly) often lead to manifestations of socio-economic development which are indistinguishable from those caused by other marginalisation processes. Common symptoms may belie differences in underlying process which are very difficult to uncover.

In the light of this, it seems reasonable to argue that stand-alone strategies to tackle IP processes are not what is required. A more successful approach for this project, and for the policy community, would be to develop specific tools, or instruments, which are, in themselves, explicitly informed by our understanding of inner peripheralization processes, but which are intended to be incorporated into the locally tailored “concerts” of actions that are axiomatic of place-based policy. The choice of intervention should be based upon a clear diagnosis of a specific primary peripheralization process within the development path of the area, using investigative procedures similar to those of the PROFECY case studies.

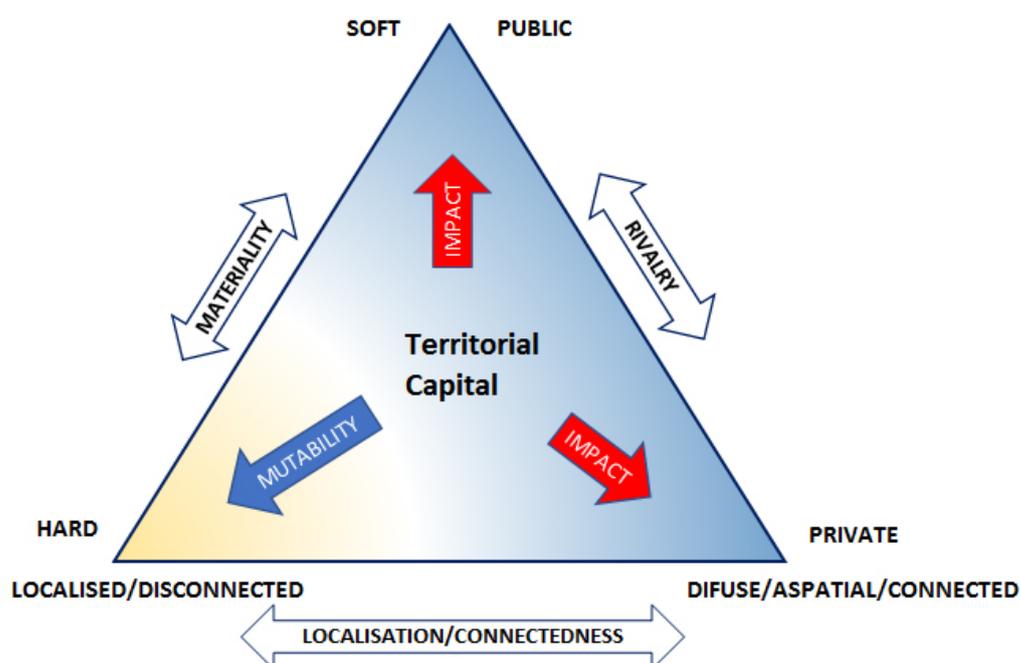
1.2 Territorial Capital, Capacity and Potential

The chances of success for interventions to address inner peripheralization processes will be increased if they are informed by understanding of local territorial capital, capacity and potential. Since primary peripheralization processes are always related to some form of interaction, either in terms of geographic or relational proximity, it will therefore be helpful to consider how this emphasis upon connectedness relates to territorial capital. Neo-endogenous development theory emphasises the need to combine local (place-based) assets with effective interaction, not only between local actors, but also with exogenous resources and agencies. However, what so far seems to have been missing from the academic and policy literature is the recognition that such capacity for interaction (connectedness) is a key element of territorial capital.

As explained in Annex 1, it is important to recognise that territorial capital is manifest across a very wide range of forms (Annex 1, Figure 4.1). Carmagni has helpfully illustrated this with a matrix diagram (Annex 1, Figure 4.2), in which the two axes illustrate a theoretical taxonomy of forms of territorial capital. The first axis measures the degree to which the assets are material or “soft”, whilst the second shows the degree to which they are public or private goods. Territorial potential is associated with this spectrum of local assets - stronger local development occurs when the full range of territorial capitals is utilised.

The need to increase awareness of interaction capacity as a key characteristic of territorial capital is reflected in a development of the Camagni taxonomy (Annex 1, Figure 4.3) in which a third axis is added. The third axis is intended to differentiate elements of territorial capital along a scale from those which are localised and disconnected, to those which are diffuse, aspatial or highly connected.

Figure 1.4: A Taxonomy of Territorial Capital



The aspects of territorial capital which would be found in the bottom left hand corner of the diagram, i.e. those which are relatively tangible and which do not have much capacity to increase connectedness have historically been favoured by local/regional development policies. This is because it is relatively easy to monitor expenditure and to provide visible evidence of the effects of expenditure. One clear example would be the provision of factory buildings or office space. This kind of territorial asset is high on mutability, but arguably, lower in terms of impact (in relation to inner peripheralization, because (on its own) it does nothing to tackle the deficit in terms of connectedness. More effective interventions are likely to shift elements of territorial capital to the right (higher connectedness) and closer to the apex of the triangle (softer) in Figure 1.4.

The practical manifestation of this principle may perhaps be illustrated by reference back to the three descriptive models of IP processes:

In the first model, the deficiency of connectivity is defined by the long travel time from the region to European centres of economic activity, leading to low “economic potential”. In this case, a rational response would be to consider how the locality might be better connected to European transport networks, through conventional infrastructure improvements, logistics systems, or travel cost reductions. However improving travel and transport infrastructures, without paying attention to the capacity of local actors and networks to take advantage of new opportunities, instead of reversing peripheralization, is likely to lead to “pump effects” and increasing disparities.

In the context of the second model it is important to acknowledge that many of the drivers for change in terms of service provision and delivery are not endogenous to the region or locality

concerned – rather they are changes in societal expectations, or technological shifts. Therefore policy responses should not only be focused upon intra-regional service delivery/access improvements/efficiencies, perhaps incorporating novel IT-based solutions, but upon ensuring that local service provision is integrated and compatible with the broader context. At the same time, it is also important to take account of heterogeneities within the region and differing levels of need. Again, it would also be important to consider the capacity of service users to make use of new forms of delivery.

In the third model the emphasis is upon relational proximity – suggesting a range of interventions designed to strengthen and broaden the interaction space of the full range of actors within the local economy and society, one example being network brokerage to support the expansion of the business networks of local SMEs. Again, this requires consideration of the interaction capacity of human and social capital, and configurations of governance and power, both within the region and in terms of interaction with authorities beyond its boundaries. These aspects are of course less tangible but probably more likely to deliver positive impacts.

In this first chapter, we have tried to highlight the several strategic implications that logically emerge from the three descriptive models of peripheralization processes. In the real world there is, of course, no neat separation of these conceptual models – Inner Peripheries almost always exhibit characteristics of more than one of these processes. Furthermore the primary peripheralization processes are generally embedded within (and shrouded by) a range of secondary marginalization processes. This fact points very clearly to the subject of the second chapter– the need for multifaceted but integrated strategies to address the range of challenges faced by Inner Peripheries.

2 Designing an integrated approach

In recent decades, there is increasing consensus that linear development support tools are neither sufficient nor effective in addressing societal challenges and realizing changes that are esteemed necessary to respond to these challenges. The elaboration of appropriate strategies for Inner Peripheries can therefore rely on an intensive discussion over the last decades underpinning the need to enhance policy coherence and the requirements for “integrative” approaches to policy frameworks addressing the challenges of specific regional types. This is particularly true for areas of Inner Peripheries that are characterized by different scales and development paths, and above all can be attributed to different descriptive models. However, what is common to all of them is that the assessment of their “peripherality” is due to a relational perspective with regard to the surrounding territories and a comparative lack in regional performance. The analysis of the project’s case studies provides a series of examples. Even if the small number of case studies cannot be representative for all potential types of IP across the ESPON space, they nevertheless indicate the most relevant features and discuss the processes enforcing or preventing marginalization processes in these areas. The comparative analyses of the case studies reveal very clearly that challenges relate to many policy spheres and mitigation of negative development processes are based on a high level of policy interaction and policy integration. The concept of an integrated approach for regional development is hence widely shared, with analysis underpinning the increased need for local and regional participation substantiated by “the level of the interaction which exists between separate policies and to improve the integration between policies”⁵, a long-term conception of the development process and emphasis on the discussion of contrasting views of actors and institutions⁶.

2.1 Need for policy coherence and integrated approaches

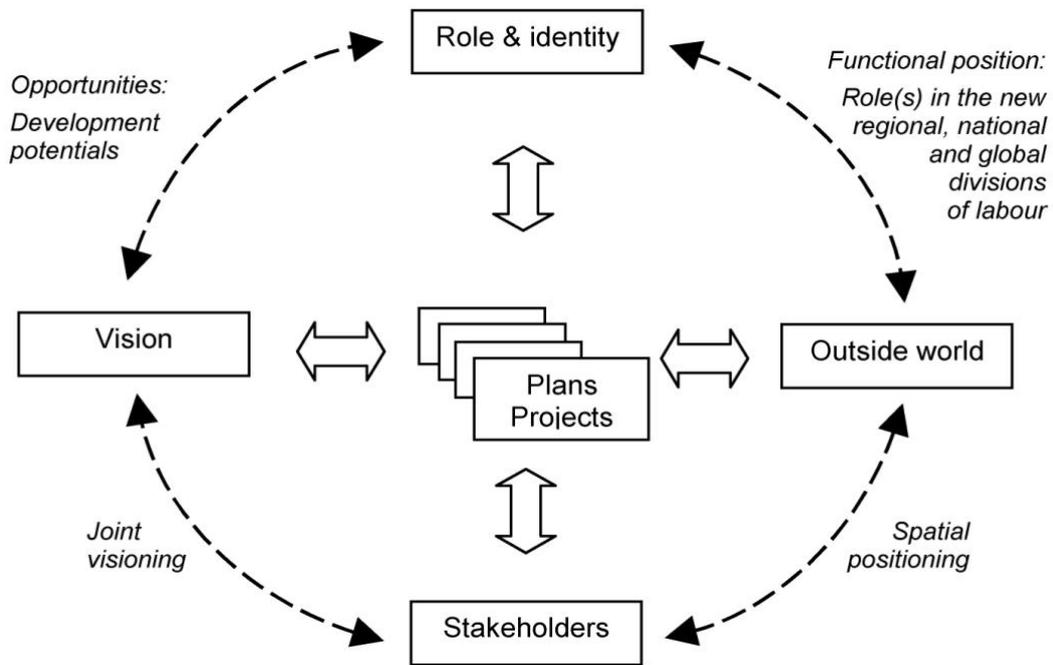
The origins of an ‘integrated’ rural development policy in the EU go back to the 1980s when Integrated Development Programmes (IDPs) were introduced for specific areas in Scotland, France and Belgium, and the Integrated Mediterranean Programmes should address the specific needs of that area⁷. The concern for policy integration arising for rural development policy in Europe over the 1980s and 1990s followed a much longer discourse and focus on policy integration in development areas across the globe. Maybe one of the best-known and influential governance models applying this perspective is the Tennessee Valley Authority (TVA) that extended its vision on regional economic development around hydroelectricity generation to involve a range of other sectors and policies after having been hit by the Great Depression in the 1930s. From that time over many decades it followed the approach of placing particular importance on policy integration, which is underlined by TVA’s presentation in its website: “From the beginning, TVA has held fast to its strategy of integrated solutions, even as the issues changes over the years.”⁸ Integrated regional development planning is at the heart of considerations to enhance the economic and social performance of areas in need, as for example underlined by the activities of the United Nations Centre for Regional Development

(UNCRD) since 1971 and many other international organizations⁹. In the view of UNCRD Integrated Regional Development Planning describes a planning process that enables actors at all administrative levels involved to “transcend sectors”, to apply “holistic and integrated approaches to sustainable development”, to address the needs at the local level” and “to seek community empowerment and capacity development”¹⁰.

Following from Agenda 2000 the discussion on rural development in the EU was closely attached to the Common Agricultural Policy (CAP) adjustment and scope for activities provided by the respective set of instruments. With the establishment of the Rural Development Programmes (RDPs) as Second Pillar of the CAP it was included in the CAP activities. As the challenges of rural areas demand a specific consideration of the territorial dimension this aspect was present to all reform discussions since then. In particular, the “coherence of agricultural and rural development policies”¹¹ was highlighted at the international level, and cohesion aspects gained in importance¹². Analyses have shown that the relationship of regional development performance and the chosen development strategies for regional development are very mixed and policy performance depends to a large extent on the country to which the regions belong¹³. This indicates the limited effectiveness of classical “regional” policy interventions. On the other hand, policy analysts argued that “an ‘integrated’ approach to EU rural development policy has come to be increasingly advocated but the precise meaning of the term is seldom made clear in official and other documents”¹⁴.

Despite the delay and weaknesses in implementing stronger coherence and adopting approaches which are built on integrative strategies the discourse on improving such aspects in regional development theory and practice went on. The ESPON project RISE (Establishing Regional Integrated Strategies in Europe) specifically addressed the dynamic settings of regional governance systems and assessed the pressures and opportunities to facilitate the development of strategic capacity. In its Handbook the process of developing regional strategic capacity is related to joint activities to raise regional strategic capacity, the ability to organize a strategy review process and build a cooperative governance structure, a governance system facilitating implementation and overcoming “policy separatism”, and cultural dispositions between the involved agencies led by trust and long-term working objectives¹⁵. The following figure highlights the interrelation of functions, external influences (by the outside world), differences in stakeholder perceptions and sector policies, and visions elaborated for a specific region. In the context of IPs, the reference to the underlying triggers and drivers, and the explanatory model for peripheralization processes seem particularly important for understanding the complex dynamics, and addressing and designing the most influential levers for policy action. Against this theoretical discussion of the need for integrative concepts, the following summary from the project’s case study experiences will show the obstacles and opportunities in achieving the objective of enhanced integration.

Figure 2.1: Regional governance processes aiming at strategy building⁵



The need to focus on the particular specificities of spaces was also emphasized in the discourse on place-based regional development policy during the last EU reform discussions¹⁶. “This (place-based) approach can be particularly effective since it is based on the idea that policy measures and institutions should be tailored to local conditions. This need has been stressed by recent advances in the theory of growth and development. More fundamentally, it challenges the tendency not to give equity the same status as efficiency in public discourse and policy (it is argued) that place-based policy interventions should be aimed at improving opportunities and changing economic institutions”¹⁷. Experts underline that the mix of different policies, including closing the infrastructure gaps and enhancing human capital development as the most relevant contributions to regional development, as well as tackling institutional weaknesses are crucial for effective regional policy. In particular, the lack of a common and strategic vision and gaps in multi-level governance frameworks are addressed as key challenges for many lagging regions.

Phasing the limitations of present policy activities for rural areas, a “Rural Cohesion Policy” was argued as an appropriate response to current rural trends in the long-term¹⁸. Those recommendations derived from the ESPON project EDORA promote an integrative perspective in strategy considerations for rural areas. In particular, this would be relevant for IPs that might be left out from clear overarching territorial goals as their challenges relate to a specific mix of deficiencies and institutional needs.

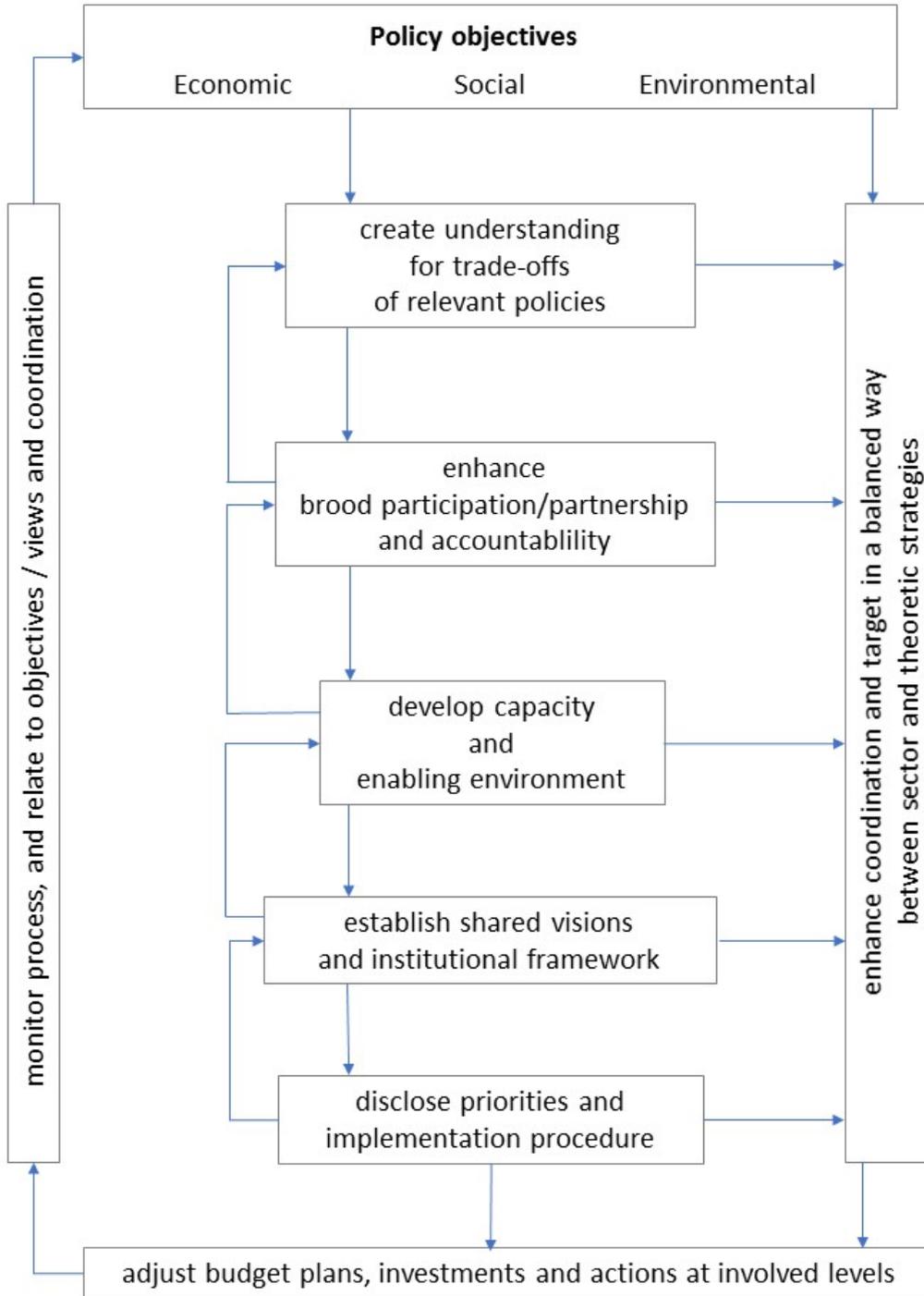
2.1.1 Principles and methods to enhance integration

Designing an integrated approach thus builds on the assessment of regional development potentials and aims at conceiving strategic considerations how to overcome typical weaknesses

of IPs and ineffective procedures to make use of place-specific regional assets. The recent Communication of the European Commission¹⁹ on strategies for “Strengthening Innovation in Europe’s Regions” (COM(2017)376 final) highlights the need of addressing the regional potential, increasing interregional cooperation, the focus on less developed and transition regions and “joint work across EU policies and programmes supporting innovation”. Hence it addresses the core issues of challenges and the strategy building for IPs.

While the efforts for a “comprehensive” strategy process which embraces all the relevant influential policy fields and actor groups led to “integrated” operational programmes of regional development in the 1990s this concept was dismissed later. The main reasons for the backlash were tremendous requirements for adjustment in administration and an increase in decision loops. Since Agenda 2000, implementation tasks are more explicitly separated, and integration is addressed via the need for policy coherence, the search for “territorial cohesion” and contributions to enhance territorial impact assessment. As will be revealed in the next sub-chapter through reflection of the case study results, implementation is therefore characterized by a substantial lack in regional policy coordination, trans-sectoral strategy development and important gaps in internal and external interactions. Albeit the “integrated approach” is currently explicitly adopted in several instruments of EU policies (in particular through CLLD, ITI and integrated urban development²⁰) “its definitions are heterogenous and not necessarily used in terms of inter-relation of policy planning and implementation²¹. Nevertheless, following from considerations on regional development planning thriving to achieve sustainable development goals and integrate well-being concerns in their programmes, a set of significant elements for enhancing “integration” in regional development strategy building should be explored. Lessons from difficulties in realizing integration and coherence in the implementation of regional programmes imply the need for an increased commitment to engage in institutional change and concern for trans-sectoral approaches of relevant policies. Recommendations in chapter 4 of this report will therefore build strongly on this need for action towards organizational and procedural aspects.

Figure 2.2: Loop processes of regional policy integration²²



While the presentation in Figure 2.2 might look like a sequence of activities the feedback loops which are indicated in the figure aim at suggesting that there is a continuous need for reflecting and returning in regional strategy work to the previous stages/elements of policy elaboration. On the other hand, it is also important to emphasize that the integrative perspective of local/regional levels has to be seconded by larger administrative levels. In designing regional strategies and operational programmes it seems crucial not just to focus on the main drivers of peripheralization (according to the three types of IPs) but to include analysis and activities also

with regard to the secondary driving forces. Due to complex relationships and inter-relations of cause-effect implications, these might be more influential than imagined at first sight²³.

The analysis in the project confirmed the assumption that IPs could emerge at different scales and at different geographical areas across Europe. They add a specific dimension of spatial challenges, in addition to large-scale “peripheral” situations of more “traditional” nature. Following the conceptualization, definition and delimitation of (different types of) IPs an approach which addresses the specificity of IPs and the uniqueness of each case is required. Strategy building could rely on the result of the mapping of relevant indicators for IPs across all European areas. As that task has revealed substantial methodological challenges in addressing IP situations in various contexts of European countries it seems particularly important that strategy development addresses the various types of IPs and is sensitive to the scale of analysis and action.

2.2 Regional assessment underpinning need for integration approaches

The analysis of key indicators characterizing inner peripherality provided a general picture of the socio-economic space of Europe and the status of inner peripheries across Europe. The data analysis revealed that inner peripheries are representing differentiated geographies but dispose of significant overlaps with spatial categories of European regions. These overlaps are most important for IP types 1 (regional centres) and 3 (SGI access). For both IP types particularly the regional typologies of mountain regions (about 50%), for rural regions (about 40-45%) and for intermediate regions (45-50%) show very high shares of overlapping areas²⁴. The selection of one case study in each of the partners’ countries provided in-depth insight into respective processes of peripheralization, differences in institutional approaches of addressing these challenges, and relevant strategies to overcome these problem situations and “lock-in” experiences.

The analysis of case studies in the project partners’ countries aimed at enriching these indicators based on observations at various scales of the European territory by investigating the specificities of IP processes (in various types of IPs) and to highlight the respective case-specific institutional approaches. The case study analyses have been carried out according to a common template²⁵. At the same time, they address the four types of IPs and contribute to an enhanced understanding of underlying processes and the relevance of influencing mechanisms. The case studies also provide arguments how to cope with the challenges and harness opportunities of the specific regional contexts and institutional setting dealing with IP processes. Following the findings from observations of the PROFECY case study work, it is particularly important to relate to the common findings and to emphasize the importance to elaborate strategic concepts for IPs. These results have been summarized in the comparative analysis of the case studies²⁶ and will be explored in more detail in the following sub-chapter by highlighting main regional priorities of and lessons learned through IP case studies.

2.2.1 Regional priorities of IP case studies

The IP case studies carried out in the PROFECY project addressed different scales as peripheralization processes are experienced quite differently in the respective areas. They range from a group of LAU2 units in the Swedish and Italian case through LAU1 delineation in the case of the Polish, Hungarian and Spanish case studies to parts of NUTS-3 areas in the Austrian case and a whole NUTS-3 region for the German case study²⁷. As to the different IP types they address all four types with important overlaps of cases addressing two different types to some extent. All in all, three cases address particularly type 1, regional centre (DE, IT and SE), one case focuses on type 2, the interstitial situation (PL), four cases refer to the situation of type 3, SGI access (AT, DE, HU and IT), and two cases to type 4, the depleting context (AT and ES).

As these seven cases refer to the situations of predominantly rural regions (4 cases), mountain regions (3 cases), lagging regions (3 cases) and intermediate regions (3 cases), the analysis gained through the case studies allows to draw insights and conclusions for various IP contexts across the ESPON space. Albeit specificity of cases is underlined in the analysis, the comparative report stresses the relevance of common views on triggers and drivers as defining the core challenges and demanding targeted action to realize opportunities observed in those regions. The analysis emphasizes that main triggers and drivers of regional changes and developments are crucially dependent on the dynamics over time and a long-term observation of case study regions seems particularly insightful. In this analysis, triggers were defined as “supra-regional trends that influence the development of the region” while drivers were understood as “inner-regional processes causing or reinforcing peripheralization”²⁸ (p.20).

Triggers of peripheralization processes

Stressing the dynamics of spatial development underlines that IPs have to be analyzed within the spatial development process and attributions of marginalization or “peripheral” areas must not be viewed as fixed and unchangeable over time. However, “spiraling down” experience poses a severe threat to many remote areas, including examples highlighted through the case studies. The analysis of the case studies has revealed the following aspects of drivers and main features of areas of Inner Periphery. The reflection of these influencing aspects does not only enable a thorough investigation of IP peripheralization processes but also indicates spheres for exploring potential pathways for strategy building to cope with the underlying challenges. According to the case study analysis the dynamics leading to situations of IP are particularly shaped by ²⁹

- *Location-based triggers and drivers:* There is hardly any doubt that the geographical location is a strong trigger for peripheralization and long distances to centres and remoteness are difficult to overcome. However, high-level infrastructure is also changing and new linkages and access might impact decisively on issues like remoteness leading in specific cases to alleviation of disadvantages in accessibility (see e.g. the case of the Austrian case study). In addition, borders might have a

significant impact on location opportunities and accessibility patterns, in particular as they can have negative effects on the capacity to provide, for instance adequate access to Services of General Interest in areas close to borders.

- *Gradual intensification of spatial problems over time:* The concentration process of services, trade and economic activities in agglomerations, and at a lower level in small towns, lead to disadvantages in service provision, economic performance and, in general, attractiveness in large parts of rural areas and remote places. IPs are specific areas that are affected by the cumulative concentration processes and the intensification of the gap of service provision and infrastructure development. The downward trend in service provision and infrastructures is aggravated by negative demographic changes. Significant population decline is observed as the main problem for experiencing relative disadvantage in the seven case studies.
- *Weak governance structures and lack of institutional support* as important drivers: The institutional framework and the lack of coordination and appropriate governance processes are addressed as those factors that exacerbate the difficult regional context in many case studies. In general, regional governance structures are not seen as sufficiently developed to set out and realize effective strategies to counteract peripherality processes in these regions. Identified problems relate to both inner-regional cooperation deficiencies, lack of inter-regional cooperation, and problems in cooperation with higher/national levels in the multi-level governance system. Reasons for the weak governance structures are linked to historical roots (administration reforms, including small-scale inappropriate administrative structures and/or centralization processes neglecting local specificities), but might also be due to “long-engrained clientelism structures which hinder and block effective local governance”³⁰.
- *Significant events that act as breaks* to a steady development process and might reinforce peripheralization: It is also noted in the case study reports that, in addition to the gradual changes occurring in IPs, negative effects of cuts and breaks in historical development might lead to significant impacts and trigger an economic (and social) downturn trend in those areas. Examples mentioned are the collapse of State Socialism and the transformation from state socialism to capitalism in the early 1990s in the Eastern European countries, and the industrial decline following the financial and economic crisis in 2008 leading to the collapse of industry sectors and severe economic problems in several of the IP case studies (e.g. Sweden and Spain).

The consequences of the influences mentioned above cannot be traced back to linear cause-effect relationships or simplified explanations of unique driving influences for peripheralization processes, but have to be understood in a highly complex system of interrelated factors contributing to the observed spatial dynamics. All of them are influential on the spatial processes leading to or aggravating negative dynamics of peripheralization in the observed case studies. Following from these general triggers on spatial dynamics for IPs, important lessons for the approaches in strategy building might be induced. These might focus on how

specific locations are shaped (by large-scale infrastructural decisions, but also by differentiation at small-scales implying significant impacts on internal differentiation), on temporal changes that might easily be overlooked due to their gradual shifts, and at the same time concern for sudden discontinuities in spatial development through outstanding events, and the impact of changes in the governance structures and institutional development (which calls for a specific attention towards this aspect in strategy building for IPs).

Priorities for future development in IPs

The case study exploration aimed at providing an insight into influencing drivers (observation of past developments) but also looked at the diverse perspective of local actors (and actors having an influence on the regional decision-making and development process) and at views about future development options and opportunities for tackling IP processes. Without reiterating the detailed analysis of the case studies, a summary of priorities for future development activities as mentioned by case study actors might give an insight into the scope of action and the need for a comprehensive perspective on the diversity of topics to be covered by such policy approaches. Main areas of activities have been listed in the following Table 2.1. This presentation does not primarily look for a complete presentation of policy areas and programmes required, but aims much more at indicating the variety and interrelations of activities.

Table 2.1: Priorities for future development in IP of case studies ^{31, 32, 33, 34, 35, 36, 37}

	Priority 1	Priority 2	Priority 3	Priority 4
Austria	Demographic development	Knowledge development and networking	Enhanced planning tools and regional cooperation	Nurture rural amenities, make use of landscape as specific "potential"
Germany	Management of demographic change and supply of skilled work force	Adjustment of traffic and data infrastructure to current standards	Improvement of planning system structures	Integration of local development concepts and link to higher governance levels
Spain	Support collective action by strengthening internal networks	Enhance ability for decision-making and implement a strategic vision	Overcome weaknesses (limiting use of region's growth potential) of cooperative structures	Make use of value added of quality local products & tourism-leisure
Hungary	Integrated development strategy	Sustainable development, including green economy development	Enhancing connectedness (transport and communication) and develop industrial sites	Support quality of life, by social and cultural measures, community building, public services, health care etc.
Italy	Collaboration of local administration (multi-level governance)	Use of natural assets, landscape, historical heritage and biodiversity	Increase level of entrepreneurs, territorial value added and reduce out-migration	Link to cultural identity features (Greek traditions)
Poland	Address low skill structure of work force	Improve quality of local transport network and public services	Enhance specialisation of regional economy	Integration of development strategies and stability of development visions
Sweden	Using destination tourism to increase innovative businesses	Housing development to attract skilled labour	Match improved education with regional labour market	enhance cooperation between national and regional levels to improve transport and local investment

What is apparent from the priorities of the case studies is the high degree of internal linkages of various envisaged “future” policy activities with impacts in other fields. The action described point therefore clearly to a perspective that understands regional development action as highly inter-related. Even more, at least two of the case studies (Hungary and Poland) explicitly mention and target their proposals towards “integrated regional development strategies”. Moreover, almost all case studies highlight the lack of (regional) coordination and weak institutional development and support as an important element for continuation (aggravating) “spiraling-down” processes in those areas. The case study reports underpin the need for addressing *cooperation and interaction* as the fundamental areas to impact on key challenges of IP processes. In addressing these aspects, they call for a comprehensive view on regional development issues, including socio-economic, cultural and environmental policy areas and advocate for improved coordination and “integration” of regional strategy elaboration.

Lack of cooperation and integration in case studies

The comprehensive analysis of the contribution of different policy areas and their combined effects on IPs performance was summarized in the Comparative Analysis of case studies (Annex 18)³⁸. In this step of the analysis, following the conclusions from case studies reports on the role of actors, the focus was on the role of institutions and networks in taking account of the specific needs and options of IPs by applying an integrative perspective. It is important to refer to details and differentiations in the case studies discussions which reveal substantial internal differentiation, the dependence of the results from relative positions and comparisons (to adjacent areas), as well as the influence of geographical scale on the assessment (including representation of institutional levels and “borders” of legitimacy and representation). Besides these spatial challenges in addressing the most appropriate scale of analysis and action, another important obstacle in designing strategies for integrated approaches is to find the set of influential drivers that can make a change at an early stage, respectively that could imply a turn-around of “spiraling-down” processes of IPs. In a period of changing overall policy goals from a predominant “growth” orientation of the economy and society towards more encompassing perspectives of “well-being” and societal advancement, IPs might face particular opportunities to overcome stereotypes³⁹ and misleading societal orientations. This aspect might add to the attractiveness of these regions and represent a specific role in strategy development. In order to address the big challenges of IPs and the complexity of the nature of development processes and transition requirements the respective strategies would have to extend to “alternative pathways of regional development”⁴⁰.

The small numbers of case studies obviously present just a set of examples of governance arrangements and regional contexts of IPs. As is analyzed in the Comparative Analysis they nevertheless address the various types of IPs as conceived in the theoretical framework of the project. It seems important that, although there are important case by case differences, the common requirement of an integrated approach is shared widely (across all different types). In particular, the aspirations of the regional actors point to the necessity of overcoming the lack in

cooperation and enhancing cooperative schemes that would increase interaction within the case study and with other spaces. The level of this out-side interaction is again very diversely referred in the case studies, but in all cases is seen as a highly influential domain. This refers closely to the concept of “organized proximity” and implies the high relevance for the descriptive model for IP type 3 (areas showing complex negative processes due to low levels of interaction). In terms of strategy development the focus on the interaction and the connectedness of actors within IPs but also towards “external” actors seems of decisive influence. As IPs are designated in relation to the surrounding areas, the issue of interrelation and enhanced interaction would have straight implications for the locations and their situation and perception as IPs. Although this aspect of the core role of spatial interrelations has been highlighted in recent studies⁴¹ and regional development concepts⁴² the actual changes in local and regional activities towards including trans-regional cooperation and appreciating exchange through such interaction remained limited at best. Beyond the experience of case studies of this project the assessment of the trans-regional cooperation measure of LEADER underpins this finding⁴³ demanding reinforced efforts to orientate regional strategies and policy application towards the initial aim of ‘networking’ and cultural exchange to inspire regional development.

The internal discourse as observed in the case studies highlights the consideration of the need for integrated strategy processes, respectively lack of such approaches⁴⁴. Interestingly, common understanding and common visions on the challenges for the area is widespread in more developed national contexts, but less explicitly visible in less-favoured large-scale contexts. These differences are the result of a qualitative assessment of regional actors’ presentations and available regional documents and, hence, might reflect different levels of awareness of and priorities for cooperation and coordination at the regional level. In addition to differences between regions, substantial variation in perspectives on issues of institutional development and views on regional development are discernable in all case studies, reflecting a general feature of internal divergence in regional societies. On the other hand, the case studies, characterized at a general level by weak fundamental strategic views and a low degree of self-reliance, are focusing, at least partly, on inclusive processes and integrated long-term strategy development. As aspects of viewing regional development and realizing opportunities, development options and appropriate pathways, as well as useful “strategies” or intervention approaches are very diverse among local and regional actors, the use of specific terms (“visions”, “inclusion” and “strategy”) might depict more the rhetoric than actual divergence. The reflection of the regional development discourse in the case studies therefore calls for a place-based entry towards strategy building that explicitly covers the regional understanding and framing of spatial dynamics, and eventually “peripheralization processes”, and enables involvement of all relevant stakeholder groups and local actors. Part of the reason for the above-mentioned divergence in experiences and views on regional cooperation might be seen in the following chapter (chapter 3) through the analysis of the existence and up-take of relevant policy frameworks for those regions.

Overcoming fragmentation of regional action

The various steps in conceptualizing IPs and analyzing the relevance and extent of the respective peripheralization processes are based on the observation of widespread fragmentation of regional development action. This issue is particularly pertinent in all types of IPs as spatial processes at this scale is often limited by unclear spatial attribution (and/or affiliation), limited priority for regional branding and low levels of “self-esteem” in those areas. Moreover, concentration processes tend to favour economic actors and lead to a widely shared concept of disadvantage for IPs. Economic action remains quite often fragmented and targeted to specific niche sectors’ selective value chain considerations and resource-dependent views that do not realize and address the full range of regional opportunities. It seems important to start thinking about how to achieve “social, economic and environmental considerations (that) are on an equal footing rather than regularly being superseded by economic imperatives”⁴⁵ (p. 169). Concern for demographic decline at fine geographical scale across various regional types in Europe increased recently⁴⁶ and activities that address the need for extended local and regional strategies spread in various countries (see policy programming on Inner Areas in Italy⁴⁷ and policy exchange on strategic coordinative regional action in Austria⁴⁸). These current policy developments underscore the thrust of policy commitment for a comprehensive understanding and inclusion of all relevant sectors and action fields in local and regional development outlines to have an impact on those areas affected by persistent population decline and/or further characteristics of peripheralization processes.

The focus on regional innovation and policy coherence⁴⁹ targets at studying coordination aspects and aims at overcoming fragmentation of diverse actors in IP. Lessons on difficulties of applying integrated approaches and new ideas for “intervention logics” that overcome weak coherence can be drawn from the case studies. Albeit these examples hardly expose any “best practice” schemes they relate to important lessons for strategy building. The different types of IPs analyzed in the project emphasize specific factors blocking the local development processes, but in general this never implies that inner peripheries should have a mono-thematic approach in exploring their potentials. To overcome fragmentation in action, “integrated” strategies need to address the various components that lead to IP processes. In general, no single indicator is responsible for IP processes (alone) and challenges extend to a number of interrelated aspects of socio-economic and cultural development. Hence, strategies should be conceived so that they address the most common features of IP processes by checking how the observed regions fare against the following indicators for those processes: high levels of outmigration, in particular of young people, a strong relation of the economic sector to traditional activities and/or mono-structural economic activity, a weak local and regional institutional basis that lacks experiences and understanding of cooperation, collaboration and cohesion targeting, a lack in the skill levels of the labour force and limited attractiveness for the external workforce; and a sense of being neglected by policy actors, objectives and programmes as well as national (or trans-regional) spatial perspectives. These symptoms for peripheralization are probably true

for many marginal areas (and not just IPs) and therefore additional reference to the specific reasons for IP processes (see descriptive models) is required. Following from the project's analysis a set of strategic considerations is derived, particularly from comparative analysis of the case studies (Annex 18)⁵⁰. These considerations and the diverse (inter-related) strategic approaches being developed based on these assumptions will be useful inputs for dissemination activities (as documented in the Handbook and Learning Package):

- Strategies for IPs have to be elaborated for the appropriate spatial scale: In many cases, NUTS-3 level is not sufficiently differentiated and a finer look within the NUTS3 level is needed to take account of the spatial dynamics and internal differences and challenges.
- Strategies have to be based on the main reasons for IPs and have to be focused on integrated approaches. This implies that they would need to place different priorities on infrastructure development, linking activities or on action affecting structural features and drivers for economic development.
- There is a need for strategies to incorporate activities aiming at a policy approach for IPs enhancing “territorial equity”. Such an approach is required to counteract forces of spatial concentration that, as a rule, favour urban centers and allow agglomerations to attract (additional) economic (and political) power. The shift in policy attention called for through this approach only seems reasonable if it is based on and addressing as its prime element the “potentials” of these IP areas. In essence, this goes beyond a mere reflection of rural-urban interlinkages as IPs often are less “attached” to specific centers but seem to fall between different centers/agglomerations and their influence spheres.
- Strategies for IPs have to orientate not just towards tangible assets but should act on shaping “intangible factors” such as community relations and social norms. These are pivotal in bringing about change and might provide crucial incentives to reverse “spiraling-down” processes of negative regional developments. Capacity-building actions seem therefore one of the key priorities for IP strategies.
- Strategies for IPs have to nurture cooperative governance and institutional development that is beneficial to a cooperation spirit. Clarifying responsibilities, mechanisms of policy dialogue and coordination is hence at the start of policies conceived to overcome IP challenges.
- Strategies for IPs should seek to overcome limited views and realize the potential of IPs to serve as “laboratories” for alternatives in socio-economic processes and exploring future perspectives, more directly guided by the complexity of current resource use challenges.

Regional action in IPs requires this long-term perspective and integrative approach that transcends short-term constraints and (local) feelings of disadvantage and handicap. Only by addressing and achieving increased attractiveness, negative downturn trends might be reverted. This perspective is thus at the base of conceiving useful and effective policies. Their

current implications on IP processes and the effectiveness for overcoming peripheralization processes will be explored in the next sub-chapter. The policy analysis is oriented at enabling local and regional action, and at revising existing policies (at all levels) so that these tasks are reflected with regard to the challenges of various IP types.

3 Policy assessment – Future Cohesion policy

3.1 The range of policies interesting IPs: blind policies and pace-based policies

There is a range of different policies addressed to territorial needs in the last decade. This first paragraph analyses which kind of policies have been implemented and their relative importance for IPs. These cases are sufficiently differentiated to provide a very helpful panorama of the policies implemented in different social and institutional settings (old/new MS, rural/intermediate areas, etc.). We will consider mainly the range of policies implemented in seven case studies. Policies implemented are differentiated as well: we can observe the whole range of EU policies, from the CAP (Common Agricultural Policies) to Cohesion programmes, from national to regional and local schemes. There is a strong variety of policy instruments used and their mix varies from an area to another.

A first type of policies is delivered through the mainstream programmes: Operational programmes funded by ERDF and ESF, on one side, and Rural Development Programmes funded by EAFRD, on the other. The following Table 3.1 summarises the use of policies in the project case studies. Moreover, in addition to EU policy schemes, specific schemes implemented by national/regional funds are delivered as well (in Sweden and Germany).

Table 3.1: Types of policies implemented in case studies

Case study	Mainstream programmes		
	Cohesion programmes (ERDF, ESF)	Rural development plans (EAFRD)	National/regional schemes*
Wolfsberg (Austria)	√	√	
Vimmerby (Sweden)		√	√
Kreis Siegen-Wittgenstein (Germany)	√		√
Powiat Wieruszowski (Poland)	√	√	
Tamási Járás (Hungary)	√	√	
Montsià (Spain)		√	
Area Grecanica-Calabria (Italy)	√	√	

**Maybe these national/regional schemes are mentioned explicitly only in two countries, but they are existing also in other countries, but of less priority and less attention given by regional actors*

These programmes are frequently territorially-blind, not targeted to IP areas, lack of a coherent vision of specific territorial needs and a coordinated action of the different Funds involved. Most of initiatives are funded by only one financial instrument. In some case, local actors of IP areas criticise the unbalanced distribution of EU funds between centres of economic activities/large cities, on one side, and peripheral areas, on the other side. It seems that public support tend to focus on already economic developed areas rather than trying to rebalance social and economic disparities between sub-regional territories. In several areas (Powiat Wieruszowski-Poland; Tamási Járás-Hungary; Calabria Grecanica-Italy) it was perceived the enormous positive impact of EU funds because the alternative would be the absence of public intervention for local entrepreneurship and accessibility to public services, but at the same time there were

some failures in the programme design (outside the influence of the area) and in the excessive fragmented delivery of public money in small isolated interventions.

The governance of programmes has been pointed out as a multifaceted problematic issue:

- lack of connections between rural development interventions and Cohesion policies, due to the lack of collaboration between sectoral administrations;
- centralised government of programmes (e.g. programme guidelines and funds' allocation often decided by central and even by EU levels);
- strong control of compliance to rules and legality, but few attention to the quality of projects and their impact on territorial gaps.

3.2 The main characteristics of the place-based policies: analysis of their weakness and strength points

Three forms of place-based policy approaches can take place in the context of IPs: ITI, CLLD and specific national/regional forms. This paragraph describes their characteristics in general, and what emerges from their concrete implementation in IP cases.

Inner peripheries as such have hardly been a specific objective of both European and national policies, this was due to the fact that the concept was only recently developed in literature and has not yet been included in the policy regulative frame. There are some exceptions in some MS, as we will see in this sub-chapter.

Inner peripheries can be effectively targeted by the policy frame in a context of territorial, place-based, multi-fund and multi-sectoral approach, and finally multi-level governance, where the local level plays a strong role in cooperation with regional and national level (in all those countries where regional administrations have a relevant role in policy design and delivery).

These fundamental characteristics can be found essentially in three kinds of policy frames: a) Integrated territorial investments (ITI); b) Community-Led Local Development (CLLD); c) some national approaches. Hereafter, mindful of the unique institutional and strategic features and resulting differences between Member States, we describe the main characteristics of these approaches in terms of multi-fund and types of partnership.

All types are delivery mechanisms that develop local strategies pooling existing financial resources in sub-regional geographical/functional areas. The scope and application framework of ITI and CLLD (or whatever specific national approach) is indicated in the national Partnership Agreements (PAs) that cover the entire programming period 2014-2020. We briefly resume here the main characteristics of ITI and CLLD.

Integrated Territorial Investment (ITI) is a new non-compulsory tool introduced in the current programming period. It is co-financed by ESF, ERDF and Cohesion Fund (combining more than one priority axis or programmes supported by one fund or one or more priorities/programmes of different funds) and may be complemented by EAFRD or EMFF.

Rules for the use of the ITI are laid down in ESF, ERDF and the Cohesion Fund Operational Programmes and they may differ greatly according to Member States' choices, ranging from

ITIs defined as main delivery tool included in strategic programming from the start, to ITIs to be set up at a later stage to implement development strategies selected through competitive procedures or also to be introduced to meet needs eventually identified during the programming period. In addition, part of ITI's development strategy may be delivered through the Community-Led Local Development (CLLD) approach and/or supported by national/regional/local funds.

ITI is applied to any sub-national area. Therefore, its territorial scale may vary considerably: it can cover different types of areas characterized by specific common features (cities and urban areas, deprived urban areas and neighbourhoods, city-regions and metropolitan areas, isolated geographical areas, rural areas and national parks, functional areas, cross-border areas, etc.⁵¹), include one or more category of regions (less developed, transition, more developed) and also be used in areas involved in ETC cross-border cooperation programmes (but not in interregional ones).

Unlike ITI, the principles underlying the Community-Led Local Development (CLLD) take root in the experience gathered in four consecutive programming periods, mainly EAFRD LEADER Local Action Groups starting from 1991 onwards but also EFF Fisheries Local Action Groups from 2007, ERDF URBAN and URBACT projects between 1994 and 2006 and ESF EQUAL partnerships in 2000-2006.

CLLD is based on bottom-up approach of local communities to territorial development in specific sub-regional areas implemented through specifically selected Local Action Groups involving a broad range of public and private socio-economic stakeholders and civil society representatives, none of which exceeding 49% of the whole partnership.

Local Action groups take the ownership of local strategies: they fix several goals and what to change to get there, establish the partnership, carve area boundaries according the specific needs of the territories, design the integrated area-based development strategy actively involving the local community, define the governance of the partnership, adjust the boundaries of intervention, translate intentions in an action plan and implement the strategy by selecting the projects to be financed, eventually refreshing the strategy in order to meet emerging needs.

It is a territorial delivery instrument financed by EAFRD (mandatory) and may be eventually supported by the ERDF, ESF and EMFF. It is, in fact, addressed not only to rural partnerships (CLLD/LEADER) but also to partnerships in urban and social inclusion context and in fishery and coastal areas (multi-fund). In case of multi-fund CLLD, the choice of one Lead fund and one methodology for all funds/areas is required.

In reality, multi-fund strategies have been adopted only by a minority of national/regional programmes: table 3.2 shows the updated situation in EU countries, where mono-fund rural LAGs are still the prevailing approach (more than 75%) and rural areas are the dominant setting for their implementation. It is worthy to note that the combination of funds can vary and take the minimum of two funds and the maximum of three (ERDF-EAFRD-EMFF). Overall, given the

difficulty of mixing different rules, however, the share of multi-fund CLLDs (about 24%) cannot be considered a bad result for this programming period.

Table 3.2: CLLD implementation in MS, various combinations in 2014-20 period (September 2017)⁵²

Type of Local Action Groups (LAGs)	Mono-fund strategies		Types of funds involved	Multi-fund strategies		Types of funds involved
Rural LAGs	1.989	86,7%	EAFRD			
Rural-fishery LAGs				69	9,6%	EAFRD-EMFF
Urban-rural LAGs	5	0,2%	ERDF	158	22,0%	ERDF-ESF
Urban LAGs	30	1,3%	ESF			
Fishery LAGs	271	11,8%	EMFF			
Rural-urban-fishery LAGs				490	69,3%	ERDF-EAFDR-EMFF
Total	2.295	100,0%		717	100,0%	
		76,2%			23,8%	

Looking at the PROFECY cases, we can notice that no multi-fund LAG was set up in the IP areas under study. Moreover, no ITI has been adopted.

Different forms of place-based approaches were implemented in case studies. The different forms of place-based approach are usually perceived (by people interviewed at local level) as more fitted than the territorially-blind mainstream programmes to the local development and social needs. There are different ways of defining place-based approaches used in these territories, there is no unique typology.

A first typology is based on the formal instrument and the source of funds (ESIF or national). The Table 3.3 shows that almost all areas have adopted Leader local development strategies (under the mono-fund approach), while the Polish, Hungarian and Italian areas have also set up strategies of local development outside the Leader model and using structural Funds (including EAFRD). Among these examples, we can find two very similar approaches adopted in Hungary and Italy and specifically addressed to disadvantaged/peripheral areas: the Tamasi District Complex Development programme in Hungary (2007-13) and the Inner Areas Strategy in Italy (2014-20). Both are multi-fund, allocating a fixed quota of ESI Funds to local development strategies with holistic visions of the policy objectives for these areas: they combine public support to local economic initiatives and the enhancement of local services. The main difference is that the Hungarian experience was abandoned after the experimental period (2007-2013), while the Italian one is still under implementation. Another form of strategy created and shared by local actors is funded by national resources (see the Swedish and Italian case) and has to be considered in this panorama of place-based approaches. In this context, the Italian case represents an example of full exploitation of all possibilities of using different forms of local development strategies.

Table 3.3: Types of place-based approaches implemented in case studies

Case study	Place-based approaches		
	Leader local development strategies	Local development strategies (ESI Funds)	Other local development strategies
Wolfsberg (Austria)	√		
Vimmerby (Sweden)			√
Kreis Siegen-Wittgenstein (Germany)	√		√
Powiat Wieruszowski (Poland)	√	√	
Tamási járás (Hungary)	√	√	
Montsià (Spain)	√		√
Area Grecanica-Calabria (Italy)	√	√	√

Place-based approaches also vary according to the type of partnership. We can observe two main models: one based on mixed partnerships (public+private), following the Leader characteristics, either funded by Leader programme or by other schemes; the second one is based on partnerships mainly composed by local governments (municipalities, districts, provinces) and eventually open to the participation of other local institutions (like universities). This dichotomy is evident in the table 3.4. The first type of partnership follows the ideas developed by the Leader approach: fair balance of power between private and public actors, set up of a technical and administrative staff for the management of the strategy. In the second type of partnerships (local institutions), we can include the above mentioned Hungarian and Italian cases of local strategies, and also the Polish case (regional and local authorities and university) and the German case (the district association under the roof of the REGIONALE and to inter-municipality-cooperation). The composition of local institutions varies and also the management of the strategy is differently allocated: local institutions need some agency (Poland) or some technical staff (Italy) because their administrative personnel is inadequate.

Table 3.4: Types of local partnerships set up in case studies

Case study	Types of local partnership		
	Mixed private-public under Leader	Mixed public-private under other initiatives	Associations of local governments (and other institutions)
Wolfsberg (Austria)	√		
Vimmerby (Sweden)		√	
Kreis Siegen-Wittgenstein (Germany)	√		√
Powiat Wieruszowski (Poland)	√		√
Tamási járás (Hungary)	√		√
Montsià (Spain)	√	√	
Area Grecanica-Calabria (Italy)	√	√	√

Local development strategies allow several advantages for IPs: earmarking of financial resources in a relatively small territorial scale and in a programming period, interlinked projects instead of independent and isolated projects, design and implementation at the relevant scale

and possible adaptation to changes of the local situation, opportunity to design a strategy encompassing economic development and access to services, etc.

But implementing local development strategies also have some critical points, which was pointed out by people interviewed in case studies. First, the difficulty to match different EU funds due to the diversity in financial rules of the EU support system. Second, in several cases the opportunity to design a broad strategy is constrained by the national/regional tiers to only a limited range of eligible interventions and is strongly conditioned in restrictive ways. This implies that local partnerships have a narrow space of manoeuvre as effect of national/regional choices, independently from the EU regulative frame. Third, local development strategies need time to express their potentialities and sometimes political changes lead to the interruption of valuable experiments as those set up in Hungarian case study in 2007-13 period.

3.3 Some proposals for the future Cohesion policy

3.3.1 The current debate on territorialisation and place-based policy

At the present moment the debate on the future Cohesion policy⁵³ and the Rural development policy has three main implications on the use of the concept of IP which has been developed in this research: a) first, the degree of territorialisation which should be given to future policies; b) how to integrate the concept of place-based policies in EU policies; c) which kind of policy instruments should be designed within the future EU regulatory frame.

The territorial dimension of European policies has still to be fully developed⁵⁴ in the direction of territorial visions and plans which contribute to give more coherence to sectoral policies and also provide a more explicit territorial basis for the allocation of European Structural and Cohesion Funds across territories and sectors. In this regard, the Reflection Paper on the Future EU Finances⁵⁵ presents five illustrative scenarios with different implications for the EU finances in terms of budget size, structure and degree of change/modernisation. Inner peripheries are diffused in all EU regions, even in the most developed ones. The opportunity to allocate financial resources at sub-regional level depends strongly from the prevailing scenario in terms of budget resources. For example, increasing the level of co-financing for Cohesion policy will facilitate funding available for more developed regions. The Reflection Paper suggests that the current system of allocation of the funds could be revised and new criteria could be added, including demographics, unemployment, social inclusion, migration, innovation and climate change. Most of these criteria should be helpful to re-balance the allocation of financial resources in favour of IPs.

The adoption of a place-based approach. This concept was re-emphasised by Barca at the 7th Cohesion Forum, as an approach empowering people and their communities «by tackling, place by place, the obstacles to market and social innovation, and by promoting space-aware institutional changes»⁵⁶. As we have pointed out in the previous paragraph, there are many experiences of territorial policies implemented at sub-regional scale in Europe, not only in the realm of the ESI Funds, but also in national and regional policies promoting social innovation in rural areas. Although sectoral policies are still the dominant mode of conceiving public

intervention in IPs, the use of a place-based approach has gathered interest, especially among the local administrations and stakeholders. Failures of territorial policies at local scales originate mainly from the assumption that place-based has only to be synonymous with participation, decentralised design and management of development projects, etc. This concept neglects other relevant components, especially relations between local and other actors/institutions outside the local dimension, which in a “lock-in” situation may be decisive in generating social innovation. Individual innovative experiences can be found even in IPs, due to the capability of creating new networks beyond the IP borders, with other areas, entrepreneurs, institutional representatives, etc. But structural constraints which determine and consolidate the process of peripheralisation do not allow these innovative experiences to spread across the territory and create new entrepreneurship elsewhere.

Policy instruments within the future EU regulatory frame. In this regard, the European Parliament (EP) in 2016 adopted a Report on ITI and CLLD in which declares that «is of the opinion that CLLD and ITI should play an even more important role in the future cohesion policy»⁵⁷ and that the sub-delegation of competencies and resources within the framework of ESI Funds needs to be further promoted. EP states that the reluctance of Member States and regions to do so may limit the potential of two instruments. The EP Report explicitly points out other two relevant blocking factors: first, the integration of multiple funds continues to be a challenge for stakeholders, particularly in the context of CLLD and ITI and this implies «that simplification efforts are necessary in order to create conditions for the implementation of these tools»⁵⁷ (EP, p. 8); the second factor relates to more limited resources and capacity of the most peripheral communities, for which the administrative burden and complexity of these tools may be difficult to take on. This implies for «the Commission and the Member States to provide additional support, training and guidance»⁵⁷ (EP, p.8) and also «to develop and implement targeted training activities focusing on CLLD and ITI for regional and local actors»⁵⁷ (EP, p. 8-9). To ensure concrete developments on all these aspects, EP «calls on the Commission to prepare a report demonstrating the strengths, weaknesses, opportunities and threats (SWOT analysis) of implementing these two instruments, before the new legislative proposal»⁵⁷ (EP, p.12).

With respect to the implementation aspects of the new territorial instruments, several critical aspects were pointed out⁵⁸: a) the complex nature of the operational procedures attached to these instruments is slowing down implementation, which is detrimental for meeting N+3 and financial absorption targets; b) the quality of territorial actors, which in some countries is very heterogeneous, determines the success or failure of the instruments, and this has not been taken into account sufficiently in the regulations; c) integrating different Funds within territorial strategies is proving difficult in some cases.

The debate on the future of these policy instruments seems to be oriented towards two possible options⁵⁹: either, they will lose weight due to difficulties already mentioned; or they will gain more weight since they are considered the only partnership instrument available today to yield

concrete improvements in the lives of European citizens and for building institutional capacities at sub-regional level. In the latter case, there are two necessary amendments: these instruments should be seen as mandatory and operating rules should be substantially revised.

3.3.2 The future key challenges for the IPs in the frame of Cohesion and Rural development policies

As pointed out in the previous discussion on the current debate, a greater policy focus on inner peripheries would imply moving towards three main directions:

- to define the ways for a greater territorialisation of both Cohesion and Rural Development policies at sub-regional level;
- to conceive place-based approach as main conceptual basis for developing territorial policies;
- to revise and strengthen all instruments and procedures which are currently in the EU regulatory framework, to make easier their implementation for local communities.

Policy Territorialisation. There is the need to envisage particular attention and policy focus on these territorial specificities, assuming that well-targeted and comprehensive territorial policies can reverse the process of peripheralisation. IPs need to find specific resource allocation in Operational Programmes which are generally designed as «blind policies» with no peculiar territorial targeting, excepting for metropolitan areas and big cities (see for example all initiatives under Sustainable Urban Development priority,). Some forms of specific earmarking of OPs' financial plan for sub-regional territories facing challenges in demography, access to services and local development seems opportune and would guarantee the necessary resource to develop integrated and multi-sectoral projects in these areas.

Another relevant issue concerns the relation between EU programmes and national policies. In order to face the process of peripheralisation, the intervention promoted by EU programmes should be complemented by national programmes, as it already happens in some case studies, but without a comprehensive vision of synergies and complementarities of different policies. Strengthening these relations would be necessary to ensure policy effectiveness.

Place-based approach. The participation of IPs to the policy design and implementation, in the logic of multi-level governance, is quite diverse and depends upon the capabilities of IP actors to design a comprehensive strategy, negotiate financial resources and combine different funds and policy tools according to a long-term vision. This is often due to the lack of social and human capital, level of entrepreneurship and those social-political networks which are components of local capabilities. 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 would require the introduction of incentives for approaches based on the decentralisation to local actors and a stronger support to build and develop capacity in project design and innovation. The support should be ensured by «central» administrations to local actors, even

through skilled and motivated experts, aiming to improve local projects and involve real «innovative forces» in the area. In this direction, the experiences which emerge from case studies can provide some interesting examples of the variety of models and solutions adopted in the European context.

The reform of current instruments and procedures. This would not mean necessarily to introduce new policy tools in the present regulative framework, but it implies to strengthen the role of those already existing (in particular ITI and CLLD) and simplify the working rules of ESI funds. As pointed out by the EP, simplification efforts are necessary in order to create conditions for the implementation of these tools. The proposal launched by the Reflection paper on the Future on EU Finances⁶⁰ of defining a single set of rules for existing funds and also of a single «rule book» for cohesion policy and other funding instruments with programmes or projects of the same type seems very helpful and potentially effective. This would ensure more coherent investment and simplify the life of beneficiaries and stronger complementarity, for example between cohesion policy and rural development measures. This means that also EAFRD and EMFF should be included in the «rule book».

4 Policy recommendations

In this last chapter, drawing upon the findings from the previous chapters of this report and additional evidence from the PROFECY project, we formulate policy recommendations. Inner Peripheries are present in almost all countries. They are a phenomenon which needs political attention on the European and national level in order to support the local or regional stakeholders to deal with the challenges. The recommendations are directed to political stakeholders at different levels, from the local to the European level, though obviously the effectiveness of policies depends on how policies and actions taken at different levels act in concert for reversing or overcoming peripheralization.

Before proceeding to policy recommendations, it is essential to briefly underline some key research findings from the PROFECY project which influence and inform the recommendations.

4.1 What have we learnt about Inner Peripheries?

Inner Peripheries take very diverse forms.

One of the key tasks of the project was to analyse whether IP regions have unique features which make them a clearly distinguishable type compared to, for instance, lagging regions or mountain regions. This question has been analysed on the basis of quantitative and qualitative data.

- Careful analysis of available data (see Annex 8) has made clear that there is no single indicator for identifying IPs or for distinguishing them clearly from other types of regions. As a general trend, with some differences in-between the four IP delineations, there is a significant overlap of inner peripheral regions with rural or intermediate as well as mountain areas. Inner peripheral regions also considerably overlap with lagging areas when compared to national averages (and in a less marked manner with lagging areas when compared to European averages).
- “Testing” the conceptual models in case study research (see Annex 5 and Annex 18) similarly makes clear, that there is no single and exclusive definition or model of inner peripheries, but primary drivers and secondary effects in their interaction lead to place-specific and different forms of inner peripherality, with the overlapping of key elements of more than one of the three conceptual models.

Inner Peripheries yet have distinctive features and effective interventions need to be based on a conceptually informed understanding of these.

The PROFECY project considers three key processes that are responsible for the development of Inner Peripheries (see Annex 5). Broadly speaking, these relate to primarily economic processes (“enclaves” of low accessibility to centres of economic activity), to poor access to services of general interest, and to primarily social and institutional processes (an absence of “relational proximity”). In reality, most Inner Peripheries are affected by combinations of the

primary processes, rather than being induced by a single driver. Nevertheless, it is important to conceptually distinguish between the key and secondary effects on the other hand.

Quantitative data analysis (see Annex 8) showed general tendencies among the set of European Inner Peripheries as identified in the PROFECY project, too. Inner peripheral regions have a lower average rate of child age population as well as working age population. They show higher average old age dependency rates as well as a higher level of manufacturing employment and, interestingly, a higher number of active enterprises, when contrasted with non-IPs. The comparative case study analysis broadly supports these data-based tendencies and points to an economic sector often based on traditional or long-established, economic activities. In the perception of local stakeholders, the high outmigration among the young and well-skilled population is particularly strongly perceived, too. As regards other analysed indicators, the picture is more diverse, which can be attributed to the fact that primary processes of peripheralization coexist with a range of secondary marginalisation processes in IPs, and their interlinkage and interaction is contingent upon specific place constellations. As emphasised in the data analysis (see Annex 8), 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.

A key feature for understanding and uncovering the underlying processes of Inner Peripheries is to look on them in a relational way and in terms of their connectedness. By definition the Inner Peripheries identified in the PROFECY project are performing relatively worse when compared to the neighbouring regions. In our understanding of Inner Peripheries, a main reason for their relatively worse position is a lack of connectedness, either in terms of geographical or relational proximity. It will hence be one of the primary conclusions for policy action how aspects of “proximity” can be advanced by specific actions in IPs and at larger spatial scales. With regard to policy making, the good news is that a range of specific features of this connectedness - specifically those related to being connected in terms of institutional networks and/or being heard in political debates at higher policy levels, as evidenced in the case study reports - are tangible and mutable through targeted policy intervention (see Annex 18).

4.2 Policy recommendations

Based on the findings of the data analysis and case study work in the PROFECY project, the following policy recommendations are formulated, with some of them targeting the local or regional level and others the national or European level. “Local” refers here to the Inner Periphery and “regional” to a policy-level in-between the national and the local level, which has political steering capacity and powers to device policies. Local and regional might thus, depending on the national context, relate to different territorial levels across the countries. However, while separating the recommendations according to different policy levels here, it should also be kept in mind that effective policy interventions for overcoming or reversing

peripheralization processes are dependent upon the challenges being recognised at all policy levels and being achieved in a multi-level policy framework.

4.2.1 Recommendations to policy stakeholders at local level

Clarity on causes and effects: Suitable strategies must be informed by a clear understanding of the specific primary peripheralization process.

As a first recommendation to local policy makers, it is important to pay attention to the different primary drivers of inner peripherality, as the most appropriate policy interventions are different (see chapter 1.1.1 in this document).

- In the first IP model (a) the deficiency of connectivity is defined by the long travel time from the region to European centres of economic activity, leading to low “economic potential”. In this case, a rational response would be to consider how the locality might be better connected to European transport networks, through conventional infrastructure improvements, logistics systems, or travel cost reductions. Changes in infrastructure and travel cost reductions obviously cannot be dealt with at the local level only and call for a concerted effort across different policy scales. Interventions will profit from an integrated policy approach in order to limit “pump effects”.
- In the second model (b) the emphasis is upon intra-regional service delivery. In this case a policy response would aim to improve the access to and the efficiency of services, perhaps incorporating novel IT-based solutions, or socially innovative forms. It is, however, important to remember that for specifically in sparsely populated rural regions. This process may be initiated or exacerbated by restructuring of administrative areas, in search of scale economies. Obviously, there is no easy solution, but integrated policy action is needed.
- In the third model (c) the emphasis is upon relational proximity – suggesting a range of interventions designed to strengthen and broaden the interaction space of the full range of actors within the local economy and society, one example being network brokerage to support the expansion of the business networks of local SMEs, or, establishing links to higher-policy levels in order to draw attention towards the specific challenges of Inner Peripheries in general, and support for dealing with these in the specific region.

Recommendation 1:

Clarify the key processes of IPs and elaborate place-specific strategies by applying a concerted elaboration in a multi-governance process⁶¹. Strategies will then highlight the need for priority of actions according to the specific peripheralisation model as discussed in paragraph 1.1.1.

Articulating a pathway to change

In chapter 1.1 of this report, six steps for articulating a “pathway of change” were defined. It requires the local stakeholders to reflect upon a regions’ position, develop specific and credible

objectives and assess the performance of taken initiatives. Most importantly, developing a “narrative” to explain the intervention logic of an initiative calls for clarity about the specific place-based assets and limitations and the way forward. Ideally, this is not achieved as a “technical” task by a single group of actors, but in an extensive stakeholder involvement process in order to develop a joint understanding of how to tackle the challenges. The six steps to developing a pathway to change are:

1. Identifying long-term goals
2. Backwards mapping and connecting the preconditions or requirements necessary to achieve that goal and explaining why these preconditions are necessary and sufficient.
3. Identifying basic assumptions about the context.
4. Identifying the interventions that the initiative will perform to create the desired change.
5. Developing indicators to measure the outcomes to assess the performance of the initiative.
6. Writing a narrative to explain the logic of the initiative.

Recommendation 2:

Develop a common understanding of the IP’s specific path to change that all major stakeholders can agree on. This would imply increased use of capacity building within areas affected by peripheralization processes and support for knowledge networks, dedicated to the specific problems and assets of these areas.

Focus on connectedness and interaction for developing strategic capacity

Considering the complex and diverse forms of IPs, “classical” regional policy interventions are little appropriate to cope with the complex primary and secondary peripheralization processes. Strategic capacity, as defined in this report, encompasses clarity about the functional role and the positioning of the area in a wider context, the specific opportunities and assets of a place, and the identification of gaps. The need for co-operation and interaction is widely shared among the local and regional stakeholders in the case studies, and is specifically important in regions characterised by a lack of relational proximity (the above mentioned third model IP model).

Institutional weaknesses in this respect, limiting the local or regional capacity to design appropriate policy responses, have been identified in the case studies: A substantial lack in regional policy coordination, as well as trans-sectoral policy development and gaps in internal and external interactions. The interaction and connectedness of stakeholders within the IP as well as strengthening exogenous linkages and interactions are influential and decisive factors for breaking downward cycles, changing routines and reversing trends.

In the PROFECY case studies, local connectedness and interaction was successfully pursued in different organisational forms and for different monofunctional or multifunctional purposes.

1. Making use of established national and EU programs: As an example LEADER/CLLD programs were often applied by the case studies' local stakeholders as a vehicle to enhance cooperation. They were reported to be particularly successful when bundling a local economy-oriented project and linking this to a wider supra-regional market, be it through a specialised product or through the creation of a positive regional image.
2. Establishing new horizontal cooperations: Local stakeholders are asked to think across established boundaries and paths. In some case studies, local stakeholders were e.g. successful in establishing new SGI catchment areas to provide improved and more efficient service delivery and accessibility.
3. Establishing new or focussing on vertical cooperations: Although long-term established local-to-local cooperation can be a good basis, effective cooperation can also be built up on the basis of current common challenges and involve different governance levels, e.g. for tackling questions of lagging mobility and digital infrastructures.

Recommendation 3:

Pay particular attention to the need for cooperation and interaction as fundamental elements for improving the relatively worse position of the Inner Periphery in relation to the situation and performance of neighbouring territories.

The "Co-operation" Measure (Regulation 1305/2013, Art. 35) made available in RDPs in the period 2014-2020 are an example of an already existing policy instrument which could be used for such activities.

Further PROFECY reading: Annex 18 (especially Chapter 4.2: Governance Structures for coping with Inner Peripherality)

Improvement of the service provision

It is important to involve new ways and constellations incorporating socially innovative models of service delivery and novel IT-based solutions as service provision. The key position of service provision has to be acknowledged with regard to a variety of peripheralisation processes. It is closely connected with issues of demographic change, out-migration and attraction of skilled workforce, with education, employment, participation and well-being. Improvements of the service provision in the IP areas can be organised on the local level through

1. social innovation processes and spatial restructuring, so that services can be accessed in places formerly inaccessible or so that services are brought to places where they were unavailable before or threatened to become unavailable
2. by activating the civil society and letting it take over activities and tasks formerly provided by public or economic stakeholders and through this compensating for otherwise economically unsustainable markets
3. by responsibly allowing market-driven solutions to take over and by transferring responsibility to private households

4. This can be supported or complemented by making use of more solution-oriented digitalisation, going beyond the already established fields of digital shopping and administration infrastructures.

However, channels how to learn about and how to appropriately make use of social and digital options have to be defined at local level in joint discussion with higher administrative levels and the wider stakeholder network. A thorough discourse has to be conducted locally about what compromises can be taken and which limits shall apply regarding the renegotiation of SGI responsibilities.

Recommendation 4:

Intensify schemes to establish social, economic and digital service delivery alternatives and accompany the preparation by a critical local decision-making process.

Respective schemes available under the EARDF funding for RDPs are included in Article 19 (Farm and business development) and Article 20 (Basic services and village renewal in rural areas) of Regulation 1305/2013. Moreover, the European Commission launched a new activity on “smart villages” which seeks to impact on small-scaled communities by relating to technological opportunities of digitalization and adaptation for such areas⁶².

Further PROFECY reading: Annex 18 (especially Chapter 4.3: Policy fields)

Connectedness of territorial capital

As the previous text has argued, the processes driving inner peripheralization are multifold and so are the options and chances to reverse or overcome them. The PROFECY project argues that the development of appropriate strategies for Inner Peripheries can be further supported by a focus on connectedness and an enhanced perspective of territorial capital (see Annex 5, and sub-chapter 1.2 in this document). Inner Peripheries are always related to some form of connectedness, either in terms of geographical or relational proximity.

An explicit focus on connectedness and interaction capacity offers a new perspective to local policy makers when reflecting the localities' territorial capital. It suggests a new way of thinking, in how far tackling deficits in terms of connectedness would help overcoming peripheralization processes. Territorial capital can take diverse forms. Local stakeholders shall consider the following fields for detecting specific strengths of the IP:

1. Skills, specialized products or industries inherent in the local labour market and economy
2. Social features such as powerful, constructive cooperation or abilities for networking and innovation brokerage
3. Cultural legacies that might allow for strengthening feelings of belonging and create visibility beyond the IP

4. Specific natural assets or infrastructures that might provide the essential basis for development and competitiveness if further acknowledged and developed

Recommendation 5:

Identify the IP's-specific territorial capital and pay special attention to its capacity for creating connectedness and interaction.

This calls for local and regional approaches that are place-specific and focused on endogenous assets and linkages to external regions. Current local development approaches (available e.g. through LEADER/CLLD programmes) and “Smart specialization” strategies elaborated in regional development address these requirements and potential of interlinked knowledge networks to some extent.

Further PROFECY reading: Annex 18 (especially Chapter 4.1: Territorial capitals)

Positive examples relating to the local level:

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- An especially successful example of employing LEADER to combat peripheralisation is provided by the Italian case study. A group of local stakeholders involved in bergamot production and processing used the program to establish a platform of action and connection to the wider market, ‘jumping over’ the hinderances for development in regional administrative structures. A similar positive application of the LEADER program was reported in the Polish case study with regard to strengthening local networking and action capacity. (See case study report Grecanica-Calabria, Italy, and Powiat Wieruszowski, Poland)
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- The case of Vimmerby provides a good example for making use of a local cultural legacy. Efforts to capitalise on the local relationship to the well-known author Astrid Lindgren were successful with regard to branding the area for tourism. (See Annex 16: Case study report of Vimmerby, Sweden)
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- The Hungarian case study allowed insights how locally available infrastructures and skills can gain in value again after a phase of economic downturn. Industrial production sights are used to attract companies from other areas to the case study locality and create jobs that in turn decrease the need for commuting and improve the well-being of the local inhabitants. (see case study report Tamási járás, Hungary)

4.2.2 The regional level

In some cases, Inner Peripheries are rather small in scale or they are of a very dispersed nature, so that it is difficult for local stakeholders to raise sufficient resources for an effective intervention strategy. In these cases, a supra-local platform is important for connecting resources and developing action plans. Such a regional platform may develop as a bottom-up

strategy of localities affected by inner peripherality. In other cases, there might be a capable regional platform or an established regional body already in place, where local stakeholders can connect with each other for addressing inner peripherality challenges in a joint effort.

The role of intermediary regional agencies

The regional level holds a special, mediating position, as on this level identifiable visions and effective action plans can be developed. The role of a regional agency or platform is then to facilitate co-operation between local actors, connect local initiatives, and support the development of a common vision on the one hand. As a first step, regional development potentials and pathways might be discussed in an open and inclusive process, including the discussion on alternative pathways, from a growth-oriented to a well-being oriented regional development paradigm. A discussion and decision process on defining long-term development goals and adequate interventions would raise the regional strategic capacity. An integrated approach should be followed, linking policies and strategies across sectors and on different spatial-administrative levels in a consistent way. On the other hand, such an agency would need to be pro-active in securing support and resources from higher policy-levels, and in general, connecting local actors with exogenous resources and thus supporting the implementation of action plans. A high level of mutual trust and common understanding of the challenges needs to be established to ensure efficient work of such an agency or platform.

This platform therefore fulfills the following purposes:

1. Coordinating efforts from below and providing a platform to develop common understanding on important topics, goals and understandings of the peripheralisation situation and beyond
2. Providing a conceptual framework that links development plans of the local, the regional and the supra-regional level
3. Negotiating peripheralisation issues such as resources and infrastructure provision or representation and network integration with upper decision-making levels and giving the IPs a voice in decision making fora
4. Providing a permanent and balanced platform for monitoring and evaluation

Recommendation 6:

Regional stakeholders shall create or use existing regional platforms to facilitate exchange, decision making, implementation and evaluation processes.

While many regions, including case studies, include some activities of establishing relevant regional platforms, the long-term effectiveness of these platforms has to be nurtured by a dedicated institution and political commitment.

A comprehensive vision on synergies and complementarities

As hinted at in the previous paragraph, regional co-operation and strategic plans are core requirements and seem beneficial and promising elements to tackle the following challenges:

1. Generating visibility for the challenges in inner peripheral localities and creating attention for their specific needs - be it physical connectivity, SGI access or supporting organised proximity
2. Locality branding and increase of positive visibility of the affected regions
3. Developing strategies for urgent problems, e.g. retaining or attracting skilled workforce by connecting companies, voicing interest in training facilities or providing a clear and positive image of the current and future local working and living conditions
4. Fostering innovation through R&D and SME development through elaborating clear goals and ambitions, and the definition of supportive structures
5. Strengthening of regional cooperation and mutual support

Recommendation 7:

Develop and adhere to regional co-operation and strategic plans. These plans require an integrative base that builds on a cross-sectoral approach and on repeated reviews of regional progress and gaps with regard to regional perspectives and visions.

With regard to the perception of the region as an IP it is particularly important to link trans-regional contacts, exchange of experience and strengthen regional assessment of local assets, with a specific focus on natural amenities and regionally-distinct features.

Further PROFECY reading: Annex 18 (especially Chapter 4.2: Governance Structures for coping with Inner Peripherality)

Positive examples relating to the regional level:

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- For learning more about successful regional intermediary agencies the REGIONALE program described in the German case study report can be a good example. Triggered by the federal state level a new regional association was formed, providing a linkage between local and federal state that was lacking before and a platform for exchange, development of ideas and resource access. (See case study report Siegen-Wittgenstein, Germany)
-
- Another positive approach was found in the Spanish case study area. Over several steps and organisational forms, the Montsià 2026 Strategy was developed which now contains interesting incentives for economic reactivation and employment. (See Annex 15: Case study report of Montsia, Spain)
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- The Austrian case study area provides an example of a regional cooperation across national borders, which reactivates the area's former links to Slovenia. This trans-

national cooperation is fostered through the EUSALP program and includes engagement in the cross-border CLLD program. (see case study report Wolfsberg, Austria)

4.2.3 The national level

Paying political attention to Inner Peripheries

Increased political attention needs to be paid to the specific challenges, and at the same time, the specific potentials and assets of Inner Peripheries. Although there are exceptions (for instance, Italian national policy pays attention to “inner areas”), there was a common perception among political stakeholders of Inner Peripheries areas of “being forgotten” by the national political agenda in a two-fold sense: It was difficult to get sufficient attention and support from higher political levels for dealing with the specific challenges of their region, and there was a feeling of being little connected to the decision-making policy arenas at higher policy levels, and thus not being able to influence the agenda setting processes for the future. There is, explicitly or implicitly, the perception that national spatial development policies of the last years have had a strong focus on the urban respectively metropolitan areas as the ‘engines of growth and competitiveness’. However, there is no “trickling down” effect to those locations that have been studied in the PROFECY project observable. Quite to the contrary, most often the increased attractiveness of metropolitan areas as locations to live, study and work in has had a negative impact on the researched Inner Peripheries in the last years. It may now be the time for striving for greater spatial justice and shifting political attention to the Inner Peripheries as locations with specific socio-cultural (there is a strong sense of local belonging and identification with the region in some IPs), but also economic assets.

Monitoring and supporting access to funding

National governments have a significant role in creating an environment to support Inner Peripheries in counteracting or reversing marginalization processes. The prosperity of Inner Peripheries depends on utilizing their territorial potential in a way that benefits the particular location. As argued before, the pathway to change rests upon an endogenous development process and at the same time the capacity to connect with exogenous resources and agencies. National or regional state governments can support Inner Peripheries in this process. The identified regions might, for instance, benefit more substantial from national programmes for digitalisation, or be targeted better in existing rural development programmes. Such an approach does not necessarily imply a call for new funding programmes. However, it does entail the need for increased political attention to the presence of Inner Peripheries in the national context and a monitoring of their development. The PROFECY project provides a suitable data basis regarding the geographical location of IPs according to different delineations in the national context. It is also important to screen, in how far existing national funding and support programmes (for rural development, or supporting structural change) can be possibly adapted to better accommodate the needs of Inner Peripheries.

Recommendation 8:

- Strengthen discussions on spatial justice and comparability of standards regarding infrastructure, SGI and financial support within the national framework.
- Open communication channels to decision-making levels for IP regions.
- Reconsider existing programs regarding their adaptability to IPs special needs.
- Consider 'positive discrimination' of IP areas to break through a downwards spiralling development.

Positive examples relating to the national level:

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- Italian national policy already pays attention to "inner areas", which are areas distanced from the larger urbanised areas, lack essential services and are confronted with demographic challenges. Further reading:
http://www.agenziacoesione.gov.it/opencms/export/sites/dps/it/documentazione/servizi/materiali_uval/Documenti/MUVAL_31_Aree_interne_ENG.pdf
-
- German spatial planning law stipulates 'comparable living conditions across all areas', not meaning that there have to be the same level of SGI provision or of infrastructure in all places but that all areas can develop their specific quality of life. This provides a solid basis for discussing the issue of spatial justice and spatial differentiation. Further reading:
http://www.bbsr.bund.de/BBSR/DE/Veroeffentlichungen/lzR/2006/Heft0607LebensverhaeltnisseKurzfassung.pdf?__blob=publicationFile&v=2

4.2.4 The European level

The European level provides a variety of policies and programmes that relate to IP areas. On the basis of the previous chapters, policy recommendations for the EU stakeholders are summarised in the following paragraphs. There are three main perspectives for recommendations: Integration of programmes and policies, access and transparency, and implementation.

Integration of programmes and policies

A lack of integration between different programs and policies hampers the design and implementation of comprehensive territorial development. This lack of integration is visible concerning the relation between EU programmes, such as between rural development policies and the Cohesion policies and also between EU programmes and national policies. Integrated and multi-sectoral projects are difficult to deliver against the background of different or even conflicting program rationales and implementation logics. This does not necessarily imply to introduce new policy tools in the present EU and/or national programmes, but rather calls for better integration of existing programmes across territories and sectors. In this context, it is

widely considered helpful to strengthen a place-based approach and the territorialisation of policies, so that interventions can evolve around the specific challenges of inner peripheral areas rather than following presupposed topics and sectoral intervention logics. It is to be hoped that within future EU programmes, but also at the various national levels, policies will to a stronger extent support the nurturing of place-based opportunities. In inner peripheral regions, these policies should focus on long-term approaches to collectively define and promote endogenous potentials, capacity-building processes and interlinkages to exogenous resources and agencies.

Access and transparency

A wide range of EU and/or national programmes are already implemented in inner peripheral areas. However, IPs could profit from a revision of the current system of allocation. For instance, in Operational Programmes those challenges which present common features in Inner Peripheries, such as an overlapping of primary and secondary peripheralization effects, leading to out-migration, demographic change, a lack of skilled workforce and other topics, could be considered as new criteria for allocation of funding.

At the same time, overly strict thresholds (as regards territorial allocations, population size or target groups) and an excessive need of constantly applying for funding with new and innovative ideas, but often for small and isolated projects, when successful measures are already established and effectively working in a local or regional setting, need to be reconsidered. For local stakeholders in inner peripheral areas it is important to access supra-local funds on the basis of locally defined priorities.

Decentralisation of decision making

The sub-delegation of competencies and resources to the lowest possible regional/local level is important in order to allow cooperative governance and strategy building which is sensitive to local specifics. So far still often elaboration and management of programmes on a higher governance level is prevalent, which might not allow for locally specific needs and ideas. Delegation of decisions and organisation could ensure a higher ownership and responsibility with regard to how funds are allocated and at the same time higher transparency over how resources are allocated.

Implementation

In some cases, local stakeholders criticised the administrative and accountability burden that goes along with the implementation of EU policies and programmes. Here operational procedures and administrative tasks shall be facilitated. It should be ensured that the necessary control of compliance to rules and legality does not overshadow the attention to the quality of interventions and to their impact with regard to overcoming or reversing peripheralization processes.

Recommendation 9:

- Integrate existing programmes across territories and sectors.
- Strengthen place-based approaches and the territorialisation of policies.
- Consider IP specific indicators such as out-migration, demographic change or a lack of skilled workforce as new criteria for allocation of funding.
- Allow more flexible access to supra-local funds on the basis of locally defined priorities and needs.
- Enforce the delegation of responsibilities and decisions to the peripheralised areas.
- Relief IP areas of administrative and accountability burden that accompany the implementation of EU policies and programmes as these disadvantage IP areas disproportionately compared to more integrated areas.

Linking back to the European roof under which all these separately discussed policy levels unite, a view ahead may conclude the policy recommendations: The European Union has formulated a Europe 2020 strategy with the over-arching goals of Smart growth – Sustainable growth – Inclusive growth. It has provided operationalisation of these goals through sub-topics and has developed related programs to support stakeholders on their way towards these goals.

Table 4.1 points to interlinkages between the Europe 2020 strategy goals and sub-topics and different IP types. It may point stakeholders of all levels towards suitable measures combatting peripheralisation and provide ideas for effective first gateways towards change.

Table 4.1: Relation between Europe 2020 strategy goals and IP types

Europe 2020 strategy		Intervention option for IP with main driver relating to descriptive model:		
Main goals	Sub-topics	1 'Low levels of access to centres of economic activity'	2 'Poor access to services of general interest (SGI)'	3 'Low levels of organised proximity'
Smart growth	Innovation and R&D	•	••	••
	Education	•	•	•
	Digital society	•	••	•
Sustainable growth	Climate, energy and mobility	•••	•	•
	Competitiveness and economic development	•••	•	••
Inclusive growth	Employment & skills	•	•	•
	Fighting poverty and social exclusion	•	•••	•

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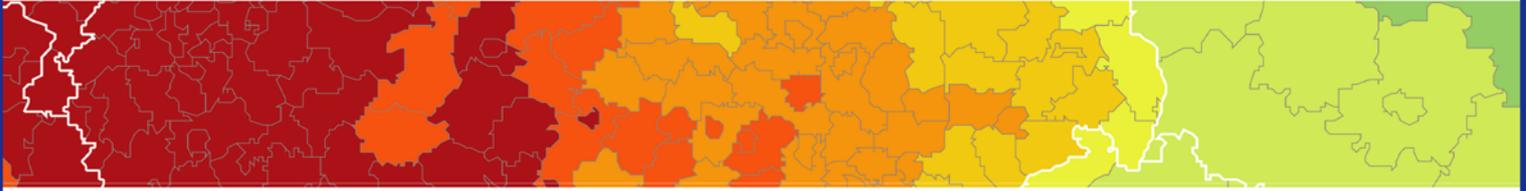
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The ESPON EGTC is the Single Beneficiary of the ESPON 2020 Cooperation Programme. The Single Operation within the programme is implemented by the ESPON EGTC and co-financed by the European Regional Development Fund, the EU Member States and the Partner States, Iceland, Liechtenstein, Norway and Switzerland.