



## **ReSSI - Regional strategies for sustainable and inclusive territorial development**

### **Regional interplay and EU dialogue. Targeted Analysis. Final Report**

Ferreira, Carlos; MacNeill, Stewart; Broughton, Kevin; Ferreira, Jennifer; Broadhurst, Kate ; Berkeley, Nigel ; Fertner, Christian; Groth, Niels Boje; Cotella, Giancarlo; Rivolin, Umberto Janin; Pedre, Elena; Pioletti, Maurizio; Santangelo, Marco; Vale, Mário; Queirós, Margarida; da Costa, Eduarda Marques; Cachinho, Herculano

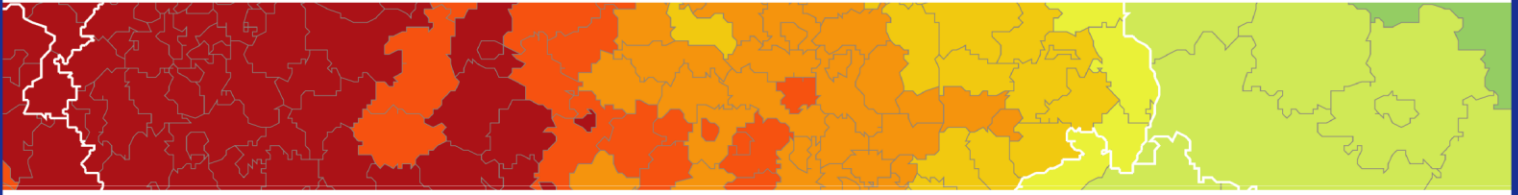
*Publication date:*  
2017

*Document version*  
Publisher's PDF, also known as Version of record

*Citation for published version (APA):*

Ferreira, C., MacNeill, S., Broughton, K., Ferreira, J., Broadhurst, K., Berkeley, N., ... Cachinho, H. (2017). *ReSSI - Regional strategies for sustainable and inclusive territorial development: Regional interplay and EU dialogue. Targeted Analysis. Final Report*. Luxembourg: ESPON.

Inspire policy making by territorial evidence



# ReSSI

## Regional strategies for sustainable and inclusive territorial development – Regional interplay and EU dialogue

Targeted Analysis

**Final Report**

Version 12/01/2018

This targeted analysis activity 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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## ReSSI

Regional strategies for sustainable  
and inclusive territorial development  
– Regional interplay and EU  
dialogue

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## Abbreviations

ADP	Portugal Waters
AML	Metropolitan Area of Lisbon
ANCI	National Association of Italian Municipalities (Associazione Nazionale Comuni Italiani)
APA	Environmental Agency (Portugal)
ARU	Urban Rehabilitation Area
ASL	Azienda Sanitaria Locale
CA	Combined Authority
CCC	Coventry City Council
CCDR-LVT	Lisbon Regional Agency
CLLD	Community-Led Local Development
CMA	Municipality of Amadora
CMO	Municipality of Oeiras
CMS	Municipality of Sintra
DBEIS	Department for Business, Energy and Industrial Strategy
DfT	Department for Transport
DGPC	Cultural Heritage Agency (Portugal)
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EIDT-AML	Integrated Development Strategy for the Metropolitan Area of Lisbon
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESPON	European Territorial Observatory Network
EU	European Union
EUSALP	European Union Strategy for Alpine Region
EV	Electric Vehicle
EVA	Eixo Verde e Azul (Green and Blue Corridor)
ICNF	Nature and Forest Conservation Agency (Portugal)
ICT	Information and Communication Technologies
IP	Portugal Infrastructures
ISTAT	Italian National Institute of Statistics
ITI	Integrated Territorial Investments
JLR	Jaguar Land Rover
LAG	Local Action Group
LEADER	Liason Entre Actions de Development de l'Economie Rurale
LEP	Local Enterprise Partnership
LGF	Local Growth Fund
LEVC	The London Electric Vehicles Company Ltd.
MDN	Ministry of Defence (Portugal)
NDPB	Non-Departmental Public Bodies
NUTS	Nomenclature of Territorial Units for Statistics
NUTS2	Nomenclature of Territorial Units for Statistics (Level 2)
OEM	Original Equipment Manufacturer
OLEV	Office for Low Emissions Vehicles
OP	Operational Programme
PAR-L	Regional Action Plan of Lisbon 2014-2020
PDM	Municipal Master Plan
PFA	Project Framework Agreement
PDCT	Development and Territorial Cohesion Pact
POR-L	Operational Plan for Lisbon
PPR	Landscape Regional Plan (Piano Paesaggistico Regionale)
PSML	Sintra Parks
PTCP	Territorial Plan of Province Coordination (Piano Territoriale di Coordinamento Provinciale)
PT2020	Portugal 2020 (Partnership Agreement)
R&D	Research and Development
RDA	Regional Development Agency



RDP	Rural Development Programme
RG&DS	Regional Growth and Development Strategy, Region of Southern Denmark
RIS 3	Regional Innovation Smart & Sustainable Strategy
ROP	Regional Operational Programme
RSDK	Region Southern Denmark
SIE	European Structural and Investment Funds
SME	Small and Medium-sized Enterprises
SNAI	National Strategy for Inner Areas (Strategia Nazionale Aree Interne)
UNCEM	National Union of Mountain Towns and Communities (Unione Nazionale Comuni Comunità Enti Montani)
UNESCO	United Nations Educational, Scientific and Cultural Organization
UPI	Union of the Italian Provinces (Unione Province Italiane)
WMCA	West Midlands Combined Authority
WMG	Warwick Manufacturing Group

# 1 Executive Summary

## 1.1 Promoting local and regional development in a context of change

The promotion of local and regional development is a common objective of European member-states, as well as a component of European Union cohesion policy. The European Commission has set the objective of promoting development which is sustainable (environmentally friendly and able to provide long-term benefits), inclusive (improving employment, involvement and integration) and smart (innovation-driven). Regional and local policymakers have an important role in delivering these outcomes. However, the growing recognition of the importance of local and regional actors is taking place in a context of ongoing changes to territorial governance and spatial planning systems. Furthermore, the future of cohesion in the EU is also being debated, not only in terms of what direction and objectives the policy might contemplate, but also as a result of the process of the United Kingdom (UK) leaving the European Union (EU) ('Brexit').

With this background, the ReSSI project set out to explore practices for aligning the evolving territorial governance framework with the emerging logics of, and challenges for, local and regional development. There was a particular focus on addressing institutional capacity to build broad circles of cooperation with diverse stakeholders, and on related capacity-building policies which are central to the redefinition of governance structures and procedures. This was done by analysing case studies in four stakeholder areas: Coventry, in the UK; Region of Southern Denmark, in Denmark; Piedmont Region, in Italy; and Oeiras, in Portugal. These case studies provided the context for addressing six research questions set by the stakeholders:

- How to promote sustainable and inclusive regional development strategies, taking into account the changing role of regional authorities and the proliferation of stakeholders in functional territories?
- What are good practices in delivering economic development policies in this new territorial governance framework?
- What can be appropriate structures that will enable Coventry to share resources and align policy objectives with other participants in the newly created West Midlands Combined Authority?
- What can be new forms of cooperation and dialogue amongst municipalities in Southern Denmark around a wide spectrum of issues?
- What is the role of Piedmont Region in governing the change in the non-metropolitan part of its territory, to ensure that these areas are not excluded from the main development trajectories?
- How can territorial institutions in and around Oeiras be aligned to promote sustainable development and well-being in the region?

The first two questions address issues at European scale, and the findings are considered to be generalizable, within limits and for comparable contexts. The fourth to the sixth research questions, on the other hand, refer to challenges felt by each individual stakeholder.

## 1.2 Policy recommendations: Promoting development in the stakeholder regions

Strategies and projects aimed at delivering smart, sustainable or inclusive economic development were selected for analysis in each stakeholder territory. Data collection involved document reviews, triangulated with interviews and participation in relevant policy and planning forums. The recommendations for each stakeholder region are as follows.

In **Coventry**, the cases focused on the automotive industry. Coventry City Council has identified this industry as a regional priority, but has employed a pragmatic approach to funding, opting for a broad sectoral support rather than focusing on a specific aspect or technology. In offering a real-life setting to develop and test innovative technologies and engage the public, the projects provide value-added to businesses and funding bodies. One of the Council's main strengths is being a repository of tacit knowledge, which resides in its personnel, who know the 'how' of delivery in addition to the technical objectives. The analysis also demonstrated that the local authority was the most important governance stakeholder in both cases. While the emergent West Midlands Combined Authority (WMCA) has the potential to add a pan-regional dimension, it is still at a formative stage of development. In order to better share resources and align policy objectives with other participants in the newly created Combined Authority, Coventry could:

- **Recognise important new role of Local Authorities as brokers:** They are important brokers amongst private and other public-sector stakeholders, and provide a store of tacit knowledge on regional development.
- **Use a portion of funding to promote cooperation across the West Midlands region:** Productive cooperation amongst regional policymakers cannot be taken for granted, and requires that tacit knowledge is maintained.
- **Promote the region as a testbed for product testing and market development:** To help build relationships with businesses interested in testing their products, while also rebuilding some of the tacit knowledge that has been eroded over time.

The two cases in the **Region of Southern Denmark** show the regional authority's role as a key information provider to the wider network of governance stakeholders. This communicative approach is crucial: Not only does it provide the various stakeholders with information about territorial trends and problems, but it has become an important mechanism to obtain the stakeholders' attention and keep them engaged. This allows the regional authority to manoeuvre in a landscape characterized by diverse sub-regional alliances, and to act as a facilitator to progress the strategies. New forms of cooperation and dialogue amongst municipalities in Southern Denmark could involve the following components:

- **Sub-regional and regional strategies in interplay:** Regional strategies should keep focus on 'regional' dimensions, while offering sub-regions and municipalities a perspective for joining forces and further aligning with national agendas.
- **Focus on communicative means:** In order to facilitate 'turning knowledge into action', a contextual discourse about the relevance of existing knowledge must be provided, which could help develop the aforementioned perspectives for action.
- **Imageries and spatial development perspective:** Conceptual imageries of spatial development principles and perspectives could support communication amongst primary stakeholders, as well as to the public.

The **Piedmont Region** cases show that the promotion of smart, sustainable and inclusive territorial development is complicated by the particular institutional configuration that characterizes the region. The creation of the Metropolitan City of Torino and the drastic reduction of resources and responsibilities of the remaining provinces are driving the regional authority to pursue a twofold approach when promoting the development of its territory. On the one hand, it has to come to terms with the emergence of an institutional subject that intends to play a relevant role in the territorial development of the territory of the former province of Torino. On the other, the Region must cooperate with the municipalities outside the latter, without the coordination of any other intermediate level. The Piedmont Region can support the governance of the non-metropolitan part of its territory by:

- **Improving institutional capacity-building at local level:** Particular attention should be dedicated to supporting micro- and small-size municipalities, as they often lack the necessary institutional capacity to perform the required development tasks.
- **Implement mechanisms for horizontal governance in regional authority departments:** Improved coordination between the various departments of the regional authority could favour synergies among the existing regional planning and programming tools.
- **Develop a strategic territorial document to help link territorial needs to funding opportunities:** The lack of focus on strategic planning and priorities could be overcome by integrating a strategic territorial document to the programming document.

The **Oeiras** case suggests that, in the absence of a regional authority, governance structures can be put in place to promote cooperation amongst local authorities in inter-municipal projects. Inter-municipality collaboration has the power to unlock the under-utilised potential and capabilities contained at sub-national level. However, each stakeholder holds responsibility only for the interventions on its own territory. This may lead to uneven development and insufficient monitoring of the impacts and outcomes of the project. The territorial institutions in and around Oeiras can be aligned to promote sustainable development and well-being in the region by employing the following strategies:

- **Articulate sustainable goals with inclusive and economic development priorities:** This could induce integrated development and stimulate development in the area, particularly by working more closely with the private sector.
- **Establish a common and permanent governance platform:** This could reduce potential tensions and increase trust among stakeholders.
- **Showcase EVA as a policy learning case:** In a country with no regional devolved power (with the exception of Azores and Madeira regions), the EVA project showcases an inter-municipality collaboration that could work in different territorial contexts.

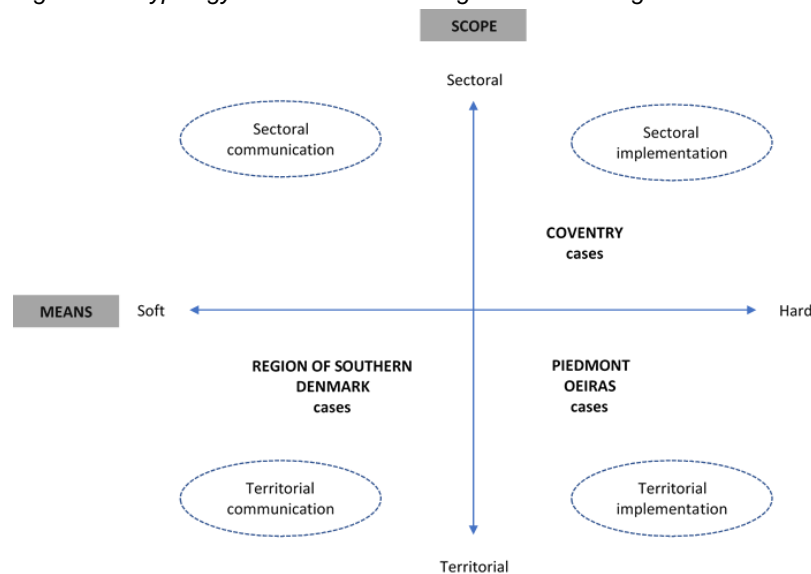
### **1.3 Policy recommendations: Promoting development in European regions**

The varied nature of the cases makes the development of a good practice framework challenging. Nevertheless, two key dimensions emerged from the analysis, which promote a more systematic understanding of the cases: the scope of the cases and the means used to

bring them to reality. These two variables are independent, but together they help understand the space of challenges and opportunities faced when trying to promote smart, sustainable and inclusive development in European regions.

The cases show pronounced diversity in scope – either supporting given sectors, or focusing on a more pronounced territorial approach. *Soft* (communicative) and *hard* (financial and regulatory) means are applied, sometimes exclusively, but often in a complementary way. Combining these two characteristics leads to four ideal types: (1) *sectoral communication*, (2) *sectoral implementation*, (3) *territorial communication* and (4) *territorial implementation*:

Figure 1.1: Typology of stakeholder strategies for delivering economic development



Source: ESPON ReSSI (2018)

In Figure 1.1 the four stakeholders are shown in the dimensions which are most prominent in their cases. However, each case has overlapping relations and the ideal types are not mutually exclusive. Rather, there is a dynamic in approaching an ideal type with complementary elements. This idea of obtaining complementary assets leads to some of the strongest policy recommendations as follows:

In **Sectoral Implementation** contexts, regional stakeholders can use financial or regulatory means to deliver development, but run a risk that the benefits of projects may not accrue to the regional territory. In these cases, regional and local actors should focus on:

- **Turning sectoral investments into benefits for the region:** Making use of any available funding to develop coordination and synergies with other regional stakeholders, including private companies, can help maximise local economic impact.
- **Promoting local and regional stakeholders as repositories of tacit knowledge:** Understanding how to align players, strategies and funding across local, regional, national and European scales is difficult to make explicit, as it is often embedded in individuals. It is important to have the right individuals in the right positions.

In **Territorial Communication** contexts, stakeholders' actions have territorial development as their objective, but actors possess no financial or regulatory means to achieve their objectives. This suggests they must focus on communication and alliance-building, in order to achieve the following:

- **Facilitation:** Knowledge provision could be used as a mechanism to strengthen alliances and build trust.
- **Aligning strategies:** Aligning sub-regional, regional strategies to national and EU-level perspectives could help build momentum.
- **Moving from perceptions to concepts:** It is important to translate existing knowledge into meanings and possible actions, rather than re-inventing strategies with each wave of funding or change in governance. Visual representations of actions could be especially effective in supporting this.

Finally, in **Territorial Implementation** contexts, the stakeholders have financial and/or regulatory power at their disposal, and a focus on the territory at hand. In these cases, regional and stakeholder actions should focus on:

- **Keeping momentum:** strategy-making is often set off by taking advantage of funding opportunities. This requires a focus on outcomes rather than just plans or strategies.
- **Aligning dimensions of governance:** The territory is a strong lever of the projects and strategies, underlining the importance of a place-based approach. Strong vertical relationships (European or national funding) should be followed by horizontal territorial strategies and projects.
- **Aligning strategies:** Aligning regional strategies with national and EU strategies may create opportunities for bottom-up processes and initiatives.
- **Mediation rather than integration:** networking of complementary projects can operate as an alternative to, or alongside, a pre-defined "regional integrated strategy".

#### 1.4 Policy recommendations: EU Cohesion policy and post-Brexit Britain

The analysis also suggests four common priorities for both EU Cohesion policy and a successor to regional funding in the UK post-Brexit:

- **A strong place-based approach:** A stronger role for local and regional actors is required both in terms of defining the funding priorities and in the governance of strategies and projects.
- **Support institutional thickness, cooperation and coordination:** A part of funding could be used in capacity-building activities, supporting the role of regional and local actors and preserving existing tacit knowledge.
- **Align strategic planning and funding streams:** regional and local policy and decision-makers should have the opportunity to contribute to the definition of funding priorities, through a dialogue with funding bodies.
- **Simplify the integration of funds:** To enhance the flexibility of funding regulation, in turn facilitating the integration of various funds (ERDF, ESF and EAFRD in the EU; or any Successor Fund and Growth Deals, in the United Kingdom), could help promote policy innovation and creativity.

## 2 Introduction

Territorial governance and spatial planning in Europe has undergone deep changes in the last decades. Local and regional authorities increasingly find themselves managing and mediating networks of stakeholders as a pre-requisite to developing and implementing plans. This complexity has been reinforced by the post-2008 financial crisis climate of austerity, which has put additional pressure on public budgets and resources. Moreover, European Union (EU) Cohesion Policy is itself the target of discussion, especially in the aftermath of Britain's decision to leave the EU.

In this context, the ReSSI (Regional Strategies for Sustainable and Inclusive Territorial Development) project analyses how local and regional stakeholders in Europe can promote the sustainable, inclusive and smart economic development. It addresses a set of six questions, laid out by the four stakeholder regions (Coventry City Council – United Kingdom; Region of Southern Denmark – Denmark; Piedmont Region – Italy; and Oeiras Municipality – Portugal):

- How to promote sustainable and inclusive regional development strategies, taking into account the changing role of regional authorities and the proliferation of stakeholders in functional territories?
- What are good practices in delivering economic development policies in this new territorial governance framework?
- What can be appropriate structures that will enable Coventry to share resources and align policy objectives with other participants in the newly created West Midlands Combined Authority?
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- How can territorial institutions in and around Oeiras be aligned to promote sustainable development and well-being in the region?

As an answer to the first two questions, the analysis delivers a framework of good practice aimed at supporting local and regional stakeholders across Europe. Questions 3-6 are addressed via specific recommendations for the four stakeholders' territories. Finally, a set of recommendations about the future direction of EU Cohesion policy are also offered.

The report is organised as follows: Section 3 provides an overview of existing regional governance regimes in the EU, as well as the opportunities and challenges faced by European cities and regions. Sections 4 to 7 present the results of the case studies in each stakeholder territory. Section 8 introduces the framework of good practice, and discusses its usage across the variegated regional planning systems in Europe. Section 9 addresses the individual needs of each stakeholder region, while Section 10 develops recommendations for the future of European Cohesion policy and the financing of local and regional economic development. The report concludes with recommendations for future research (Section 11).

### 3 The changing context for European regions

The ReSSI project analyses how smart, sustainable and inclusive development can be promoted by local and regional authorities in Europe – and in particular in the four stakeholders’ territories – in the context of evolving territorial governance and spatial planning frameworks. To set the project’s case studies into the broader European context and to provide a background against which to interpret the results of the research, this report starts with an overview of the most prevalent governance regimes common to European regions, as well as the opportunities and challenges faced by them as a consequence of the 2008 financial crisis.

#### 3.1 Regional governance and cohesion policy in the European Union

Since the beginning of the 1990s, a broad range of classifications of the administrative traditions that characterise European countries have been produced in the literature (Annex 1). The best-known typology of *spatial planning systems* in Europe was provided by the EU Compendium of Spatial Planning Systems and Policies (CEC, 1997) (Table 3.1).

Table 3.1: Traditions of spatial planning in Europe. ReSSI countries in red

	<b>Comprehensive integrated</b>	<b>Regional economic</b>	<b>Land use regulation</b>	<b>Urbanism</b>
Legal basis	Mixed	Mixed	Discretion	Code
Scope of planning	Wide	Wide	Narrow	Narrow
Scale of planning	Multi-level planning	National planning	Local	Local
Locus of power	Mixed	Centre and local	Centre	Local
Public or private	Public	Public	Mixed	Mixed
Maturity of the system	Mature	Mature	Mature	Immature
Distance between goals and outcomes	Narrow	Mixed	Narrow	Wide
Examples (CEC, 1997)	AT, <b>DK</b> , FI, DE, NL, SE	FR, <b>PT</b> , (+DE)	IE, <b>UK</b> (+BE)	GR, <b>IT</b> , ES (+ <b>PT</b> )
Examples (Farinós Dasí, 2007)	AT, <b>DK</b> , FI, NL, SE, DE, BG, EE, HU, LV, LT PL, RO, SL, SV, (+ BE, FR, IE LU, <b>UK</b> ).	BE, IE, LU, <b>UK</b> , CY, CZ, MT, (+ <b>PT</b> , ES)	FR, DE, <b>PT</b> , HU, LV, LT, SK, (+ IE, SE, <b>UK</b> )	GR, <b>IT</b> , ES CY, MT

Source: authors’ own elaboration on ESPON and Nordregio (2014)

The EU Compendium and other studies that followed (e.g. ESPON and Nordregio, 2013, ESPON and TU Delft, forthcoming) also stress the importance of the quality of (territorial) governance for the successful promotion of spatial development. In this light, the ESPON



TANGO project produced a typology of governance in Europe, that clusters nations on the basis of the Worldwide Governance Indicators (WGI) project database (Kraay et al., 2010) (Figure 3.1).

Figure 3.1: Six clusters of countries obtained from the statistical analysis of WGI data compared with typical socio-political macroregional divisions. ReSSI countries in red.

<b>Cluster I</b>	<b>Nordic States</b> <b>DK</b> , FI, NO, SE IS	<b>Rhineland States</b> CH, LU, NL AT, BE, DE, FR
<b>Cluster II</b>	<b>The UK and Ireland</b> IE, <b>UK</b>	
<b>Cluster III</b>	<b>Viségrad States</b> CZ, HU, PL, SK	<b>Baltic States</b> LT, LV EE
<b>Cluster IV</b>	<b>Southern States</b> CY, ES, MT, <b>PT</b> , SI GR, <b>IT</b>	
<b>Cluster V</b>	<b>Balkan States</b> BG, HR, ME, RO	
<b>Cluster VI</b>	AL, BA, XK, MK, RS	

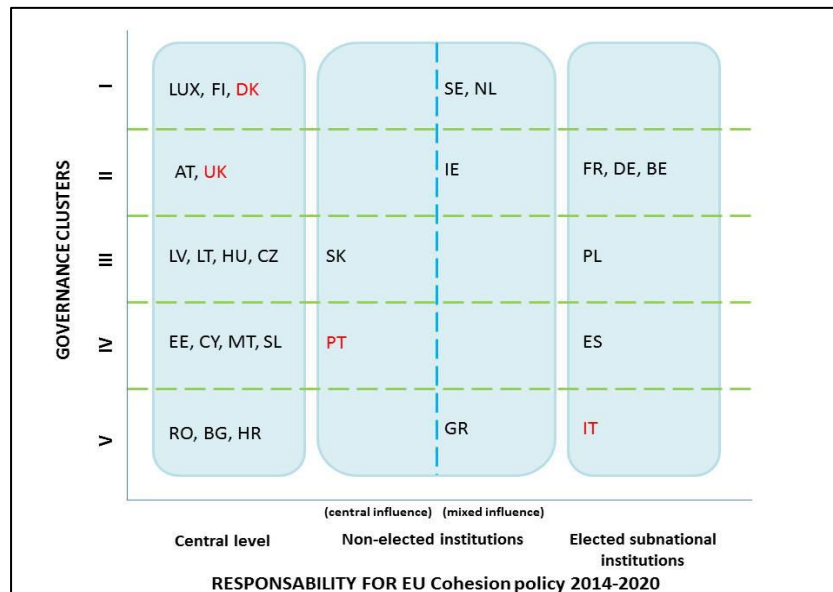
Source: ESPON & Nordregio, 2013 (adapted)

While spatial planning traditions and governance characteristics matter, the delivery of sustainable, inclusive and smart development in European regions also relies on the EU cohesion policy. The EU initially identified the regional level as the main channel through which to distribute funding. This raised a number of issues linked to the administrative differences characterising member countries. Notably, whereas the responsible authorities for delivering cohesion policy were identified with NUTS2 regions, not all the countries have an equivalent administrative layer. Even where NUTS2 regions exist, they can be fully autonomous federal units, directly elected sub-national entities, indirectly elected second tier bodies, authorities directly appointed by central government, or purely statistical units. In this light, successful ways to promote territorial development may vary in the presence of different approaches to managing and implementing EU cohesion policy and of different levels of integration between EU cohesion policy and domestic planning.

Building on the above, it is possible to compile a tentative overview of regional governance regimes which takes into account the specific governance characteristics of the EU countries as well as the way they manage and implement EU cohesion policy (Figure 3.2):

- Countries where the sub-national level plays a crucial role in both domestic and EU perspectives (DE, FR, PL) and/or are characterised by comprehensive-integrated (NL, SE) or by a land use regulation approach (BE, IE, UK<sup>1</sup>) to planning, where it is most possible to exploit synergies between domestic regional policies and cohesion policy.
- Countries where, despite the regionalisation of EU cohesion policy management, the exploitation of synergies is less immediate due to traditional governance gaps in vertical and horizontal co-ordination between levels and sectors (ES, GR, IT, PT).
- Countries where EU cohesion policy is centrally managed through specific National OPs that also cater to the regional dimension of each country (CY, EE, HR, LT, LU, LV, MT, SI). With the sub-national level that either doesn't exist or is constrained between the others, the quality of governance and the maturity, and integration, of the country's spatial planning system is here a crucial precondition to favouring the required co-ordination between central and local priorities.
- New member countries that, despite more or less successful to establish a sub-national layer responsible for regional development during the 1990s and the 2000s, continues to manage EU cohesion policy centrally (BG, CZ, HU, RO, SK).
- Countries that, whilst being characterised by mature spatial planning systems of a comprehensive integrated nature, decided to (re-)nationalize the management of EU cohesion policy, mostly due to the scarce magnitude of the received support whose use is therefore tailored to specific issues (AT, FI, DK).

Figure 3.2: Regional governance regimes in Europe. ReSSI countries in red.



Source: authors' own elaboration.

The ReSSI case studies are located in countries that belong to distinct traditions of spatial planning, at the same time presenting different governance characteristics and different ways

<sup>1</sup> Note, however, that whilst the UK overall manages European Cohesion Funds centrally, their administration in Scotland, Wales and Northern Ireland is devolved.

to deliver EU cohesion policy. For this reason, transferability opportunities will be carefully explored *vis-à-vis* the particular governance features of the place where a specific practice has emerged.

### 3.2 Opportunities and challenges for European cities and regions

Challenges and opportunities for European cities and regions have arisen from a number of drivers, such as changes in the economy and society, as well as the 2008 financial crisis. In addition, there are sectoral challenges and opportunities with distinct territorial impacts from the point of view of cohesion and sustainability. The crisis and subsequent austerity policies are powerful changing drivers of governance regimes. The variegated nature of political priorities and governance regimes across the EU influence the ability to promote smart, sustainable and inclusive growth, but also the ways in which cities and regions explore opportunities and overcome threats. These include great societal challenges, such as economic competitiveness, social inequality, migration, ageing, energy efficiency and climate change, which cannot all be solved at regional level.

New opportunities are, however, also emerging. Increasing co-operation among European institutions and stakeholders, including inter-governmental organisations, is necessary to improve efficiency, decision-making processes, and to co-ordinate actions to promote the smart, sustainable and inclusive development of European regions. Notably, co-operation is needed to enhance the provision of services at a functional economic geography scale (rather than an administrative one), including experimental approaches to integrated local development. In this process, regional and local authorities have significant powers to govern the domains of land-use planning, energy provision, transport, waste and water services and can team-up and scale-up these services more efficiently to the population. Private actors are also relevant stakeholders and are willing to participate through public-private partnership agreements or other institutional arrangements that unleash creativity and innovation. Such arrangements offer the opportunity to deepen the involvement and participation of civil society, ensuring more inclusive economic development.

Overall, the main challenges and opportunities, operating in tandem and across various spatial scales, include:

- **Increased exposure to globalisation and structural changes after the global economic crisis:** Increased exposure to globalisation has differentiated spatial impacts. Regions and urban agglomerations located in the core of the EU benefit from more integrated transport systems, higher concentration of skilled labour and highly competitive firms generating high revenues, whereas middle and low-income cities/regions face stiff competition from lower cost locations outside Europe and lack the resources to upgrade into value-added activities. Nevertheless, institutions and the quality of government can make a difference in a global economy, favouring the business environment and innovation and underpinning higher economic growth, job creation and knowledge dynamics.

- **EU integration and disintegration:** The White Paper on the Future of Europe presents five scenarios for future EU integration (EC, 2017). Only one of the scenarios (*Doing much more together*) suggests more integration across more policy areas in Europe, while another (*Carrying On*) focuses on implementing and upgrading the current reform agenda. The remaining scenarios (*Nothing but the Single Market*; *Those who want do more*; *Doing less more efficiently*) suggest lower levels of cohesion across Europe. The aftermath of Brexit may have an effect on EU cohesion policy after 2020.
- **Achieving more inclusive innovation:** Innovation has played a fundamental role in the economic growth process in the EU. However, many initiatives fail to deliver relevant results, especially in peripheral regions. Moreover, innovation dynamics favour large private actors and it is often difficult to realise spill-overs and other positive externalities in the short-to-medium term. On the other hand, experimentation is unleashing new ideas to promote more inclusive growth.
- **Demographic and social challenges:** The Europe 2020 strategy for smart, sustainable and inclusive growth aims at reducing the number of people at risk of poverty or social exclusion. With 40% of the EU population living in cities, this goal can only be met if poverty and social exclusion are reduced in cities as well. City councils can provide measures to promote social inclusion and equal opportunity by improving active participation and employability; combating poverty and discrimination; enhancing access to affordable health care and social services; and promoting social entrepreneurship.
- **Climate change and environmental risks:** The impact of climate change will differ considerably from one region to another. This implies a need to adopt adaptive measures tailored to the local context. Both technology and public policy are necessary elements in this, but they need to be accompanied by a change in cultural and behavioural norms and practices.
- **Energy challenges:** A particularly difficult societal challenge is to reduce the consumption of fossil fuels in order to address the threat of climate change. Energy efficient cities and regions require the development of renewable energy portfolios according to indigenous resources. Given that people continue to aspire to standards of living that are energy-intensive, there will be a continually rising demand for energy, particularly in urban areas. There is also a demand for reconfiguring the energy mix and increasing efficiency, demand political and social leadership.
- **Loss of biodiversity and vulnerable natural, landscape and cultural heritage:** The actions required to increase ecosystem services differ between places, according to specific local features. Nevertheless, the demand for ecosystem services tends to rise as population density increases, mainly in city-regions. Cities and regions must support the installation of green infrastructure (comprising all natural, semi-natural and artificial ecosystems), as this can provide ecological, economic and social benefits through natural means. It can deliver health-related benefits such as clean air, better water quality, a greater sense of community and combat social exclusion and isolation.

The aftermath of the 2008 financial crisis has resulted in significant changes to the composition of public expenditure in some Member States, especially in Southern Europe. Simultaneously, regional and local authorities have expanded their action over time, and are responsible for a large share of public expenditure (Dijkstra et al., 2014). This confirms the increasingly important role they play in the implementation of place-based approaches to development. The ReSSI case studies, in the chapters below, analyse how the stakeholder regions address these opportunities and challenges to promote sustainable, inclusive and smart economic development.

## 4 Case Study 1: Coventry, England

### 4.1 Stakeholder territory and governance framework

The analysis of the Coventry case study takes place in a context of rapid change in local governance in England, initiated by the Conservative-Liberal Democrat Coalition Government (2010-2015). Governance arrangements put forward under the banner of 'localism' (HM Government, 2015), formed the most recent episode of decentralisation of English local governance. During the last 50 years, responsibility for sub-national economic development in England has undergone a series of reforms resulting in a 'pendulum process' swinging between 'local' and 'regional' scales (Pike et al., 2016). A discussion of the institutional changes around sub-national economic development in England is presented in Annex 1.

A striking feature of these governance reforms is that, through all the above pendulum swings between regionalism and localism, there has been a constant underlying centralisation of power (Pike et al., 2016), be it political, decision-making and in terms of tax generation. The very latest devolution process now involves 'regional' Combined Authorities, but it is still the case that most funding depends upon competitive bidding to central government for approved projects. Thus, the UK is claimed to be one of the most centralised countries in the world<sup>2</sup>. This results in the paradox of decentralisation being mandated by central government, which prescribes how it should take place in a hierarchical, top-down way.

Coventry has been affected by several decentralisation policies enacted in England. The City of Coventry is located in the West Midlands region, and was historically a part of the county of Warwickshire until 1974. Its governing body is Coventry City Council (CCC), a Local Authority. Coventry is part of the Coventry & Warwickshire Local Enterprise Partnership (CWLEP), along with the county of Warwickshire (CWLEP, n.d.). The CWLEP is a private sector-led alliance of private and public-sector organisations, the objective of which is to grow the Coventry and Warwickshire regional economy, attract jobs and investment, and increase prosperity. CCC is also one of the constituent authorities of the newly-formed West Midlands Combined Authority (WMCA) at the regional level, created to oversee strategic development, which involves seven constituent local authorities and three LEPs (including CWLEP) as non-constituent members (WMCA, 2017). It is notable that Warwickshire County Council only joined the WMCA as a non-constituent member, despite being one half of the CWLEP.

The dominant narrative of central–local government relations in the UK has been the power of central government to make and remake the institutional landscape and, in so doing, to erode the institutional cohesiveness, policy competences and autonomy of local political institutions (Catney and Henneberry, 2016). The government's current rationale is that public policy is more effective when interventions are focused on territories over which the targeted processes work.

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<sup>2</sup> This is particularly true of England and Wales. In Scotland many powers, including management of ESIF is devolved to the Scottish Government

However, there is a lack of geographical alignment and co-ordination between functional policy areas and institutions across the local authorities, Combined Authorities, LEPs, education, health, police, transport and other partners and sectors (Pike et al., 2016). For example, while Coventry is a part of both the CWLEP and WMCA, the geography of the two sub-regional bodies does not coincide.

Regardless of this, Coventry City Council, the CWLEP and the WMCA all have an interest in promoting economic growth in Coventry. These governance actors are expected to work together to achieve economic growth objectives, through dialogue with other important stakeholders, including central government, private businesses, citizens and others. However, this experiment in regional governance is complicated by the post-financial crisis austerity context.

#### **4.1.1 Austerity and economic development**

In the UK, the post-2008 financial crisis context has been characterised by public sector austerity, with noticeable reductions in government spending. A significant proportion of this reduction has been achieved by reducing the annual grant funding paid by central government to local authorities. This reduction comes at a time of increased demand for the statutory public services provided by local authorities, such as adult social care. This is the result of a growing and ageing population, which is increasingly dependent on social services (ICLGF, 2014). The result is a pronounced reduction in the net funding available to local authorities. This has had significant impacts on local authorities' capacity to promote economic development, given that this is not a statutory activity. Not only is less being done in terms of economic development, but it has also resulted in a high turnover of economic development specialists in local authorities. These two points were made by more than one interviewee in this project.

The second impact is in terms of the prevailing understanding of what economic development should achieve. In the previous regime of regional governance, the allocation of funds for regional economic development were geared towards reducing inequality between regions and improving outcomes for individuals in less-favoured areas. In contrast, the current prevailing understanding of regional development is more geared towards maximising economic growth where it has the greatest potential, rather than the distribution of funding to combat regional inequalities. Funding for economic development is now increasingly secured via competitive bidding for specific instrumental projects, which are expected to demonstrate strong capacity to result in growth, with less attention to addressing regional inequalities, often by mobilising existing assets (industry clusters, companies or knowledge) in innovation processes. This is the case of both projects under analysis on this study: The *Electric Taxis* project and the *UK Autodrive* project.

## 4.2 The *Electric Taxis* project

The *Electric Taxis* project consists of a plan to install a number of Electric Vehicle (EV) charging points in Coventry City Centre, to be used by taxis. It is financed by the Office for Low Emission Vehicles (OLEV), an executive office of the UK Central Government. OLEV set up a competition, dubbed *Taxi Infrastructure*, through which Coventry received a total of £1.2 million to install electric charging points in the city (OLEV, 2015).

The *Electric Taxis* project aims to achieve two main objectives: first, to improve the air quality in the Coventry area, by phasing out diesel-powered taxis and substituting them for EVs. Electric Taxis also contribute to the *inclusive growth* and *smart growth* policy goals of the EU2020 Strategy. The project hopes to increase regional employment rates, by helping to promote the recently-launched London Electric Vehicles Company's (LEVC) TX-5, a fully electric vehicle produced in Coventry. The R&D and manufacture of Electric Taxis in Coventry (and the wider West Midlands via the supply chain) is part of the Advanced Manufacturing and Engineering sector of the local and regional economy. This is a 'growth sector' in Coventry and the wider West Midlands and has been prioritised by both the CWLEP Strategic Economic Plan (CWLEP, 2014) and the WMCA Strategic Economic Plan (WMCA, 2016) for its potential to create jobs and result in skills development.

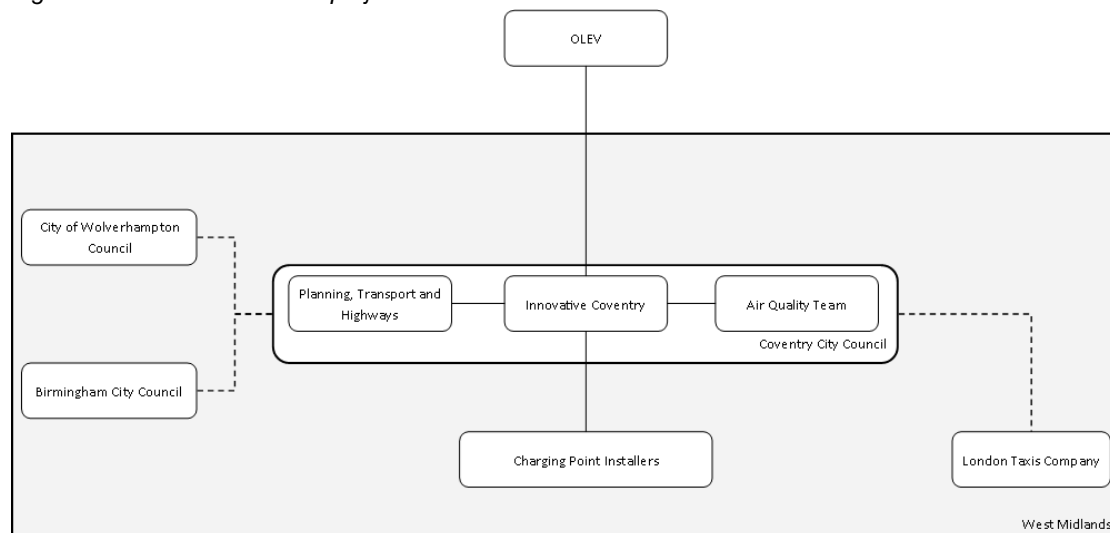
### 4.2.1 Actors and institutional map

The delivery of the Electric Taxis project is based around partnership agreements. Coventry City Council (CCC) is the lead stakeholder, having applied and successfully received the OLEV grant. The key Council department involved is Innovative Coventry, whose role it is to apply for funding for economic development projects, and manage their delivery once funding is secured. In the context of this particular project, Innovative Coventry has to liaise with the Council's department of Transport, Planning and Highways, with the Air Quality team, and with the companies installing the charging points in the city.

The role of Innovative Coventry, however, goes beyond managing the project and the explicit partner relationships. The second strand involves supporting the uptake of the newly-launched LEVC TX-5 electric taxi. LEVC's parent company, Geely (a Chinese car manufacturer) has reportedly invested more than £300 million in a new local facility where the LEVC TX-5 will be produced, with the expectation that over 1100 jobs will be created in Coventry (Allan, 2017; HM Government, 2017a). Aware of this fact, Innovative Coventry has established a working relationship with both LEVC and local taxi drivers. As a result of these networks, CCC was able to conduct a market research study investigating the willingness of local taxi drivers to use the new charging points, and consequently to potentially acquire and operate an electric taxi (such as the TX-5) in the future. Some of this information proved valuable in discussions with LEVC, who tend to focus on larger markets (such as London and the export market). Innovative Coventry has, consequently, partially taken up the role of market intermediary in this context.

Figure 4.1 represents an ‘Institutional Map’ of the *Electric Taxis* project. Continuous lines represent the project partnership relationships, while dashed lines represent other relationships established in the course of the project. Geographically, the setting for the project is territorial. The network presented in Figure 4.1 is located entirely in the West Midlands (with the exception of OLEV, a central government body). In fact, the actual project partners are all located in Coventry itself. The clear territorial vision of the project is reflected on the sites for the installation of the charging points (within the City) and by the objectives it hopes to achieve (to improve local air quality and provide jobs in advanced manufacturing in LEVC’s new Coventry plant). As a second-order effect, the project is also expected to have an impact on the market for electric taxis in Coventry, providing drivers with incentives to change their diesel vehicles to EVs. Overall, there is a clear vision as to how planning can be used to deliver the project in a way which has a local impact.

Figure 4.1: The Electric Taxis project



Source: authors

#### 4.2.2 Communication and knowledge

Communication within the network involved in the *Electric Taxis* project is both hierarchic and rhizomatic. Amongst the agents involved in the implementation of the funded project, communication is mostly hierarchical, thus following the logics of statutory working relations. This is necessitated by the need to ensure transparency and accountability in the allocation and use of public funds. The relationships are mostly contractual, for example as between OLEV and Coventry City Council, and between Coventry City Council and the companies installing charging points.

It is apparent, however, that communications amongst the wider network are also rhizomatic, criss-crossing the formal structure. Innovative Coventry has had informal conversations with



OLEV outside the formal application and contract talks, and has remarked that such conversations are useful in terms of helping drive the future funding agenda by making the funding body aware of local needs and opportunities. Likewise, Innovative Coventry did not liaise with LEVC during the process of applying for funding for the Electric Taxis project – as the chargers are not vehicle-specific – but has maintained contact with the company. This allowed Innovative Coventry to share insights about the taxi market in Coventry with LEVC.

The knowledge shared amongst this network does not concern technical innovation. Instead, two types of knowledge circulate amongst the network. The first is tacit knowledge, especially around planning and project management. Innovative Coventry has a long track record of delivering projects of this type, which it can use in order to manage the Electric Taxis project. This understanding of ‘how to get things done’ and ‘who to talk to’ proved very useful during the bidding process and is currently being used to select a private contractor to deliver it. The second type is market-making knowledge. Innovative Coventry has leveraged its knowledge about the taxi market in Coventry to maintain the relationship with LEVC and with OLEV itself.

### **4.3 Case 2: The *UK Autodrive* project**

The second unit of analysis in the Coventry case is the *UK Autodrive* project, which is currently trialling automated vehicle technology. It aims to ‘help to establish the UK as a global hub for the research, development and integration of automated and connected vehicles into society (...), to increase public awareness of autonomous vehicle and connected car technologies, and to enable cities to understand how they can best facilitate and benefit from automated transport systems’ (UK Autodrive, 2016). Coventry City Council is one of the 12 members of the *UK Autodrive* consortium<sup>3</sup>. The project is financed by Innovate UK, a non-departmental public body reporting to the Department of Business, Energy and Industrial Strategy (DBEIS). The government competition, titled *Introducing Driverless Cars to UK Roads*, attributed £10 million of public money to the project, approximately match-funded by the automotive industry. Total investment is close to £19.4 million (Innovate UK, 2014; UK Autodrive, 2015).

The project fulfils all three types of economic development described in the EU2020 strategy: *sustainable* development (reducing congestion and pollution); *inclusive* development (providing jobs, with a focus on the automotive sector); and *smart* development (investment in digital technologies and R&D). At the same time, the various participants agree that the focus of the project is not solely technological research and that social issues (public engagement and promoting the acceptance of new technologies) are also a fundamental aspect. This gives the project a ‘market testing’ function, helping improve awareness and acceptance of these technologies amongst consumers through direct exposure to the potential of autonomous vehicles. In fact, respondents described the project as turning the city into a ‘living laboratory’.

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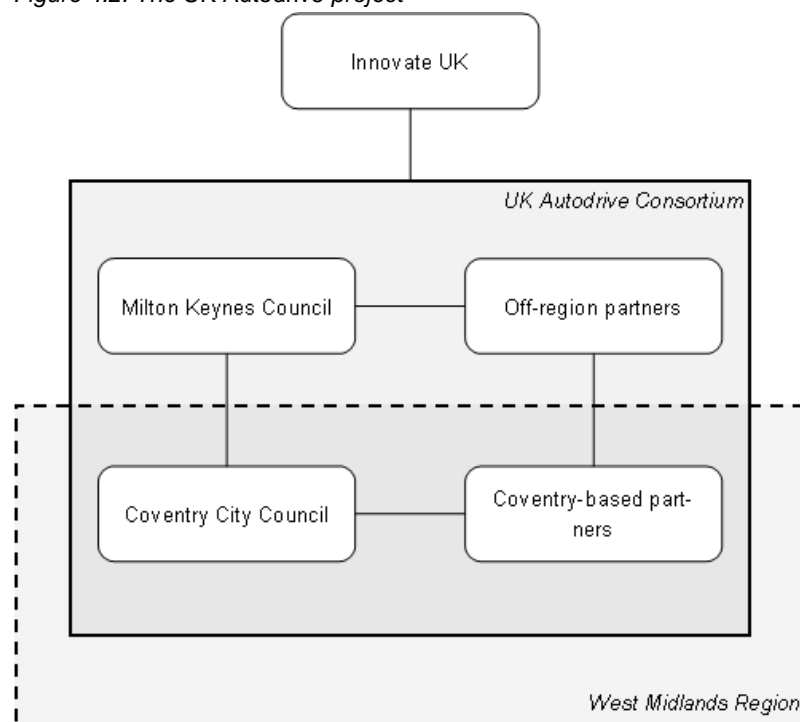
<sup>3</sup> Further details about the composition of the consortium are available in Annex 1.

### 4.3.1 Actors and institutional maps

As noted above, the project is co-financed by Innovate UK and the consortium members. On the ground, the project is managed by ARUP (a consultancy), working in close partnership with Milton Keynes Council and Coventry City Council. Milton Keynes is not located in the West Midlands, leading to inter-regional flows amongst consortium members outside and inside the region. The bulk of the West Midlands consortium members are automotive Original Equipment Manufacturers (OEM), such as Jaguar Land Rover (JLR).

The decision to allow trials of autonomous vehicles on public roads involves planning and transport aspects, but also a political dimension. All the 'M1' (passenger) vehicle trials are taking place in Coventry, meaning these vehicles will have to share the public highways with other road users, with the consequent risk of accident. As a result, CCCs Cabinet, composed of democratically-elected representatives, has been tasked with deciding whether or not to authorise road tests. The civil servants (from the council's Transport, Planning and Highways Department) have an advisory role on this issue, but ultimately the decision was in the hand of elected policymakers. Figure 4.2 maps the institutions involved in the project.

Figure 4.2: The UK Autodrive project



Source: authors

Geographically, the project is strategic: the actions of actors are driven by their relevance to the implementation of the project no matter where, and a number of the strategic stakeholders

are external to the region. Interviewees contacted during fieldwork confirmed that the project is driven by a strategic vision set out by central government (via Innovate UK), and followed on by Milton Keynes Council. Coventry City Council's role as a participant in the project reflects an expectation that the project could, in the long-term, result in positive outcomes in the region: Given that advanced vehicle technology and advanced manufacturing are key sectors in both the CWLEP and WMCA strategy documents, a research project in these priority sectors is likely to contribute to deliver those strategies. However, this is a project derived from an interesting opportunity at the forefront of new technology, designed at national level, and to which the CWLEP and WMCA did not contribute detailed design work. With many of the strategic participants located outside the West Midlands, this project is unlikely to produce direct positive local or regional outcomes in the short-term. All positive impacts are likely to be felt in the medium and long-term, especially through increased competitiveness of locally-based automotive OEMs. From a regional economic development point of view, the maximisation of the impacts requires that the results of the project are disseminated appropriately through (extensive) the automotive supply chain in the West Midlands.

#### **4.3.2 Communication and knowledge**

Communication within the network is mostly hierarchic (following the logic of statutory relations). The project is subject to strict standards of reporting in terms of timelines, spending (both under- and over-spending are strongly frowned upon) and outcomes. The result is a very hierarchical structure of governance and control, geared towards matching the outcomes and spending along a series of pre-determined milestones. At the same time, the various consortium members have a degree of latitude to communicate amongst themselves. This type of communication appears to be more concerned with technical and innovation aspects, and does not necessarily involve the formal structure. However, it should be noted that respondents noted a great focus on hierarchical communication, as necessitated by the contractual nature of project.

In terms of knowledge production, the project aims to produce innovative technical knowledge by developing technologies for autonomous vehicles, which is to be shared amongst the partners. Concurrently, it also aims to produce knowledge about individuals' attitudes and preferences about autonomous vehicles. This knowledge is public, and the results of the first survey with UK residents were published in August 2017 (UK Autodrive, 2017). Given that the objective of the project is not only to study consumers' acceptance of autonomous vehicles but to promote it, there is potential to do more in terms of promoting findings to wider society. In fact, the issue of how to communicate the project's progress and findings is pressing: respondents remarked on the need to manage expectations about when autonomous vehicles will be made available to the public, especially after the launch and first tests of the project received widespread press coverage.

## **5 Case Study 2: Region of Southern Denmark, Denmark**

### **5.1 Territorial strategies in Denmark**

The governance of regional development in Denmark has been challenged by changes in the spatial planning system, as well as changes in regional policy (Illeris, 2010). Statutory regional planning started in Denmark with an administrative reform in 1970, followed by an ambitious planning reform. In parallel to that, regional development policies were focused on unemployment in peripheral regions. These instruments included allocation of service centres and subsidies to private companies in an effort to promote equal living standards across regions. Along with enhanced pressure from municipalities, shifting economic growth in society and challenges from globalisation, regional planning lost momentum, while regional policy changed from subsidising single companies to co-funding general frameworks for regional development.

The structural reforms of 2007 abolished the former 14 counties and established five regions. The new regional level does not have any formal regional planning mandate but serves as an important arena for co-operation with a focus on a new generation of regional policies: regional growth strategies dealing with the challenges and opportunities of the individual territories. On top of these general governance challenges, regional strategy making has seen the development of a diverse regional stakeholder milieu in Denmark, meaning new actor networks and co-operations. During the 1990s, the government invited clusters of municipalities to co-operate and jointly form polycentric centres as part of the national urban system. One of these new 'national centres' – "Trekantområdet" (The Triangle Region) – was formed by eight municipalities. The concept of the national centre was withdrawn again from national planning but the collaboration between the municipalities in the region continued. Several collaborations were also formed by municipalities on Funen. In the border region to Germany. Four municipalities formed the "Udviklingsråd Sønderjylland" (Development Council of South Jutland). These municipal co-operations are formed by different challenges, prospects and commitments. They show rich diversity in how to work together. Many of them have set up secretariats for assisting in running a joint strategy, projects or promotion activities. This development has been further encouraged at the initiative of the municipalities' interest organisation Local Government Denmark, promoting "Business Regions".

#### **5.1.1 Development in the Region of Southern Denmark**

Southern Denmark is one of five regions of Denmark. *Region of Southern Denmark* (RSDK) is the authority responsible for development in the region, with limited legal competencies. The region consists of 22 municipalities – the core level for planning in Denmark – while the state concentrates on specific national interests. The municipalities of Southern Denmark differ significantly in size (e.g. 16% of the region's population live in the municipality of Odense) and thus their role for the region's general development.

The regional strategy does not set up operational means and milestones that can be compared to the EU2020 goals and priorities. Rather, the strategy is to set up 'tracks' to be followed by any relevant means at the initiative of the regional stakeholders. However, the strategy defines specific indicators to check if regional development is on track. This 'strategy of the strategy' is in line with the fact that the current generation of Danish regional planning is left with few statutory means, and thus has to operate primarily through 'soft' means, such as provision of territorial analyses and collaboration. The 'Good Life as a Driver of Growth' strategy forms a guidepost for analysis and co-operation.

Six tracks are set up. One of these, 'knowledge in motion' is about the provision of knowledge as a tool for the regional council in monitoring and prioritizing initiatives and facilitation of cooperation as well as facilitation of municipalities, local businesses, institutions and the general public with territorial knowledge, focused on trends and regional challenges. Under this heading the region and the municipalities also agree on a number of topics and subjects for analyses, and the corresponding results are made publicly available to stakeholders.

The five remaining 'tracks' are called: people with potential; business development; green opportunities; vibrant urban regions; and strong connections. The business development track, in particular, sets out priorities for the distribution of European Structural Funds related to business development. The track builds on work by the Regional Growth Forum and agreements between the Danish state and the five regional *fora*. This is furthermore a follow-up action of the government, which entered a partnership agreement with the EU Commission (European Commission, 2014). The business part of the regional strategy includes sustainable energy and innovation in the health and welfare sector. Besides these issues, other aspects of the Regional Growth and Development Strategy also relate to the EU2020 Strategy. These include the broad and inclusive concept of *Good Life*, health and education, and labour market opportunities through cross-border collaboration with the German region of Schleswig-Holstein.

As a follow-up action of the Regional Growth and Development Strategy, the regional authority and the four South Jutland municipalities have entered into a Regional Development Agreement 2016-17 for South Jutland (RSDK et al., 2016). This constitutes our second case. It is currently setting up a framework for 'dialogue and co-operation' on: 1) peoples' life in each of the municipalities; 2) municipal co-operation; and 3) education and labour markets. Again, the concept track is forming agendas for co-operation – this time between the regional authority and the municipalities of South Jutland on three topics: Patterns of settling down, relocation and attractiveness; enhancing knowledge about regional strengths and importance; and integration of areas outside the larger cities.

The South Jutland development agreement parallels some of the EU2020 objectives by including a special focus on territorial inclusion, via integration of peripheral areas and small towns outside the larger cities.

## 5.2 Case studies: actors, maps and knowledge dynamics

In close co-operation with our stakeholder, the Region of Southern Denmark (RSDK), two cases were chosen. They are hierarchically interlinked as a strategy and a follow-up action in the framework of the strategy. The strategy-case consists of the current *Regional Growth and Development Strategy* (RG&DS) of Southern Denmark (RSDK, 2016). The name of the strategy refers to the key concept of the strategy: *The Good Life as a Driver of Growth*. A follow-up strategy, titled *Regional Development Agreement 2016-17 for South Jutland* (RSDK et al., 2016), is currently being devised as a co-operation between the regional authority and the four municipalities of South Jutland. It was initiated as a 'platform for dialogue and co-operation'. While the strategy case provides opportunities to discuss the process with stakeholders the process, results and prospects of what is now on the table, the follow-up case provides an opportunity to follow, as participant observers, the process of a strategy-in-the-making.

Crucial in this communicative process is not just the provision of stakeholders with information about territorial trends and problems; rather, it becomes crucial to obtain the stakeholders' attention. This includes the production of new perspectives, as e.g. when RSDK presented an analysis on accessibility to workplaces, including workplaces on the German side of the border. Due to the strong labour markets in Flensburg and Hamburg, the analysis revealed that Southern Denmark had stronger development prospects than from the usual national mapping of workplace potentials.

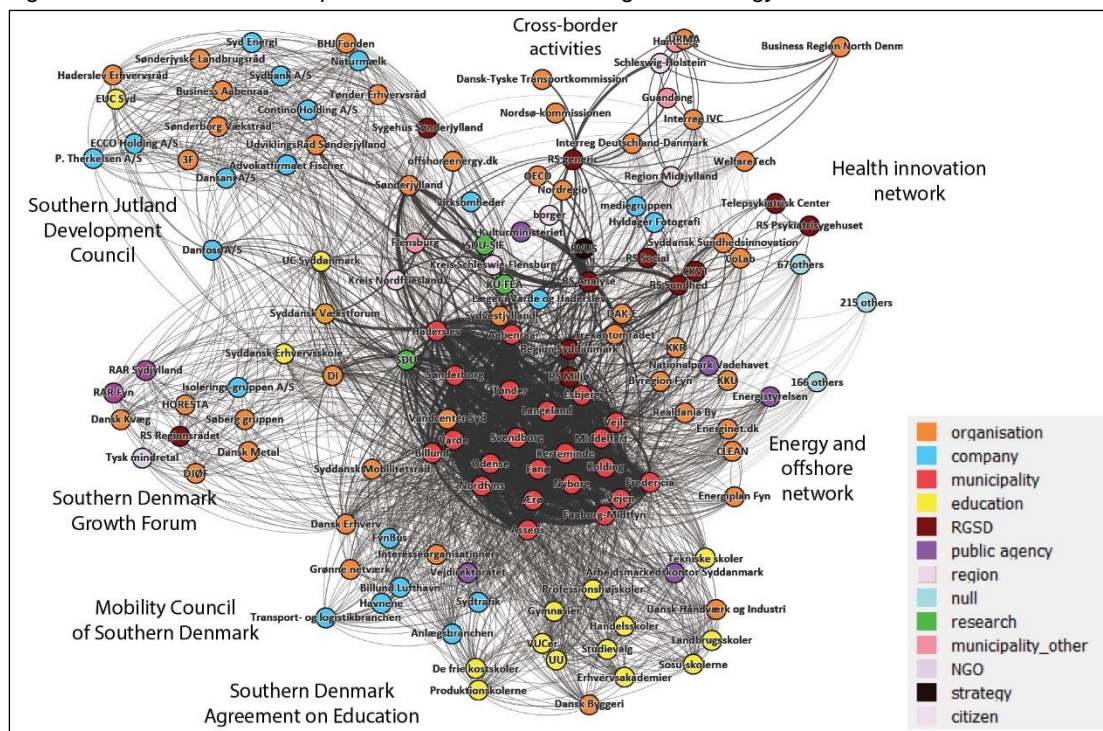
Furthermore, we see challenges and prospects from the aforementioned stakeholder milieu. The formation of intermediary and different stakeholder alliances – between the municipal and regional level – reveals several entries into formation of sub-regional development strategies; and it opens up questions on how an 'interplay' between the regional growth and development strategy, meant to emerge as a multi-stakeholder process in collaboration with regional actors, and the sub-regional agendas, can be established. Especially, we believe that such an interplay is challenging to the communicative type of regional strategy making, and hence to the forming of strategic concepts and territorial knowledge that jointly creates attention among the stakeholders.

### 5.2.1 The Regional Growth and Development Strategy

Documental analysis of stakeholder relations in Southern Denmark in regards to the regional strategy reveals its complexity. Figure 5.1 illustrates the relations of the stakeholders as they are mentioned in different sections, activities and projects in the strategy. The strategy itself (black circle) is strongly related to the various departments of RSDK, while the graph also clearly shows that the central stakeholders are all 22 municipalities in the region. Other stakeholders with relatively central positions are the various departments of the Regional Authority (RSDK), the Regional Growth Forum, the University of Southern Denmark (SDU), local and regional authorities across the border in Germany, secretariats of sub-regions as well

as the Local Government Regional Councils<sup>4</sup> and a number of national bodies, such as the Ministry of Culture. Several *fora* and councils which relate to the strategy are not illustrated with their own circle, but illustrated by their members, as e.g. the Mobility Council of Southern Denmark or the Southern Denmark Agreement on Education.

Figure 5.1: Stakeholders and partners mentioned in the regional strategy



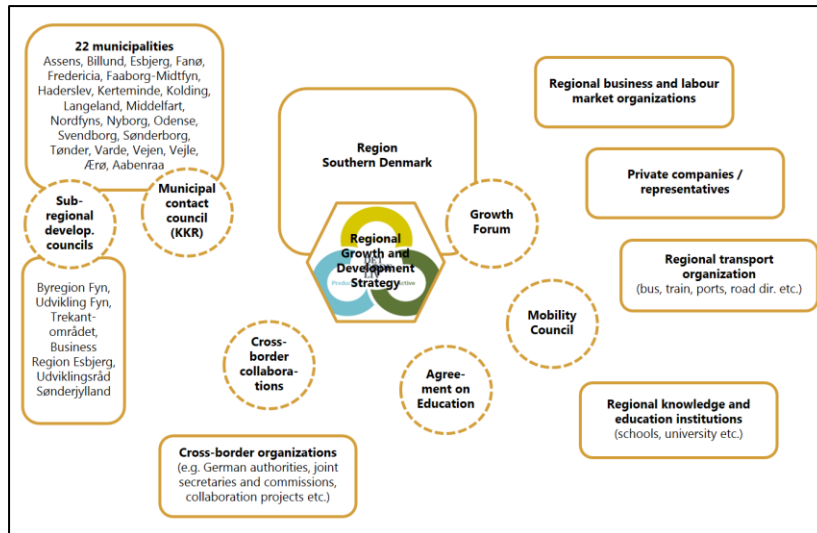
Source: authors

The partnership between stakeholders is mainly of agency type (Skelcher et al., 2005). In other words, the regional authority implements a strategy as an agent of central government. Of course, the development of the strategy also included elements of other types of partnerships. For example, much content of the strategy builds on various *fora* and council (Growth Forum, Education Council, Mobility Council, sub-regional councils, innovation networks etc.) which practice a club-type of partnership. However, these organisations do not exclusively work for the regional strategy, but are important entities to discuss a regional agenda within their field in general. In Figure 5.2 we mainly focus on the councils and *fora* – which are member-based but sometimes have overlapping members. To keep it simple we do not include relations between these but only map them around the regional strategy. RSDK as well as the Regional Growth Forum are, however, core actors as they are responsible for the strategy by law. The other

<sup>4</sup> This is a translation of 'Kommunernes Kontakt Råd' (KKR), a regional association of municipalities. Sometimes this is also translated as 'Municipal Contact Council'.

actors are included with these core actors as it is only with them that the strategy can be implemented.

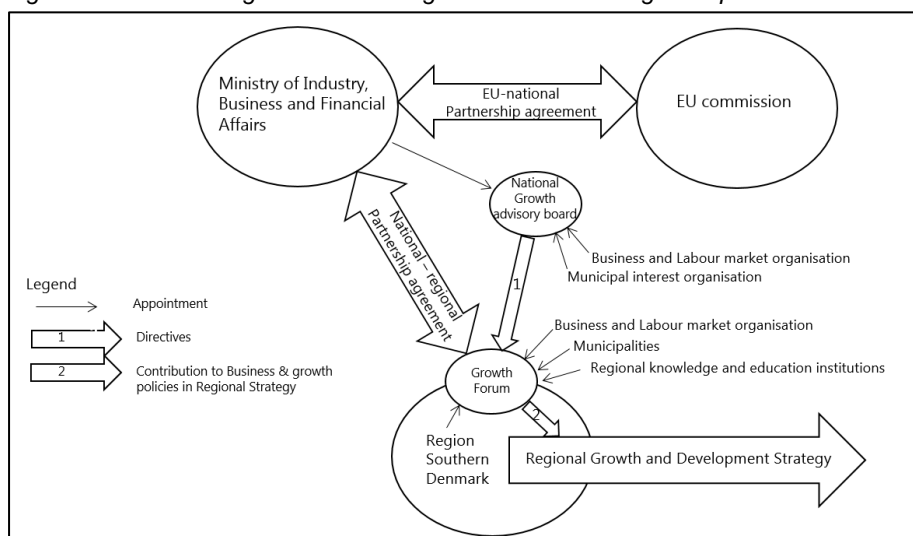
Figure 5.2: Regional actors and councils involved in the RG&DS 2016-19 - simplified



Source: authors

A part of the RG&DS focuses on business policies, which have a different governance framework due to the role of EU Structural Funds. Figure 5.3 illustrates the main actors for this part of the strategy.

Figure 5.3: Multi-level governance of regional business and growth policies in a Danish context



Source: authors

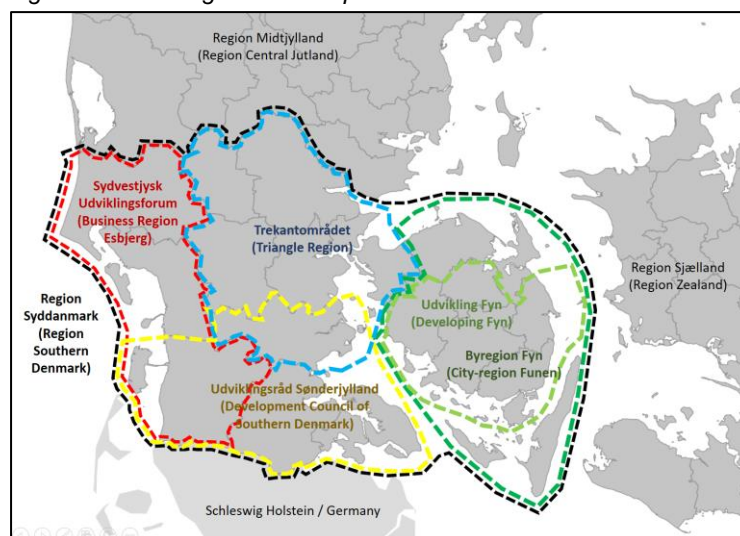


This input is provided by the Regional Growth Forum responsible for the formulation of a regional business policy relating to national growth and business policies. The regional authority, following statutory rules for appointing members of business, knowledge and education, labour market organisation and municipalities, sets up the Regional Growth Forum. The business strategy must align with the partnership agreements negotiated between each of the regional growth *fora* and central government on the basis of the EU-national partnership agreements on the European Structural and Investment Funds. Although the regional authority appoints the regional growth *fora*, they must consider directives from the National Growth Advisory Board.

### 5.2.2 The Sub-Regional Development Agreement

As a step towards implementing the strategy, Region Southern Denmark has negotiated development agreements with each of the four sub-regions. The sub-regions are organised very differently, and have very different histories and identities. Figure 5.4 shows four sub-regional organisations and their current membership. These sub-regions are organised voluntarily on the basis of mutual interests and functional relations. In addition, some municipalities participate in two of the shown organisations. In some cases, those organisations are part of the development agreement, in others only the municipalities and the regional authority are signatories. The borders get even fuzzier when it comes to specific projects where participation of municipalities (and other stakeholders) can be quite different: Sometimes not all municipalities of a sub-region participate, sometimes municipalities of another sub-region join, and sometimes stakeholders beyond Southern Denmark participate.

Figure 5.4: Sub-regional development councils in Southern Denmark



Source: authors

The sub-regional development agreement can be described as a club-type of partnership (Skelcher et al., 2005). The four municipalities collaborate, dealing mainly with business development, but also have regular meetings at high political levels. The agency-type of partnership plays a minor role in this case, as the topics taken up are seen as follow-ups from the regional strategy – making it an agency-type in the background. This is the case at least from RSDK's perspective, while the municipalities (could) use the agreement to develop their collaboration into other topics as well.

### **5.2.3 Knowledge provision**

As earlier described, the use of soft planning instruments is a key concern of RSDK, due to the reduced statutory tools for regional strategy making. Furthermore, the regional authority has to manoeuvre in a landscape characterized by new sub-regional alliances. Accordingly, the regional authority must act as a facilitator and not just initiator of strategies. One way of facilitation is to provide regional stakeholders with knowledge and analyses on territorial trends to view themselves in a wider strategic and geographical context.

As a part of RSDK's regional development department, a program of knowledge distribution is taking place. Based on earlier observations as well as the first interview with representatives of municipalities, it seems that several of the published analyses have become popular, and often serve as an authoritative and common source of reference for staff personnel as well as politicians – an example is the regularly published Kontur [Contour]. Other regular specialised reports are produced on growth in the region and – in *The Goal of the Good Life* – the development of framework conditions and citizens' experience of life in RSDK.

The role of facilitation is clearly stated in the arguments of the publications 'Regional Analyses' and 'City Analyses'. Regional Analyses is "continually done for the purpose of strengthening the foundation for making the right decisions about issues such as education, entrepreneurship, climate, industries and infrastructure" and City Analyses are supposed to "contribute to supporting and shaping city development strategies [i.e. municipal strategies]". In another publication, Syddanmark Nu [Southern Denmark Now], articles about successful companies, entrepreneurs, education institutions and recent territorial analyses are published aiming at "inspiration for taking new paths". In the 'Region of Southern Denmark's Citizen Panel' and the 'Business Panel', around 1,000 residents and 900 directors from SMEs, respectively, reply to questions on regional matters.

All these regularly published documents are providing citizens, municipalities, institutions and organizations with knowledge that in turn are supposed to promote a common understanding of the Southern Denmark Region and directions towards the future.

## **6 Case Study 3: Piedmont Region, Italy**

### **6.1 Evolving territorial governance framework in Italy**

The context of territorial governance in Italy has recently undergone important changes. The 2014 Delrio Reform led to the institution of 14 metropolitan cities in place of former provinces, all including a large core city and its surrounding municipalities. Furthermore, it led to revised competences and drastically reduced the budget for the remaining 93 provinces, and promoted new inter-municipality co-operation platforms. At the same time, the reform tried also to give solution to the Italian institutional hyper fragmentation at the local level promoting inter-municipality cooperation in order to improve the provision of public services. This new framework puts those regional authorities responsible for promoting development in territories featuring a metropolitan city in a rather ambiguous position. New metropolitan cities aim to provide a layer for co-ordinating territorial development in complex territories and have a high degree of autonomy and power to do so. This includes the possibility of interacting directly with the national level, thus bypassing the regional level. Conversely, provinces that were not replaced by metropolitan cities have lost the majority of their competences and resources, and do not seem able to act as drivers for territorial development any more. Such changes generate several challenges in relation to the promotion and co-ordination of smart, sustainable and inclusive development by the regional actors.

In addition to institutional changes, the post-2008 economic crisis had a dramatic impact on the budgets of Italian public bodies. The lack of in-house resources forced local administrations to rely on EU funding programmes or on the institution of public-private partnerships. This had two consequences: on one hand, the institutional capacity of public actors in creating functional and inter-institutional co-operation is increasing; on the other, questions are raised about the future of these voluntary co-operation geographies once the funding they are based upon ends.

The cases outlined below reflect upon the different roles that the regional authority can play in the promotion of smart, sustainable and inclusive development in relation to territories where different levels of institutional capacity and attitudes characterize local authorities.

### **6.2 Delivering sustainable, inclusive and smart development policies**

#### **6.2.1 The Corona Verde project**

The 'Corona Verde' project is a collaboration between 93 municipalities located around the Turin municipality. It originally aimed at creating a network of ecological corridors to connect the regional park system located in Turin metropolitan area (Royal Parks, River Po and Collina Torinese Park) and the twelve XVII century residences of the Royal House of Savoy, the so-called 'Crown of Delights' that surrounds Turin and which has belonged to the UNESCO World Heritage List since 1997. Since its establishment in the early 2000s, the project has evolved into a network of green infrastructures and ecosystem services, which includes the majority of the green open spaces located within Turin's first belt of neighbouring municipalities.

The project officially started in 2000 as a collection of projects that involved 24 municipalities, mostly financed through EU funds. It contributed to the consolidation of a new development vision for Turin and its metropolitan area, based on environmental quality and quality of life, in line with the main objectives of the first strategic plan of the city (Torino Internazionale, 2000). Due to the growing recognition of the strategic value of the issues at stake for regional development, the project was once again funded under the programming period 2007-2013 through a dedicated axis of the Piedmont ROP. In order to further enhance its internal coherence and impacts, in 2007 the Regional Authority also commissioned the development of a masterplan for the Corona Verde. The project also became part of the wider regional development strategy, contributing to the development of the regional ecological network as well as the protection and valorisation of river and hill belts and other contexts of natural, landscape and historical-cultural value (Cassatella & Bagliani, 2012). The Corona Verde approach and methodology inspired, and contributed to, the development of the Regional Landscape Plan (Piano Paesaggistico Regionale or PPR), which in turn was established as a direct application of the European Landscape Convention. The Regional Landscape Plan (approved in October 2017) includes the Corona Verde Project as a pivotal element, strengthening its importance at the regional scale (Cassatella, 2013)

The project has thus far led to a number of tangible outcomes, such as cycling paths, the ecological restoration of riverbanks and green corridors and infrastructures. It has also had intangible effects: Its governance structure, which consolidated throughout the lifetime of the project and favoured the empowerment of local actors; integration of landscape and urban planning; awareness in local communities of the benefits provided by open spaces; growing attention on local agendas to sustainable mobility issues and the quality of the environment.

### **6.2.2 The Strategia Nazionale Aree Interne**

The second case concerns the implementation of a nationally-driven local development programme that started in 2014: the Strategia Nazionale Aree Interne (SNAI - National Strategy for Inner Areas). It consists of a strategy (and a related programme of economic incentives) aiming at overcoming the urban/rural dichotomy by fostering national economic and social development and improving quality of life and economic well-being of relatively isolated and sparsely populated areas. In the case of Piedmont, the regional authority decided to use the SNAI not only to overcome the urban/rural dichotomy, but also to intervene on some of its most remote mountain territories, in so doing integrating it with its regional strategy for mountain development. Among the four selected areas in Piedmont, the one analysed in the context of ReSSI is Valle Ossola, which has seen the SNAI related activities start at the end of 2016. The

project area partially overlaps with the Mountain Union<sup>5</sup> of Valle Ossola, which includes 10 municipalities accounting for around 5.000 inhabitants, while the whole strategy area involves a larger territory of 20 municipalities (33.000 inhabitants).

SNAI Valle Ossola is an example of cooperation in a non-metropolitan territory where the regional authority could play a relevant role in funding and coordinating smart, sustainable and inclusive development, as well as in providing the political and technical support necessary to local authorities to improve their performance.

The general framework of SNAI aims for the involvement of several actors located at different territorial levels through strong vertical and horizontal integration. From the central government a number of ministries that contribute to the Strategy. The regional level plays a central role, both in the phase of identification of the project areas as well as through the development and management of the ROP and the Rural Development Plan (RDP), i.e. the main tools through which the local development interventions defined by the various SNAI Strategies are funded.

At local level, in order to be eligible for participating in the SNAI, municipalities are required to work jointly and to build on previous experiences of formal and/or informal cooperation. Private actors and citizens are also included in the Strategy due to the participatory approach used to define the local development strategy. The methodology for the development of the strategy, specifically, aims to undertake a number of focus groups, meetings and events focusing on different issues and involving the private sector, associations and citizens.

### **6.3 Institutional maps**

Both Piedmont case studies show the incremental development of a governance-oriented attitude from the involved stakeholders, characterised by the institution of increasingly strong horizontal and vertical relations. However, the governance structure of the case studies is the result of very different approaches. In Corona Verde it is constantly evolving, due to the increasing number of actors and territories (municipalities) involved in the project through a bottom-up approach. At the same time, it concerns a soft functional geography that does not result in a new administrative territory. In contrast the SNAI, being developed in a phase of strong centralization under a technical “caretaking” government, presents a strong top-down flavour, characterised by a strong governance structure “imposed” from above.

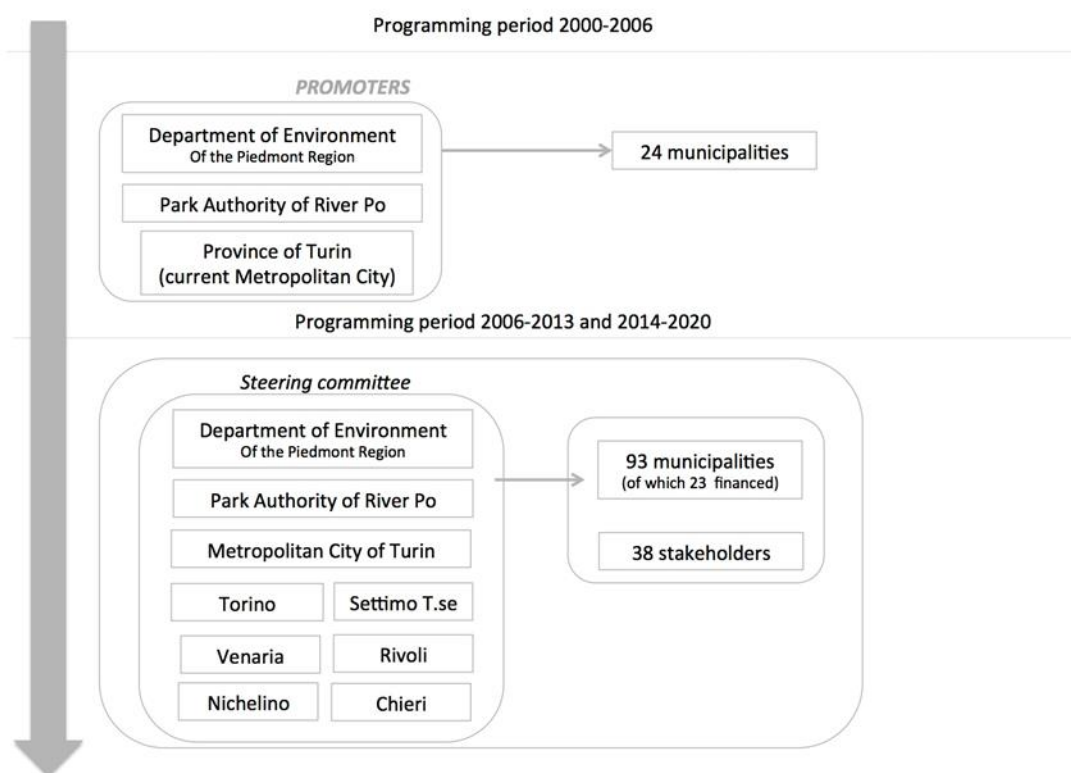
In the Corona Verde, the Regional Authority, the Regional Park Authority and the Province of Turin (the current Metropolitan City) originally promoted the project (Figure 6.1). During the first phase the Regional Authority allocated funds, based on EU ROP 2000-2006, to 30 local projects involving 24 municipalities. This phase was characterized by fragmented interventions

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<sup>5</sup> Mountain Unions are union of two or more municipalities, aiming at providing conditions for effective and efficient management of municipal functions. Each Region is responsible to regulate the features of Unions of Municipalities. In Piedmont, municipalities belonging to a Union are not legally obliged to be contiguous.

at the local scale and by a low level of co-operation between the Regional Authority and the municipalities. Moreover, municipalities that were selected were those that already had experiences in European programming or had specific agencies or departments to manage complex projects.

Figure 6.1: Territorial stakeholders and funding involved in Corona Verde

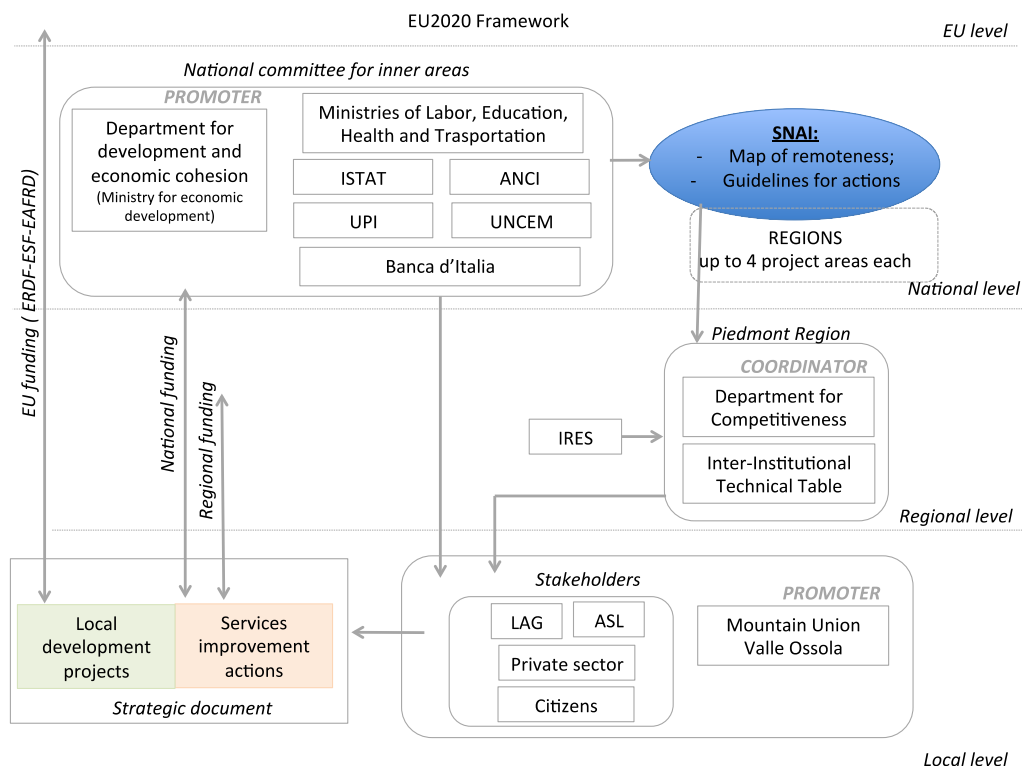


Source: authors

It was in the second phase of Corona Verde (2007-2013 EU programming period) that a stronger governance model emerged, featuring increased vertical and horizontal co-operation. Corona Verde became a tool for integrating strategic, landscape and urban planning objectives in a multi-scalar framework (Cassatella, 2016). In that period, projects were based on a strategic masterplan that established medium- and long-term integrated management methods and operational strategies, within which the initiatives of the program should be implemented. Despite, or because of, the first phase, the Regional Authority worked on creating greater awareness on environmental and landscape issues as well as on the value of inter-municipality co-operation. At the end of the second phase, as many as 93 municipalities were involved in the project (of which 23 were financed and have seen projects implemented in their territories), together with other 38 stakeholders that in one or another had supported the concept and the strategy of Corona Verde.

In Valle Ossola, instead, the action started in 2011 with the initiative of the Ministry for Territorial Cohesion. Since the beginning, the Strategy aimed to involve several actors at different territorial levels to engage in strong vertical integration and wide horizontal cooperation (Figure 6.2).

Figure 6.2: Stakeholders, funding and outcomes of SNAI Valle Ossola



Source: authors

The Strategy also involved a Technical Committee at the national level that firstly built the methodology to evaluate the *remoteness* of the area. The Committee is at the forefront in fostering and monitoring the Strategy's application. Finally, it has the responsibility of managing the National Federation of Project Areas, a platform for promoting and facilitating the outcomes of the Strategy.

According to the Strategy, the regional level (assisted by IRES Piemonte, a regional research institute) was responsible to select the specific intervention areas, as well as to provide political and technical support to the involved municipalities. The Region, in fact, plays a crucial role for the managing of the funding because it manages both the ROP and the RDP and also makes use of its own additional resources for health, education and mobility interventions. The SNAI requires the adoption of a national agreement between all the different institutions involved (Ministers, Regional Authority, municipalities, etc...), that is developed by an inter-institutional technical table at the regional level.

The local level participates to the Strategy identifying the objectives and actions needed for achieving the expected results. It should be noted that, whereas the project area can either overlap with an existing administrative unit (as for instance a mountain union) or cover a “softer” functional territory, but it must be composed by adjacent municipalities that had already developed some sort of (more or less formalised) inter-municipal cooperation and/or jointly managed services. In this light, the SNAI promote the inter-municipality associations introduced by the Delrio reform favouring those municipalities that already have started processes of aggregation in municipal functions.

At the local level, the Mountain Union of Valle Ossola plays a steering role, promoting and facilitating the involvement of the private sector, associations and citizens. Other public bodies at different scales also take part in the process, such as the local action group (LAG), the local health agency (ASL) and transport companies. Due to the lack of specialized institutional and technical capacities, the Mountain Union required the support of a private consultancy firm in the preparation and management of the strategy (Caire Consorzio).

#### **6.4 Knowledge flows**

Finally, the two cases show differences in terms of knowledge flows and communication (Figures 6.3 and 6.4). As mentioned in the previous section, SNAI is characterized by a top-down structure that defines the various steps of the process, including the management of knowledge. The structure of Corona Verde, on the other hand, evolved through time and the flow of knowledge has followed different paths and involved a variable number of players.

However, the main innovation in the knowledge flow of Corona Verde has been the capacity to interact at different scales and, at the same time, the capability to increase the knowledge of the actors involved, recognising the value of their tacit knowledge. A general improvement of local institutional capacity, the creation of a new awareness in local communities on environmental issues, and a new strategic consciousness has been witnessed, this constituting a precondition for the promotion of local development in the coming years.

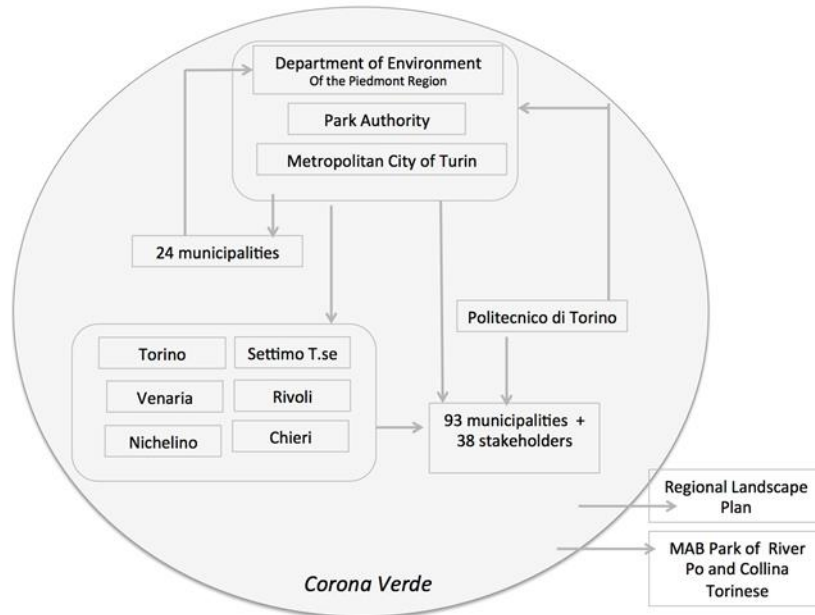
On the contrary, within the SNAI framework much of the knowledge exchange takes place directly among the participants in the project and, to a lesser extent, between them and the involved national agencies. The Strategy aims for strong sets of criteria based on national and context data that have to be used for all the phases of the project: during the selection phase, indicators have the specific purpose of supporting and guiding policy making; after that, indicators are used to reduce the degree of ‘fuzziness’ of objectives, helping to quantify targets and define timing.

In addition, the SNAI Strategy aims to share the knowledge created by the different projects through the mentioned National Federation of Project Areas platform. The platform is used to promote and facilitate the dissemination of the outcomes of the Strategy through sharing and comparison of experiences related to methods. It provides know-how in the field of marginalized



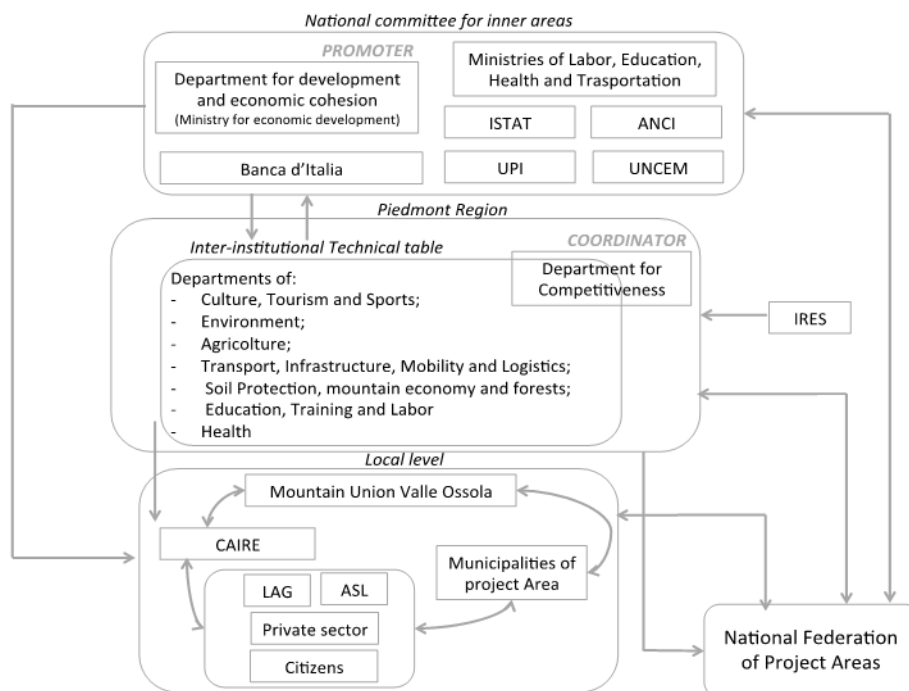
areas and creates opportunities for exchange with other areas and institutions working on similar objectives.

Figure 6.3: Knowledge flow of the Corona Verde project



Source: authors

Figure 6.4: Knowledge flow SNAI Valle Ossola



Source: authors

## **7 Case Study 4: Municipality of Oeiras, Portugal**

### **7.1 Stakeholder territory and governance framework**

The Portuguese local administrative structure is composed of three independent administrative levels: Parishes, municipalities and administrative regions. Over time, municipalities have assumed the status of effective local authority, given that the regional level lacks autonomy from central government (exceptions for the Madeira and Azores Archipelagos), and that parishes lack capacity and scale to intervene effectively.

In the early 1980s the first steps for a national spatial planning system were taken, with the establishment of the legal regime of local planning which instituted mandatory Municipal Master Plans. But it was not until 1998 that legal instruments of general scope for the strategic framing of spatial planning in Portugal were created. This established the basis of the policy of spatial and urban planning and defining its principles and objectives, through a coherent set of instruments for territorial management tools operating at levels NUTS I through III. The resulting system of territorial management, although structured, had the effect of reducing the compatibility between plans, slowing the planning process, and negatively affecting transparency and knowledge of the rules. Moreover, the existence of individual plans in each municipality impaired integrated development and sustainable articulation of the planning model. The system was reformed again in 2014 in order to promote planning flexibility. The reformed systems sought to stimulate vertical and horizontal governance articulation, to strengthen Master Plans as strategic instruments, and to reinforce urban revitalisation and development.

### **7.2 The *Eixo Verde e Azul* project**

The EVA (*Eixo Verde e Azul*/Green and Blue Corridor) project is underpinned by the EU 2014-2020 programming cycle, aligned with the overarching umbrella of Europe's 2020 Strategy, and the partnership agreement between Portugal and the European Commission known as Portugal 2020 (PT2020), bringing together the five European Structural and Investment Funds - ERDF, Cohesion Fund, ESF, EAFRD and EMFF to promote smart, sustainable and inclusive growth.

Within this policy framework, the Regional Operational Programme of Lisbon (POR-L), coordinated by the Regional Authority of Lisbon and Tagus Valley (CCDR-LVT), established eight priorities, two of which are directly related to the EVA project: Environmental protection and resource efficiency; and sustainable urban development. Partial funding for EVA is thus ensured by POR-L, while the remainder comes from the individual municipalities.

The EU framework encourages more integrated territorial development approaches. Thus, in this context, the 18 municipalities of the Metropolitan Area of Lisbon inter-municipality community (AML) approved an Integrated Territorial Development Strategy for the region (EIDT), followed by the signing of a Development and Territorial Cohesion Pact (PDCT) –

through both AML and CCDR LVT – which secured a €88M funding envelope to deliver the strategy. The preparation of the Pact was marked by intense negotiation with stakeholders, such as central government bodies, local development associations, business associations, regional scientific and technological entities and NGOs. Of the current €88M of the PDCT allocated to the Metropolitan Area of Lisbon, €11M was reserved for municipal (and inter-municipal) projects.

Within this framework, the Oeiras, Sintra and Amadora local authorities secured EU funding (ERDF and Cohesion Fund) to cover part of the cost of the EVA project. These three local authorities signed a memorandum of understanding with Sintra Parks (PSML) in 2016, formalizing a commitment to invest in the ecological requalification of the Jamor River and surrounding public spaces. This sought to foster the preservation of cultural heritage (namely the Queluz Palace national monument), promote sustainable mobility, and aimed towards the mitigation of, and adaptation to, climate change.

From the point of view of regional governance and spatial policy co-ordination, the critical challenges identified in the Oeiras case study are mostly linked to institutional capacity for reshaping governance at the regional level. Lack of experience in multi-actor and multilevel governance, a fragmented system of regional governance, and some level of resistance to post-political governance procedures, add to the challenge of delivering sustainable development to the region.

### **7.2.1 Geography, actors and institutions**

The EVA project intends to create a large park (Parque Queluz-Jamor) covering an area of approximately 10 km<sup>2</sup> shared by the three contiguous municipalities of Sintra, Amadora and Oeiras. Its objective is to improve connectivity within a dense, fragmented and highly complex suburban territory and improve several environmental and cultural assets, to add to the quality of life and wellbeing of local residents and to contribute to tourism development. In addition to being an environmentally-friendly project that will ‘re-nature’ river beds and banks, reinforce the metropolitan green network and contribute to reducing the metropolitan carbon footprint, EVA also invests in the rehabilitation of public space. Thus, it is intended to improve the network of pedestrian connections, promote soft mobility and create new urban parks, which will all contribute to increased social and territorial cohesion. It is also expected to have a positive effect on tourist demand, by providing alternative routes through Queluz and the surrounding region, which will alleviate the increasingly unsustainable tourist pressure in the old village of Sintra.

The implementation of the project, which provides a coherent territorial base for integrating sectoral policies, nevertheless requires a great deal of inter-municipal co-operation in a complex multi-level governance context. Its territorial dimension has the potential to improve horizontal integration between municipal services as well as vertical integration between

governance scales. By facilitating synergies and policy coherence, the project has all the qualities to contribute to urban sustainability. Regional governance, however, is still poorly developed and the management of inter-municipal projects requires working around dysfunctional administrative divisions, different levels of government and overlapping jurisdictions.

The EVA project stands at the intersection of the municipal concerns of three local authorities over a particular territory, focused on a specific territorial action. The municipalities of Oeiras, Sintra and Amadora engaged in a cooperative process with a clear knowledge of what each one of them wanted, from a strategic point of view, for their own territory. A formal pact between the three municipalities at the political level, allowed public officials at the technical level to meet and discuss ideas, perceive the problems of others and overcome differences to articulate a joint intervention. According to one stakeholder, what they have done is "quite unusual in public administration" and "a very inspiring experience". There was, in sum, a constructive horizontal cooperation, as well as knowledge exchange, among these key stakeholders.

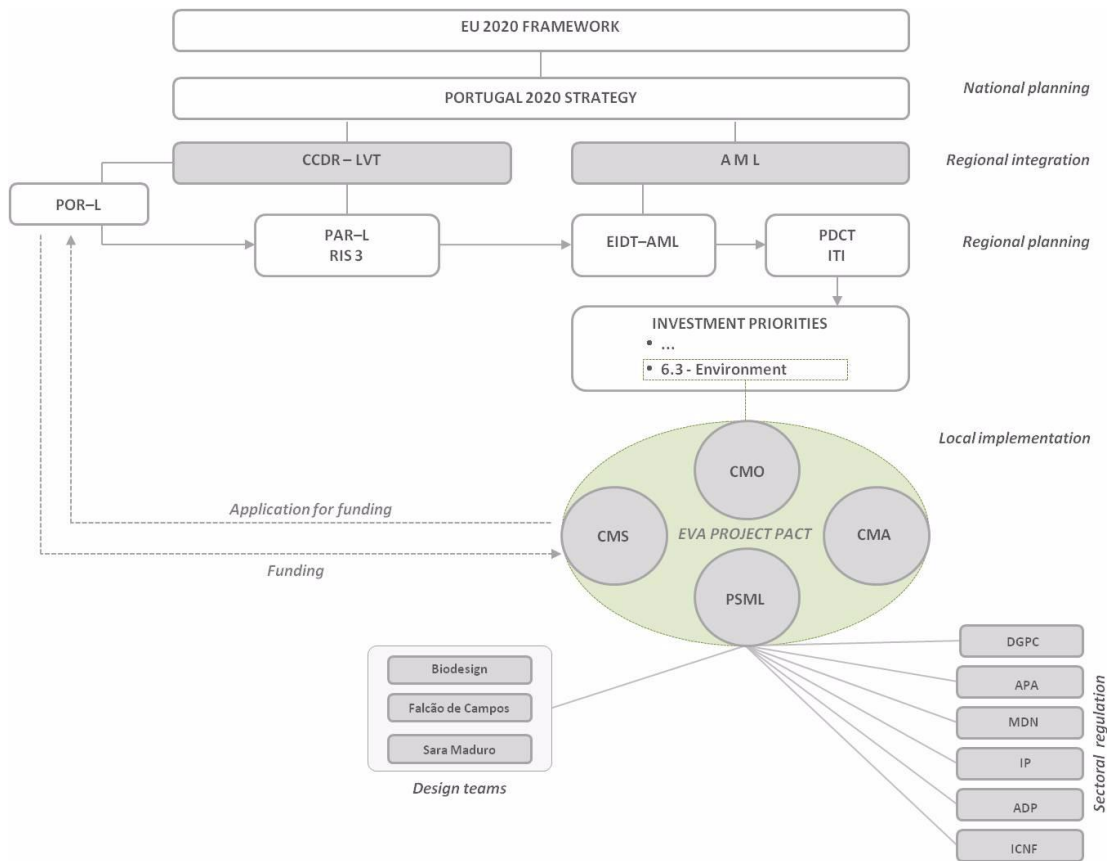
Strong horizontal cooperation, however, does not always equate with inter-municipality – and this is the case with EVA. There is a certain level of inter-municipal integration, but, despite all the collaborative efforts, it is not actually an inter-municipal plan since each municipality has its own dynamics and individual strategies to put the project into practice. Moreover, each local authority is responsible for its own independent funding application to the Regional Operational Plan of Lisbon (POR-L) as well as the execution, management and maintenance of the parts of EVA within its municipal boundaries. Hence, because the process is not managed as a whole by a supra-municipal authority, it should be more properly characterized as a 'multi-municipal' project. Inter-municipal integration requires an institutional environment that apparently is hard to achieve.

While the joint overall goal of EVA is to improve the region's quality of life through an environmental project, the dynamics of each municipal agenda are quite different and they approach the process from distinct perspectives. While Sintra has more immediate objectives primarily linked to tourism, Oeiras' objectives are more long-term and the main focus is on the re-naturalization of rivers and their margins. Amadora, on the other hand, links the project to a distinct agenda of social cohesion. Basically, in order to implement EVA, each municipality chose the approach that best fit its existing strategies. Thus, Sintra preferred to include it on an ongoing spatial planning process, related to the demarcation of a special Urban Rehabilitation Area (ARU-Queluz/Belas). This allowed for a type of operational planning that is more flexible than a formal urban planning instrument, like a Detailed Spatial Plan (Plano de Pormenor). By contrast, Oeiras, which had already in place a strategy for the re-naturalization of river beds and banks, just had to adapt and extend it to the requirements of EVA. Amadora, on the other hand, chose to integrate EVA into its policy for social cohesion. There was no need for a special planning instrument because all the procedural requirements for the measures envisioned by EVA were already contemplated in the Master Plan (PDM).

While the drivers of the EVA project are the individual municipalities, Sintra Parks (PSML) proved to be a fundamental element throughout the process. PSML is a state-owned company created in 2000, with the goal of merging the different institutions with stewardship responsibility over the Sintra Cultural Landscape and jointly manage key public properties in the Sintra region, and also Queluz. In July 2016 the three municipalities signed a joint protocol with PSML to collaborate and develop the EVA corridor project. There is clear project coordination by PSML, which mediates the relationships between the municipalities and plays a pivotal role close to the central administration. More pragmatic, flexible and autonomous than municipal authorities, which are typically more hierarchical and bureaucratic, PSML has greater leeway to coordinate and develop an inter-municipal strategic vision. The stakeholders were unanimous in their statements about PSML: It has played a key role in bringing together the diverse municipal priorities and, as one interviewee put it, "if the various leaders did not clash, it was due to the coordinating role of PSML . . . EVA would not be a reality if there was no PSML". Another important aspect, highlighted by the stakeholders, was the personality of the chief mediator and spokesperson of PSML, whose human approach, enthusiasm for the project, and diplomatic skills were said to have been essential to create a climate of mutual trust and accord among the various partners. However, despite a kind of supra-municipal coordination of the project, handled by PSML, there is definitely an independent leadership in each municipality, as detailed above.

Funding for EVA comes partially from municipal budgets and partially from the Regional Operational Plan of Lisbon (POR-L). The latter is overseen by the Regional Authority of Lisbon and Tagus Valley (CCDR-LVT) – a technical body of the central government, accountable for the management of structural funds associated with the POR-L. CCDR-LVT evaluates each municipal project's compliance with the POR-L, according to the requirements of the Portugal 2020 Strategy, which are, in turn, a rendition of the requirements of the EU2020 Strategy. These strategies are reflected in the Regional Action Plan of Lisbon 2014-2020 (PAR-L) and the Regional Innovation Smart and Sustainable Strategy (RIS 3). In order to be validated by CCDR-LVT, the three municipal 'sub-projects' of EVA must also comply with the development strategy of the Metropolitan Area of Lisbon (AML) – a political body formed by the 18 mayors of Greater Lisbon – as outlined in the Integrated Development Regional Strategy for Lisbon (EIDT-AML). This, in turn, is settled in the Development and Territorial Cohesion Pact (PDCT) and established as an investment priority under the Integrated Territorial Investments (ITI) of PDCT. Once approved by the AML and validated by CCDR-LVT, municipal projects have a financial envelope reserved in the POR-L. At the municipal level, mediated and coordinated by PSML, the EVA project – as developed by three independent design teams – also had to be approved by six national and regional statutory planning authorities, with sectoral accountability and the power to approve or veto territorial interventions within their jurisdiction. Figure 7.1 depicts the institutional arrangement.

Figure 7.1: EVA Territorial stakeholders, planning instruments and major strategies



Source: authors

### 7.3 Governance tensions and challenges

Despite the fact that the EVA project is in its early stages, it is apparent that the most obvious tensions and challenges rely on the requirements of collective action in the absence of a clear and effective supra-municipal (or regional) vision and leadership. This signals the need for redistribution of power and structural change in order to circumvent divergences between national, regional and municipal public policies.

In the absence of a coherent regional strategy for the metropolitan area, a general, integrative idea of improving the quality of life in the region through an environmental project, acted as a catalyst towards inter-municipal collaboration. Hence, from the early stages the three municipalities involved in the project have developed a clear inter-municipal commitment focused on a specific territorial action. As reported by one stakeholder, it is easier to mobilize the actors around a "small, concrete project" rather than reaching consensus on large territorial planning strategies. One of the mechanisms by which this mobilization was possible to achieve was a negotiation process involving all the key stakeholders (CMO, CMS, CMA, PSML, CCDR-LVT, the various sectoral regulators, and the main design team) in a series of deliberative meetings. The participation of the statutory planning authorities in co-ordination meetings of

EVA, in particular, has helped overcome possible conflicts with the licensing agencies which stand institutionally above the municipalities with regard to their sectoral area of expertise.

In this respect, the supra-municipal coordinating/facilitating role of PSML, an entity more flexible and autonomous than municipal authorities, was critical in achieving a shared strategic vision that brought together diverse municipal priorities. The EVA project was thus successfully inserted in the municipal strategies of each local authority, with the agreement of the mayors. This political commitment, formalized in a pact between the three municipalities, was also decisive in creating a common platform where the municipal technical staff could work and collaborate with each other and articulate a joint intervention. Besides its supra-municipal coordinating role, PSML has also been instrumental in easing the licensing processes close to central government agencies and sectoral regulators. As for the lack of a joint communication plan to promote and disseminate the EVA project, innovative communication strategies using ICT were developed by PSML in order to inform the public and help mobilize all the stakeholders.

It is possible to identify five interconnected factors, in the wider organizational network of stakeholders, which constitute major challenges, or bottlenecks, to an efficient planning and management process towards sustainable, inclusive and smart development policies. Firstly, organizational mismatches and inconsistencies between national, regional and municipal public policies seem to be the root cause of several procedural difficulties. Secondly, the existing supra-municipal authorities do not have, in practice, an active role on the inter-municipal coordination of a coherent regional strategy for the metropolitan area. Thirdly, each government department or sectoral regulator has its own agenda, which very often collides with that of some other department(s). Finally, local authorities are primarily focused on their territory, such that each municipality has its own dynamics and strategies, making it difficult to develop inter-municipal alliances. As one stakeholder has put it, "each municipality works like an island, it is like an archipelago".

Actually, the inexistence of an active inter-municipal coordination, led by a supra-municipal authority with political legitimacy to plan and manage at the regional scale, has drawn strong critiques from most stakeholders. They recognized that "we need the regional level" and that there are regional networks (such as transportation systems, energy and water networks) that cannot be managed individually by separate municipal jurisdictions. However, the two supra-municipal institutional bodies (CCDR-LVT and AML), according to most stakeholders, seem to be unable to coordinate a coherent regional strategy. On the one hand, CCDR-LVT is identified with the provider of funding, that "must be pleased", but with no political legitimacy and therefore unable to develop and implement a comprehensive territorial strategy. On the other hand, AML is a political body formed by the 18 mayors of Greater Lisbon, which reportedly lacks the necessary swiftness to solve problems and whose internal political tensions hinder decision-making processes and make it difficult to devise a shared metropolitan strategy.

Another identifiable obstacle is the inadequacy of traditional planning instruments, which mainly regulate land use and urban development, for dealing with new types of strategic planning and decision-making processes, such as the EVA project. They are too static and not agile enough to adapt and respond effectively and timely to biophysical and socio-political uncertainties and change, as new variables not factored into the decision-making process arise, or when a timely solution must be swiftly adopted.

It was also reported that the regulatory framework of PT2020 is too complicated to understand, and to deal with, by those who have to apply for funds (municipalities, inter-municipal entities, private actors) and equally cumbersome for those who have to evaluate projects' compliance with all the guidelines and regulations. This was said to constitute a major impediment to the free access to funding under PT2020, or EU2020. According to one stakeholder, in an effort to de-bureaucratize and simplify access to European funds, the 137 different regulations of the previous Community framework were condensed into just 15 documents in the current framework. However, each document has now "ten times more pages" (sic) than previously.

In this respect, it was also reported that the last funding cycle, under the EU2020 framework, has made it more difficult for municipalities and inter-municipal entities to access the funds. This was said to be the result of the guidelines and the lines of action of EU2020 being designed to favour the private rather than the public sector. Moreover, there was a large increase in repayable funds (e.g., loans, financing guarantees, business angels, etc.) compared to the previous Community framework (ERDF and Cohesion Fund), which included many non-repayable funds.

Another aspect which has drawn criticism from some stakeholders was the a priori allocation of funds, in the EU2020 guidelines, to specific investment priorities and project typologies. The example of bicycle paths was given more than once. Municipalities who had more critical priorities and interesting projects under the rubric "decarbonisation with a focus on mobility" only had access to funds towards the implementation of bicycle paths.

Finally, despite spatial propinquity, the political dimension may pose another hurdle to horizontal integration and full co-operation between territorial stakeholders. Municipal priorities are prone to follow political cycles and, despite putative engagement on a shared project, both neighbouring municipalities and sectoral planning authorities still tend to see themselves as discrete entities competing for political leverage. This constitutes a strong impediment to institutional change and to the necessary reshaping of governance at the regional level, in order to deal with new and old sustainability challenges.



## 8 Delivering sustainable, inclusive and smart development in the European regions

This section presents an overview of good practice across the case studies, in order to highlight practices that may constitute sources of inspiration for stakeholders located in other EU regions. This is preceded by a short note on options for knowledge transfer and good practice.

### 8.1 Knowledge transfer

The assumption that dissemination practices can lead to policy change “has become an accepted wisdom within national policies and programmes, as well as in international arenas and networks” (Bulkeley, 2006: 1030). This is evident when looking at recent EU policy documents, which highlights that the identification and dissemination of good practices is pivotal to many areas of European policy. However, as pointed out by previous ESPON studies, policy transfer is a complex issue that needs to be handled with care (ESPON and Nordregio, 2013; ESPON and Politecnico di Torino, 2014).

All the ReSSI case studies are tailored to their own specific territorial governance, spatial planning contexts and socio-economic characteristics. Consequently, it is not possible to come up with general recipes for the promotion of smart, sustainable and inclusive development. The degree of adaptation includes *institutional* adaptation to overcome distances between the institutional configurations and *territorialisation* of possible policies/actions to specific place-based issues at stake (Cotella et al., 2015).

Findings of this and previous studies show that cross-fertilization between contexts is possible if a ladder of cross-fertilization is considered, i.e. from (1) direct ‘transplantation’ between similar contexts, via (2) direct learning from one context to a semi-related context, and ending with (3) inspiration between different contexts (Table 8.1).

Table 8.1: Ladder of knowledge transfer

<b>Institutional and territorial contexts</b>	<b>Knowledge transfer</b>
Closely related contexts	Transplantation
Semi related contexts	Learning
Different contexts	Inspiration

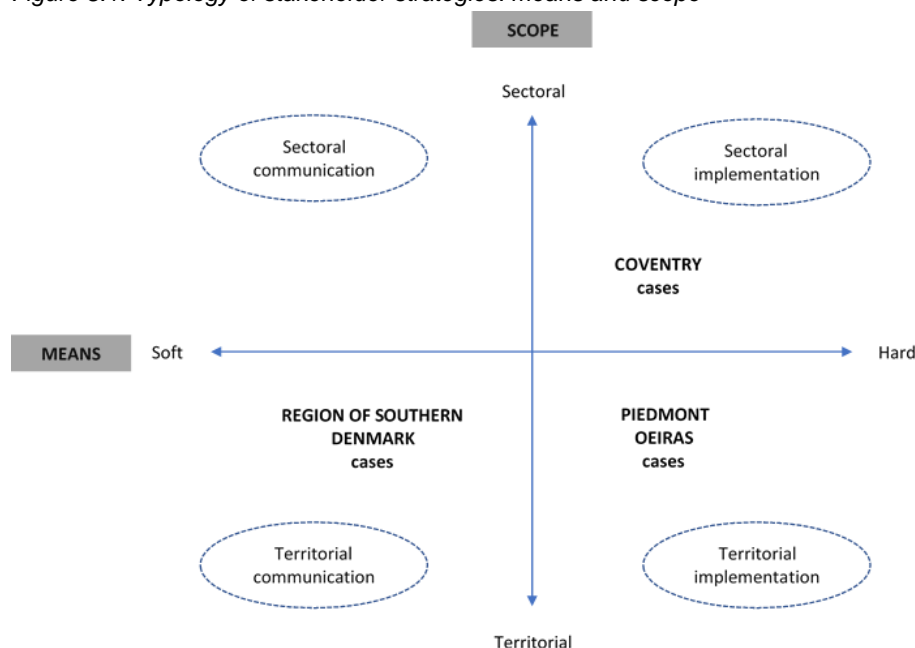
Source: Authors' elaboration on Janssen-Jansen, L., M. Spaans & M. Van der Veen (eds) (2008)

### 8.2 Typology of ReSSI case-studies

The characteristics of the ReSSI case studies are closely related to very different governance and planning contexts (Chapter 2). Such variety calls for learning processes more similar to *inspiring/being inspired* by practice than for an actual *transfer* of practice (Table 8.1).

Two characteristics for a comparative understanding of the cases emerged from the analysis: the width and nature of their scope, and the means used in each of them. On the one hand, the cases show pronounced diversities in scope – from projects focusing on a single sector or dimension, to wider territorial strategies and projects. On the other hand, the cases are characterised by the application of different means, from the ‘softer’ communicative means applied in consensus building, to the ‘harder’ financial programmes and legally binding means. From the combination of these two scales, it is possible to identify four analytical types, within which to position the ReSSI case studies: (1) sectoral communication, (2) sectoral implementation, (3) territorial communication and (4) territorial implementation (Figure 8.1).

Figure 8.1: Typology of stakeholder strategies: means and scope



Source: ESPON ReSSI (2018)

Three of the cases (Coventry, Piedmont and Oeiras) are enabled by funding, which means they involve typically strong means. In Coventry, the projects are closely related to a specific sector – the automotive industry – which leads to the strategy being classified as ‘sectoral implementation’. In contrast with this, the projects and strategies observed in Piedmont and Oeiras are more strongly embedded in the territories. These cases are representative of ‘territorial implementation’. The third type of case, ‘territorial communication’, is represented by the cases from Southern Denmark. These are characterised by the use of communication as the prime facilitator of regional strategy construction, as well as sub-regional development agreements. ‘Sectoral communication’, the fourth ideal type, is not represented by our cases.

Examples of good practice of the cases, divided according to the proposed ideal-types in Figure 8.1, are shown below. Each case study review is introduced by a table summarising its main

characteristics in terms of starting point, involved stakeholders, actions undertaken and means involved.

### 8.3 Sectoral implementation

The cases from Coventry, *Electric Taxis* and *UK Autodrive*, represent examples of sectoral implementation. Table 8.2 and 8.3 summarize the main characteristics of the two cases. In this case, good practice includes the development of mechanisms which aim to turn the sectoral investments into benefits for the entire region, and developing the role of the local authority as a repository of tacit knowledge.

Table 8.2: Coventry - Electric Taxis

<b>Project:</b> UK Government competition for Low Emission Vehicles <i>Traffic Infrastructure</i> . Coventry received grant of £1.2 million to install electric charging points for taxis.			
<b>Stakeholders</b>	<b>Actions</b>	<b>Means</b>	
Statutory	Strategy	'Hard means': UK funding (£1.M) at the back-cloth of <i>national</i> strategies on air quality and regional growth incentives employment and a <i>local</i> industrial milieu on advanced car production.	
Self-organised	X Program		
UK Government (funding)	Project		X
Coventry City Council (lead)	Originating as a business sector project framing local initiatives on territorial benefits (air quality, jobs and market opportunities)		
- Charging point providers - Local taxi drivers - London Electric Vehicles Company (LEVC)			
<b>Good Practice</b>			
<ul style="list-style-type: none"> <li>• Develop 'vertical' business related investments into local 'horizontal' territorial development:</li> <li>• Focus on a strategic sector in which the locality or region has a historical competitive advantage (smart specialisation).</li> <li>• Support fledgling market trends (electrification of vehicles) with hard means (financing of supporting infrastructure, regulation to penalise older, more polluting vehicles)</li> <li>• Align with national policies and sector standards in order to profit from national funding opportunities.</li> <li>• Responding to project requests and opportunities for territorial cooperation (jobs, local market opportunities for electric taxis, air quality, charging point).</li> <li>• Individuals in key positions build relatively informal networks of cooperation with funders and industry.</li> </ul>			

Table 8.3: Coventry - UK Autodrive

<b>Project:</b> UK Government launching competition on Introducing Driverless Cars to UK Roads providing £10 million, co-financed by the automotive industry – in total £19.4 million.		
<b>Stakeholders</b>	<b>Actions</b>	<b>Means</b>
Statutory	Strategy	'Hard means': National and business sector funding
Self-organised	X Program	
	Project	

Coventry City Council member of UK Autodrive consortium	A project related with a specific business sector	'Soft means': Local regulation of public infrastructure and public awareness during test periods
Stakeholders are strategic rather than regional, related to the project by expertise and relevance – no matter where.	Coventry and Milton Keynes provide urban 'test facilities' on market (public awareness) and infrastructure (road access)	
<b>Good Practice</b>		
<ul style="list-style-type: none"> <li>• Develop public-private relations by offering urban infrastructure as 'test facilities' for new technological and market solutions.</li> <li>• Entrepreneurial approach to the role of authorities, embracing new and innovative ideas.</li> <li>• Individuals in key positions build relatively informal networks of cooperation with funders and industry.</li> </ul>		

### 8.3.1 Turning sectoral investments into benefits for the region

Both Coventry projects are driven by vertical relationships, based on the availability of funding from national authorities and the automotive sector. However, this does not preclude the strategy being used as a mechanism for regional development. There are several horizontal relationships (between local and regional actors, such as local authorities, the CWLEP and the WMCA), which can be further developed in order to capture some of the value generated locally. One example includes the collaborations between the industry and local and regional bodies to use the city as a 'test facility'. This opportunity to develop commercial products in 'living laboratories' is crucial to business models which interact with public infrastructure. The 'living laboratory' approach seeks to make sure that the growth of new businesses can result in more inclusive development.

### 8.3.2 Local and regional stakeholders as repositories of tacit knowledge

Despite their focus on given industries, sectoral projects and strategies like the Coventry cases are closely related with local interest. However, to fully develop these sectoral-territorial relationships, local authorities need to invest in their role as repositories tacit knowledge, which allows them to serve as a broker between central government and industries. They are often tasked with facilitating the alignment between players, strategies and funding across local, regional, national and European scales. Understanding how to align these dimensions is difficult to make explicit, as it is often embedded in individuals. A successful strategy requires, therefore, key individuals in positions to 'make things happen'. It is often the loss of those individuals which hampers the capture of value locally.

## 8.4 Territorial communication

The Regional Growth and Development Strategy for Southern Denmark and the Southern Jutland Development Agreement represent cases of territorial communication. Tables 8.4 and

8.5 summarize the main characteristics of the two cases. Good practice include facilitation, alignment of strategies, moving from perceptions to concepts, balancing regional and territorial, and a shifted analytical paradigm.

Table 8.4: Region of Southern Denmark – Regional Growth and Development Strategy

<b>Project:</b> According to the law regional authorities shall prepare a 'Regional Growth and Development Strategy' in collaboration with municipalities and interests organisations.		
<b>Stakeholders</b>	<b>Actions</b>	<b>Means</b>
Statutory	X Strategy	X
Self-organised	Program	'Soft' means dominated by provision of knowledge and collaboration
Regional authority (lead)	Project	Roles of the regional authority
Regional Growth Forum	Focus on regional cohesion.	- Organiser
Local association of municipalities (KKR)		- Facilitator of analysis and knowledge
22 municipalities		
<b>Good Practice</b>		
<ul style="list-style-type: none"> <li>Aligning regional concepts with the drive and potential momentum of national policy agendas</li> <li>Focus on 'the regional' problems and perspectives</li> <li>Facilitating municipalities and regional stakeholder with knowledge of development trends</li> </ul>		

Table 8.5: Region of Southern Denmark – Southern Jutland Development Agreement

<b>Project:</b> Follow-up action of the Regional Growth and Development Strategy		
<b>Stakeholders</b>	<b>Actions</b>	<b>Means</b>
Statutory	Strategy	X
Self-organised	X Program	X
- Regional authority	Project	'Soft' means dominated by provision of knowledge and collaboration and isolated from funding opportunities.
- 4 municipalities of Southern Jutland (sub-region)	Agenda for collaboration and knowledge provision	
- other stakeholders included in specific actions		
<b>Good Practice</b>		
<ul style="list-style-type: none"> <li>Keeping momentum by entering sub-regional follow-up agreement</li> </ul>		

### 8.4.1 Facilitation

Facilitation of municipalities with knowledge is an option to build up relations of trust between the regional authority and the municipalities.

### 8.4.2 Aligning strategies

All the case studies show that aligning with current strong agenda's (national policies and reforms on infrastructure, education, military services as well as agendas of EU funding) is crucial to regional strategy making – offering perspectives as well as momentum.

### 8.4.3 Moving from perceptions to concepts

In order to turn knowledge into action, analytical perception must be turned into concepts of meaning and possible actions – and concepts should be turned into imageries ('spatial development perspectives') suited for communication and joining forces of stakeholders.

### 8.4.4 Balancing regional and territorial

Regional strategies should keep focus on 'regional' matters offering sub-regions and municipalities a perspective of joining forces and aligning with national agendas and global development trends.

### 8.4.5 Shifting the analytical paradigm

The regional strategy is sensitive to new theories of spatial development. Former central place theory and location theories are in need to be succeeded by new theories on household preferences and preferences for 'living'.

## 8.5 Territorial implementation

The cases from Piedmont and Oeiras are examples of territorial implementation. Tables 8.6 to 8.8 summarize their characteristics. Good practices include keeping momentum, developing leadership and commitment, the interrelation of plans and funding, the alignment of strategies and the use of mediation.

Table 8.6: Piedmont – Corona Verde

<b>Project:</b> EU structural fund formed the background of the Corona Verde Project through two periods (2000-06) & (2007-13), leading to tangible outcomes on ecological corridors and evolving governance structure.			
<b>Stakeholders</b>		<b>Actions</b>	<b>Means</b>
Statutory		Projects	1 Initial 'seed' funding (EU) during two periods with the idea to make the project stand-alone.
Self-organised	X	Program	
Self-organised <u>facilitated</u> by the Regional Authority and <u>boosted</u> by EU funding (2000-06) + (2007-13) through a dedicated Regional Operational Program (ROP)		Strategy	2
		Master plans	3
		Spatial Actions - initiated by a cascade of projects joined into a coherent territorial strategy, further operationalised by six masterplans	
From 24 to 93 municipalities involved through time			

### Good Practice

- Combining strategy, masterplans and projects (both ways)
- Collaborate territorial coherence was demanded from stakeholders joining the strategy
- Acknowledging the importance of the process (e.g. capacity building) not just the 'product'.
- There was a focus on the outcome not just the plan or strategy!
- New stakeholders experienced with project implementation are invited to keep momentum.

Table 8.7: Piedmont – SNAI - VALLE OSSOLA

**Project:** The SNAI project build on the place-based approach developed at the EU level, by complementing the EU cohesion policy 2014-2020 with a national policy aimed at reducing internal disparities.

Stakeholders		Actions		Means
Statutory	1	Strategy	1	SNAI was conceived as mostly financed through: (1) National FUNDS on improvement of basic conditions. (2) EU- Funding of local development projects (ratifying ROP in order to include SNAI)
Self-organised	2	Program		
State, region and municipalities (1) Criteria are given by the State. (2) Then municipalities candidate for the programme to the Region, negotiating the actual shape of the area  Regional authority acts by <i>steering</i> : selection of areas and <i>facilitating</i> : small municipalities with knowledge, technical and political support.  Governmental departments and several regional institutions  Municipalities		Project  Spatial strategies agreed between local stakeholders and regional authority on (1) improvement of basic conditions and (2) local development projects in peripheral areas	2	
<b>Good Practice</b> <ul style="list-style-type: none"> <li>• Choice of the areas: aligning regional needs with national policy agendas (but there is the risk of political interferences). Work on territorial coherence in functional (soft) areas, constituted by municipal aggregation.</li> <li>• driven by demand or incentives</li> </ul>				

Table 8.8: Oeiras – EVA project

**Project:** Creation of a 'green-blue' recreation and tourist corridor through three municipalities along the Jamor river

Stakeholders		Actions		Means
Given		Strategy (spatial)	X	- A joint spatial strategy
Self-organised	X	Program		
		Project (spatial)	X	

(1) Coordinator: Regional Authority of Lisbon and Tagus Valley and the Metropolitan Area of Lisbon.	18 municipalities approved a regional strategy and signed a Territorial Cohesion Pact.	- Stakeholder funding (11M Euro reserved for municipal and intermunicipal projects)
(2) local authorities: Sintra, Oeiras and Amadora	Followed by regional authority funding - after which Sintra, Amadora and Oeiras received EU funding.	- Pact of commitment - EU project funding (3 municipalities)
(3) Sintra Parks (PSML) (National public utility), several sector and local organisations	Creation of Queluz-Jamor Park 10 km <sup>2</sup> shared by municipalities of Sintra, Amadora and Oeiras	
(4) 18 municipalities (Lisbon NUTS 2 region)		
(5) National sports arena		
<b>Good Practice</b>		
<ul style="list-style-type: none"> <li>• Strong joint spatial vision</li> <li>• Stakeholder signed a 'Pact' of commitment</li> <li>• A strong stakeholder (public utility) experienced in running services and projects was included</li> <li>• A positive drive was established through interrelationship between strategy and projects</li> </ul>		

### 8.5.1 Keeping momentum

Usually there is a hierarchical division of work between strategy making and implementation: the strategy is formed prior to implementation. In real life, strategy making is often set off by taking advantage of opportunities, among which can be the availability of funding. Beneficiaries of funding are required to align with funding strategies and prove coherence with local strategies. Starting with funding is, consequently, not the opposite of being strategic. Rather, as the cases from Piedmont and Oeiras reveal, funding may lead to processes that are characterized by drive and a concern for keeping momentum. The Corona Verde project originated in EU seed-funding and was later influenced by the methodological framework of the regional landscape plan. The SNAI project was financed through national funds and EU funding through the national Partnership Agreement and the regional Operational Program. In this case, Piedmont Region used the opportunity of SNAI to strengthen its regional mountain strategy. The background for the Oeiras project was a regional strategy approved by 18 municipalities and jointly signing a 'Development and Territorial Cohesion Pact', which was followed by regional and EU funding. All three projects demonstrate a strong commitment and momentum and a focus on outcomes rather than just plans or strategies.

### 8.5.2 Develop leadership and commitment

Focused as they are on implementation, all three projects revealed a need for strong leadership. This leadership can take various forms. It can involve regional leadership kicking off the strategy and guaranteeing stability; key stakeholders jointly signing a pact of joint commitment; inviting new strong partners when needed; or requesting joint responsibilities from neighbouring municipalities.



### **8.5.3 Aligning dimensions of governance**

The close interrelationship between strategies and funded projects revealed a need for combining strategies, masterplans and projects. It was also acknowledged, especially by the Piedmont cases, that implementation is not just focused on the physical, functional or spatial achievements as envisaged by plans and strategies. Capacity building and empowerment of the actors involved became part of the achievements.

The Piedmont and Oeiras cases show that the territory is a strong lever of the projects and strategies, underlining the importance of a place-based approach. Strong vertical relationships (European or national funding) should be followed by horizontal territorial strategies and projects.

### **8.5.4 Aligning strategies**

Aligning regional strategies with national and EU strategies was often required, in order to improve the likelihood for successfully accessing funding. This alignment may open up an agenda for a bottom-up process, introducing regional needs in the ESIF funding via the Regional Operational Programs and Partnership Agreements.

### **8.5.5 Mediation rather than integration**

It was noticed by the Oeiras project that networking of complementary projects is an alternative to starting from a “regional integrated strategy”. The project was thus a multi-municipal project of complementary projects developed under a regional strategic umbrella aligned with EU2020 goals.

## **8.6 Promoting sustainable, inclusive and development in European regions**

After having considered what are the implications to be taken into account when exploring the transferability of good practices from one context to another, and having detailed the main good practices emerging from the ESPON ReSSI case studies, it is now possible to provide a tentative answer to the first two knowledge needs that guided the ReSSI research activity.

### **8.6.1 Development in the wake of the changing governance framework**

*How to promote sustainable and inclusive regional development strategies, taking into account the changing role of regional authorities and the proliferation of stakeholders in functional territories?*

Recent changes to European national planning systems has resulted in new frameworks for regional governance and planning. The promotion of sustainable and inclusive regional

strategies has increasingly involved voluntary collaboration between stakeholders in new 'soft' geographies, where territories are defined by problems and issues rather than administrative borders. This turn towards voluntarism and soft geographies may be seen as a general turn in societal stewardship from government towards governance.

As revealed by the examination of the national planning frameworks of the four case studies, it seems more appropriate to see the formation of new governance regimes as taking place under the guidance of central government<sup>6</sup>. The UK government encouraged the voluntary formation of Local Enterprise Partnerships and Combined Authorities. In Italy and Portugal, municipalities are encouraged to voluntarily enter into co-operation platforms or inter municipal communities. In Denmark, municipalities were encouraged to enter into 'urban circles' of cooperation. This is not just about forming new institutional collaboration, but also about new geographies. The importance of these forms of governance is highlighted by the ITI concept, launched as part of the EU Cohesion Policy 2014-2020, which aims to integrate development strategies addressing the development needs of the areas concerned. In order to facilitate cross-sectoral and territorial relevance, voluntary and territorial collaborations have become accepted recipients of EU funding, but only if established or approved according to national laws.

As revealed by all the cases, a lack of reliable regional leadership and continuity has become a feature of these new governance regimes. Stakeholders in Southern Denmark call for 'regional leadership'; and in the cases of Piedmont and Oeiras, the dependency on time limited funding is of great concern and turned into a request for continuity. On the other hand - as stressed by Oeiras – the project stakeholders are explicitly apprising competent leadership by the project experienced stakeholder, Sintra Park Company. It seems as if there is a need for further developing governance in interplay with government to better understand the requests from bottom up governance to top down government. It is about leadership, continuity and dialogue.

Voluntarism and shifting delimitation of regional problems leaves open options for creating soft regions relevant for societal goals such as the promotion of smart, sustainable and inclusive regional development. These kinds of goals are related to more general societal interests than stakeholder interests and should be acknowledged as such. As a consequence, the interrelationship between societal goal-setting and implementation has become crucial. Since the goals of sustainability have increasingly been levered to international levels and implementation has become increasingly related with different relevant functional territories, there is a need to further considering the interplay between international policy makers (such as the EU) and stakeholders in functional regions capable to implement international strategies.

These aspects result in a need to look at the relationship between international funding and local and regional beneficiaries anew, in order to further the joint responsibilities on

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<sup>6</sup> Bogason (2003) coined the term "Governance in the shadow of government".

implementation of policies. In addition, it is necessary to combine current bottom-up approaches (the current dynamics in functional regional governance) with top-down approaches, which facilitate these processes and provide a framework and rules for action and trust.

### **8.6.2 Economic development in territorial governance**

*What are good practices in delivering economic development policies in this new territorial governance framework?*

Most of the cases of this project dealt with policies which were not restricted to economic development. The Region of Southern Denmark opted for the promotion of the Good Life, the Oeiras case focused on the potentials of functional and spatial endowment across municipal boundaries, the Corona Verde project focused on ecological corridors and the SNAI Valle Ossola on the broader green community concept. Within these broader projects, economic development has become integral of spatial, functional and ecological policies. Within this broader focus on development policies, the projects reveal a number of examples of good practices:

- **Forming project relevant alliances.** It is important to the cases to make use of the potential to form new alliances tailored to the project or strategy.
- **Substitution of statutory relations with trust relations.** When statutory relations are abolished, there is a need for new kind of relations. Regional authorities can position themselves as producers and suppliers of knowledge, and hence replace former authority relations with trust relations.
- **Forming new paradigms of public-private cooperation.** Local and regional governance bodies can change their roles from authorities to facilitators and repositories of tacit knowledge. This is useful when tackling future needs for more intense alignment between smart technology and public infrastructure.
- **Driving strategies by implementation.** Strategies kicked-off by funding opportunities or concrete projects are focused on implementation. These projects showed good practice when including stakeholders skilled in driving projects and through keeping momentum by continuously exploiting opportunities rather than execution of legal authority.

## **9 Developing sustainable, inclusive and smart outcomes in the stakeholder regions**

This section aims to develop a framework for addressing the knowledge needs of the individual stakeholder regions, as well as presents recommendations for each. Specifically, the following four questions are addressed:

- What can be appropriate structures that will enable Coventry to share resources and align policy objectives with other participants in the newly created Combined Authority?
- What can be new forms of cooperation and dialogue amongst municipalities in Southern Denmark around a wide spectrum of issues?
- What is the role of Piedmont Region in governing the change in the non-metropolitan part of its territory, to ensure that these areas are not excluded from the main development trajectories?
- How can territorial institutions in and around Oeiras be aligned to promote sustainable development and well-being in the region?

First, the section introduces a framework to developing sustainable, inclusive and smart outcomes in the stakeholder regions. This is followed by specific recommendations to address individual stakeholders' needs.

### **9.1 Addressing stakeholder needs**

The general framework for addressing future needs of individual stakeholder regions considers two key dimensions: the approach to development (economic growth-based vs place-based) and the level of policy integration within the governance structure (ignorance, policy-scanning, evaluation of interactions, negotiated redesign, embedding, and institutional and territorial alignment).

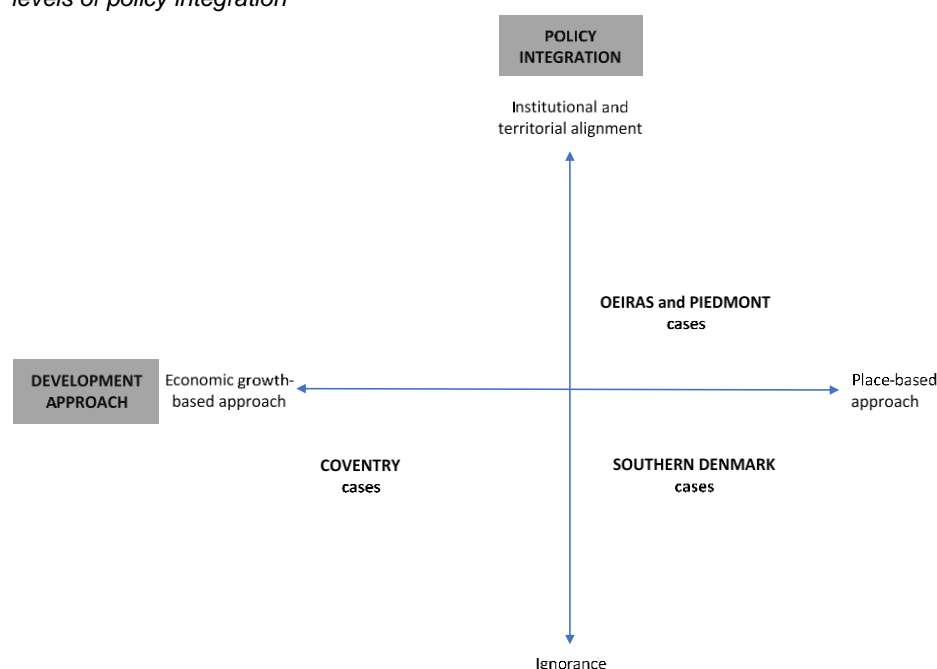
Regional development policies have had controversial effects in practice, despite political rhetoric about their importance to promote growth, create jobs and reduce spatial disparities. In fact, several programs proved too weak to actually tackle the decline of regions, let alone to cope with the financial crisis regional impacts (Walburn and Saublens, 2011). The recent development discussion revolves around the efficiency of people vs place-based approaches to tackle increasing spatial unbalances across the EU and respond to development challenges and opportunities (Barca et al., 2012). The place-neutral approach is focusing on incentives to economic growth and labour mobility, whereas the latter emphasizes the integration in place of growth, inclusion and sustainable development initiatives. The place-based approach posits that all regions display growth and development potential which must be addressed by policy initiatives. To simplify, the framework considers economic growth-based and place-based approach characteristics, aiming to capture the specificities of the four stakeholder cases.

On the other hand, the cases illustrate distinctive policy integration levels within their governance structures, ranging from modest to stronger levels of integration. Inspired by the ladder of citizen participation' model proposed by Arnstein (1969), and aiming to capture the

variations we found in the four cases, we adopt the RISE ‘ladder of integration’ (ESPON and University of Birmingham, 2012). This comprises six levels, from modest to stronger levels of policy integration: ignorance, policy-scanning, evaluation of interactions, negotiated redesign, embedding, and institutional and territorial alignment.

Figure 9.1 illustrates the general analytical framework for addressing individual stakeholders needs in the ReSSI project. The framework implicitly assumes that the higher policy integration the better as well as the more place-based the better (echoing EU cohesion policy guidelines). In that sense, policy recommendations address the questions indicated above but also point to an ideally path of both higher policy integration level and policy integration in place.

Figure 9.1: Framework for addressing stakeholders’ needs according development approach type and levels of policy integration



Source: ESPON ReSSI (2018)

Concretely, Coventry case studies report strategies and projects mainly focusing on economic growth, in a context of moderate policy integration. The Southern Denmark case reflects a more balanced development approach (‘the good life’), which involves several stakeholders but still has room for progress in the ladder of policy integration. The Italian and Portuguese cases show a medium/high level of policy integration in the promotion of development inspired by a place-based approach.

Building on the proposed framework, the following sections include a number of recommendations towards the promotion of smart, sustainable and inclusive development in the ReSSI stakeholders’ territories. When looked at from a wider angle, and keeping in mind

the warnings concerning the transfer of good practices mentioned in section 8, these recommendations may also constitute a source of inspiration for other European regions in setting up their development paths.

## 9.2 Coventry

The results suggest that there is a potential keystone role for the local authority (Coventry City Council) in the regional context. The institutional changes associated with the pendulum of decentralisation can result in repeated losses of tacit knowledge. While LEPs and CAs are relatively ‘young’ structures, local authorities are effective and stable institutions, whose presence can help to reduce the disruption caused by such change.

Simultaneously, the findings suggest the limitations of the current funding regime for local and regional economic development in England. The two case studies illustrate how economic development projects are not always embedded in territorial understanding and needs. The funding decisions and investment priorities are centralised, which means that local and regional actors must follow the priorities set by the funders. These tend to focus on measurable innovation and technological outcomes, whereas local and regional priorities often involve developing cooperation between different actors, strengthening supply chains and maximising the ability of local residents to access job opportunities. The Electric Taxis project is driven by centralised funding by OLEV, but presents a clear potential for future economic development in Coventry, whereas the UK Autodrive is a national project, only a part of which is implemented in the region. The challenge for Coventry is to capture some of the economic benefit, leading to future investment. It is, therefore, important that as well as capturing funding, regional and local actors seek to maximise the long-term economic development of their territories. Local authorities have a key role in this.

The recommendations below should be read in this context: that while structures can be put in place or eliminated, local authorities are likely to continue to have an important role.

### 9.2.1 Economic development strategies

The analysis of the Coventry cases suggests that, because of budgetary limitations and the nature of available funding for economic development (centralised, based around competitive bids), local actors can find themselves following whatever funding is available which broadly fits their objectives. Furthermore, the ongoing process of the UK leaving the European Union (‘Brexit’) could result in further centralisation and dependence on central government. In this context, the following recommendations are made:

- **Recognise the important new role of Local Authorities as brokers.** Whilst no longer having resources and personnel to be direct drivers of development, they are important brokers amongst private and other public-sector players and are a store of tacit knowledge on the ‘who, what and how’ of economic development.

- **Further strengthen and nurture relationships with funding agencies.** Given the centralised nature of funding, it is important for regional partners to understand central government's strategic priorities, and to be able to influence how these are financed. As such Local Authorities are able to link different strategies and funding initiatives to maintain continuity of purpose.

### 9.2.2 Cooperation and collaboration

As noted in the Coventry case findings, the geographies of the sub-regional bodies (WMCA and CWLEP) do not match, leading to inconsistent objectives and actions. Furthermore, the ad-hoc nature of the relationships between regions and central government helps create a relatively unpredictable institutional milieu. This contributes to tensions between regional and local actors, leading to competition for resources between local actors as well as a suspicion that the most powerful actors may benefit their particular local authority to the detriment of others. It also means that the virtues of scale attributed to the WMCA in terms of addressing central government can be negated locally by its perceived drawbacks. This is a consequence of the fact that the WMCA is at an early stage of development, with many of its economic development functions (including business and innovation support) still at an early stage of development. However, this can constitute an opportunity for embracing and influencing the working of those cooperation-building functions. In this context, the following recommendations are made:

- **Use a portion of funding to promote cooperation across the West Midlands region.** Related to the recommendation above, the delivery of any strategy will necessarily involve cooperation and coordination with other local authorities and private businesses. Such coordination cannot be taken for granted, and requires that tacit knowledge about who and what to do is maintained at all times.
- **Create a shared database of ongoing projects, bids and ideas at WMCA level.** Given that the nature of funding is unlikely to change in the near future, a shared database would at least reduce the duplication of efforts, and might promote cooperation amongst local and regional actors.

### 9.2.3 Coordinating networks and knowledge

The current models of local and regional development depend on private actors to deliver innovation and economic growth. It is not the role of the local and regional authorities to produce or hold specialist technical knowledge. However, they can enhance their role as coordinators and facilitators, operating as hubs for existing networks and relationships which have an expected benefit. The following actions can be taken in this regard:

- **Promote the region as a testbed for product testing and market development.** One of the Unique Selling Points of local and regional authorities is the possibility of providing a setting for physical testing of innovations and soft market launching of respective products. This should help build relationships with businesses interested in testing their potential products, while helping rebuild some of the tacit knowledge that has been eroded over time.

- **Further strengthen partnerships with Universities.** This could help obviate the lack of explicit knowledge in technical areas pertinent to innovation. Universities may be able to provide technical input through economic analyses plus advice in issues such as innovation policy, public engagement or organisational change.

### 9.3 Region of Southern Denmark

The structural reform in Denmark in 2007 was mainly driven by issues of economic efficiency gains of public administration through the merger of municipalities and counties into larger and fewer municipal and regional entities (Foged and Koch, 2016). Statutory regional planning was extremely reduced and located at the five new regions, organised for running the public health system, and was thus a product of national policies to be conducted at the regional level (Frandsen, 2017). The formation of regional growth *fora* under the umbrella of the national Growth Council also was part of national needs to be taken care of at regional level. In 2013, with the merger of the regional growth strategy and the regional development plan into a joint regional growth and development strategy, regional strategy making became finally statutorily detached from municipal planning, left without means and obligations for spatial regulation. The regional growth and development strategy became an instrument for the provision of knowledge and collaboration at a voluntary basis.

#### 9.3.1 The process of joint strategy-making to strengthen commitment

Communicative planning is not just about asking for stakeholders' approval of a drafted strategy. The point is, that "it is during the very meeting that strategies are formed". This statement by one of our interviewees, stresses that strategies should be assessed not just by final achievement, but also by intermediate outcomes achieved during dialogues between the regional stakeholders. The following actions can be taken in this regard:

- **Sub-regional and regional strategies in interplay.** In this dialogue it is recommended to include the sub-regional strategies as developed in each of the four sub-regions emphasising in what ways the regional dimension can mediate joint interests of the four sub-regions. Regional strategies should keep focus on 'regional' dimensions offering sub-regions and municipalities a perspective of joining forces and further aligning with national agendas.
- **Focus on communicative means.** With only limited access to the discourses run by the regional authority and the stakeholders we shall only indicatively put forward the observation that throughout the RG&DS two discourses seem prominent: A technical-analytical discourse focused on verification of regional development facts, and an ideological discourse on the good life as a basic value for the regional society. In order to facilitate 'turning knowledge into action', it is recommended to include a contextual discourse of the relevance of the verified knowledge and to develop perspectives for action (Rein and Schön, 1993).



### 9.3.2 Spatial visions to reinforce the regional perspective

Regional planning turned from former managerial planning towards communicative planning. New tools came into play, one of which was the 'spatial development perspective'. Former regulation of space in spatial planning is replaced by imagined future spaces in spatial development perspectives. In discussions with the staff of RSDK the use of spatial development perspectives became a key issue as a means of complementing current analytical knowledge with spatial visions for the future. The following actions can be taken in this regard:

- **Imageries and spatial development perspective.** The idea of the contextual discourse is turning analytical perceptions into concepts of meaning and possible actions. In this process, conceptual imageries of spatial development principles and perspectives are suited for communication between primary stakeholders as well as communication to a wider public. As emphasised by Balz and Zonneveld (2015) stepping from the technical to the contextual discourse implies that general policies, facts and observations are turned into specific places, i.e. cities, towns, landscapes and challenged with political localism looking for potential advantages or disadvantages of the suggested plan, project or strategy. Thus, turning knowledge into action is not just about logical arguments. It includes difficult moments of persuasion.
- **Aligning strategies.** All the case studies show that aligning with current strong political agenda's such as national policies and reforms on infrastructure, education, military services and agendas of EU funding is crucial to regional strategy making. Aligning with strong strategies offers perspectives as well as momentum in regional strategies

## 9.4 Piedmont Region

The case studies have shown that, since almost two decades, the Piedmont Region has been undertaking a range of efforts towards the promotion of smart, sustainable and inclusive development of its territories, both in the metropolitan region of Turin as well as in its more remote areas. It is important to highlight that the attention to these issues are part of wider conceptual turn that considers environmental, ecological and cultural diversity as strategic assets for economic development.

Thus, there is a potentially key role for the Regional Authority in delivering smart, sustainable and inclusive development, in so doing contributing to tackle the main challenges that the regional territories are facing. Firstly, the actions required to reach goals of environmental quality and landscape attractiveness and the services related to green economy cannot be limited to the local level but need to be framed into a wider vision that overcome the dimension of the single municipalities. Secondly, the region possesses the technical skills and instruments necessary to managing complex networks and projects and should commit to empower local actors and communities through coordination and capacity building.

To this extent, the strong regionalization of EU Cohesion policy management has supported the Piedmont Region in pursuing place-based development. On the other hand, however, the sectoral division of funding continues to affect the horizontal integration of the overall

governance framework, this being true for all countries that, like Italy, traditionally show pitfalls in coordination and more in general in territorial governance.

It is also important to highlight that regional authorities should continue to favour the exchange of knowledge and information and to provide technical assistance, as well as to foster more integrated approaches in addressing global challenges for smart, sustainable and inclusive development. Finally, the two case studies at stake show evidence of a progressive alignment between regional and EU priorities, with concepts like ecosystem services and urban-rural integration that clearly stand out as sources of inspiration of the policies analysed.

#### **9.4.1 Fostering coordination and collaboration among local stakeholders**

The findings above highlight how there are opportunities for improving regional coordination and developing more effective strategies to deliver smart, sustainable and inclusive development in the Piedmont Region. In this light, the main problems to overcome are the institutional hyper-fragmentation and the lack of horizontal and vertical coordination. The regional authority has competence over regulating the organisation of functions at supra-municipal level along with forms of partnership among local authorities, thus it should do more efforts in prompting municipalities to overcome long-standing rivalries and undertake more streamlined management experiences. At the same time, the regional level has technical skills and instruments in managing complex networks and projects and should work to strengthen the local capacity building. In this context the following recommendations to the Piedmont regional authority are proposed:

- **Improving institutional capacity building at local level.** Particular attention should be dedicated to supporting micro- and small-size municipalities, as they often lack the necessary institutional capacity to perform the required development tasks. The scarce institutional capacity at local level may undermine success of complex projects as well as raise unequal access to funding. The implementation phase thus should not be just focused on the physical and functional achievements but it should involve also focus on the incremental empowerment of the actors. In this light, small municipalities (5.000 > inhabitants > 10.000) are most affected because they are less concerned with the aggregation process but, at the same time, possess less human resources, often presenting lower skills.
- **Reinforce aggregations of municipalities through laws, incentives, and funding.** The traditional boundaries of the local governments are defended involving the identity argument, without any considerations of scale economies and efficiency in the provision of public services. In addition, the current Piedmont law on Unions of Municipalities is weaker if compared to those developed by other Italian regions (e.g. Emilia-Romagna), as it promotes aggregations that are based more on political affinities than on social-cultural or historical and geographical reasons. In this light, the regional law should require more coherence in municipal aggregations. At the same time, mechanisms of incentives should be established, as benefits or funding reserved for aggregations. For example, specific ROP axes or premium points for Municipalities Unions that submit projects concerning aggregation should be introduced.

- **To further promote the “Corona Verde” rationale within the overall governance framework.** Attention should be devoted to establishing a proactive cooperation with the newly instituted Metropolitan City of Torino, ensuring that the strategic and coordination planning documents that will be produced by the latter will include the Corona Verde rationale as a pivotal element. This could also represent the opportunity to finalise the specific masterplans of the six areas of Corona Verde that have been not completed. Efforts towards an efficient, non-hierarchical vertical coordination should aim at enhancing coherence between regional and metropolitan city territorial development strategies, as well as exploiting synergies in the programming of fund expenditures. In this light, the recently adopted PPR represent a good opportunity, as it already incorporated the Corona Verde rationale and it should be received by all regional municipalities through the amendment of their local land-use plan, a process that should be carefully monitored by the Region.

#### 9.4.2 Integrating visions and funds towards a place-based approach

As already argued above, the case studies show that the regionalization of EU Cohesion Policy management have facilitated the place-based approach in Italy. However, the actual integration of development policies is hardly put in practice due to the difficulty to integrate the various funding mechanisms and, at the same time, the lack of shared vision for regional development among all regional actors. In this light, the following recommendations are identified:

- **Implement mechanisms for horizontal governance in regional authority departments.** The vertical integration of EU, national and regional funds can guarantee more coherence of the agendas at the different levels. Despite the reform of the 2014-2020 programming, the EU funds continue to have mechanisms and timing that do not make funds integration easy. Obviously, this issue is European responsibility but some actions for improving integration can be done also at regional level. In this light, the horizontal coordination between the various departments of the regional authority should be improved, to favour synergies among the existing regional planning tools and funding. The current instruments for coordination, such as inter-department technical coordination tables, have proved to be poorly effective and their role should be strengthened.
- **Develop a strategic territorial document to help link territorial needs to fund opportunities.** Nowadays, the European Structural and Investment Funds do not focus enough on the territorial dimension of their impact. There is a lack of focus on strategic planning and priorities that should be overcome by integrating a strategic territorial document to the programming document. In Corona Verde, the spatial visualization of the guidelines through the masterplan has reinforced the objectives of the project, especially by the alignment of the project to the wider regional strategy. Such approach showed potential and should be replicated.
- **To reinforce shared territorial visions among stakeholders.** Territorial vision and strategies shared among stakeholders (regional and local mobilization) enhance policy action especially in a framework of scarce financial resources. Funding is crucial and when it comes to an end there is a risk of losing consolidated cooperation capital or of changing the aims in order to get new funding. The case of Corona Verde shows how strong shared knowledge/consciousness makes possible to adapt the project aims to different funding sources maintaining consistency to the original vision. “Fishing” for funds can be effective but it should be fitted into a wider strategy.

- **To carefully monitor and capitalize the development of the SNAI strategies and their impact.** Given the interesting character of SNAI, that constitutes an attempt to integrate EU and national priorities throughout the whole Italian territory, the regional authority may want to carefully accompany and monitor its development and implementation, to then capitalize on the ongoing process, thus deriving interesting elements that may in turn contribute to substantiate the contents of future regional development strategies and related programming instruments more widely.

## 9.5 Oeiras Local Authority

In the Oeiras case, the EVA project contributes strongly to the regional strategy, namely to the objectives of adaptation to climate change, risk prevention and management, environmental protection and transition to a low carbon-economy. First of all, the intervention on the river regularization is aiming at preventing floods in the area. Secondly, the creation of a vast park in the area is contributing to the protection of the environment. Thirdly, the completion of a network of pedestrian and cycling connections between several facilities adjacent to the corridor is contributing to the transition to a low-carbon economy. EVA illustrates a strong orientation to a place-based approach to development, even if it's reasonable to expect some indirect economic-growth outcomes associated with tourism development in the intervention area, benefiting particularly the Queluz National Palace, leveraging EVA project.

The EVA project has an innovative governance structure in the context of Lisbon Metropolitan Area, involving a strong inter-municipal horizontal cooperation among three local authorities and a public-owned company (PSML) to create a green and blue corridor in the suburbs of Lisbon. According to the 'ladder of policy integration', the level of policy integration reaches the 'negotiated redesign' level, which implied close negotiation among policy-makers, sharing of territorial visions and coordination of multiple individual actions across the stakeholders of EVA project. This level of policy integration is generating new possibilities to deliver sustainable and inclusive growth in the Lisbon Metropolitan Area and is supported by the ITI European instrument. Horizontal local institutions cooperation and project-based governance as well as local-regional political level articulation are vital to deliver more integrated place-based development.

### 9.5.1 Promotion of policy integration in place

Oeiras local authority has been active in fostering policy integration in place, both at local and regional (metropolitan) levels. The EVA project demonstrates the strong orientation to a place-based approach to development. Nevertheless, the economic-growth and job creation dimensions can be reinforced in this project. With that in mind, we draw the following recommendations:

- **Articulate sustainable goals with inclusive and economic development priorities.** EVA can induce integrated development and stimulate tourism development in the

area, by working more closely with the private sector, particularly with local self-starting initiatives on tourism and leisure activity boosting new job opportunities.

- **Attract new stakeholders support and funding.** The intention is to avoid large bureaucracies and reducing the dependence to public funding. The running costs of the project have to be considered in the future and the lack of external public funding may become an obstacle to keep a well maintained green corridor. One way to overcome this issue it precisely to use part of future tourism and leisure revenues that will cover part of the running costs of the EVA corridor. Other possible way is to associate new partners to the project, namely dynamic organizations with higher efficacy in delivering results.

### 9.5.2 Nurturing coordination, collaboration and communication

There is room to improve policy coordination and institutions coordination of EVA project and future sustainable, inclusive and smart development projects in Oeiras and in the Lisbon region. The recent national public administration reform reinforces the power and competences of supra-municipal entities and promotes policy integration and institutions alignment to deliver growth and development in the region. At the same time, Integrated Territorial Investment EU instrument supports financially integrated territorial strategies. Oeiras and Lisbon Metropolitan area can benefit from the conjunction of both innovative initiatives through the improvement of coordination, collaboration and communication among the enrolled stakeholders of the project and even in the design and delivery of future projects at a wider spatial scale. The following recommendations are based on these considerations:

- **Establish a common and permanent governance platform** for discussion and coordination of EVA project implementation aiming also at reducing potential tensions and increasing trust among stakeholders.
- **Showcase EVA project as a policy learning case.** In a country with no regional devolved power (with the exception of Azores and Madeira regions), the EVA project showcases an inter-municipality collaboration that might work in different territorial contexts or can be applied to new projects of integrated territorial development.
- **Define a sound communication plan and enrol the inhabitants on the EVA project.** The participation of residents in the EVA project has not been noticeable so far. The dissemination of the project has not yet reached significantly the communities involved, in spite of a more active role of Sintra stakeholders in the project dissemination. EVA project would gain momentum with a more efficient communication strategy covering the three municipalities if not the whole Lisbon Metropolitan Area.
- **Scale-up EVA project learning and adapt it to other policies, programmes and interventions** that may be kept in place for the long term, pointing at a stronger level of policy integration and involving key regional level stakeholders on new partnerships.
- **Implement evaluation mechanisms of processes and outcomes of EVA project** to strengthen the quality of the project and to increase the commitment level of the stakeholders towards the project during implementation and post-implementation phases, raising trust levels among them and with the local communities.

## 10 Promoting sustainable, inclusive and smart development after 2020: EU Cohesion policy and post-Brexit

As noted in Section 3.2, discussions are already taking place about the future of EU cohesion policy in the programming period 2021-2027 (EC, 2017). By the time this is implemented, the process of Britain leaving the European Union ('Brexit') will be concluded, raising questions in terms of how British regions can promote development in the absence of EU structural support. Building on the evidence collected through the project's case study analysis, this chapter provides a set of preliminary indications in terms of future practices, that may be of some use to EU policy-makers in the definition of the future of cohesion policy, as well as support European regions in the promotion of smart, sustainable and inclusive development in the context of post-2020 and post-Brexit European Union.

### 10.1 EU cohesion policy: Towards a further integration of European and regional priorities

European Structural and Investment Funds (ESIF) play very different roles in the different Member States. On the one hand, southern European countries (among which Italy and Portugal) were strongly affected by the 2008 financial crisis and saw a dramatic impact on the budget of regional and local public bodies. This has increased the dependence of their actions on EU funding programmes. On the other hand, in countries whose economies were less exposed to the impact of the crisis (among which Denmark), tailored the use of cohesion policy funds on specific domestic priorities as innovation, sustainability and business development.

From the analysis of the ReSSI cases, various elements emerged that may inform the ongoing debate concerning the future of EU cohesion policy after 2020:

- **Ensure stronger regionalization of EU cohesion policy management to facilitate a place-based approach:** In both the Italian and Portuguese cases, regional and local authorities proved capable to fine-tune EU cohesion policy programming activities with domestic strategies and instruments. In this light, the regionalization of EU cohesion policy management is seen as an important precondition for the exploitation of synergies between EU and domestic priorities, towards the promotion of smart, sustainable and inclusive development.
- **Reinforce the vertical integration of funds, in order to foster proactive coordination and synergy:** The vertical integration of EU, national and regional funds can guarantee more coherence of the agendas at the different levels.
- **Improve the horizontal integration of funds:** One of the innovative elements observed in the cases concerned attempts to overcome the sectoral approach through the integration of funds with different scopes (such as EAFRD, ERDF, and ESF, but also national and regional funds from different Ministries and/or regional departments). Such actions are of particular use in the context of green-oriented projects that require not only integration of ERDF and ESF funds, but particularly EAFRD.
- **Focus on regional 'institutional thickness', by supporting dynamic institutions and the sharing of good practice:** ESIF already requires guarantees for the maintenance of the infrastructures of the projects when funding comes to an end.

However, the consolidated cooperation of the involved actors and their related strategies are also part of the achievements that can be at risk when projects are 'completed'. These achievements should be included in the guarantees required, or some other form of post-intervention funding should be foreseen, to maximize the outcomes of the initiative.

- **Develop strategic spatial plans to link programming opportunities with local territorial needs:** ESIF programming do not focus enough on the territorial dimension of their impact. There is a lack of focus on strategic spatial planning that should be overcome by the consolidation of that spatial planning approach long-invoked within the European discourse since the publication of the European Spatial Development Perspective.

## 10.2 UK: Promoting local and regional development after Brexit

Neither of the cases analysed in the Coventry case received direct European funding. However, the West Midlands region, and Coventry in particular, have consistently benefited from ESIF<sup>7</sup>. The area has used funds from the 2014-2020 ERDF Programme to support innovation and growth within SMEs in key local growth sectors, particularly the automotive supply chain. Losing access to these funds, as looks likely to happen after Brexit would result in an important shortfall in direct investment, as well as in the matched investment which ESIF attract.

In the United Kingdom, regional policy has primarily focused on regional and local economic development, with the objective of promoting economic growth and addressing market failures (Bachtler and Begg, 2017). Brexit has the potential to allow for the testing of new approaches and priorities, especially in terms of focus. There has been considerable debate about the merits of a people-based approach to economic and social development, which promotes individual wellbeing by focusing investment on areas where individuals are likely to find opportunities. The result of these policies is potential economies of agglomeration, thanks to migration to city centres (Walburn and Saublens, 2011). This would run counter to the current place-based economic development policy, which emphasised the role of 'place' in growth, and attempts to promote interventions which are geographically tailored (Bachtler and Begg, 2017; Barca et al., 2014). This has been the approach of ESIF funds since the beginning of Cohesion policy.

Aware of these debates, the UK Government has produced a consultation document, *Building Our Industrial Strategy*. The strategy's stated objective is to '...improve living standards and economic growth by increasing productivity and driving growth across the whole country' (HM Government, 2017b: 10). This suggests that the current approach to regional economic

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<sup>7</sup> Coventry and Warwickshire have received a €136m allocation from the ESIF funds (€68m from both ERDF and ESF) and a further £2.7m from the EAFRD for the 2014-2020 Programming period. (CWLEP, 2017b). This is a significant portion of the estimated £450 million total investment since CWLEP was established in 2010 (just under 25%).

development – a focus on growth rather than targeting worse-off regions for intervention – is likely to continue.

The CWLEP's response to the document declared a preference for a continuing place-driven approach:

*It is imperative that this Strategy is **locally driven and embraces the differing economic needs and opportunities faced by different localities** if it is to unlock growth potential across the UK **and fundamentally reduce disparities in economic performance**. If you want to see long term investment in the local economy, with ownership and responsibility coming from the local area, then **it must be locally driven**. (CWLEP, 2017a: 5, emphasis added)*

While all these objectives are desirable, the problem of uncertainty associated with Brexit remains at the forefront of political debate about how to finance local and regional economic development. There is very little in the way of implementation specifics, or about how United Kingdom might best finance local and regional economic development if and when it loses access to European cohesion funds. With this in mind, and following on from the findings of the Coventry case, the following information for the funding of local and regional development in post-Brexit United Kingdom may be put forward:

- **Align any Successor Funds and Strategic Economic Plans/Industrial Strategies:** The findings suggest that local and regional authorities have been operating in a pragmatic way in terms of accessing funding. However, a closer dialogue between funding authorities and regional and local actors may help minimise unnecessary dispersion of effort as well as fine-tune national and local development priorities.
- **Clarify the geographical focus of governance:** the current co-existence of Combined Authorities and Local Enterprise Partnerships suggests there may be competition for primacy in administering resources at the regional level. CAs offer a strong administrative context, but LEPs have the advantage of covering functional geographies and including business representatives. In this light, it is necessary to clarify the role of each entity *vis-à-vis* the others, and to promote stronger coordination among their action.
- **Promote regional cooperation and coordination:** as mentioned in the recommendations to the stakeholders, specific funds should be dedicated to capacity-building activities aiming at improving the horizontal coordination amongst regional actors.
- **Broaden the thematic coverage of the funds:** the study shows that not all the development challenges emerging in the stakeholder region are currently tackled with through specific funding. More in detail, United Kingdom displays a number of investment needs around housing and infrastructure, which may be tackled within a specific Sustainable Urban or Regional Development programme.
- **Promote long-term interventions:** the results of the analysis have shown a need for longer-term funding, which puts a stronger emphasis in delivery, monitoring and capture of economic value in the areas of intervention.



### 10.3 Common ways forward?

Despite the predictable divergence between the elements addressing the future of EU Cohesion policy and the post-Brexit regional development scenario, the analysis of the ReSSI cases revealed a number of common strands:

- **A strong place-based approach:** the growing role of local and regional authorities as promoters of cooperation amongst economic actors makes a compelling case for the place-based approach to development. A stronger role for local and regional actors is required both in terms of defining the funding priorities and in the governance of strategies and projects.
- **Support institutional thickness, cooperation and coordination:** the analysis suggests that a part of funding should be used in capacity-building activities, supporting the role of regional and local actors and preserving and exploiting the tacit knowledge which is embedded in individuals.
- **Align strategic planning and funding streams:** while resource programming is, and will likely continue to be, the cornerstone of funding policies supporting regional development, it is important to provide regional and local policy and decision-makers with the opportunity to contribute to the definition of funding priorities, through a dialogue with funding bodies.
- **Simplify the integration of funds:** it was noted across cases that the various funding streams tended to be mutually exclusive, or answering to regulations that make their integration virtually impossible. To enhance the flexibility of funding regulation, in turn facilitating the integration of various funds (ERDF, ESF and EAFRD in the EU; or any Successor Fund and Growth Deal/successor funding stream, in the United Kingdom), could help promote policy innovation and creativity.

## 11 Suggestions for future research

The findings of the ReSSI project suggest a series of potential avenues for further research related to the processes and mechanisms through which local and regional stakeholders can promote smart, sustainable and inclusive development. On the basis of the collected evidence and of the developed recommendations, the following research directions can be suggested.

- **Preservation of tacit knowledge in the context of institutional change:** all the cases in this study involved contexts of institutional change. While reforms are necessary and often produce better results than the initial status quo, it is also noticeable that up-ending existing governance frameworks and arrangements can result in increased levels of turnover of staff in key organisations, with the consequent loss of tacit knowledge about ‘how things are done’. This loss can often produce negative consequences, denying at least some of the advantages of reforms often due to a decreasing in institutional capacity. A potential project in this area would identify specific contexts of past institutional reform, and aim at understanding how tacit knowledge is endangered by those processes, and propose best practice to preserve key non-codified knowledge in institutions.
- **The potential role of financial instruments in post-2020 Cohesion Policy:** discussions are currently taking place about the potential of financialising regional economic development for the next stage of EU cohesion policy. In fact, this is already occurring, for instance in the case of the EU Urban policy (i.e. the step from URBAN Community Initiative to JESSICA). Financial instruments could complement more traditional approaches, addressing the shortage of funding in the post-financial crisis context. Involvement of the commercial sector in this arena takes place elsewhere, such as the United States (Walburn and Saublens, 2011). A potential project in this area could identify and benchmark existing financial products for local and regional economic development, identify successful conditions, and develop possible scenarios for their usage, such as how best to complement other funding models. A comparison of pros and cons of funding and financial instruments should also be developed on the basis of empirical evidence.
- **The consolidation of the ESDP spatial development approach and its consequences:** Since the publication of the ESDP in 1999, the European Union has been calling for the consolidation of a so-called spatial development approach. As a consequence, many European countries saw a progressive brake-up of statutory regional planning procedures, and their complementation with new means which aim to support clear visions for future actions, appealing cooperation amongst networks of stakeholders. Such instruments develop from analytical facts and knowledge, combined with ideas of potentials for development. The act of perceiving what is true is combined with conceptualisation of what is possible, and it is closely related with the ideas of place-making in urban and regional strategies. The EU continues to promote the spatial planning approach, but the ReSSI cases suggest that this approach had a relatively small influence on the actual promotion of territorial development. It may therefore be worth to develop an overview of the state of the art and paradigms for good practice in the adoption of the spatial development approach through selected cases, including the communicative aspects of turning the development perspectives into functional and visionary imaginaries.
- **Governance and government:** For several years there has been a certain enthusiasm with governance in soft functional territories as an alternative to government in fixed administrative settings. Findings from this project are indicating that time is ripe for

combining the two paradigms: governance and government. All the ReSSI case studies concerned soft spaces (Allmendinger et al., 2016; Haughton, 2010; Haughton et al., 2013). However, they ask for solid ground: Stakeholders of knowledge-based strategies expressed the need to turn knowledge into action and 'regional leadership'; networks of local authorities asked actors experienced with project implementation to join their network, and acknowledged the importance of continuity provided by a strong institutional stakeholder. Finally, all projects and strategies based on EU and national funding are searching for continuity across the time-limits of funding. Overall, there is a need for developing new paradigms for governance-government, combining the new horizons of 'governantial'-entrepreneurialism with the road mapping of 'governmential'-leadership.

- **Uncovering the regional argument:** All cases in ReSSI showed the continuous reassembling of regions and regional planning. While regions are continuously changing, the emergence of new regional forms of governance also revealed a unanimous demand of the regional perspective. However, the drivers and arguments behind regionalization differ widely between stakeholders, which leads to an ongoing uncertainty of the future of the regional level. Future research should provide a better idea of what the regional argument is or can be – and what it is not, i.e. when a regional level of governance is contributing or not to the understanding and solution of a problem.
- **When the project ends:** Much of regional development is project- and fund-driven. Implementation is clear within the projects' scope. However, when they wind up, funding ends and skills and know-how might disappear. Anchoring and integrating projects in ongoing territorial development, making it lasting beyond its scope, is a challenge. Future research should look into which strategies and ways to transfer temporary projects into long-lasting contributions to territorial development.
- **Synergies between domestic and EU instruments for regional development:** The ReSSI cases showed the importance of synergies between the promotion of regional development through domestic resources and EU programming instruments. In this light, it is important to explore the potential in the different institutional settings for synergies. This research should take stock of the preliminary typology of regional governance regimes and test it through empirical evidence collected across EU member states. Similarly, it should explore the proximity/distance between domestic opportunities and challenges as perceived in each member country, and the priorities that the EU sets as the basis for the distribution and implementation of EU cohesion funding.

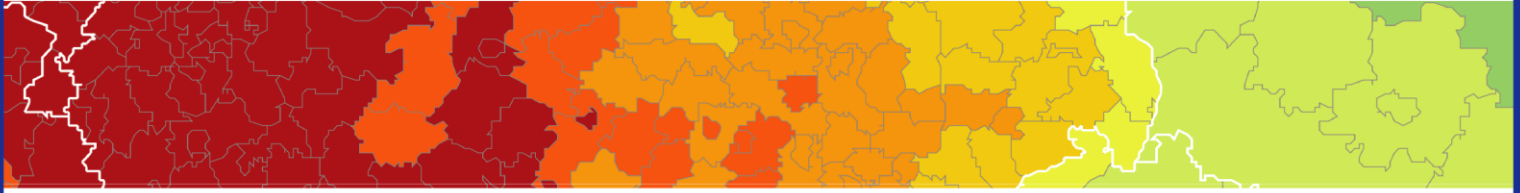
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The ESPON EGTC is the Single Beneficiary of the ESPON 2020 Cooperation Programme. The Single Operation within the programme is implemented by the ESPON EGTC and co-financed by the European Regional Development Fund, the EU Member States and the Partner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